

# Message from the President

We appreciate your continued interest and kind consideration.

And we would like to offer our heartfelt sympathy to the people affected by the Kumamoto Earthquake in 2016.

The Japan Housing Finance Agency (JHF) will make every effort to support those affected by the earthquake, together with everyone in local governments and at private financial institutions, etc. in disaster affected areas. We sincerely hope for recovery as soon as possible.

Five years have passed since the Great East Japan Earthquake. To help restore the livelihoods of those affected by the earthquake, JHF has made efforts from the financial perspective through modification of repayment methods of residential loans and with loans for recovery from the disaster.

In addition, we have held over 1500 consultation sessions in cooperation with local governments, architects' associations and private financial institutions in order to provide detailed support for the needs of those affected.

We will continue to support and contribute to restoration from the disaster, in cooperation with local communities.

Furthermore, we will continue to work with prefectures and other local governments to have stronger cooperation in ordinary times so as to make use of knowledge and the experiences acquired in this disaster in order to deal with disasters in the future, based on agreements reached with them.

“Flat 35” meets the demands of customers who want mortgages at fixed interest rates throughout the beginning of the operation in October 2003 to the end of the last fiscal year it has been utilized on 750,000 houses with an outstanding balance of 12 trillion yen. Under the “Basic Plan for Housing” Cabinet Decision in March, we will continue to make efforts to improve the convenience of the customer in cooperation with private financial institutions, thus contributing to vitalization of the housing market including resale housing, and to the promotion of quality housing.

On the other hand, we have made fundraising efforts for low interest by broadening investor base and the like, for issuance of mortgage-backed securities (MBS) to finance “Flat 35,” so that “Flat 35” will be easier for customers to use.

As a result, in August of last year we had our 100th issuance, with the total issuance amount over 21 trillion yen, attaining a high evaluation as a benchmark of the securitization market.

In the midst of big changes in the bond issuance environment due to the decline of market interest rates with the start of “Quantitative and Qualitative Monetary Easing with a Negative Interest Rate” by BOJ, we have exercised ingenuity in fundraising through efforts to level issuance amounts, etc., and we will continue to contribute to the development of the securitization market in Japan by stably issuing MBS and enhancing their benchmarkability.

In addition, while considering role-sharing with private financial institutions, JHF finances funds for projects that are important from a policy perspective, including improvement of living conditions in urban areas with high density of structures, reconstruction and seismic upgrading of decrepit condominiums and construction of serviced rental housing for the elderly, as well as expanding the system for provision of reverse-mortgage type housing loans by private financial institutions through use of housing loan insurance.

Furthermore, due to the aging society with a declining birthrate, in order to actively support local revitalization, we assign Managers for Community-based Cooperation to branch offices, and support resolution of tasks related to housing and town development in the community by offering our accumulated knowledge and experience.

This year will be the 10th year since JHF became an incorporated administrative agency and this year is the final year of its 2nd mid-term target period (FY2012-FY2016). Through the years, we have promoted various management reforms and steadily achieved our targets, including discontinuation of subsidies from the national government and elimination of the losses carried forward in all accounts, including the Outstanding Loans Management Account.

In terms of Governance, JHF will continue to make efforts to reinforce Internal Control, and by getting opinions on our business management from the “Business Management Deliberative Committee” consisting of neutral and external experts, will keep transparent and efficient management.

Then, in order to supply liquidity in the housing



financial market and contribute to the improvement of housing in our country as a public institution of “residential finance professional”, we will perform the function of implementing housing policy.

We will focus on new house recycling system construction and providing support for housing loans corresponding to upgrades to safer and higher-quality houses through rebuilding or renovation as expected for JHF in the Basic Plan for Housing, and at the same time, our directors and employees determine to strive to be an essential organization to Japanese society and citizens by corresponding to the aging society and declining birthrate, and contributing to local revitalization and measures for large-scale disasters.

We would like to request the kind understanding and support by customers and other stakehold-

ers, including private financial institutions, housing businesses, local governments and investors.

July 2016  
Toshio Kato

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President  
Japan Housing Finance Agency (JHF)  
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