

■ Message from the President

I would like to express our appreciation for your continuous patronage.

10 years had passed on April 1, 2017 since our establishment. The second mid-term target period was concluded this March and the third mid-term target period started this fiscal year.

During the second mid-term target period which started in April 2012, we promoted various management reforms and have accomplished our targets successfully. I would like to express my appreciation for numerous customers' patronage, understanding and cooperation of financial institutions, home builders, and municipalities.

Meeting the needs of our customers for "Flat 35," which is a long-term fixed rate mortgage through the entire life of the mortgage, the outstanding balance had grown over 13 trillion yen (860 thousand units) at the end of FY 2016 since the introduction of Flat 35 in October 2003.

JHF has been offering "Flat 35 Renovation" in order to promote the transactions of existing houses and making quality of existing houses better, and has been dedicated to the prevalence of it since October 2016. We will continuously offer our long-term fixed rate mortgage as a safe option and vitalize housing market including existing house market and renovation market under the Basic Plan for Housing, which was a Cabinet Decision in March 2016. We will also support the prevalence of safe and high-quality houses.

Last year, 2 organizations began to provide "Flat 35 (Guarantee Program)" which had been suspended for several years. We would like to encourage more financial institutions to join the program.

When issuing MBS (mortgage backed securities) to procure fund for Flat 35, we have been making effort to increase the number of investors and keep the coupon as low as possible so that we can offer preferable interest rate to those who use Flat 35. Consequently, our cumulative MBS issuance amount has reached over 24 trillion yen so that our MBS has become the reputable benchmark in securitization market of Japan. JHF is going to communicate with investors consistently, developing an investment-friendly environment so that we can issue MBS stably and continuously. We are also going to contribute to the development of the securitization market of Japan through enhancing the status of our MBS as the benchmark.

6 years had passed in March 2017 since the Great East Japan Earthquake occurred. Currently, supply of houses is fully in progress in the area hit by the disaster. We are helping the people reconstruct their homes through Sanriku Reconstruction Support Center's operation with municipalities and local financial institutions.

Many natural disasters hit Japan last year including Kumamoto Earthquake in April 2016. Offering Loans for Recovery from Disasters shall be our mission as a part of the public sector and we would be dedicated to helping people who are still suffering from disasters rebuild their former life.

During the third mid-term period, JHF is expected to play a role in building a new house circulation systems and providing mortgages which enables people to rebuild or renovate houses with higher quality. We are also required to operate business efficiently, independently and transparently and to maximize our performance as a government agency.

As you see above, from a public point of view, we are going to offer reverse mortgage insured by JHF and loans for rental housing for the elderly with nurse care or urban development. At the same time, we launched a new scheme this fiscal year that supports households raising children to obtain houses in corporation with municipalities. Another new scheme helps municipalities that are dedicated to promoting UIJ turn or building compact cities.

In addition, to keep the organization transparent and efficient, JHF continuously enhances the internal governance we have energetically focused on and accepts advice about our operation given by “Business Management Deliberative Committee.” The committee consists of third parties of experts.

I hope JHF would be reputed to be necessary for both public and society. All staff of JHF are dedicated to achieving our mission.

I would appreciate all your continued understanding, cooperation, and patronage.



July 2017
Toshio Kato

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President
Japan Housing Finance Agency (JHF)
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