

Message from the President

We appreciate your continued interest and kind consideration.

More than three years have passed since the Great East Japan Earthquake. The Japan Housing Finance Agency (JHF) established the Reconstruction Support Office within its Tohoku Branch to help restore the livelihoods of those affected by the earthquake from a financial perspective by providing consultations on housing loan modifications and “Loans for Recovery from Disaster” with zero interest on the basic loan amount for the first five years. We also located the Sanriku Reconstruction Support Center in Kamaishi City in June 2014 for more close assistance in the coastal region of Iwate Prefecture, given the likelihood that the supply of the lots for house rebuilding will soon go into full implementation. We will support the recovery from the earthquake to meet the needs of those affected in a more detailed manner.

JHF was established in April 2007 to replace the Government Housing Loan Corporation (GHLC) and is currently in the third year of its second mid-term target period (FY 2012-2016). Its main business has changed significantly from that of GHLC: GHLC directly originated mortgages funded by the Fiscal Investment and Loan Program, while JHF assists private financial institutions to originate 35-year, fixed-rate mortgages, “FLAT 35”, by issuing mortgage-backed securities (MBS) funded by the capital market. JHF has also worked on organizational reform trying to achieve an independent, transparent and efficiently operated management, and dependence on government subsidies was terminated in FY 2011.

In FY2013, we posted net income for the third successive term to eliminate the loss carried forward for the overall agency.

Although the organizational structure and business model have changed, our work approach remains the same — we continue to provide fixed-rate mortgages throughout the loan duration, assist in constructing quality housing with excellent durability and heat insulation, and support customers during the repayment period. We will fulfill our social responsibilities by providing various loans.



A decade has passed since Flat 35 was first introduced in October 2003 and its outstanding balance reached almost 11 trillion yen as of the end of FY2013. We will continue endeavoring to further improve our products and customer services. The total issuance of MBS, our main source of funding, reached approximately 18.6 trillion yen as we have managed the stable issuance, and in response to the Cabinet Decision concerning basic policies on incorporated administrative agency reform in December 2013, we intend to promote the private sector to issue MBS actively, and improve its liquidity by standardizing the monthly issuance amount of MBS which JHF issues to increase its recognition as a benchmark while preventing excessive expansion of scale and maintaining the perspective of private-sector complementation.



We also provide original loans for urban development projects in important government policy areas to deal with the challenges caused by aging of society and enhance our disaster prevention function as an organization that supports governmental housing policies, considering demarcation with the private sector. As for loans for “Rental Housing with Services for the Elderly” in particular, we have concluded the agreements on joint financing with private financial institutions to create customer value by making it more convenient for borrowers and facilitate the achievement of policy goals. Moreover we will redouble our efforts to research and gain further insight into housing finance by, for example, concluding memorandums of understanding on enhancing cooperative relationships; mainly in information exchange with related overseas organizations.

JHF is determined to help improve housing quality and enhance living standard by providing housing finance.

We will continue to strive to meet the expectations of customers and other stakeholders, including affiliated financial institutions and the housing industry, to become an organization which society needs.

We greatly appreciate your continued support and understanding.

July 2014

宮内信哉

President
Japan Housing Finance Agency
Incorporated Administrative Agency