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As of July 1, 2023

# Integrated Report 2023





Our business environment is undergoing significant changes amid rising uncertainty. Yet, housing remains an important ingredient of happiness, always.

“Working with you to create homes filled with joy.”

This phrase encapsulates Japan Housing Finance Agency’s (JHF) purpose. It was created based on JHF’s executives and employees bringing together their own individual views through repeated engagement.

This phrase will remain at the heart of our actions as we provide honest, fair and reliable housing financing services, ensuring we remain truly essential to society.

# Working with you to create homes filled with joy.

There are homes that offer tranquility and peace of mind,  
and homes that offer space to play and have fun.

Everyone’s needs are different, and those needs change with the times.

That’s why we work closely with our partners to finance homes  
that bring joy to everyone and make housing more accessible to all.

The Japan Housing Finance Agency.

Working with you to create homes filled with joy.



Clarifying our purpose and vision will lead our operations and further enhance the unity of our organization. This is encapsulated in JHF's Management Principles. They comprise the mission we relentlessly pursue, the vision to which we aspire and the values we share, guiding all of our activities.

Management Principles



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## MOURI Shinji

President  
Incorporated Administrative Agency  
Japan Housing Finance Agency

**We are determined to continue and expand our contribution to the solution of housing-related social issues as a dependable policy implementation agency in the field of housing finance.**

### **The key to sustainability management is closer collaboration with all stakeholders.**

I would like to begin this message by thanking our stakeholders for their continuing support. In the current fiscal year, the third since I became President of the Japan Housing Finance Agency, Japan is finally emerging from the COVID-19 pandemic and making the transition to a new normal. I saw this as an appropriate time to review the role played by JHF in relation to the various economic and social issues confronting Japan. Based on this review, I have concluded that JHF must enhance its own corporate value by effectively contributing to the solution of as many social issues as possible, so that we can maintain our presence as a dependable policy implementation agency. As President, I look to the future with a renewed determination to lead JHF in this direction.

As the 20th year since the launch of our Securitization Support Business, including our core Flat 35 programs, 2023 is a milestone year for JHF. It also marks the halfway point in our fourth medium-term plan<sup>01</sup> and will be a vital time for the formulation of our next medium-term plan. I attribute our steady progress toward the achievement of our medium-term targets to the support and understanding of our stakeholders, for which I would like to express our sincere gratitude. Market players are competing fiercely to offer lower interest rates, but our mission is to provide long-term fixed loans based on stable, sustainable plans throughout Japan. We will do everything possible to ensure that individual customers can make the right choices, while also maintaining and enhancing the core advantages that will continue to make the Flat 35 programs the preferred option in a changing environment.

While continuing to respond to today's increasingly diversified housing needs under the government's Basic Plans for Housing, JHF will remain dedicated to its corporate purpose, as expressed in the words "Working with you to create homes filled with joy." We aim to realize that purpose by always remaining firmly focused on the quality of housing, while anticipating market needs 10 or 20 years into the future.

We are also determined to expand our collaboration with our stakeholders and dialogue with the market, so that we can pursue sustainability management as the basis for an ever greater contribution to the solution of social issues.

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Medium-Term Targets,  
Medium-Term Plan and  
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03, 04, 05→ P.11-12  
Key Events of FY2022

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Sustainable housing stock for a better future

ESG—expanding our contribution to the solution of social issues

1 Housing evolution driving steady progress toward decarbonization 02→

To achieve carbon neutrality by 2050, we will need to take urgent action in a variety of areas. The acceleration of initiatives relating to housing will be a key factor for the realization of a carbon-neutral society. In the fall of 2022, JHF began to promote net-zero energy housing with the launch of the Flat 35 S (ZEH) 03→ program, which local building firms around Japan are now using for around 30% of order-built houses. We have also introduced Green Renovation Loans 04→ designed to encourage renovation projects that contribute to the improvement of the energy efficiency of Japan's housing stocks. This people-friendly and Earth-friendly loan system can also be used to install energy-saving equipment. We made compliance with the revised Building Energy Efficiency Act mandatory for all Flat 35 loans for newly built housing two years before the full enforcement of the changes starting in FY2023.

JHF is also contributing to the transition to a decarbonized society through its financing activities. We are Japan's biggest issuer of green bonds, with cumulative issues of approximately ¥885 billion. We will continue to contribute to the development of the green bond market.

We have endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) 05→. We actively disclose information about physical and transitional risks and other climate change-related risks. We also inform investors in Japan and overseas about our active commitment to climate change countermeasures.

JHF is helping to ensure a greener future for Planet Earth through its leadership for housing sector initiatives toward the creation of a decarbonized society in Japan.

2 Forming and utilizing sustainable housing stock for the future 06→

Growth in the number of vacant homes is becoming a serious issue in regional communities affected by a falling birthrate and rising life expectancies. Starting in the current fiscal year, JHF is addressing the vacant home problem by extending the reduced interest rate period for the Flat 35 Regional Partnership (vacant home countermeasure) program. We work with local



governments in the affected regions and businesses that have extensive local knowledge to expand our contribution to maintaining and enhancing the value of housing assets and regional communities by demolishing houses that are no longer fit for purpose and utilizing those that are still usable. Under the Vacant Houses Special Measures Act, which was amended in June 2023, JHF will start to share information about uses for vacant homes. In addition to facilitating the utilization of vacant homes, we will also promote appropriate maintenance and management. Under the Flat 35 Maintenance program introduced last year, we have taken steps to reduce interest rates on loans used to fund appropriate house maintenance and management. Through initiatives such as this, we will contribute to the effective maintenance of the value of Japan's housing stocks, and to the expansion of housing sales.

Condominium units, of which seven million have already been built in Japan, have become important assets supporting residential life, especially in urban areas. However, with the number of aging units steadily increasing over the years, appropriate maintenance is vital. We believe that this could become a significant social issue, since the financial markets needed to fund these activities are still underdeveloped in Japan. We are providing leadership for financial market development in this area and helping condominium management associations to procure finance through the sale of *Mansionsumairusai* bonds issued by JHF. JHF will also continue to provide active support for growth in demand for condominiums with certified management plans through initiatives that include the reduction of interest rates for condominium buildings covered by the government's certification system for approved condominium management plans.

JHF is determined to respond to Japan's social and environmental needs over the short-, medium-, and long-term future by actively contributing to revitalization of the market for existing housing, and by providing solutions to issues affecting condominium residents.

3 Providing housing and community support for people from a wide range of generations and backgrounds 07→

Japan's falling birthrate has become a serious issue requiring urgent action to improve the environment for raising children. JHF is working with local governments to expand housing acquisition support measures as part of efforts to create environments in which people in local communities will feel confident to raise children. We also support diverse residential options for families with children by facilitating the supply of rental housing with appropriate space and energy efficiency attributes.

Another focus for JHF is the creation of an environment in which elderly people can enjoy comfort and security. We are promoting the use of the Reverse 60 program, which allows people to use their housing assets to obtain funds for various housing-related purposes. Loans are based on proper evaluations of the collateral value of their properties, including renovations. In addition, we are working to support secure retirement lifestyles by increasing the availability of high-quality serviced housing for the elderly.

4 Developing disaster-resilient housing 08→

Recovery work is still continuing seven years after the 2016 Kumamoto earthquakes. JHF has worked closely with those affected by the disaster, and we will continue to provide comprehensive support, including advice about arranging finance to rebuild houses, until the needs of every person impacted by the disaster have been met.

Disasters are becoming more serious and more frequent throughout Japan. Flood prevention schemes and other projects are needed to protect communities from these events. JHF is working with central and local governments to provide robust support for the development of disaster-resilient housing. For example, we provide finance to assist people who need to relocate or remodel their homes because of flood prevention schemes or other disaster prevention projects. These loans are structured according to local conditions and designed to provide peace of mind for all borrowers, especially the elderly.

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Housing and communities which support a wide range of generations and situations

08→ P.25-26  
Development of homes resilient to disasters

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The security of housing  
which meets the needs of  
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Key Events of FY2022

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Liabilities—Financial and  
Non-Financial Highlights

12→ P.11-12  
Key Events of FY2022

### 5 Providing housing security to support diverse lifestyles 09→

In January 2023, JHF began to accept loan applications from same-sex couples<sup>10→</sup>. We will continue to respond actively to changing social needs through our lending programs.

The COVID-19 pandemic has also brought changes in housing needs. JHF collaborates with local governments to provide support for relocation and dual-home living.

We have also continued to provide full support, including flexible loan restructuring, for people whose incomes fell dramatically during the pandemic.

### 6 Contributing to the development of the Japanese securitization market 11→

Mortgage-backed securities (MBS) backed by the creditworthiness of JHF are a reliable way to procure funds in today's interest rate environment and have also become important assets for a diverse range of investors. We will continue to pursue reliable access to funds while monitoring market trends through extensive dialogue with investors. We also aim to enhance the attractiveness of MBS. One possible option is the issuance of green MBS in response to strong demand for ESG investment opportunities.

## Completion of the current phase of IT investment, intensive investment in human resources

An organization's value creation infrastructure consists of its operational structures and human resources. The key factors as we work to ensure that JHF can continue to respond effectively to social issues are the reinforcement of our operational structures, including the introduction of digital technology, and the enhancement of our human capital.

We will continue to position investment in digital technology and human resource investment as dual pillars supporting the business operations of JHF. We will systematically implement concentrated investment in both of these areas.

JHF is steadily introducing new digital technology. For example, last year we created a system to allow borrowers' income data to be obtained through digital linkage with the Japanese government's ID number system, Mynaportal service<sup>12→</sup>. We plan to implement online applications for Flat 35 loans and AI-based underwriting before the end of FY2024. Digitalization will bring significant improvements in operating efficiency and convenience for our customers and the financial institutions that handle our products. The introduction of AI-based underwriting will enhance objectivity and reliability, while also helping to improve customer convenience by speeding up the underwriting process.

JHF also actively trains and recruits housing finance professionals to administer the services through which we contribute to society. Our medium- to long-term strategy in this area is defined in our human resource recruitment and training policy, which calls for the active provision of self-improvement opportunities for employees through a diverse and highly flexible range of options, including an expanded lineup of upskilling programs. We are also working to offer workstyles that are appropriate for today's social emphasis on diversity and inclusion. Examples include the introduction of support programs to help both female and male employees to achieve a healthy balance between work and child raising. We will also continue to provide remote working options. In addition, we have started to encourage employees to take side jobs that enable them to play an active role in their communities while realizing their aspirations. Through initiatives such as these, JHF will continue to develop a positive working environment in which individual employees can enjoy good health and a healthy work-life balance, while improving their abilities and adopting new workstyles backed by self-motivation and a sense of responsibility. We will actively share information about our stance and achievements in this area.



## Rigorous measures to prevent fraudulent use of Flat 35 programs

As a public financial institution, JHF is required to ensure social equity. If we find fraudulent activities, such as the use of Flat 35 finance for investment properties, we immediately demand full repayment. If a financial institution that handled our products is found to have been involved in fraudulent activities, or if there is a default on the loan, we may sell properties used as collateral, seek penalties for breach of contract, or take other actions. We rigorously pursue remedies in close cooperation with government agencies.

We are also strengthening our underwriting processes to prevent loans from mistakenly being used for the wrong purposes. If we have concerns about any of the information in an application, we check directly with the customer before approving the loan. In addition, we widely disseminate information about the appropriate use of our loans through YouTube videos. We will continue to work with the financial institutions that handle our products as part of our commitment to creating an environment in which all customers can use JHF products and services with peace of mind.

## Working with you to create homes filled with joy

In 2021, we adopted "Working with you to create homes filled with joy" as our purpose statement after seeking input from all JHF executives and employees. In 2023, we established a Corporate Value Enhancement Committee made up of all corporate executives, with myself as chairperson. Through this committee, we will work to achieve our purpose by enhancing our corporate value from our customers' perspectives. We will continue to respond actively to the diverse needs of our customers while endlessly seeking to create optimal housing loan programs for a society characterized by a falling birthrate and rising life expectancies.

The deepening of collaboration with our stakeholders will also be a vital step on the path to the realization of our purpose. All JHF executives and employees are determined to build on our close relationships with our stakeholders so that we can move forward together to create homes filled with joy.

We look forward to the continuing support and understanding of all stakeholders.

July 2023

**MOURI Shinji**

President  
Incorporated Administrative Agency  
Japan Housing Finance Agency



## 01 Announced endorsement of the TCFD recommendations

The Government of Japan has declared that Japan will realize carbon neutrality by 2050. Among the government's targets for the stability and improvement of housing in Japan's Basic Plans for Housing is the "establishment of a housing circulation system and formation of high-quality housing stock aimed at a decarbonized society." Per the above, measures to combat climate change are accelerating in the field of housing policy as well.

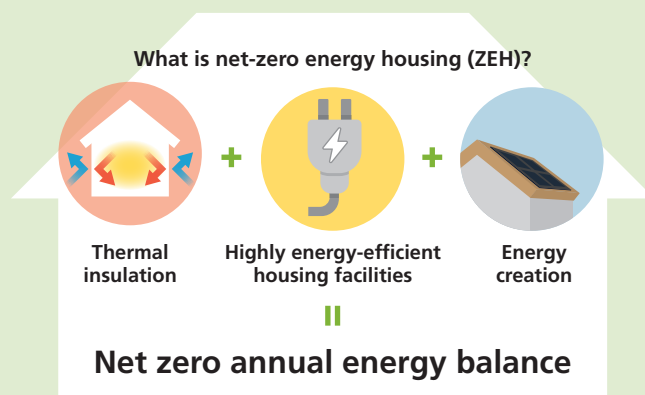
In response, in June 2022, JHF endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and also joined the TCFD Consortium.



## 02 Addition of Flat 35 S (ZEH) to the Flat 35 S lineup

JHF established the Flat 35 S program through which borrowers can obtain a lower interest rate than a Flat 35 loan for a certain period of time when they purchase high-quality housing which meets certain standards in areas such as energy efficiency and earthquake resistance.

In October 2022, JHF introduced a new program to support the purchase of housing which is even more energy efficient. Titled Flat 35 S (ZEH), it expands provisions for lowering the interest rate for housing which meet the program's standards.



## 03 Establishment of Green Renovation Loans

To realize carbon neutrality by 2050, it will be necessary to promote the renovation of existing housing and improve energy efficiency. In October 2022, JHF established Green Renovation Loans to provide financial support for improving the energy efficiency of existing housing. The program provides financing for renovations that meet certain standards such as increasing thermal insulation and installing highly energy-efficient facilities.

An option for increasing energy efficiency through renovation

### Green Renovation Loans

Renovations which include upgrading thermal insulation or installing energy-efficient facilities

Loans up to **¥5 million**

Within 10 year repayment period  
**Long-term fixed-rate housing loans**

No fees, **no collateral,\* no guarantor**

\* Excludes when making use of the special repayment method for the elderly.

## 04 Smoother applications with Mynaportal integration

In October 2022, for the first time ever in Japan, JHF made it possible to use the Japanese government's online "Mynaportal" service for the national ID number system to acquire personal income information when applying for a Flat 35 loan.

Previously, customers could only acquire proof of income by paying for the appropriate certificate from their local government office. Mynaportal integration, however, eliminates the time and money involved in going to get an income certificate issued, increasing customer convenience and reducing the burden of application.



## 05 Now possible for same-sex partners to apply together

With the program revisions implemented in January 2023, JHF started allowing same-sex partners to apply for Flat 35 and other JHF programs for individuals together as co-borrowers. In addition, JHF also made it possible to apply by combining one's income with that of a same-sex partner, and to apply with a same-sex partner as the joint owner of the property securing the loan.

JHF asks that customers submit documentation testifying that the applicant and co-borrower are cohabitating.

### Application requirements

Submission of either of the following to the relevant financial institution:

- ☒ A partnership certificate, partnership pledge receipt, or other document corresponding to the same issued by a local government
- ☒ The original copy or an official copy of a notarized agreement concerning same-sex partnership

## 06 Increased support for balancing work and childcare

In order to support balancing work and childcare, JHF has established a program for shortening working hours as well as a program for adjusting work start and end time times earlier or later for childcare purposes. JHF has also created a leave program enabling employees to utilize accumulated annual paid leave for childcare.

In FY2022, JHF began making use of the Cabinet Office's "Company-led Babysitter Usage Support Project" program, introducing a program through which its employees can receive discounts on babysitter usage fees. JHF has created a workplace environment that makes it easier for employees raising children to work.

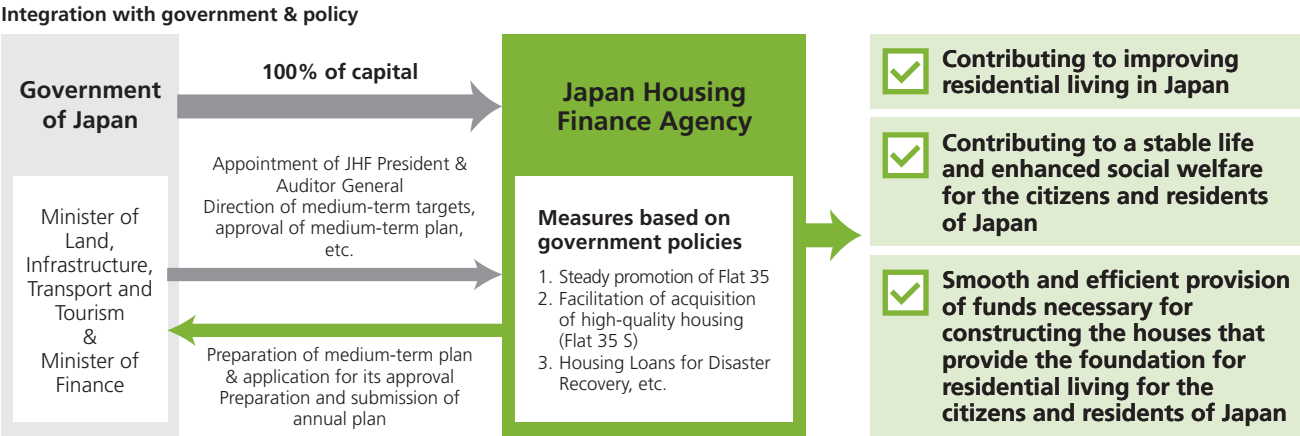
Childcare leave usage rate for male employees (5 days or more)

In FY2022:  
**100%**



The goals of the Japan Housing Finance Agency

By purchasing mortgages to assist in the lending of funds necessary for constructing houses provided by private financial institutions, as well as lending funds required for constructing buildings for disaster recovery to supplement lending by private financial institutions, Japan Housing Finance Agency (JHF) strives to provide the smooth and efficient provision of funds necessary for constructing houses that contribute to a stable life and enhanced social welfare for the citizens and residents of Japan.



About Japan Housing Finance Agency

Organization name	Incorporated Administrative Agency Japan Housing Finance Agency (JHF)
Establishment	April 1, 2007 (formerly the Government Housing Loan Corporation [GHLC], established in 1950)
Relevant laws	Act on General Rules for Incorporated Administrative Agencies and Act on the Japan Housing Finance Agency, Independent Administrative Agency
Ministers with oversight	Minister of Land, Infrastructure, Transport & Tourism, and Minister of Finance
President	MOURI Shinji
Capital	¥690,575.42 million (as of March 31, 2023, 100% of the capital is provided by the Japanese government.)
Number of executive officers and employees	905 (as of April 1, 2023)
Head office	1-4-10 Koraku, Bunkyo-ku, Tokyo, Japan 112-8570
Branch offices	8 offices in major Japanese cities (Sapporo, Sendai, Nagoya, Osaka, Kanazawa, Takamatsu, Hiroshima, Fukuoka)
Size of mortgage portfolio	¥23.6823 trillion (as of March 31, 2023)

Our history

June 1950	● Establishment of the Government Housing Loan Corporation (GHLC)
October 2003	● Launch of the Securitization Support Business (Purchase Program) (now the Flat 35 [Purchase Program]), which will celebrate its 20th anniversary in October 2023
October 2004	● Launch of the Securitization Support Business (Guarantee Program) (now the Flat 35 [Guarantee Program])
June 2005	● Launch of support scheme to facilitate acquisition of high-quality housing (now Flat 35 S)
April 2007	● Dissolution of the Government Housing Loan Corporation (GHLC)
April 2007	● <b>Establishment of the Japan Housing Finance Agency</b>
FY2009	● Launch of reverse mortgage housing loans insured by housing loan insurance (now Reverse 60)
FY2011	● Expansion of both Housing Loans for Disaster Recovery and our payment modification scheme for those whose homes were damaged in the Great East Japan Earthquake (e.g., loans with 0% interest for the first 5 years) (Approximately 21,000 applications accepted. Special repayment terms granted in approximately 6,000 cases [as of the end of FY2022])
FY2016	● Implementation of both Housing Loans for Disaster Recovery and a payment modification scheme for those whose homes were damaged in the Kumamoto Earthquake, and the creation of a Housing Loan for Disaster Recovery with a special repayment method for the elderly (Approximately 4,000 applications accepted. Special repayment terms granted in approximately 400 cases [as of the end of FY2022])
FY2017	● Launch of Flat 35 Childrearing Support program and Regional Vitalization program (now the Regional Partnership program)
FY2018	● Launch of JHF's international operations on the basis of the Act on Promoting Entry of Japanese Business Operators into Overseas Social Capital Projects ● Loans granted through Flat 35 (Purchase Program) pass the 1 million mark ● Issuance of JHF bonds (green bonds) to fund housing loans for the construction and purchase of housing with superior energy-efficiency ● JHF bonds (green bonds) awarded the Minister of the Environment Award at the Japan Green Bond Awards
FY2021	● Established “Working with you to create homes filled with joy” as JHF's purpose
FY2022	● Launch of Green Renovation Loans for energy-efficient home renovations to improve thermal insulation performance and energy efficiency ● Declaration of JHF's endorsement of TCFD recommendations ● Launch of Flat 35 S (ZEH) Plan



JHF's founding ceremony



Consultation with local homeowners affected by the Great East Japan Earthquake



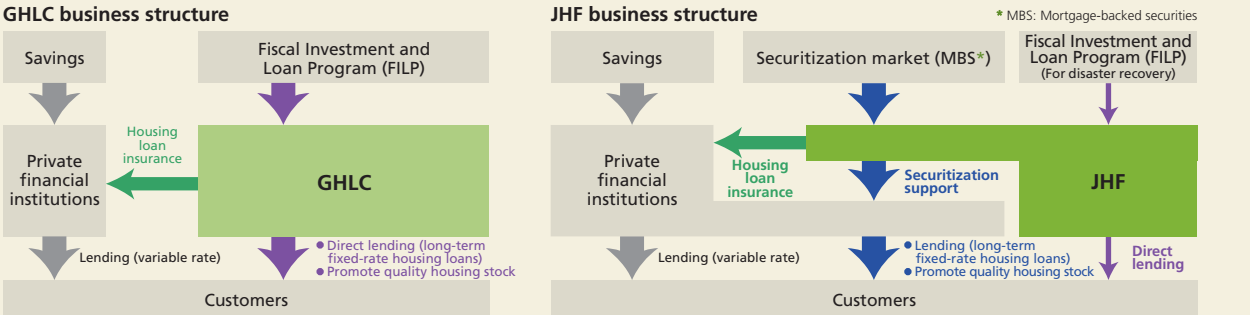
Awarded the Minister of the Environment Award at the Japan Green Bond Awards



Establishing our purpose

Switch in business structures between GHLC and JHF

In addition to pivoting its primary focus from the Loan Origination Business of lending funds directly to customers to the Securitization Support Business to support lending by private financial institutions, JHF also changed its approach to financing, from a housing finance system dependent on the Fiscal Loan Fund to one funded by the market. JHF issues MBS\* backed by housing loans to transfer interest rate risk related to its housing loans broadly to investors. This business structure enables private financial institutions to offer long-term fixed-rate housing loans.





# Full country-wide provision of financial services for residential living through our three businesses

## Securitization Support Business

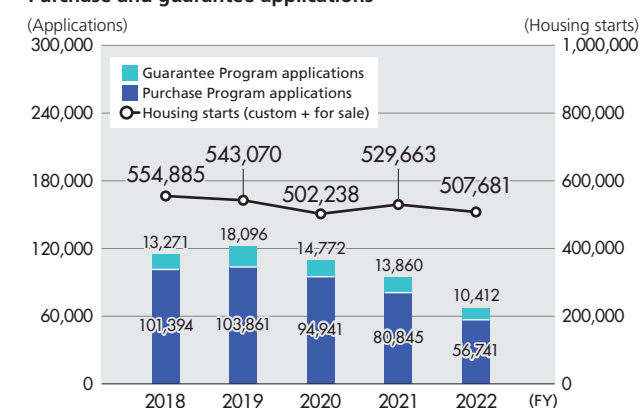
- Flat 35 S
- Flat 35 Renovation
- Flat 35 Maintenance program
- Flat 35 Regional Partnership program
- Flat 35 Rural In-migration Support program

## Facilitation of the supply of long-term fixed-rate housing loans by private financial institutions

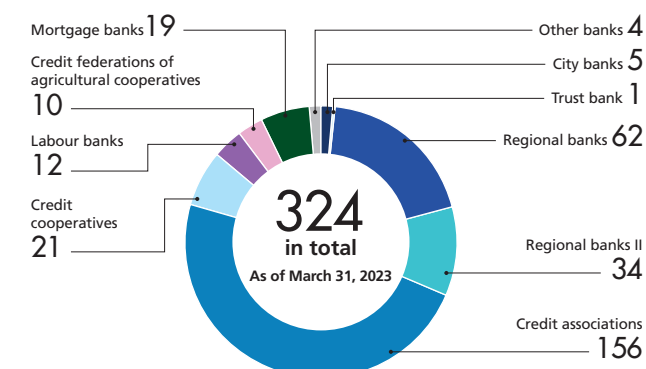
JHF's securitization support business helps private financial institutions provide long-term fixed-rate housing loans. Housing loans offered with the securitization support business's backing are called Flat 35. Flat 35 helps homeowners create their financial plans on a long-term basis because their interest rates and payments are fixed for the entire life of their loan when customers receive the loan.

In addition, JHF is contributing to the realization of housing policies by offering products that reduce interest rates for a certain period of time with certain conditions that work to solve policy issues. These products include Flat 35 S, which can be used when purchasing a highly energy-efficient home, such as ZEH, or long-lasting quality housing, and Flat 35 Renovation, which can be used when renovating an existing home.

### Purchase and guarantee applications



### Financial institutions participating in Flat 35 (purchase program)\*1



\*1 Some participating financial institutions have temporarily stopped accepting new applications (as of March 31, 2023).

## Housing Loan Insurance Business

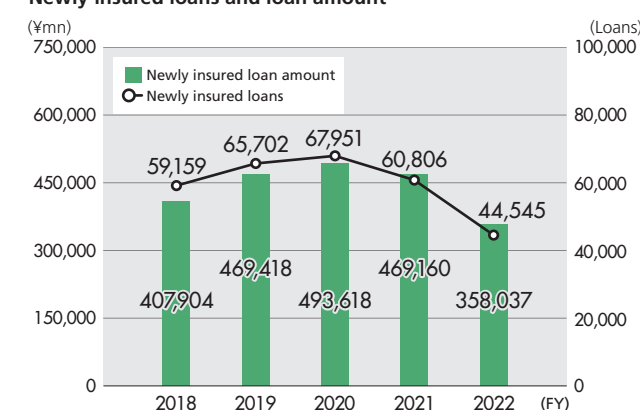
- Reverse 60
- Flat 35 Package
- Flat 35 Bridge loan
- Specified purchase and resale insurance
- Rent guarantor protection insurance

## Facilitation of rates the supply of private sector funding through a housing loan insurance program

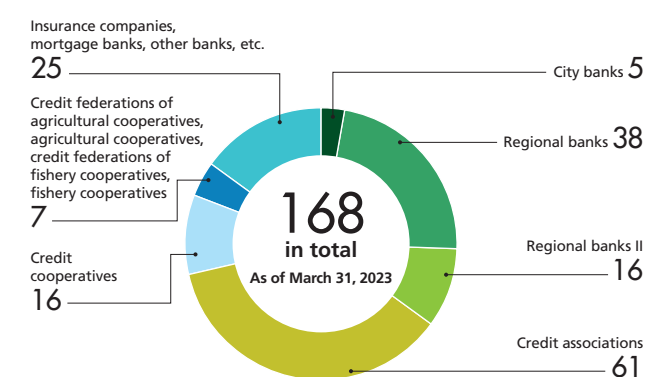
JHF supports private financial institutions with a housing loan insurance program to enable the financial institutions to uninterruptedly provide housing loans. JHF pays insurance claims in accord with a housing loan insurance agreement entered into in advance with the financial institution if an insured event occurs due to unforeseen circumstances.

In addition, JHF supports the supply of funds necessary for housing policy. This support includes Reverse 60, which addresses diverse housing needs due to changes in the lifestyles of the elderly, loans for home resale businesses for increasing existing home sales and revitalizing the renovation market, and rent guarantor protection insurance to help people requiring special assistance in securing rental housing.

### Newly insured loans and loan amount



### Financial institutions with housing loan insurance agreements



## Loan Origination Business

- Housing Loans for Disaster Recovery
- Loans for Energy-Efficient Rental Housing for Childrearing Families
- Green Renovation Loans
- Loan for Renovating Common Elements of Condominiums
- Urban Development Loans
- Mansionsumairusai\*2

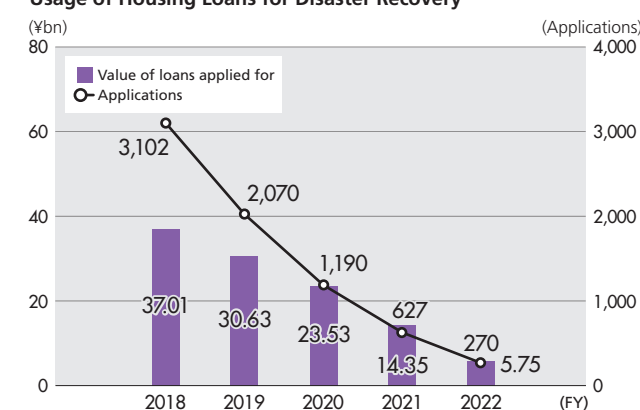
## Loan origination in market segments underserved by private financial institutions

JHF lends directly to borrowers but only in market segments that are both important from a policy standpoint and underserved by private financial institutions. The types of projects JHF funds directly include reconstruction of housing damaged by natural disasters, improvement of housing energy efficiency performance in the aim of achieving net-zero GHG emissions by 2050, reconstruction or improvement of aging condominium buildings and urban de-densification.

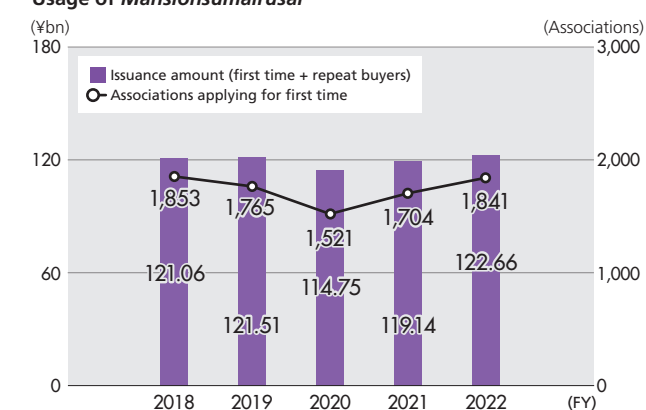
For example, JHF provides low-interest funding for the repair, rebuilding or purchase of housing for those affected by earthquakes, typhoons, flooding, windstorms and other natural disasters. JHF also supports maintenance and management / renovation of the condominium housing stock with a suite of services offered in collaboration with local governments, private financial institutions and condominium management industry groups to promote appropriate maintenance, renovation and reconstruction of condominiums. JHF also launched its Green Renovation Loans in October 2022 in order to promote energy efficiency renovations fulfilling certain standards, for example, upgrading thermal insulation and adopting energy efficient equipment.

\*2 "Mansionsumairusai" is a bond for condominium management associations to accumulate reserves for possible large-scale repair works.

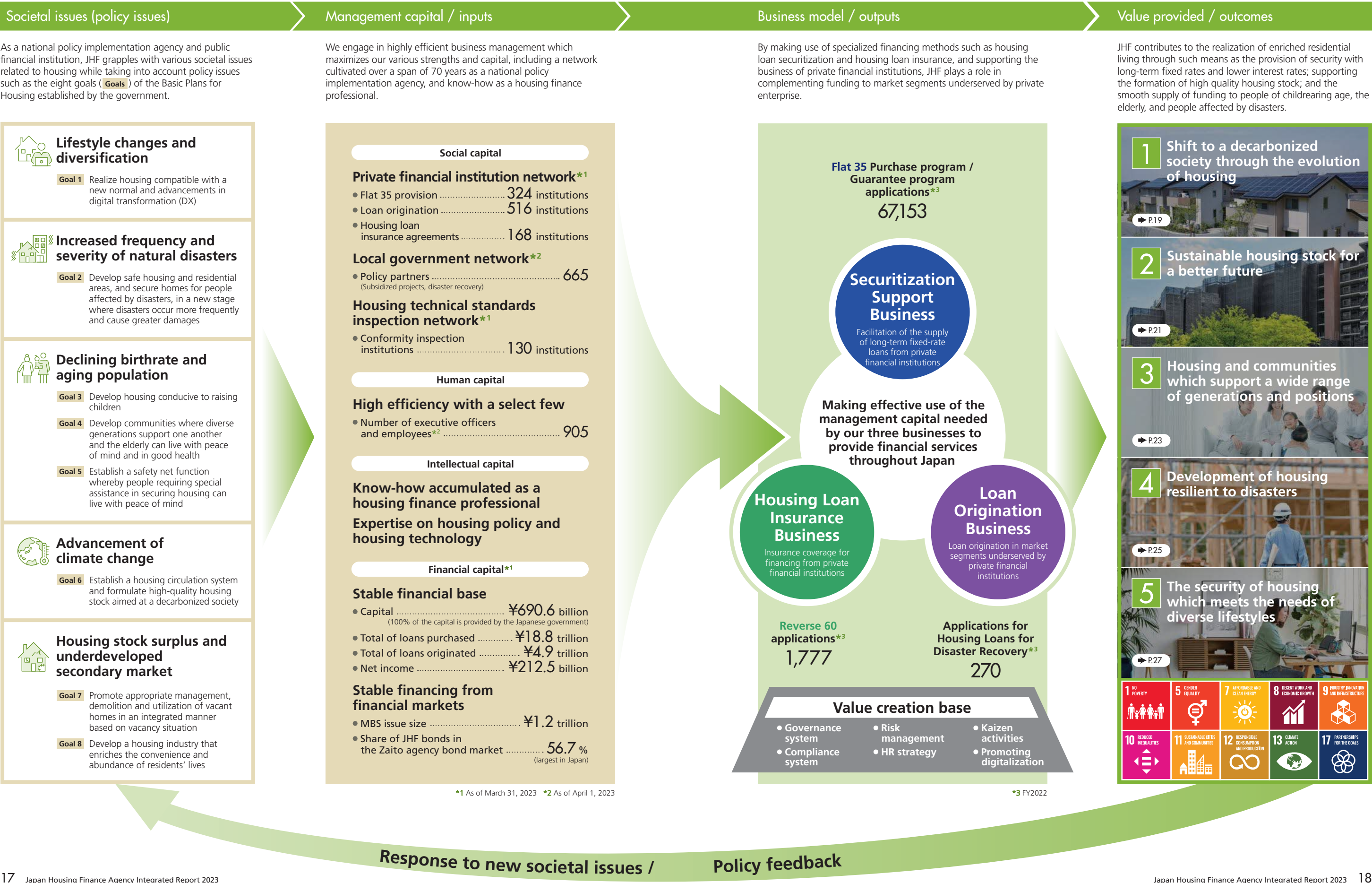
### Usage of Housing Loans for Disaster Recovery



### Usage of Mansionsumairusai\*2











# VALUE 1 Shift to a decarbonized society through the evolution of housing

**Goal 6** Establish a housing circulation system and formulate high-quality housing stock aimed at a decarbonized society



To realize the Japanese government's goal of achieving net-zero GHG emissions by 2050, it will be vital to extensively improve energy efficiency in the area of buildings and homes, a field which comprises approximately one third of CO<sub>2</sub> emissions resulting from energy usage. JHF is leveraging its housing financing know-how and providing a diverse array of financial services to promote highly energy efficient housing and accelerate the improvement of the energy efficiency of existing housing.

## Assisting in promoting highly energy-efficient housing through lower interest rates

### Main products and services

- Flat 35 S (energy-efficiency), Flat 35 S (ZEH)
- Flat 35 Maintenance program (long-lasting quality housing)
- Flat 35 Renovation (energy-efficiency)
- Loans for Energy-Efficient Rental Housing for Childrearing Families

From FY2023, all new housing is required to meet energy efficiency standards in order to receive Flat 35 loans. This initiative precedes the revised Building Energy Efficiency Act, scheduled to go into full effect in April of 2025, by two years. Through it, JHF is contributing to the realization of a decarbonized society. In addition, JHF offers Flat 35 S, a program through which borrowers can obtain a lower interest rate than a Flat 35 loan for a certain period of time when they purchase high-quality housing, such as housing with a high standard of thermal insulation. In October 2022, JHF launched Flat 35 S (ZEH), a program that expands provisions for lowering loan interest rates when borrowers purchase housing which meets ZEH (housing with net zero energy consumption) standards. Customers

can lower their interest rate even further when purchasing long-lasting quality housing with the Flat 35 Maintenance program.

When purchasing an existing home and making renovations that satisfy certain criteria, such as improving energy efficiency, JHF offers the Flat 35 Renovation program through which borrowers can get a lower interest rate for a portion of their loan term.

JHF also supports improving the energy efficiency of rental housing through Loans for Energy-Efficient Rental Housing for Childrearing Families, which provides financing for rental housing which has a certain level of energy efficiency performance.

### Key achievements of FY2022

Flat 35 S  
(Energy efficiency/ZEH)  
Applications:

25,501

Flat 35 Maintenance program  
(Long-lasting quality housing)  
Applications:

12,394

## Supporting the improvement of existing housing energy efficiency through renovation loans

### Main products and services

- Green Renovation Loans
- Loans for Renovating Common Elements of Condominiums (Energy saving renovations)
- Rental Housing Renovation Loans (Energy-efficient housing)

In order to accelerate improvement of housing energy efficiency, it is also important to improve the energy efficiency of existing housing. JHF provides financial support for improving the energy efficiency of existing housing. In

October 2022, JHF began offering Green Renovation Loans, a program which provides financing for energy efficiency renovations that meet certain standards such as increasing thermal insulation and installing energy-efficient facilities.

JHF also provides support for renovations which increase the energy efficiency of rental housing and the common elements of condominiums with respective renovation loan products.

## Contributing to the expansion of ESG investment as the largest issuer of green bonds in Japan

### Main products and services

- JHF bonds (green bonds)

JHF bonds (green bonds) are used to fund purchases of Flat 35 S housing loans for new housing that meet technical standards for energy efficiency.

JHF green bonds are issued based on a framework confirmed to conform to the Ministry of the Environment's Green Bond Guidelines 2017 and were selected by the Ministry of the Environment as a FY2018 green bond issuance model case.

JHF issues green bonds of various maturities, providing extensive publicity on the promotion of highly energy-efficient housing through the Flat 35 S program. In addition, with the support of investors in promoting highly energy-efficient

housing through financing, as a policy implementation agency, JHF contributes to increased ESG investment and the further acceleration of high-quality housing.

### FY2022 green bond issuance

Annual issuance:  
**¥255.0** bn  
(largest in Japan)

Issues:  
**10** times (most in Japan)



### Case example

## Collaboration promoting highly energy-efficient housing

Tottori Prefecture and the Tottori Healthy and Energy Efficient Housing Promotion Council have established independent energy efficiency standards for thermal insulation which surpass ZEH. These standards are promoted under the "NE-ST" (for new housing) and "Re NE-ST" (for renovations) appellations.

In FY2022, the Tottori Future Energy Efficient Housing Special Promotion Project Subsidy, which uses NE-ST as a

basic requirement, was established. JHF is collaborating with Tottori Prefecture to promote highly energy-efficient housing. Utilizing the framework of the Flat 35 Regional Partnership program, JHF has created a tie-in flyer, participated in PR events, and submitted an article advertisement featuring a discussion between representatives of the three involved parties to a local newspaper.



\* The "NE-ST" moniker is derived from the first letters of the words in the phrase "next standard."



The three-party discussion article (advertisement) printed in a local newspaper (Published in the Nihonkai Shimbun dated January 21, 2023.)



The three-party discussion



# VALUE 2

## Sustainable housing stock for a better future

- Goal 7** Promote appropriate management, demolition and utilization of vacant homes in an integrated manner based on vacancy situation
- Goal 8** Develop a housing industry that enriches the convenience and abundance of residents' lives



In recent years, insufficient management of vacant houses and aged condominiums has increased, becoming a societal issue. There is urgent need to properly manage condominiums, and to appropriately maintain, manage, and extend the life of housing. By providing a variety of financial services, JHF aims to create quality housing stock and stimulate the existing housing market. JHF also supports the maintenance of the asset value of condominiums. Through these measures, JHF is working to solve these issues.

### Supporting the creation and distribution of high-quality housing stock through Flat 35

#### Main products and services

- Flat 35 S (durability/modifiability [long-lasting quality housing])
- Flat 35 Renovation (durability/modifiability [long-lasting quality housing])
- Flat 35 Maintenance program
- Flat 35 for existing housing

With the Flat 35 S program JHF provides, borrowers can get a lower interest rate for a portion of their loan term when purchasing existing long-lasting quality housing that is durable and modifiable and which has improvements to ensure its use in good condition over a long period of time. Further, JHF offers the Flat 35 Renovation program, through which borrowers can get a lower interest rate for a portion of their loan term when purchasing an existing home and making renovations that satisfy certain criteria, thus contributing to the improvement of the performance of existing housing stock.

In addition, JHF offers the Flat 35 Maintenance program to support the distribution of housing in which people can live for a long time with peace of mind. This program lowers the loan interest rate for a portion of the loan term when a borrower purchases long-lasting quality housing, a condominium with a certified management plan,

Anshin R Jyutaku\*, or other housing for which consideration has been given to its maintenance and preservation.

When making use of the Flat 35 program, not only purchasers of a new home but also purchasers of existing housing must generally obtain a conformity certificate proving that the housing they intend to purchase conforms with the technical standards established by JHF. Through this, JHF contributes to the distribution of quality housing stock in the existing housing market.

\* Existing housing that satisfies the following conditions.

- Maintains basic quality per inspection, including earthquake resistant, etc.
- Renovated or plans to be renovated
- Inspection records are readily available

#### Key achievements of FY2022

Long-lasting quality housing stock financed by Flat 35 programs (cumulative total):

247,000

Flat 35 applications for existing housing:

18,521

Proportion of existing housing units to Flat 35 applications:

28.8 %

### Promoting solutions to the vacant home issue together with local governments

#### Main products and services

- Flat 35 Regional Partnership program (vacant home countermeasure)
- Reverse 60

Vacant homes which are not properly managed have a serious impact on the living environment of community residents in terms of disaster preparedness, sanitation, and scenery. Accordingly, many local governments have begun taking measures to combat these issues, such as establishing ordinances concerning vacant homes.

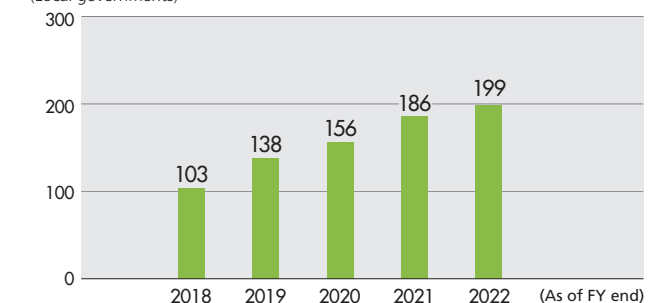
The Flat 35 Regional Partnership program, which JHF offers in collaboration with local governments, lowers the interest rate on a Flat 35 loan for a portion of the loan term in conjunction with financial support provided by local governments for borrowers who purchase and live in a vacant home. In addition, JHF is further strengthening its efforts to solve the vacant home issue by extending the

lowered loan interest rate period starting in FY2023.

Further, with the revisions to the Vacant Houses Special Measures Act, JHF is also planning to start providing information on the utilization of vacant homes as a new business.

#### Partnerships with local governments under the Flat 35 Regional Partnership program to solve the vacant home issue

(Local governments)



### Multifaceted support for condominium housing stock maintenance and management

#### Main products and services

- Mansionsumairusai
- Loans for Renovating Common Elements of Condominiums
- Condominium Lifecycle Simulation
- Guidelines for Large-scale Repair and Renovation

With approval from the national government, JHF issues bonds called *Mansionsumairusai*. By purchasing these bonds, condominium management associations can save for large-scale condominium repairs. Through this, JHF supports systematic saving for condominium repairs.

In addition, JHF hosts and provides administrative staff for the Implementation Council on Financial Support to Increase Condominiums' Value, whose members include condominium management associations, private financial institutions, and government bodies. The council engages

in concrete initiatives which support preparations for future large-scale repairs, such as releasing the Condominium Lifecycle Simulation - Long-term Repair and Renovation Navi web tool, and the Guidelines for Large-scale Repair and Renovation booklet.

#### Applications for and issuance of *Mansionsumairusai* (FY2022)

Applications and issuance:

114,845 applications

¥57.4225 bn

Condominium management associations:

1,841

#### Case example

### Promotion of condominium management optimization in collaboration with a local government and other concerned bodies

Nagoya City, Aichi Prefecture, is anticipating that in the future there will be a rapid increase in the number of aged condominiums 40 years or older for which appropriate maintenance and management is difficult due to the aging of unit owners and residents, which in turn will result in insufficient people to run condominium management associations.

In response to this challenge, in March 2022, JHF, the Nagoya City government, the Aichi Prefecture Condominium Managers Association, the Chubu Condominium Management Association Council, and the Nagoya City Housing Supply Corporation concluded the Agreement on the Promotion of Optimizing Condominium Management. Per this agreement, condominium management associations which meet certain conditions can receive subsidized interest payments (up to 1% per year for a maximum of 10 years; as of April 2023, loan interest rate levels are less than 1% annually for loan periods of 10 years or less, effectively meaning that in such situations condominium management associations will pay no interest) from Nagoya City when making use of JHF's Loan for Renovating Common Elements of Condominiums. Through the establishment of such support measures, JHF is working to promote the optimization of condominium management.



# VALUE 3

## Housing and communities which support a wide range of generations and situations

- Goal 3** Develop housing conducive to raising children
- Goal 4** Develop communities where diverse generations support one another and the elderly can live with peace of mind and in good health
- Goal 5** Establish a safety net function whereby people requiring special assistance in securing housing can live with peace of mind



With Japan's declining birthrate and aging population, it is all the more necessary to develop a housing environment in which people can support each other while living active, independent lives. In addition, people's needs with regard to housing are closely tied to, and change due to, such life events as marriage, childrearing, child independence, and unexpected illness. By providing a variety of financial services, JHF contributes to the realization of secure, comfortable housing for people from a variety of generations and in a variety of situations.

### Supporting childrearing families in securing housing through lower interest rates

#### Main products and services

- Flat 35 Regional Partnership program (childrearing support)
- Loans for Energy-Efficient Rental Housing for Childrearing Families

JHF is working to create an environment enabling childrearing families to raise children with peace of mind in their local communities by supporting them in securing housing.

The Flat 35 Regional Partnership program (childrearing support) lowers the interest rate on a Flat 35 loan for a portion

of the loan term in conjunction with financial support provided by local governments for childrearing families.

In addition, through Loans for Energy-Efficient Rental Housing for Childrearing Families, JHF provides construction financing to people building rental housing for childrearing families which has a certain level of energy efficiency performance. Through these means, JHF supports the supply of rental housing with the space and energy efficiency performance needed by childrearing families.

#### Key achievements of FY2022

Flat 35 Regional Partnership program (childrearing support) Applications:

1,197

Loans for Energy-Efficient Rental Housing for Childrearing Families Units accepted:

4,634 units



### Supporting the housing needs of senior generations with fine-tuned financial services

#### Main products and services

- Reverse 60
- Flat 35 S (barrier-free design, energy efficiency)
- Flat 35 Renovation (barrier-free design, energy efficiency)
- Renovation loans (barrier-free)
- Loans for serviced rental housing for the elderly

JHF supports the supply of Reverse 60 loans by private financial institutions through housing loan insurance in order to address the diversifying housing needs of the elderly and develop an environment enabling the elderly to live comfortably and with peace of mind. In general, Reverse 60 loans can be used by customers aged 60 or older for home renovations, home rebuilding, or moving to a new home.

Reverse 60 borrowers make monthly interest-only payments. The loan principal is repayable in full after the deaths of all borrowers. The borrowers' heirs have the option of repaying the principal in full by using their own funds or by using the proceeds from selling the property (land and residential structures) securing the loan. In FY2021, JHF clarified the method for estimating the property value after renovations and made improvements to make this product

even easier to use. JHF is striving to expand the use of Reverse 60, and Reverse 60 usage and the number of participating financial institutions have both steadily increased.

In addition, through the Flat 35 program, borrowers can get a lower interest rate for a portion of their loan term when purchasing a home with outstanding barrier-free design or when improving an existing home through barrier-free renovations.

Further, JHF supports the supply of serviced housing for the elderly that is high quality and enables the elderly to live with peace of mind by providing financing to companies that require funding for building and renovating serviced housing for the elderly.

#### Key achievements of FY2022

Reverse 60 applications:

1,777

Reverse 60 participating financial institutions:

85

### Supporting people requiring special assistance in securing housing

#### Main products and services

- Rent guarantor protection insurance
- Flat 35 which can be used even when unable to join group credit life insurance

There is a growing need to support people requiring special assistance in securing housing, such as the elderly, people with disabilities, and welfare recipients. Taking this situation into account, JHF has established a program in which it provides insurance for rental claims guaranteed by a rental claim guarantor company when persons requiring special assistance in securing housing move into rental housing previously registered by the prefecture as being

housing which does not refuse such persons (safety net registered housing).

In addition, in order to broadly support people in a variety of circumstances in acquiring housing, Flat 35 loans can be used even in situations where a person cannot join group credit life insurance due to health reasons.

#### FY2022 rent guarantor protection insurance status

Insurance policies (cumulative total):

37

Rent guarantor protection insurance policyholders:

10

#### Case example

### Supporting childrearing families in securing housing through lower interest rates

The population of Nanporo Town on the outskirts of Sapporo City, Hokkaido peaked in 1998 and then continued to decline thereafter. In response, in April 2016, Nanporo Town launched a project to support the purchase of housing by families with a child in junior high school or younger, as well as families in which both spouses were under the age of 40. In 2017, Nanporo Town and JHF concluded a Flat 35 Regional Partnership program agreement and have strengthened their collaboration in a variety of ways since. Nanporo Town's collaboration with JHF has helped promote the rapid sale of housing in the Midorino housing complex, which Nanporo intends to be a center for receiving influxes of people from other areas, contributing to the recovery of the town's population.



Presentation of a letter of appreciation





VALUE

4

Development of homes resilient to disasters

Goal 2

Develop safe housing and residential areas, and secure homes for people affected by disasters, in a new stage where disasters occur more frequently and cause greater damages

8

8

11

11

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17

Japan is a country where earthquakes, floods, and other disasters occur frequently, and disaster preparedness is essential. Particularly in recent years, disasters occur more frequently and severely. Believed to be the result of climate change, this situation demands even further efforts to secure the safety and security of homes and communities. JHF contributes to disaster preparedness and mitigation through a variety of products and services together with supporting recovery from disasters based on collaboration with relevant organizations.

Supporting disaster victims in rebuilding their homes through low interest loans

- Main products and services
- Housing Loans for Disaster Recovery

JHF provides low-interest funding for repairing, rebuilding, or purchasing housing to people whose homes were damaged by earthquakes, typhoons, flooding, windstorms, and other natural disasters, supporting the victims of natural disasters in getting back to normal life as quickly as possible.

In addition, JHF offers a special repayment method for the elderly. Payments need only be made on the loan interest each month. The loan principal is repayable in full after the death of all borrowers. The borrowers’ heirs have the option of repaying the principal in full or they may repay the loan by using the proceeds from selling the property (land and residential structures) securing the loan. Additionally, it is possible to select a relay repayment period in which a child or other successor later takes over repaying the loan, thus meeting a diverse array of needs for home rebuilding. Further, based on the needs of local governments, JHF is providing support aligned with regional circumstances, revising the program so a mortgage is not required to be taken out on land exclusively

when leasing public land developed under a group relocation project for disaster mitigation or other law-based project.

In addition, JHF is leveraging its nationwide branch network to hold local consultation sessions in collaboration with local governments in disaster-stricken areas, supporting home rebuilding in accordance with the state of damage while working closely with those affected. During the COVID-19 pandemic when it was difficult to hold in-person consultation sessions in order to prevent the spread of COVID-19, JHF continued to support those affected by disasters by holding sessions online.

Response to Kumamoto Earthquake

Local consultation sessions:

1,734

Number of loans with special repayment method for the elderly:

233

Number of Housing Loans for Disaster Recovery:

4,121

Promoting housing resilient to disasters through lower interest rates

- Main products and services
- Flat 35 S (earthquake resistance)
  - Flat 35 Renovation
  - Flat 35 Regional Partnership program (disaster preparedness and mitigation)

In order to promote disaster-resilient housing, JHF offers Flat 35 S, a program through which borrowers can obtain a lower interest rate than a Flat 35 loan for a portion of their

loan term when they purchase high-quality housing which meets or exceeds certain standards for earthquake resistance.

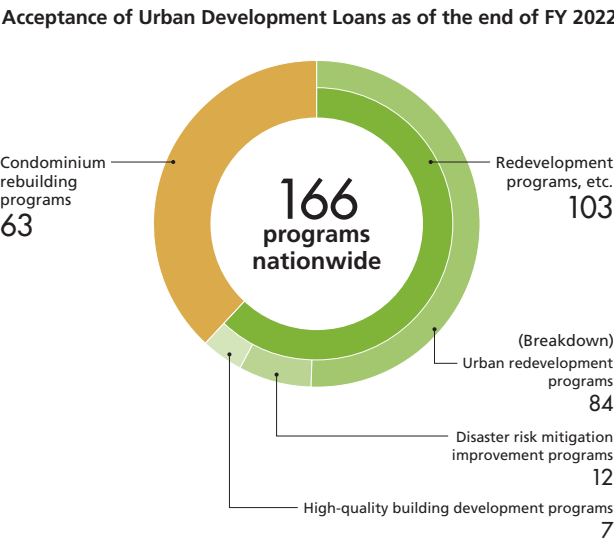
Further, JHF contributes to the improvement of existing housing by offering Flat 35 Renovation. Through this program, borrowers can get a lower interest rate for a portion of their loan term when purchasing an existing home and making renovations that satisfy certain earthquake resistance criteria.

Disaster preparedness and mitigation through urban de-densification

- Main products and services
- Urban Development Loans
  - Loans for Renovating Common Elements of Condominiums
  - Renovation loans for seismic retrofitting work

JHF provides Urban Development Loans to offer funding for projects in high-density urban areas at risk of fire and earthquake to rebuild aging buildings, implement urban redevelopment, and make disaster risk mitigation improvements. Through these means, JHF contributes to increasing the disaster preparedness of dense urban areas.

Further, JHF provides Loans for Renovating Common Elements of Condominiums to provide funding to condominium management associations for the costs involved in large-scale repairs for the purpose of seismic improvement. JHF also provides renovation loans to individual borrowers so that seismic retrofitting can be carried out smoothly.



Case example

Seven years of working closely together with people affected by the 2016 Kumamoto Earthquake and progress with relevant organizations

At the highest point, there were as many as 50 thousand people living in 20 thousand temporary emergency housing units after the 2016 Kumamoto Earthquake.

Collaborating with local governments, JHF has supported the recovery from the earthquake. One distinctive form of support among the varieties JHF has provided is “Kumamoto Disaster-Recovery housing.” In cooperation with a group of local housing companies, Kumamoto Prefecture worked to promote the use of Kumamoto Disaster-Recovery housing which makes use of materials from Kumamoto Prefecture, is earthquake resistant, and is low cost. JHF helped to spread information about Kumamoto Disaster-Recovery housing, supporting home rebuilding and the stimulation of the local economy. At the same time, taking into account the fact that home rebuilding had become a challenge for the elderly, JHF created a new Housing Loan for Disaster Recovery with a special repayment method for the elderly. Further, in collaboration with the Chiiki Sasaeai Center, established to

support victims in disaster-stricken cities, towns, and villages, JHF provided information to disaster victims through consultation sessions on various support programs provided by local governments as well as JHF’s loan programs. In addition, leveraging the know-how on providing consultations on holidays JHF has accumulated as well as its experience responding to the Great East Japan Earthquake, JHF established a consultation system to work with the victims of the 2016 Kumamoto Earthquake. Going forward, JHF will continue working with the victims until every last one has recovered and support the rebuilding of homes in disaster-stricken areas.







VALUE

5

### The security of housing which meets the needs of diverse lifestyles

Goal 1

Realize housing compatible with a new normal and advancements in digital transformation (DX)

1 NO POVERTY

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

11 SUSTAINABLE CITIES AND COMMUNITIES

17 PARTNERSHIPS FOR THE GOALS

Amid increased interest in new lifestyles and different ways of working spurred by the COVID-19 pandemic, customers have come to have even more diverse needs with regard to financial services in the field of housing. There is also demand for digitalized housing loan procedures that are efficient and convenient. In order to enable customers to flexibly choose housing that meets their hopes with peace of mind, JHF works to enhance its products and services, and improve its procedures. JHF will also be improving convenience and productivity through digitalization.

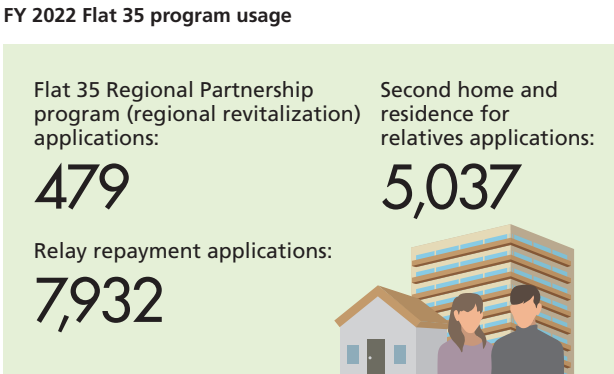
Responding to diversifying housing needs

- Main products and services
- Flat 35 Regional Partnership program (Regional revitalization)
  - Flat 35 Rural In-migration Support program
  - Flat 35 (Second home, residence for relatives, relay repayment)

Through the Flat 35 Regional Partnership and Flat 35 Rural In-migration Support products, JHF offers lower a interest rate on a Flat 35 loan for a portion of the loan term in conjunction with financial support provided by local governments. JHF offers these programs to persons wishing to move to rural or suburban areas, and persons wishing to live near or with their parents, meeting housing needs which have become even more diversified in part as a result of the COVID-19 pandemic. Additionally, it is possible to select a longer repayment period with a Flat 35 loan by using a relay repayment system in which a child or other successor later takes over repaying the loan. Flat 35 also meets customers’ needs to purchase housing for relatives to provide a place to live for a parent or child, and to purchase a second home

in order to reside in multiple areas.

Further, JHF has made it possible for same-sex partners to apply for Flat 35, Housing Loans for Disaster Recovery, Green Renovation Loans, and other JHF programs for individuals together as co-borrowers. JHF revises its programs in line with a changing society in order to proactively meet diverse needs.

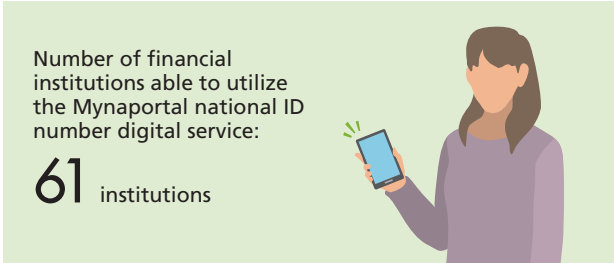


Realizing more convenient housing loan procedures with the advancement of digitalization

JHF is digitalizing its housing loan procedures and is working to improve convenience for customers and all stakeholders.

JHF is building the digital infrastructure needed to implement Flat 35 web applications and electronic contracts for interested participating financial institutions. Electronic contracts are scheduled to be released in FY2023, and JHF is aiming to implement web applications in FY2024. In addition, online contracts and web applications for Housing Loans for Disaster Recovery are scheduled to be released in October 2023.

Key achievements of FY2022

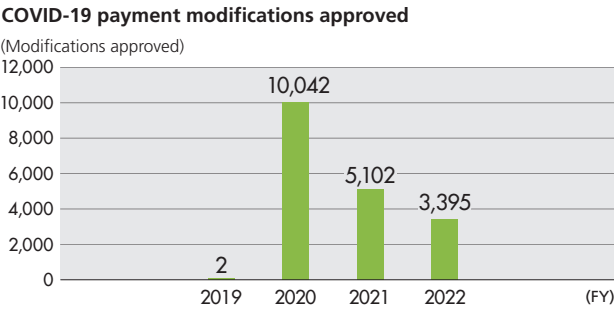


Shared benefit	Can be conducted online anytime (no need to come in person)
1. Loan applications (online) (In FY2024)	Enables easy information input using the individual number card, My Number Card Also enables information input support from housing companies, etc.
2. Income information acquisition (From October 2022)	Enables free acquisition of income information usable in online application using My Number Card authentication (Mynaportal API integration)
3. AI underwriting (From July 2024)	Improves underwriting objectivity and reliability; also improves customer convenience through increased speed
4. Group credit life insurance applications (online) (From October 2023)	Reduced input fields through integration with loan information
5. Electronic contracts (In FY 2023)	Enables electronic contracts using My Number Card authentication. Eliminates contract revenue stamp fees

Responding to customers experiencing difficulty due to the COVID-19 pandemic

In collaboration with financial institutions, JHF offers consultation to customers experiencing difficulty repaying their loans due to the impact of the COVID-19 pandemic.

JHF also supports customers having difficulty repaying their loans in continuing to repay by offering a variety of payment modification options, such as extending the repayment period and reducing payments for a portion of the loan term.



Supporting the acquisition of housing by in-migrants and long-term residents through lower housing loan interest rates

Against the backdrop of remote work becoming normalized and in turn making moving to a new location without changing jobs a possibility, in recent years Hitachi City, Ibaraki Prefecture has experienced a substantial increase in inquiries regarding in-migration. Through the Hitachi Remote Work In-migration Promotion Subsidy and the In-migration Support Fund, Hitachi City is proactively supporting in-migration.

In collaboration with Hitachi City, JHF provides lower loan interest rates through the Flat 35 Regional Partnership program under the Hitachi My Home Purchase Assistance Program and the Yamagawa Housing Complex Moving Promotion Assistance Program. These programs support the acquisition of housing by childrearing families and young married couples, encouraging them to move to and settle in Hitachi City.





In line with the Japanese government’s efforts toward achieving net-zero GHG emissions by 2050, JHF endorsed the Task Force on Climate-related Financial Disclosures (TCFD)’s recommendations in June 2022.

JHF has established initiatives relating to each of the core

Governance

JHF positions response to climate change as an important management issue amid efforts to maximize its functions as a national policy implementation agency.

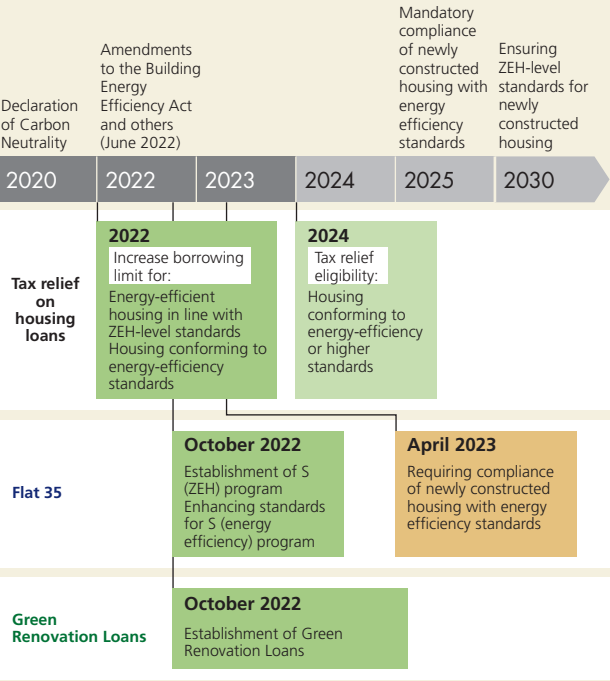
The risks and opportunities of climate change, along

Strategy

Raising energy efficiency standards for Flat 35

As a national initiative aimed at achieving net-zero GHG emissions by 2050, compliance with energy efficiency standards will be mandatory for all newly constructed housing starting in FY2025. In April 2023, two years ahead of the start of the Japanese government’s initiative, JHF made complying with technical standards for energy efficiency a requirement in all Flat 35 design inspection applications.

Initiatives for net-zero GHG emissions by 2050



Flat 35 S

JHF helps to lower CO2 emissions by working to promote highly energy efficient housing through the Flat 35 S program. In addition, we established the Flat 35 S (ZEH) program in October 2022, thereby working to promote further expansion of highly energy efficient housing.

elements of the TCFD’s recommended financial disclosures and will continue to periodically enhance these initiatives.

JHF’s current approach to each of these core elements is outlined below.

with policies in response to both, are deliberated on and monitored by specific Risk Management Committees for each risk and the Board of Directors.

Green Renovation Loans

In October 2022, JHF established the new Green Renovation Loans program, a specialized loan program for energy-efficient home renovations carried out by the borrower for the purpose of improving thermal insulation performance or energy efficiency, such as thermal insulation upgrades or installation of residential solar power generation systems. Through this program, JHF will promote initiatives not only for newly constructed housing but also for existing housing to achieve net-zero GHG emissions by 2050 through the improved energy efficiency performance of buildings.

Loans for Energy-Efficient Rental Housing for Childrearing Families, etc.

JHF is providing construction funds and other loans to increase the supply of highly energy-efficient rental housing with space suitable for childrearing families as part of its lending to market segments that are both important from a policy standpoint and underserved by private financial institutions.

In FY2022, alongside raising the energy efficiency standards required for its loans, JHF established a system of preferential interest rates when constructing ZEH and long-lasting quality housing.

Green bond issuance

JHF issues green bonds to fund purchases of housing loans secured by superior energy-efficient housing.

In FY2021, JHF issued Japan’s first government-guaranteed green bond, and provision of this bond continued in FY2022. New green bonds and government-guaranteed green bonds issued in FY2022 resulted in an annual reduction in CO2 emissions of 824 tons.

**Note:** This figure is based on the CO2 emissions and other information shown in the “Metrics and targets” section on the next page, and was calculated as follows. Number of bond-financed loans disbursed multiplied by the reduction in CO2 emissions of a home financed under Flat 35 programs as compared to the emissions of the current average home that meets energy efficiency standards.

Promoting the widespread adoption of green housing finance internationally

On the basis of the Act on Promoting Entry of Japanese Business Operators into Overseas Social Capital Projects (Act No. 40 of 2018), JHF utilizes its expertise in promoting highly energy-efficient housing, green bond issuance, and other aspects of environmentally friendly housing to support a variety of initiatives, including the development of human resources by leading training programs for overseas organizations.

ESG investment as part of its fund management

As part of its fund management, JHF has established a management framework allowing for the preferential purchasing of ESG bonds (bonds issued as a means of financing projects and other initiatives tackling environmental and social issues), taking into account creditworthiness and other security considerations.

Risk management

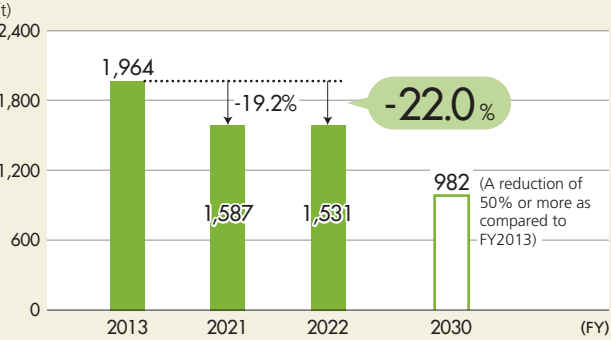
JHF is working to identify, measure, and evaluate physical and transition risks related to climate change risks, with each of these areas deliberated on and otherwise analyzed by Risk Management Committees for each type of risk and by the Board of Directors.

Metrics and targets

JHF is working to reduce GHG emissions from its business activities. This includes procurement of electricity from energy companies that satisfy certain standards on CO2 emissions factor and introduction of renewable energy. In FY2022, JHF newly formulated its “Plan to Establish Measures that Should Be Implemented by the Japan Housing Finance Agency (JHF) to Reduce and Otherwise Mitigate the Greenhouse Gas Emissions Related to its Business Activities and Affairs.”

This Plan also sets out JHF’s goal to reduce its total GHG emissions to 50% of 2013 levels or less by 2030, through efforts on measures such as introducing the use

CO2 emissions associated with business activities (Scope 1 and Scope 2)



**Note:** The graph above presents JHF’s CO2 emissions from energy usage based on Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain formulated by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

Through this framework, JHF will promote initiatives that take climate change action into account, not only through financing via its continued issuance of green bonds but also through its fund management.

**Measurement of physical risks**

JHF has calculated the losses it would suffer in the event of damage or destruction of properties securing JHF housing loans as a result of increased flooding due to climate change, and found that the potential impact on its finances is limited.

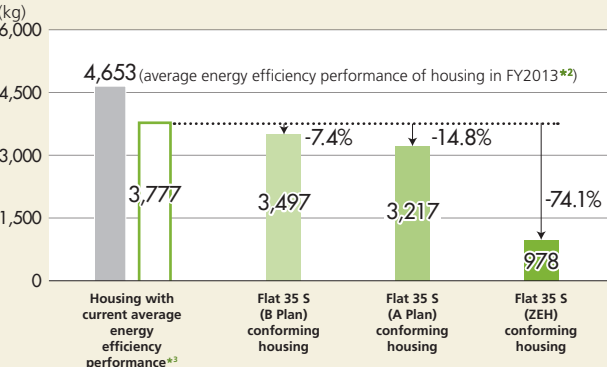
**Measurement of transition risks**

As a result of factors such as increases in carbon pricing (such as the introduction of a carbon tax) and the introduction of mandatory ZEH-level standards for energy efficiency, JHF anticipates that there will be changes in the costs involved in the building and purchasing of housing for which we may extend loans in the future. However, JHF regards the potential impact on its finances to be limited.

of electric vehicles as company cars, adopting LED lighting, and procurement of electricity generated from renewable energy sources.

Going forward, JHF will conduct monitoring of its annual GHG emissions every fiscal year, in the aim of achieving the above target. Moreover, JHF continuously monitors the CO2 reduction effects from the widespread adoption of energy-efficient housing through the Flat 35 S program.

CO2 emissions of housing with current average energy efficiency performance and housing in conformity with each plan of Flat 35 S (newly constructed single detached houses)\*1



\*1 The graph above presents CO2 emissions from the primary energy consumption of single detached houses (regional classification 6 [23 wards of Tokyo, etc.], 120m² in area, with heating systems in habitable rooms) estimated based on the Building Energy Efficiency Act.

\*2 Calculated based on the shares of housing starts comprised by various energy efficiency performance categories in FY2013, as indicated in the Ministry of Land, Infrastructure, Transport and Tourism’s “Study Group on Energy Efficiency Measures, etc. in Housing and Buildings toward a Decarbonized Society (5th Session)” (Document 4).

\*3 Please see the JHF website for details of energy efficiency standards and CO2 emissions for the housing types in the above graph.



Medium-Term Targets, Medium-Term Plan and FY2022 Results

JHF is required to prepare a medium-term plan approved by the Minister of Land, Infrastructure, Transport and Tourism and the Minister of Finance pursuant to the medium-term targets presented by these same ministers under Japan’s Incorporated Administrative Agency System. In FY2022, the second year of the fourth medium-term target period, JHF worked to steadily

Fourth medium-term target period / medium-term plan (FY2021 to FY2024)		
Securitization Support Business	<ul style="list-style-type: none"><li>Steadily implementing Flat 35 programs that form high quality housing stock based on natural disaster risks and benefit the establishment of a housing circulation system</li><li>Issuing MBS steadily and addressing challenges associated with the guarantee program</li><li>Speeding up and enhancing the underwriting process</li><li>Engaging in thorough underwriting based on cases of fraudulent use of Flat 35 programs</li><li>Continuing to implement international operations</li></ul>	<div><div>Quantitative targets (during medium-term target period)</div><div><div>Long-lasting quality housing stock financed by Flat 35 programs</div><div>Cumulative total of 300,000 units or more</div></div><div><div>Proportion of existing housing units to Flat 35 applications</div><div>25%* or higher * 28% to every extent possible</div></div><div><div>Local governments newly partnering with the Flat 35 Regional Partnership program</div><div>100 or more</div></div><div><div>Number of days required for underwriting</div><div>80% or higher processed in 3 days or less</div></div></div>
Housing Loan Insurance Business	<ul style="list-style-type: none"><li>Facilitating the supply of funds to the elderly for residential living using Reverse 60</li><li>Facilitating the supply of funding required by housing policy, such as loans to home resale businesses</li><li>Offering rent guarantor protection insurance that helps people requiring special assistance in securing housing</li><li>Appropriate underwriting and recovery of insurance payouts</li></ul>	<div><div>Quantitative targets (during medium-term target period)</div><div><div>Promotional activities carried out for Reverse 60</div><div>400 or more</div></div><div><div>Number of financial institutions newly participating in the Reverse 60 program</div><div>20 or more</div></div></div>
Loan Origination Business	<ul style="list-style-type: none"><li>Providing loans for reconstruction and supporting borrowers affected by natural disasters</li><li>Supporting and partnering for reconstruction and renovations to aged condominiums</li><li>Supporting planned accumulation of repair reserve fund through <i>Mansionsumairusai</i></li><li>Offering various forms of loans for developing homes conducive to having and raising children</li><li>Continuous response to violations of terms and conditions for rental housing loans</li></ul>	<div><div>Quantitative targets (during medium-term target period)</div><div><div>Number of condominium management associations using <i>Mansionsumairusai</i>*</div><div>7,200 or more</div></div><div><div>* “<i>Mansionsumairusai</i>” is a bond for condominium management associations to accumulate reserves for possible large-scale repair work.</div></div></div>
Cross-functional initiatives	<ul style="list-style-type: none"><li>Deepening regional partnerships for resolving regional policy issues related to relocation and childrearing with other institutions</li><li>Providing customer-oriented, diligent customer services following the COVID-19 pandemic</li><li>Research based on socioeconomic conditions and reviewing programs and operations based on needs</li></ul>	

Targets for streamlining operations, etc.

Maintaining financial soundness	<ul style="list-style-type: none"><li>Reduce administrative expenses by 2.5% or more</li><li>Keep expense ratio of the Securitization Support Business at 0.15% or less and for the Loan Origination Business at 0.52% or less</li></ul>
Promoting digitalization	Promote digitalization for reducing burden and provide owned data utilization service, aiming to increase convenience for people/businesses
Establishing structure for BCP	Establish a structure to build a business continuity plan (BCP) and IT infrastructure based on the increased severity and frequency of natural disasters and the COVID-19 pandemic
Securing and developing human resources	Formulate policies to secure and develop human resources with fintech and other specialized skills

achieve the medium-term targets by fulfilling these expected roles. JHF will continue creating various forms of value through the maximization of its policy implementation functions and contribute to the realization of a sustainable society.

FY2022 results		
JHF achieved all of its quantitative targets with the exception of that relating to long-lasting quality housing. JHF will continue to make steady efforts toward this target, including further publicizing tax benefits and financing systems such as the Flat 35 Maintenance program.	<div><div>Quantitative targets</div><div><div>Long-lasting quality housing stock financed by Flat 35 programs</div><div>Cumulative total of 252,000 units or more</div></div><div><div>Proportion of existing housing units to Flat 35 applications</div><div>24.0% or higher</div></div><div><div>Local governments newly partnering with the Flat 35 Regional Partnership program</div><div>24 or more</div></div><div><div>Number of days required for underwriting</div><div>80% or higher processed in 3 days or less</div></div></div>	<div><div>Results</div><div><div>Cumulative total of 247,000 units</div></div><div><div>28.8%</div></div><div><div>57</div></div><div><div>91% processed</div></div></div>
In addition to achieving all of its quantitative targets, JHF contributed to the supply of funds to the elderly for housing, as the number of Reverse 60 applications grew by 9.0% from the previous fiscal year to 1,777.	<div><div>Quantitative targets</div><div><div>Promotional activities carried out for Reverse 60</div><div>80 or more</div></div><div><div>Number of financial institutions newly participating in the Reverse 60 program</div><div>5 or more</div></div></div>	<div><div>Results</div><div><div>128</div></div><div><div>5</div></div></div>
In addition to steady achievement of quantitative targets, JHF supported condominium renovations through the provision of Condominium Lifecycle Simulation.	<div><div>Quantitative target</div><div><div>Number of condominium management associations using <i>Mansionsumairusai</i></div><div>1,750 or more</div></div></div>	<div><div>Results</div><div><div>1,841</div></div></div>
Utilizing a variety of financial services; namely, Flat 35 Regional Partnership, Reverse 60, and Housing Loans for Disaster Recovery, JHF supported efforts to resolve regional policy issues in cooperation with not only local governments but also government agencies, including the Cabinet Office, Regional Banks Association of Japan, and other industry groups. In addition to implementing a cumulative total of more than 18,000 modifications to repayment conditions for borrowers who have difficulty repaying their housing loans due to the COVID-19 pandemic, JHF strove to provide customer-oriented, diligent customer services, such as implementing a payment deferral for group credit life insurance rider fees and other initiatives. JHF conducted various surveys and research while listening to the opinions of university professors and other external experts to improve programs and operations.		

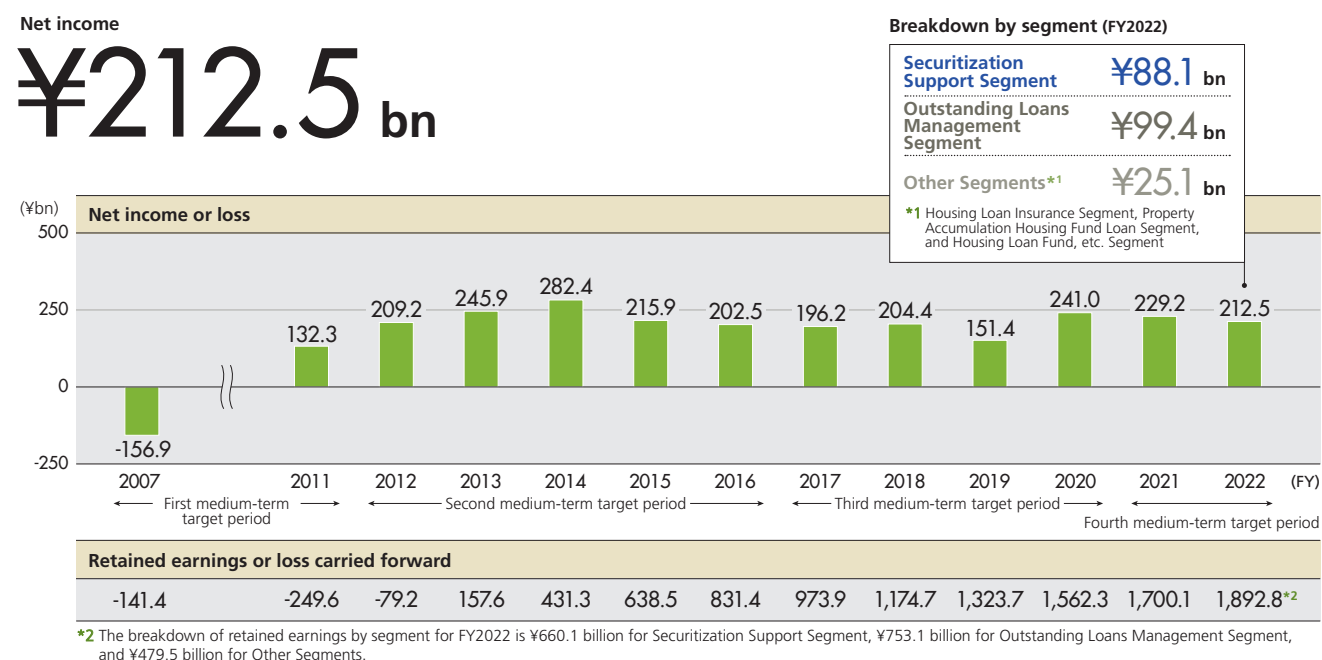
FY2022 initiatives

To achieve its medium-term targets, JHF worked to reduce both administrative expenses and expense ratio, achieving a surplus in all segments.
JHF has established a cross-functional project team and worked to improve customer convenience through such means as starting support for services able to acquire income information through Mynportal API, a web portal using the Japanese government’s ID number system.
JHF regularly implemented drills to confirm the safety of staff members in the event of a disaster. In addition, in response to the COVID-19 pandemic, we provided PCR tests and distributed antigen test kits to all directors and employees.
JHF formulated a policy on securing and developing human resources and strove to secure and develop diverse human resources based on that policy.



## Financial and Non-Financial Highlights

### Net income or loss / Retained earnings or loss carried forward (overall for the five segments)

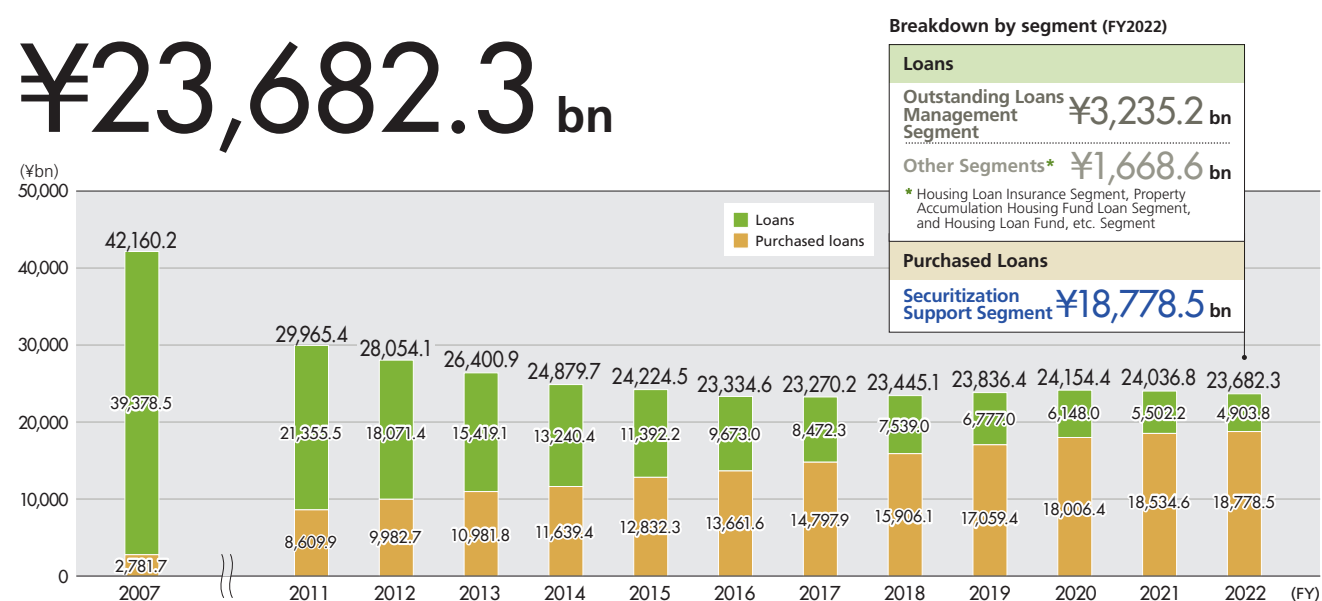


Net income declined ¥16.7 billion year on year to ¥212.5 billion. This is mainly due to the Outstanding Loans Management Segment seeing fewer reversals of allowance for doubtful accounts and diminished interest income as a result of the lowered balance of loans in this segment.

Furthermore, an amount necessary to provide for future losses as a result of interest rate risk and similar events was placed in a reserve fund from net income, with the remaining ¥90.8 billion paid to the National Treasury.\*3

\*3 JHF paid ¥30.9 billion, ¥44.7 billion, ¥88.6 billion, and ¥17.4 billion to the National Treasury in FY2012, FY2017, FY2021, and FY2022, respectively.

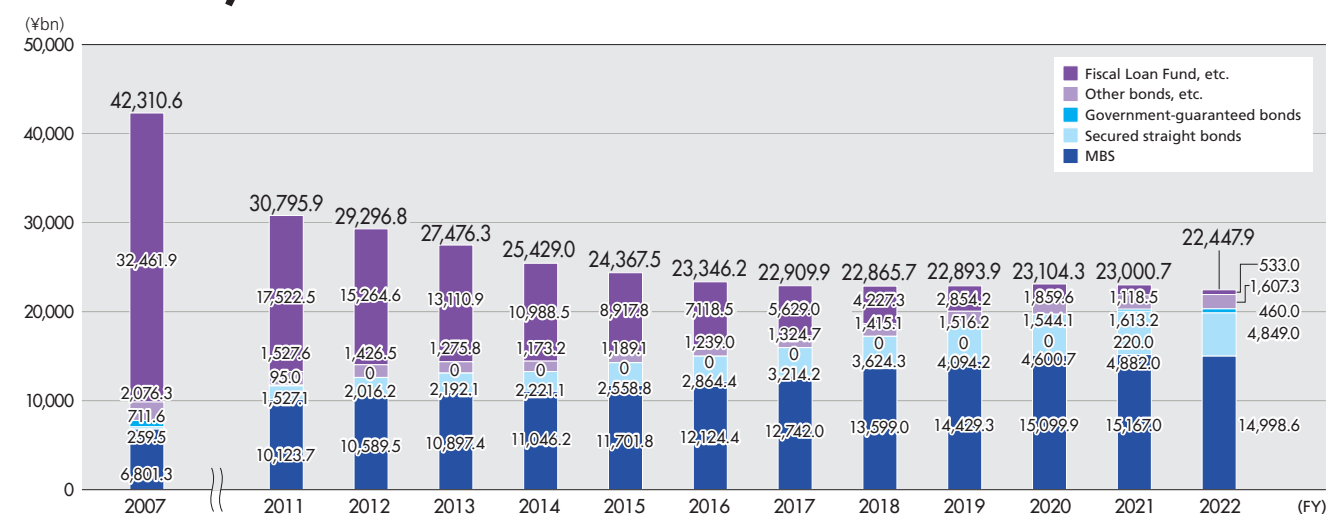
### Assets (total of loans purchased and originated)



Assets (total of loans purchased and originated) as of the end of FY2022 amounted to approximately ¥24 trillion. The outstanding balance of Flat 35 (purchase program) at the end of FY2022 was about ¥19 trillion. The balance of purchased loans has been increasing year after year and now segments for around 79% of the outstanding housing loans held by JHF.

### Liabilities (balance of bonds and borrowings)

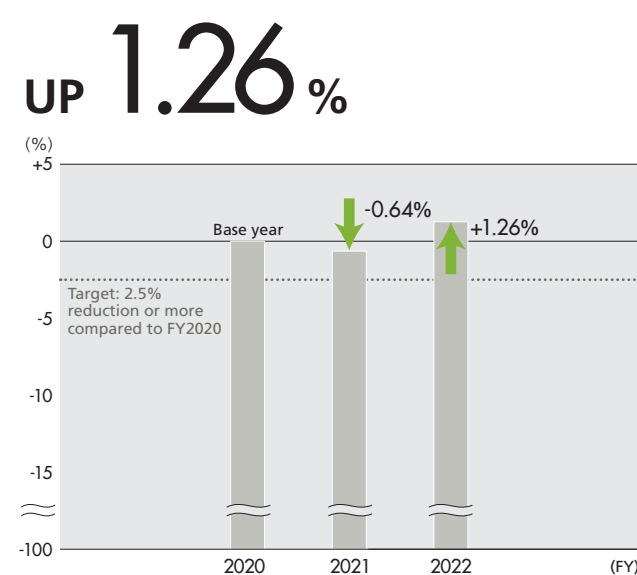
# ¥22,447.9 bn



Although MBS in the Securitization Support Segment increased, the balance of MBS overall for the five segments decreased owing to the redemption of MBS in the Outstanding Loans Management Segment.

There was also a decrease in Fiscal Loan Fund, which is borrowing from the government, due to redemptions in the Outstanding Loans Management Segment.

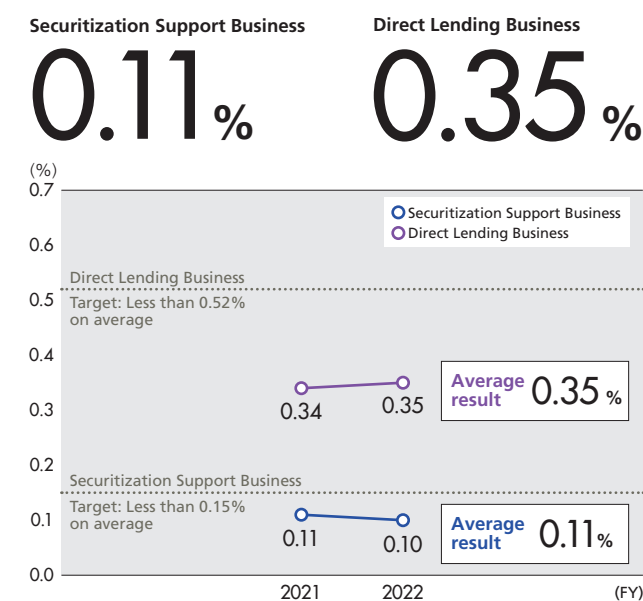
### Administrative expenses



JHF established a target to reduce administrative expenses by 2.5% or more compared to FY2020 by the final fiscal year of the fourth medium-term target period (FY2021 to FY2024). Despite efforts to implement appropriate spending measures, these expenses increased by 1.26% in FY2022 as a result of surging energy prices. JHF will continue working to reduce administrative and other costs in the aim of achieving this target.

**Note:** Administrative expenses refer to operating expenses minus expenses related to business execution, personnel expenses, tax and public dues, digitalization related expenses, mandatory expenses for business operations, and expenses based on special factors.

### Expense ratio



JHF established a target to achieve an expense ratio of 0.15% on average for its Securitization Support Business and under 0.52% for its Direct Lending Business during the fourth medium-term target period. In FY2022, these ratios stood at 0.11% and 0.35%, respectively. JHF will continue working on initiatives aimed at achieving these targets.

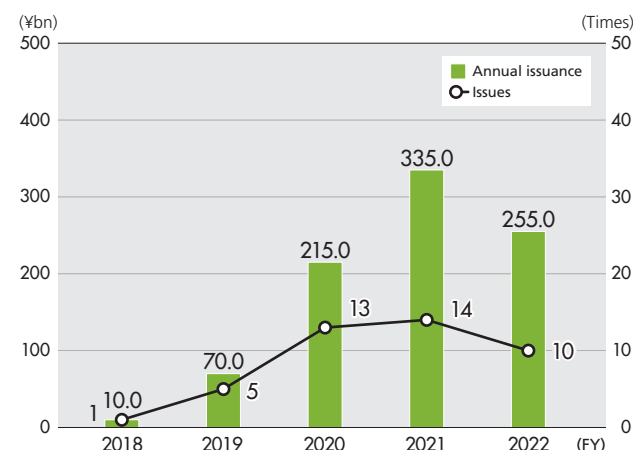
**Notes:** 1. Expense ratio of Securitization Support Business: The ratio of total annual administrative-related expenses and bond issuance-related expenses to the average annual purchase amount of housing loans purchased.  
2. Expense ratio of Direct Lending Business: The ratio of total annual administrative-related expenses and bond issuance-related expenses to the average annual loan balance of housing loans originated.



## Financial and Non-Financial Highlights

### Green bond issuance

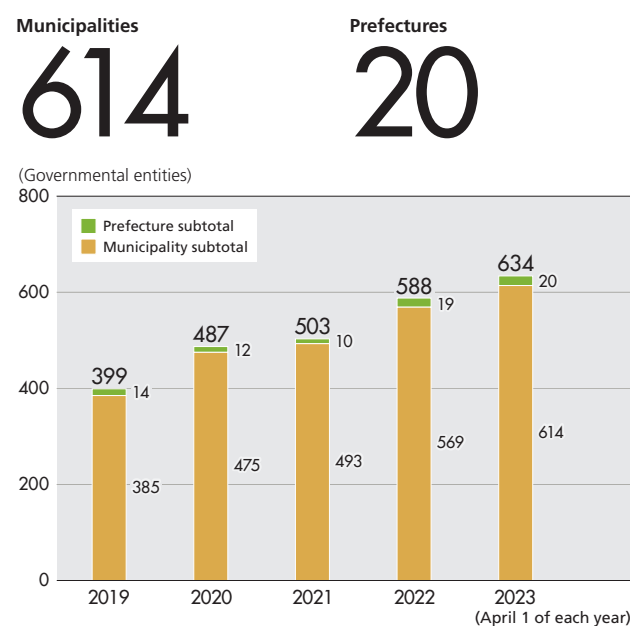
¥255.0 bn



JHF issued Japan's first green bond (a secured straight bond) for funding housing loans in January 2019, and has continued to issue green bonds since. Starting in FY2021, JHF has issued government-guaranteed JHF bonds (green bonds), in addition to secured straight bonds.

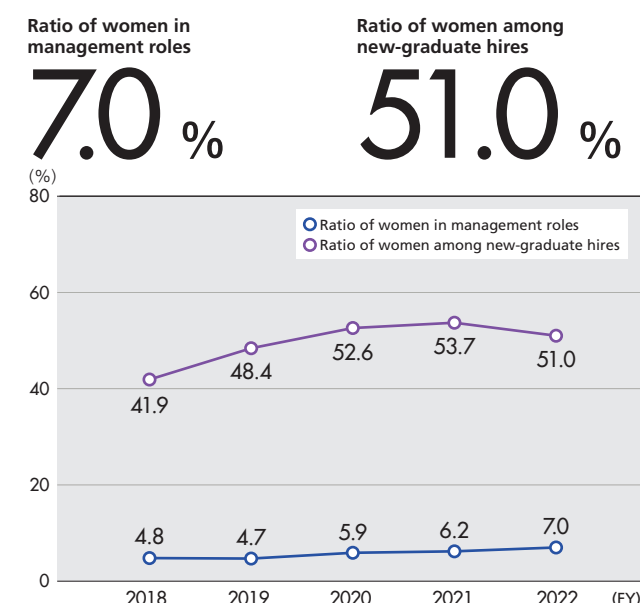
➡ P.29 Response to the TCFD's recommendations

### Collaboration with local governments



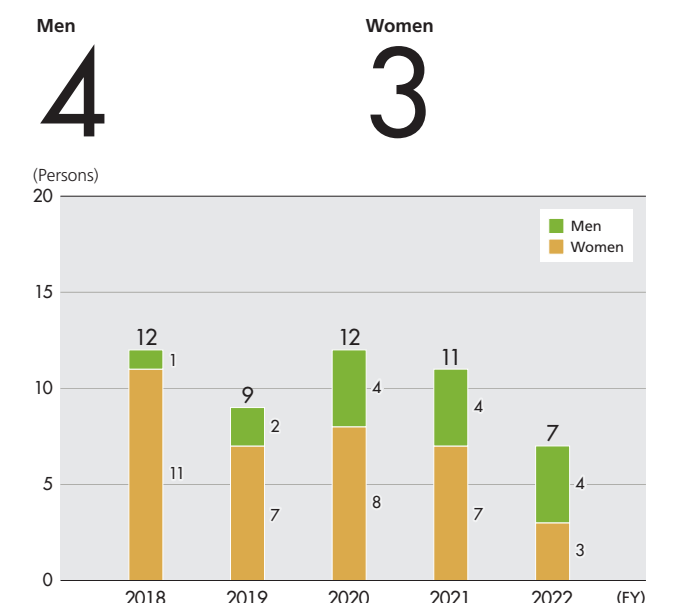
Through the Flat 35 Regional Partnership program, JHF supports home purchases together with local governments proactively engaging in solving regional policy issues, such as through childrearing support, relocation to rural areas, compact city formation, utilization of vacant housing, disaster preparedness and mitigation, use of locally produced timber, local scenery promotion, and a push for housing with high thermal insulation performance.

### Promotion of female staff members



JHF is implementing initiatives for the empowerment of women in the workplace with the aim of creating an organization where a diverse workforce can play an active role and where each and every employee can achieve work-life balance. The ratio of women in hiring in FY2022 was 51.0%.

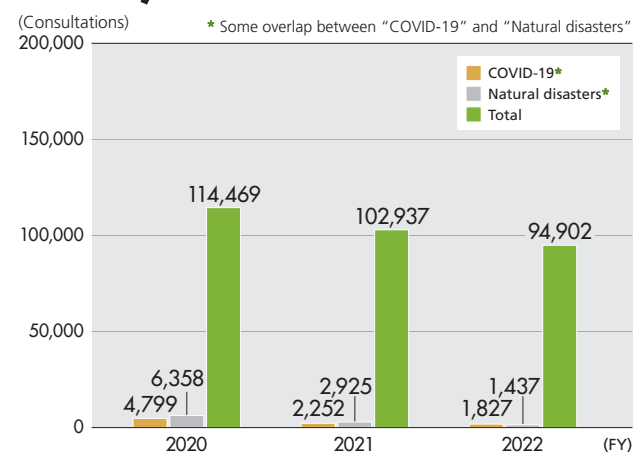
### Number of employees taking childcare leave



JHF is working to provide a workplace environment that is considerate of the needs of each and every employee. This involves establishing support systems for work-life balance, including a childcare leave program.

### Consultations received by the JHF customer call center

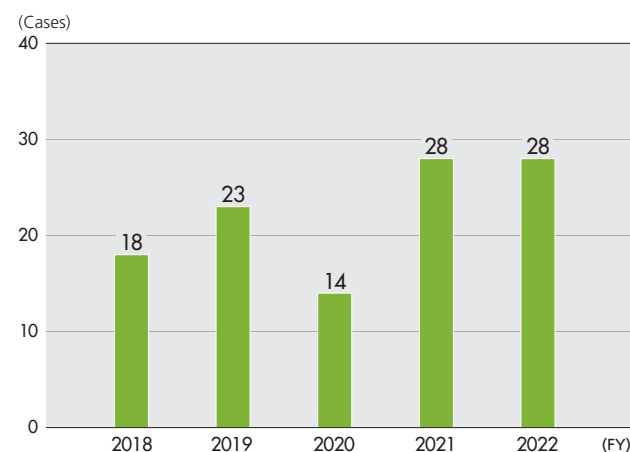
94,902



The JHF customer call center receives inquiries and general consultations from customers. JHF strives to ensure cordiality and diligence when working with homeowners who have been impacted by COVID-19 or a natural disaster.

### Support/information exchanges with institutions inside/outside Japan

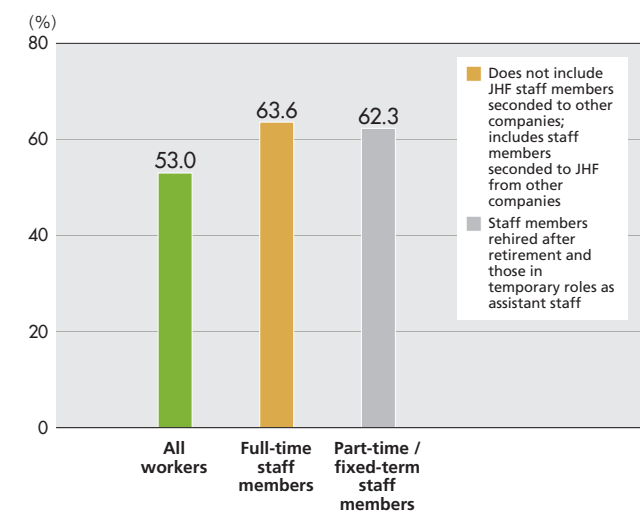
28



JHF is supporting the overseas expansion of Japanese businesses by increasing collaboration with various institutions, including through training at institutions outside Japan, presentations at international conferences, and information exchanges with institutions inside and outside Japan.

### Female earnings as a proportion of male earnings\*

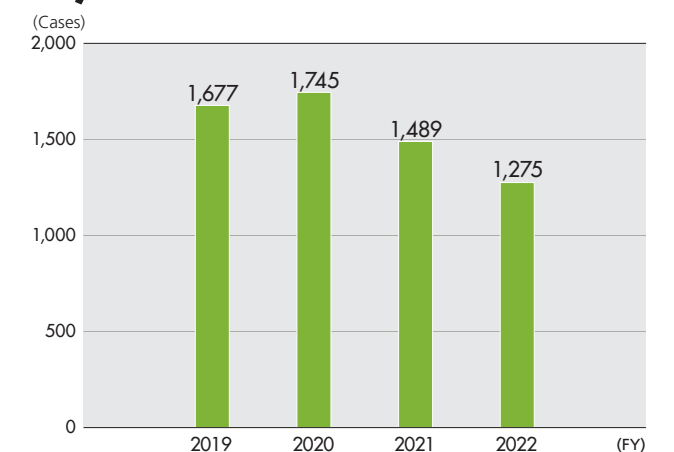
53.0 %



JHF formerly hired many female staff members for non-transferable positions. This, among other factors, contributes to an earnings ratio of 63.6% for female full-time staff members. In recent years, new graduates have been hired under the same conditions regardless of gender. As a result of this and other factors, the JHF gender pay gap is narrowing, with the female-male earnings ratio for staff members in their 20s at 98.6%.

### Kaizen\* cases

1,275



JHF is working to ensure that each and every employee takes action mindful of the fact that Kaizen activities result in higher-added-value work through their own creative ingenuity and streamlining. These efforts are ongoing and involve JHF's entire workforce.

\* Kaizen is a Japanese term meaning "change for the better" or "continuous improvement."

**Executive officers (as of April 1, 2023)**

## President, Senior Executive Vice President, and Senior Executive Directors



April 1981	Joined the Ministry of Construction
July 2017	Administrative Vice-Minister of Land, Infrastructure, Transport and Tourism
February 2019	Advisor to Sumitomo Mitsui Trust Bank, Limited
April 2019	Special Advisor to All Japan Real Estate Association, Head of All Japan Mirai Research Institute
June 2020	Executive Director of the Land Institute of Japan
April 2021	JHF President

Responsible for	Internal Auditing
Term	April 1, 2021, to March 31, 2025



April 1985	Joined Government Housing Loan Corporation
July 2017	Head of Information Systems Department at JHF
April 2019	JHF Senior Executive Director
January 2020	JHF Senior Executive Vice President

Responsible for	Risk Management
Term	January 1, 2020, to December 31, 2023



April 1993	Joined the Ministry of Construction
April 2022	Division Head of the General Affairs Division in the Real Estate and Construction Economy Bureau, Ministry of Land, Infrastructure, Transport and Tourism
April 2023	JHF Senior Executive Director

Responsible for	Corporate Strategy, Business Planning
Term	April 1, 2023, to March 31, 2025



April 1985	Joined Taisho Marine & Fire Ins. Co., Ltd.
January 2020	Senior Executive Director of Mitsui Sumitomo Insurance Co., Ltd. Head of International Business Department and the East Asia-India Team
April 2021	JHF Senior Executive Director
April 2023	JHF Senior Executive Director (reappointment)

Responsible for	Financial Planning, International Affairs and Research
Term	April 1, 2023, to March 31, 2025



April 1987	Joined Government Housing Loan Corporation
April 2019	Head of JHF Kinki Branch
April 2021	JHF Senior Executive Director
April 2023	JHF Senior Executive Director (reappointment)

Responsible for	Market Funding, Information Systems, General Affairs and HR
Term	April 1, 2023, to March 31, 2025



April 1988	Joined the Ministry of Construction
July 2021	Member of the Minister's Secretariat, Ministry of Land, Infrastructure, Transport and Tourism
July 2021	JHF Senior Executive Director

Responsible for	Rental Housing Loans, Support for Construction of Condominiums and Urban Development, Management of Receivables
Term	July 31, 2021, to July 30, 2023



April 1987	Joined Government Housing Loan Corporation
April 2019	Head of JHF Legal Affairs and Compliance Department
July 2020	JHF Senior Executive Director
April 2021	JHF Senior Executive Director (reappointment)
April 2023	JHF Senior Executive Director (reappointment)

Responsible for	Legal Affairs and Compliance, Underwriting, Customer Satisfaction and Office Management
Term	April 1, 2023, to March 31, 2025



April 1988	Joined Government Housing Loan Corporation
April 2021	Head of JHF Kinki Branch
April 2023	JHF Senior Executive Director

Responsible for	Regional Business Management, Housing Loan Insurance
Term	April 1, 2023, to March 31, 2025

## Auditor General



April 1984	Joined the Dai-ichi Kangyo Bank, Ltd.
June 2017	President and Representative Director, Mizuho Credit Guarantee Co., Ltd.
July 2021	JHF Auditor General

<b>Term</b>	July 1, 2021, to the date of approval for financial statements for the 2024 fiscal year
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April 1991	Joined the National Land Agency
August 2020	Counsellor in the Minister's Secretariat (Director for Land Use), Ministry of Land, Infrastructure, Transport and Tourism
July 2021	JHF Auditor General

<b>Term</b>	July 1, 2021, to the date of approval for financial statements for the 2024 fiscal year
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April 1992	Joined the Ministry of Finance
July 2020	Member of the Minister's Secretariat, Ministry of Finance, Counsellor in the Cabinet Secretariat, Cabinet Intelligence and Research Office
July 2021	JHF Auditor General

<b>Term</b>	July 1, 2021, to the date of approval for financial statements for the 2024 fiscal year
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