

About Japan Housing Finance Agency

Establishment	April 1, 2007
Purpose	By purchasing mortgages to assist in the lending of funds necessary for constructing houses provided by private financial institutions, and 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.
Capital	¥694,075.42 million (100% of the capital is provided by the Japanese government.)* ¹
Number of directors and employees	906* ²
Businesses	Securitization support, housing loan insurance service, loan origination businesses
Size of mortgage portfolio	¥24.0619 trillion (Including: purchased housing loans amounting ¥18.5346 trillion)* ¹

*¹ As of March 31, 2022 *² As of April 1, 2022

Offices

Head office	1-4-10 Koraku, Bunkyo-ku, Tokyo, Japan 112-8570	+81-3-3812-1111
Hokkaido branch	13-3-13 Kita-3-jo-nishi, Chuo-ku, Sapporo-shi, Hokkaido, Japan 060-0003	+81-11-261-8301
Tohoku branch	1-3-18 Katahira, Aoba-ku, Sendai-shi, Miyagi, Japan 980-0812	+81-22-227-5012
Tokai branch	7th floor, HF Sakuradori Building, 3-23-20 Marunouchi, Naka-ku, Nagoya-shi, Aichi, Japan 460-0002	+81-52-971-6900
Kinki branch	4-5-20 Minami-Honmachi, Chuo-ku, Osaka, Japan 541-8546	+81-6-6281-9260
Hokuriku branch	2nd floor, Kanazawa Park Building, 3-1-1 Hirooka, Kanazawa-shi, Ishikawa, Japan 920-8637	+81-76-233-4253
Shikoku branch	2nd floor, Konan Asset Bancho Building, 1-6-6 Bancho, Takamatsu-shi, Kagawa, Japan 760-0017	+81-87-825-0621
Chugoku branch	8-3 Motomachi, Naka-ku, Hiroshima, Japan 730-0011	+81-82-221-8694
Kyushu branch	6th floor, Hakata-Ekimae Business Center, 3-25-21 Hakata-Ekimae, Hakata-ku, Fukuoka, Japan 812-8735	+81-92-233-1203

As of July 1, 2022

Integrated Report 2022



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.

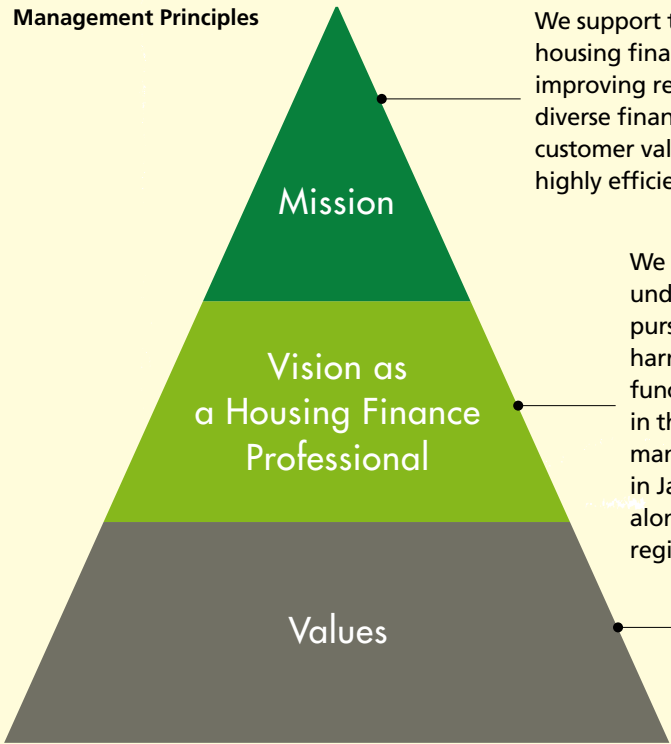
Working with you to create homes filled with joy.



Our Purpose

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



We support the stable supply of funding to the housing finance market and contribute to improving residential living in Japan by providing diverse financial services in the aim of creating customer value based on highly transparent, highly efficient independent management.

We lead Japan's housing finance market under our mission to actualize measures pursuant to the Basic Plans for Housing by harnessing a host of financial service functions while adeptly addressing changes in the socioeconomic situation. In this manner we serve as a leader and role model in Japan's housing finance market and work alongside stakeholders to help resolve regional policy issues.

We value integrity, swiftness, and action for the sake of customers' security and satisfaction.

CONTENTS

- 1 Our Purpose
- 5 Message from the President
- 9 Our History
- 11 JHF by the Numbers
- 13 Value Creation Process
- 15 Our Businesses
- 17 Main Products and Initiatives
- 21 Special Feature: Contributing to a Society of Longevity
- 23 Response to the TCFD's Recommendations
- 25 Medium-Term Targets, Medium-Term Plan and JHF's Expected Roles
- 27 Financial and Non-Financial Highlights



JHF creates homes filled with joy as a housing finance professional.

MOURI Shinji

President
Incorporated Administrative Agency
Japan Housing Finance Agency

Viewing change as an opportunity, we are looking to build upon our presence as a policy implementation agency.

Japan Housing Finance Agency (JHF) marked its 15th year since becoming an Incorporated Administrative Agency.

During this time, we have transitioned away from a loan origination business to assisting private financial institutions and built a solid management foundation. Having realized the significant role and trust of the Government Housing Loan Corporation (GHLC) established over six decades of supporting the construction and purchase of high-quality housing in Japan, JHF has contributed to the creation and distribution of more than 20 million high-quality housing stocks nationwide.

I was appointed President of JHF in April 2021, which also marked the beginning of our fourth medium-term plan. Our mission remains fundamentally unchanged this fiscal year, the second of the plan.

However, Japan's socioeconomic system is experiencing irreversible structural changes characterized by an aging population, climate change, and the increased severity and frequency of natural disasters, coupled with the impacts of

the COVID-19 pandemic and geopolitical conflicts. This has resulted in clear changes in people's housing needs and environment. The battle against COVID-19 for the past two years has caused people to rediscover the value of living spaces. Liberated from their commute, people have been able to switch between work and private time at home, allowing them to spend more time with family, educate themselves, and pursue other interests. This has given rise to a number of novel movements exploring a new normal after COVID-19.

It is said that "emergencies fast-forward historical processes." Such definitive changes may accelerate, but they will not slow down, much less stop.

Therefore, JHF must keenly be aware of change and be fully prepared to transform ourselves. With one year having passed since my appointment, I have further reaffirmed this amid rising uncertainty.

We will work to improve our strengths of offering diverse financial services and our network including local governments

and private financial institutions to help achieve the targets laid out in Japan's Basic Plan for Housing.*¹ At the same time, we will look to build further trust with society as a policy implementation agency by constantly addressing people's

various housing needs, while seizing change as an opportunity by transforming ourselves into a more agile organization.

*¹ Basic Plan for Housing: A basic plan to ensure the stability of and promote the improvement of housing for the people of Japan formulated pursuant to the Basic Act for Housing (Act No. 61 of 2006).

Clear purpose—Further defining the value we provide to society through dialogue with employees

Through housing finance, JHF contributes to solutions to various social issues related to housing and creates diverse forms of value.

For instance, as Japan's largest issuer of green bonds, we have funded the Flat 35 S program for housing that is highly energy efficient, representing a concrete contribution to mitigating climate change. Also, we are making further contributions to achieve a sustainable society by utilizing this know-how in supporting other Asian countries to establish housing finance mechanisms of their own. Furthermore, we will create Green Renovation Loans to finance people- and environment-friendly renovations. This will promote energy efficiency across all forms of housing stock, including existing housing units, and make further contributions toward achieving carbon neutrality*² by 2050.

By offering preferential interest rate options for Flat 35 and expanding the use of Reverse 60, a reverse mortgage product for borrowers aged 60 and older, we support a wide range of borrowers in acquiring housing that meets their needs, from childrearing families to the elderly. At the same

time, we support the swift restoration and reconstruction of disaster-affected areas with Housing Loan for Disaster Recovery. In this way, we contribute to developing inclusive, sustainable cities and more people-centric housing.

I believe that housing is always a source of happiness. As the saying goes, "a state will be in order if households are aligned" (*Great Learning*), and housing development is a basis for any country. To ensure JHF continues to serve its customers, in 2021, we established "Working with you to create homes filled with joy" as our purpose—the symbol of our workforce's identity and our value of existence as an organization.

This statement reinforces our commitment to always be there for customers, quickly address any issues, and fulfill their dreams. Aiming to create homes filled with joy together, we will take actions true to this commitment and promise that executives and employees alike will work toward this end.

*² Carbon neutrality: Effectively eliminating CO₂ emissions to a state of net-zero by balancing greenhouse gas (GHG) emissions with absorption achieved through afforestation and responsible forest management, etc.

Resolving social issues and creating customer value; JHF's specific contributions entail:

1 Climate change countermeasures driven by integration of sustainable management and operations

For its reliability and peace of mind, nearly half of Flat 35 customers select the Flat 35 S (energy efficiency) program, which is applicable for the construction or purchase of highly energy efficient housing. We raised funds for this program through the bond market with Japan's largest green bonds amounting to approximately ¥350 billion. These bonds comprise various maturities to appeal to the needs of ESG investors and expand the frontier of ESG investment.

We are now preparing to launch the Green Renovation Loans, our latest product, in FY2022 to help finance energy efficient renovations for existing housing. Once rolled out, we expect to develop a new financial market as a pioneer in climate change response for not only newly built housing but also existing stock. We are making steady progress with our initiatives for energy efficiency in housing alongside national policy with the goal of achieving energy performance in line with ZEH*³ standards across all housing stock by 2050. This includes raising the standards for Flat 35 S as well as raising the standards for all Flat 35

programs including for existing housing. Pursuant to the Act on Promoting Entry of Japanese Business Operators into Overseas Social Capital Projects, we will contribute to global spread of green housing finance mechanism and sustainable local community development by sharing our know-how with foreign state-affiliated financial institutions.

In the meantime, we will continue working to reduce GHG from our business activities and quantify climate change risks for each area and in greater detail based on the government's reviews.

While sustaining these initiatives, in June 2022, we endorsed the TCFD*⁴ recommendations for decarbonization. Going forward, we will promote climate change countermeasures under the integration of sustainable management and operations while further enhancing our information disclosures of these countermeasures.

2 Stable supply of long-term fixed-rate housing loans to achieve an enriched residential living

Our Flat 35 programs have now been used to finance 1.3 million housing units (as of March 2022). Taking advantage



of preferential interest rates for Flat 35 S programs targeting high quality housing accounts for more than 90% of this total, helping to increase the quality of Japan's housing stock. Flat 35 also plays a critical role in the establishment of the Housing Circulation System, which maintains the value of housing assets, as 25% of loans are utilized to purchase existing housing.

Meanwhile, usage in FY2021 declined by around 10% compared to FY2020 because of more active lending by private financial institutions and rising housing prices amid the growing interest rate differential with floating interest-rate loans. While monitoring interest rate trends, in FY2022, we will work to provide information that increases customer convenience and facilitates informed decision making. This will involve stepping up collaboration with stakeholders and shifting to more easily understood preferential interest rate options.

Also, we always strive to prevent fraudulent use of Flat 35 programs by working closer with stakeholders or related organizations in an effort to maintain trust and fairness so that our programs can always be utilized safely and with peace of mind.

3 Solutions to local issues and regional challenges through collaboration with local governments and realization of safe and secure housing for all generations

By lowering Flat 35 interest rates linked with the financial support measures of local governments, we are actively working to resolve various local issues and regional challenges, such as supporting child-rearing and promoting relocation. We will work to expand our partners by having executives and senior management visit and engage in dialogue with prospects. (Partnership agreements are in place with 588 organizations as of April 2022)

At the same time, we will appropriately support the supply of serviced housing for the elderly*5 and expand the number of private financial institutions participating in the business of Reverse 60, reverse mortgages for customers of aged 60 or older. This will allow us to further promote the development of a financial environment where the elderly

can effectively utilize their housing assets to live with peace of mind.

Through these initiatives, we will contribute to inclusive and sustainable cities and housing.

4 Condominium revitalization

Around 10% of Japan's population lives in condominiums, where the issue of aging is creeping up. Encouraging appropriate upkeep and efforts to maintain asset value are becoming major issues for local communities.

JHF offers a number of tools to benefit maintenance and renovation of condominiums. In addition to lowering interest rates on loans to purchase condominium units guaranteed to be well maintained, we offer an easy-to-use simulation tool for condominium management associations to plan out large-scale repairs, identify methods and create capital plans. We support these associations with *Mansionsumairusai**6 for building the necessary reserves. We provide loans for renovating the common elements of condominium buildings, while fostering a financial environment that encourages entry by private financial institutions by providing credit model logic as a way to facilitate lending to condominium management associations.

5 Recovery from the COVID-19 pandemic

Every month, we continue to receive a considerable number of requests from customers who face difficulty in repaying their loans due to COVID-19. We extend our sympathies to those infected with COVID-19 and their families. We will continue to diligently respond to these requests and take a flexible approach including by modifying repayment conditions to provide continuous support to the recovery from the pandemic.

6 Restoration and reconstruction following natural disasters

In response to the increasing severity and frequency of natural disasters, we have established a regime to facilitate voluntary relocation away from hazard areas. Post-disaster, we have also facilitated the provision of Housing Loan for Disaster Recovery and continuously hold consultation sessions locally to support the smooth reconstruction of housing depending on the extent of damages while working closely with those affected through our nationwide branch network immediately partnering with the national government, local governments, and other related organizations.

*3 ZEH: The housing with net zero energy consumption by combining high energy efficiency equipment with energy creation such as photovoltaic power generation, based on high performance insulation.

*4 TCFD: Task Force on Climate-related Financial Disclosures; A task force established under the FSB following a request from the G20 Finance Ministers and Central Bank Governors.

*5 Serviced housing for the elderly: A type of collective housing with housing facilities considerate of the elderly including barrier free designs and on-site care professionals who check on residents and provide life consultations. This type of housing is for the elderly who do not require daily care services, such as assistance with meals, bathing or using the toilet.

*6 "Mansionsumairusai" is a bond for condominium management associations to accumulate reserves for possible large-scale repair work.

Digitalization and human resources development as dual strengths for sustainable management and business.

Based on the findings of our Digitalization Project Team established in 2021, we determined a roadmap for the digitalization of JHF's operations. During this medium-term plan, we will digitalize contract procedures, contact points with customers, and main operations including loan administration. To achieve steady progress, we established the Task Force on Digitalization headed by the Senior Executive Vice President to address rapid advancements in technology.

Digitalization must truly improve convenience and streamline JHF's business operations through implementation in a manner tailored to customers and stakeholders.

At the same time, we are working to find and develop human resources over the medium to long term to become a highly committed group of housing finance professionals, having defined the seven key areas of IT, financial risk, auditing, housing and construction technology, condominium revitalization and urban development support, and international relations and research. We spare no expense in supporting the self-development of our people. In addition to paying all expenses for training programs selected by employees, we provide ongoing training opportunities to all executives and employees.

By expanding work-life balance measures, we will improve a work environment where each and every employee feels a sense of purpose and can fully showcase their talents. Obtaining Platinum Kurumin and Tomonin certification represents the first step. To ensure the continuity of operations even during the COVID-19 pandemic, we provided employees with PCs for telecommuting and established an online conferencing system, and beyond this we were among the first to provide workplace vaccinations to executives and employees and their families and distributed testing kits to all executives and employees.

In addition, to further increase BCP effectiveness, we continue to review our BCP manual for priority operations, including the use of remote work, securing a back-up for core IT systems, and practical training including safety confirmation. This will ensure our executives and employees take the right actions during contingencies.

Going forward, we will actively promote digitalization and human resources development as dual strengths underpinning our sustainable business management and operations.

Some things change, while others remain the same. Our commitment to all stakeholders.

Today, we find ourselves in the middle of unprecedented change.

However, some things never change. Happiness in housing is one of them, and the fact that people search out ways to build their own unique form of happiness from home based on their lifestyles. There are various forms of housing, such as safe and secure housing, environment-friendly housing, and housing for families as the most fundamental unit of community living. Therefore, JHF will continue to create

homes filled with joy by helping to make these various types of housing accessible.

Our mission can only be achieved after earning the understanding and support of stakeholders while deepening engagement.

We sincerely request your continued understanding and support, and we look forward to growing together with all of you.

July 2022

MOURI Shinji

President
Incorporated Administrative Agency
Japan Housing Finance Agency



Continuously supporting residential living in Japan since 1950

Established 1950

Government Housing Loan Corporation (GHLC)

1950– Rectification of post-war housing shortage

In the immediate aftermath of World War II, Japan faced a severe housing shortage, with demand exceeding supply by 4.2 million units. In response, the GHLC was established to provide long-term, low-interest financing needed to fund housing construction and home-buying so Japanese could live healthy, cultured lives.



Post-war temporary housing

Improvement in housing quality with GHLC building standards

To improve housing quality, the GHLC developed its own housing construction standards. Additionally, it set up various financing programs to address societal issues, including one to finance construction of homes for owner-occupancy.



GHLC-financed home in the 1960s

1966– Satisfaction of housing demand during high economic growth period

Under the First Housing Construction Five-Year Program formulated in 1966, the GHLC promoted expansion of loan programs and streamlining of procedures in the aim of increasing the housing supply enough to accommodate every family. Thanks partly to high economic growth, dwelling units exceeded households on a nationwide basis in 1968 and in every prefecture in 1973.



Suburban large-scale housing complex

1976– Transition from securing housing quantity to improving quality

The GHLC improved and expanded loan programs through such means as increasing maximum loan amounts and raising floor-area limits on private homes eligible for GHLC financing to promote formation of a quality housing stock under the Third, Fourth and Fifth Housing Construction Five-Year Programs. It did so in the aim of giving Japanese people more comfortable housing.



Detached single-family house development in late 1970s

Our operations date back to the Government Housing Loan Corporation's founding in 1950. In 2007, we pivoted to the Securitization Support Business to facilitate lending by private financial institutions in the aim of smoothly and efficiently intermediating funding needed for housing construction. We have since been expanding the scope of our value creation activities.

Established 2007

Japan Housing Finance Agency (JHF)

In addition to pivoting to the Securitization Support Business to make the assistance of private financial institutions its primary focus, JHF transformed its own approach to financing, which had previously been dependent on the Fiscal Loan Fund, to a market-funded system.

1995– Support for reconstruction following Great Hanshin-Awaji Earthquake

Following the Great Hanshin-Awaji Earthquake, which did more damage to Japan's housing stock than any previous earthquake, the GHLC supported residential reconstruction by creating new programs and improving Housing Loans for Disaster Recovery in addition to expanding its customer service for those affected.



Earthquake-damaged housing

2003– Utilization of financial market functions

In 2003, the GHLC launched a Securitization Support Business (which has used the Flat 35 brand-name since 2005) to support stable availability of long-term fixed-rate housing loans from private financial institutions. It began issuing mortgage-backed securities (MBS) to fund purchases of such loans from financial institutions.

2011– Reconstruction support following Great East Japan and Kumamoto Earthquakes

To support reconstruction following the 2011 Great East Japan Earthquake and the 2016 Kumamoto Earthquake, JHF locally hosted consultation events with homeowners on an ongoing basis, starting immediately after the earthquakes, in collaboration with local governments. It also supported housing reconstruction, mainly through Housing Loans for Disaster Recovery.



Post-earthquake consultation with local homeowners

2017– Maximization of housing-related policy implementation functions

As a public institution staffed with housing finance professionals, JHF carries out a wide range of initiatives pursuant to plans formulated by the government under the Basic Plans for Housing, tapping into its wealth of experience and expertise. Such initiatives include childrearing support, community revitalization, housing stability for the elderly and other vulnerable populations, maintenance and management / renovation of the condominium stock, invigoration of the existing home market and reconstruction of disaster-stricken housing.

Role played by GHLC

Over its 57-year history, from 1950 to 2007, GHLC financed 19.41 million housing units ([1]), roughly 30% of all housing units built in the post-war era. From its inception, GHLC helped to ensure and improve housing quality through such means as establishing its own technical standards and standardized construction specifications ([2] and [3]). Surveys conducted found that housing financed by GHLC or by JHF is safer than other housing ([4]).

(1) Cumulative units financed from 1950 to 2006*1

19.41 million units

(2) Ratio of energy-efficient housing*2

FY1996 28.5% → FY2004 67.1%

(3) Ratio of barrier-free housing*2

FY1996 5.5% → FY2004 63.6%

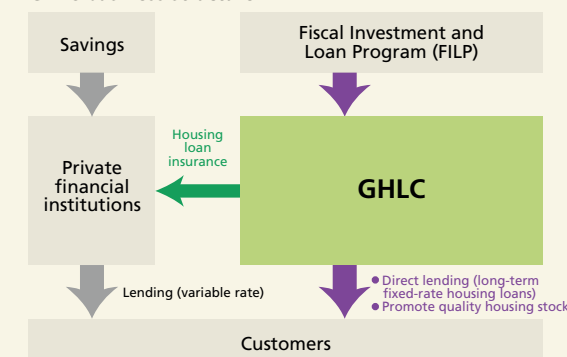
(4) Ratio of JHF-financed housing severely damaged during major disasters*3

Approx. one-third of ordinary wooden buildings

*1 GHLC survey *2 GHLC-financed research on housing floor area and design standards *3 Analytical survey on the Great Hanshin-Awaji Earthquake and the Kumamoto Earthquake of 2016 by GHLC and JHF

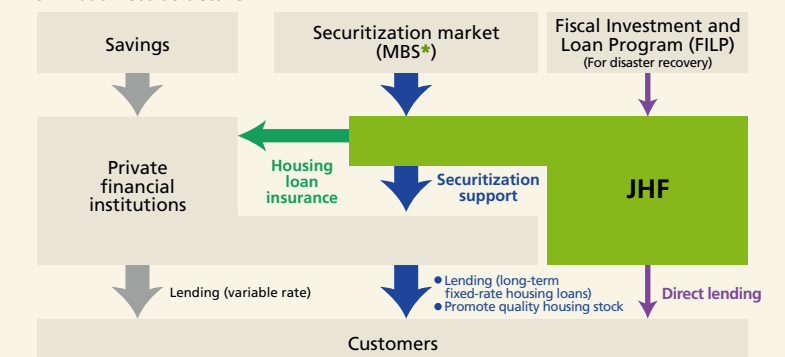
Differences between the business structures of GHLC and JHF

GHLC business structure



GHLC utilized FILP to offer direct lending for long-term fixed-rate housing loans.

JHF business structure



JHF issues MBS* backed by housing loan to transfer interest rate risk related to its housing loans broadly to investors. This scheme enables private financial institutions to offer long-term fixed-rate housing loans.

Stakeholders and JHF

Financial institutions*¹

Flat 35 Purchase program

324 institutions

Housing loan insurance

168 institutions

Many financial institutions in Japan participate in the Flat 35 Purchase program and housing loan insurance, making it possible to provide housing loans to customers nationwide.

Conformity inspection institutions*¹

130 institutions

A conformity inspection institution is a private sector organization that screens the technical standards of properties for JHF's programs, such as Flat 35. Checks performed by these third parties support home development.



Relationship with investors

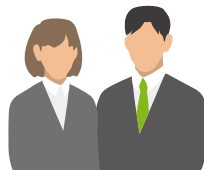
MBS issuance volume*²

¥1,521 bn

JHF issues MBS backed by Flat 35 originated by private financial institutions participating in Flat 35. Through the stable issuance of MBS, JHF contributes to the development of Japan's securitization market.

Executives and employees*³

906



JHF executives and employees are working together to provide a variety of financial services to create homes filled with joy for customers and related organizations.

Local governments*³ partnering with the Flat 35 Regional Partnership program

Municipalities

569

Prefectures

19

Through a community-based collaborative system, JHF supports home purchases together with local governments proactively engaging in regional revitalization, through initiatives such as child-rearing support, relocation to rural areas, formation of compact cities, utilization of vacant homes, disaster prevention and mitigation, use of locally produced timber, and local scenery promotion.



Empowering women in the workplace

Percentage of full-time female employees*³

32.3%

Ratio of women in hiring*²

53.7%

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.



Value provided to customers

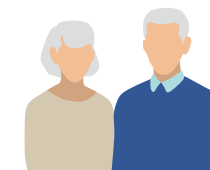
Flat 35 Purchase program / Guarantee program applications*²

94,705

JHF supports private financial institutions with both the Flat 35 Purchase and Guarantee programs to enable them to provide housing loans at long-term fixed interest rates for which there is strongly rooted demand.

Reverse 60 applications*²

1,630



JHF offers housing loan insurance that facilitates the supply of Reverse 60 by private financial institutions to meet the elderly's increasingly diverse housing needs and foster an environment that enables the elderly to live with peace of mind.

Applications for Housing Loans for Disaster Recovery*²

602



To support the quick restoration and reconstruction of homes damaged by natural disasters, JHF provides low interest rate loans for the construction, purchase or repair of homes in collaboration with local governments, while also accepting individual consultations from homeowners.

New associations buying Mansionsumairusai*²

1,704



JHF issues bonds called *Mansionsumairusai* with up to 10-year terms for condominium management associations to accumulate reserves for large-scale repair work in the future. In this manner, JHF supports the planned accumulation of repair reserves by condominium management associations.

COVID-19 payment modifications approved*¹

Cumulative total of 15,146

JHF offers payment modification options to homeowners facing repayment difficulties due to COVID-19 so they can comfortably remain current on their loans, providing a swift and flexible response.



Cumulative loans underwritten

GHLC 19.41 million units

JHF (Flat 35)*¹ 1.30 million units

GHLC was established to provide loans for the construction and purchase of housing. During the course of its history until the establishment of JHF, GHLC helped to bring about an improving living environment by underwriting large numbers of loans in response to the policy of Japanese government, which improved the country's living environment.

*¹ As of March 31, 2022 *² FY2021 *³ As of April 1, 2022

Resolving housing-related societal issues through three businesses

SDGs

The 2030 Agenda for Sustainable Development adopted by the UN General Assembly in September 2015 includes 17 Sustainable Development Goals (SDGs) pertaining to objectives such as eradicating poverty, rectifying inequality, providing decent jobs and protecting the environment. They comprise 169 sub-targets conducive to attainment of the SDGs.



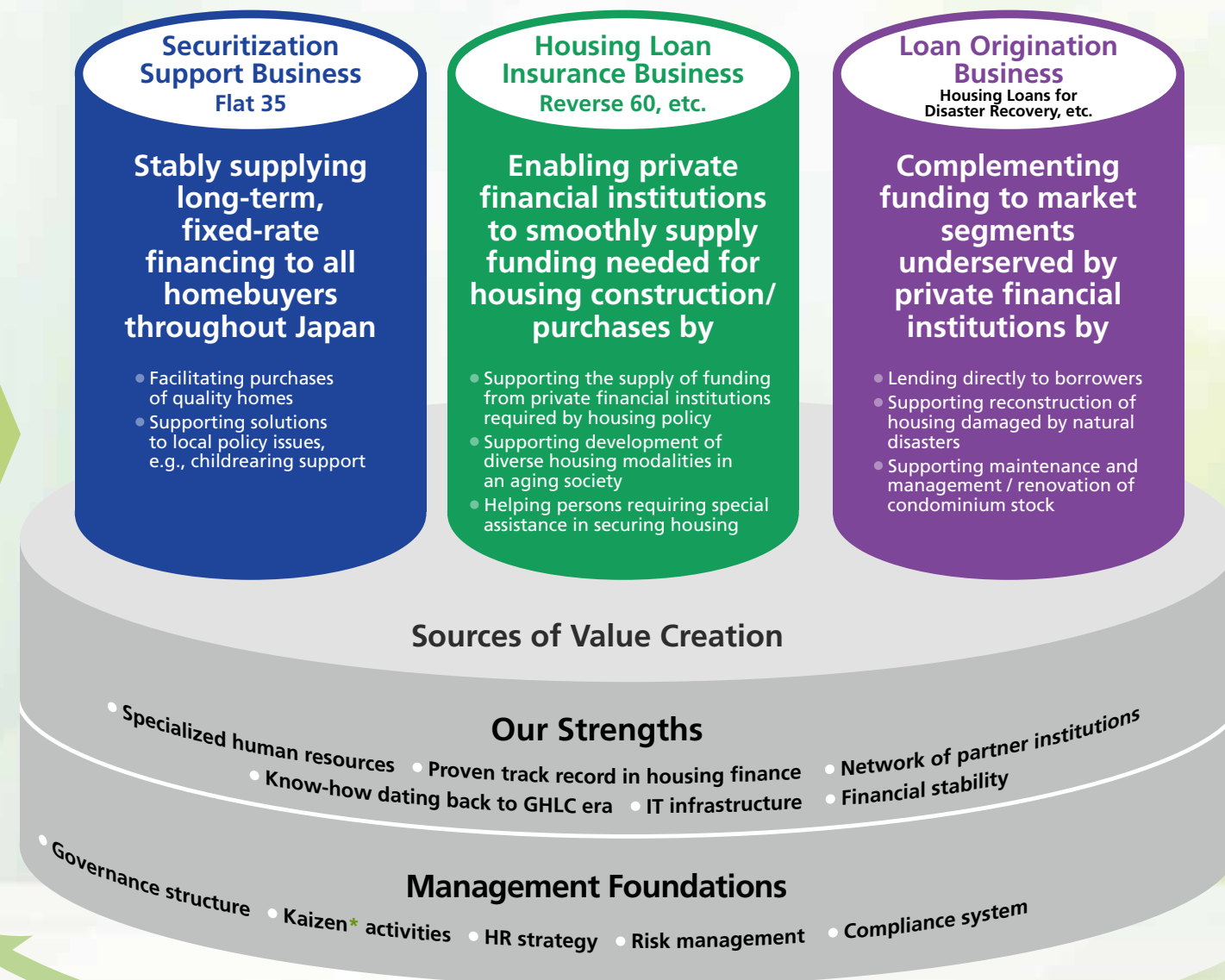
Addressing residential living issues → Helping to solve problems with diverse financial services → Broadly adding value to society

Government policy

Basic Plans for Housing (National Plan)

(Adopted by Cabinet decision on March 19, 2021)

- Goal 1** Realize housing compatible with a new normal and advancements in digital transformation (DX)
- 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
- 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 where people requiring special assistance in securing housing can live with peace of mind
- Goal 6** Establish a housing circulation system and formulate high-quality housing stock aimed at a decarbonized society
- Goal 7** Promote appropriate management, disposal and utilization of vacant homes in an integrated manner based on vacancy situation
- Goal 8** Develop the housing industry that enriches a convenience and abundance of residents' lives



- Customers** Improving the quality of housing and residential living
- Local governments** Resolving local housing-related issues
- Financial institutions** Helping grow earnings by expanding housing loan product line
- Investors** Providing investment alternatives that have societal value
- Employees** Providing a comfortable, meaningful work environment

Relevant SDGs



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

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

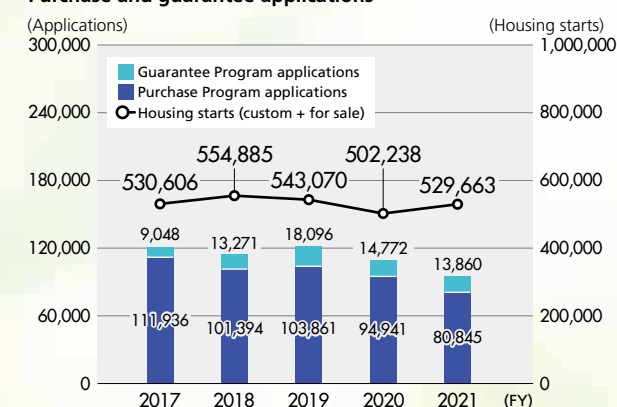
➔ P. 17 Supporting development of secure housing modalities through diverse financial services

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

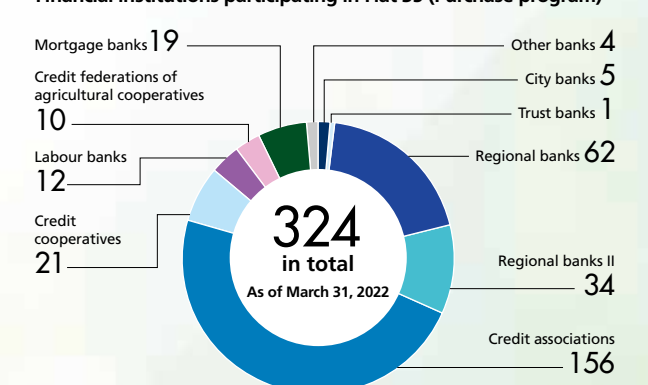
JHF's securitization support business helps private financial institutions provide long-term fixed-rate housing loans. Housing loans offered with the securitization support business's backing are called Flat 35. Flat 35 helps homeowners create their financial plans on a long-term basis because their interest rate 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. 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, 2022).

Housing Loan Insurance Business

- Flat 35 Package
- Flat 35 Bridge loan
- Reverse 60
- Specified purchase and resale insurance
- Personal loan insurance*2
- Personal bridge loan insurance*2
- Rent guarantor protection insurance

➔ P. 18 Meeting the elderly's increasingly diverse housing needs

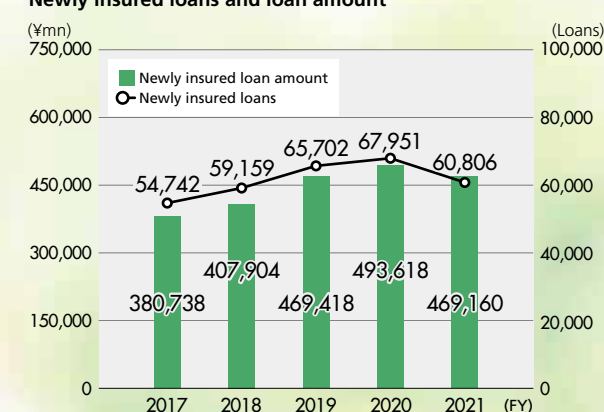
Facilitating the supply of private sector funding through a housing loan insurance program

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 an agreement entered into in advance with the financial institution if an insured event occurs due to unforeseen circumstances.

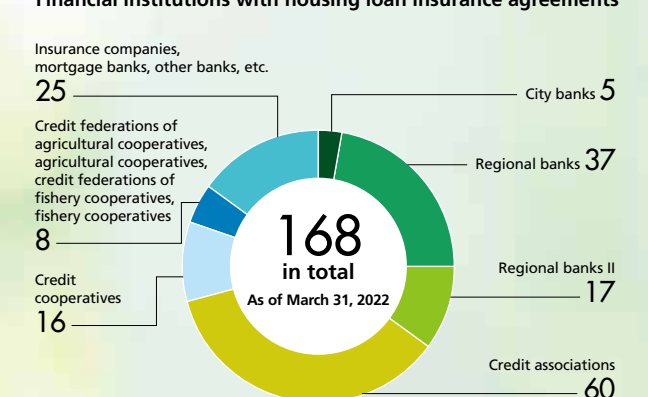
In addition, JHF supports the supply of funds necessary for housing policy. This support includes Reverse 60, which addresses diverse housing needs due to changes in the lifestyles of the elderly, rent guarantor protection insurance helping people requiring special assistance in securing rental housing,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

*2 Available only to small/mid-sized financial institutions that do not own a guarantee provider as a subsidiary as defined in Article 2(3) of the Companies Act (Act No. 86 of 2005)

Newly insured loans and loan amount



Financial institutions with housing loan insurance agreements



Loan Origination Business

- Housing Loans for Disaster Recovery
- Mansionsumairusai*3
- Loan for Renovating Common Elements of Condominiums
- Urban Development Loans
- Loans for Energy-Efficient Rental Housing for Childrearing Families
- Green Renovation Loans*4

➔ P. 19 Supporting restoration and reconstruction of disaster victims' homes

➔ P. 20 Supporting maintenance and management / renovation of condominium housing stock

Loan origination in market segments underserved by private financial institutions

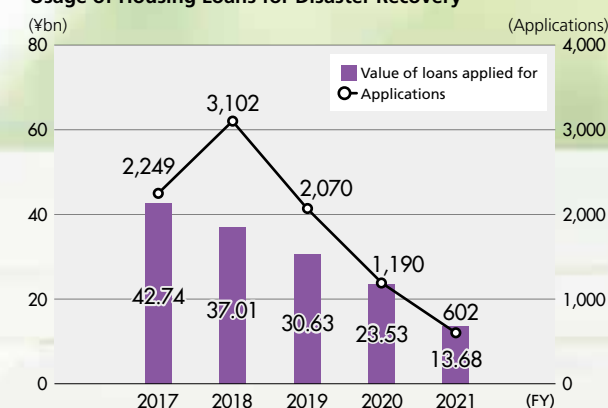
JHF lends directly to borrowers but only in market segments that are both important from a policy standpoint and underserved by private financial institutions. The types of projects JHF funds directly include reconstruction of housing damaged by natural disasters, reconstruction or improvement of aging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

For example, JHF provides low-interest funding to people to repair, rebuild or purchase housing damaged 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.

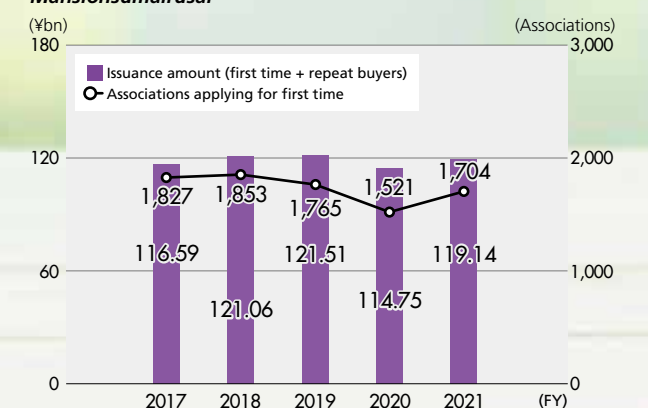
*3 "Mansionsumairusai" is a bond for condominium management associations to accumulate reserves for possible large-scale repair works

*4 Green Renovation Loan program to be established in October 2022 to finance housing renovations that help to conserve or generate energy.

Usage of Housing Loans for Disaster Recovery



Mansionsumairusai*3



Supporting development of secure housing modalities through diverse financial services

Flat 35



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.

To address the various needs of customers looking to purchase housing, JHF offers a number of reduced rate options that lower a Flat 35 borrower's interest rate for a portion of their loan term as long as they satisfy certain requirements.

Reduced rate options	Eligible housing and terms and conditions			
Flat 35 S Flat 35 S 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 a more energy-efficient and/or earthquake-resistant home.	Energy efficiency Housing with a high standard of thermal insulation, etc. Cool in the summer, warm in the winter! Lower heating and cooling costs!	Earthquake resistance Housing designed not to collapse in a strong earthquake Protects families from earthquakes! Eligible for earthquake insurance discounts!	Barrier-free design Housing that makes daily living easier for the elderly Easier mobility in old age! Reduces renovation work in life after retirement!	Durability/modifiability Long-lasting quality housing and other housing with improvements for durability that can be used in good condition over a long period of time Durable and long lasting! Reduces future maintenance costs!

Flat 35 S (ZEH) will be available from loan applications in October 2022.

JHF will launch the Flat 35 S (ZEH) program targeting higher energy efficiency housing (compared to Flat 35 S) to accelerate initiatives toward a decarbonized society. JHF will also raise technical standards for the Flat 35 S (Energy-efficiency) program.

Flat 35 Renovation

This program provides Flat 35 borrowers with a lower interest rate for a portion of their loan term when purchasing an existing home and making renovations that satisfy certain criteria. There are two types available: a renovation type for borrowers who will renovate an existing home they purchase; and a purchase and resale type for borrowers who purchase an existing home renovated by a housing company.

The following four categories can be used to finance renovation:

Energy efficiency For housing with a high standard of thermal insulation, etc.	Earthquake resistance For housing designed not to collapse in a strong earthquake.	Barrier-free design For housing that makes daily living easier for the elderly	Durability/modifiability For long-lasting quality housing and other housing with improvements for durability that can be used in good condition over a long period of time.
--	--	--	---

Flat 35 Maintenance program

This program provides Flat 35 borrowers with a lower interest rate for a portion of their loan term for the purchase of a home that contributes to maintaining the functionality or management of existing housing and stimulates business related to existing housing.

(1) Long-lasting quality housing	New and existing homes	(4) Anshin R Jyutaku*	Existing homes only
(2) Condominium with preliminary certified management plan	New condominiums only	(5) Inspected home	Existing homes only
(3) Condominium with certified management plan	Existing condominiums only	(6) Existing housing with housing defect warranty liability insurance	Existing homes only

* 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

Flat 35 Regional Partnership program

This program provides Flat 35 borrowers with a lower interest rate for a portion of their loan term in conjunction with financial support provided by local governments for the purchase of housing where JHF partners with local governments actively looking to promote child-rearing support, relocation to rural areas, compact city formation, utilization of vacant homes, disaster preparedness and mitigation, use of locally produced timber, and local scenery. The regional partnership type includes child-rearing support and regional revitalization.

Childrearing support



Flat 35 Rural In-migration Support program

Provides Flat 35 borrowers with a lower interest rate for a portion of their loan term in conjunction with relocation subsidies granted by local governments

For realization of a decarbonized society

In addition to the establishment of the Flat 35 S (ZEH) program in October 2022 and the raising of technical standards for the Flat 35 S (energy efficiency) program, JHF will raise the energy-efficiency technical standards for newly built housing financed by Flat 35 in April 2023, ahead of the mandatory compliance with the national government's new energy-efficiency standards for newly built housing in April 2025.

Meeting the elderly's increasingly diverse housing needs

Reverse 60

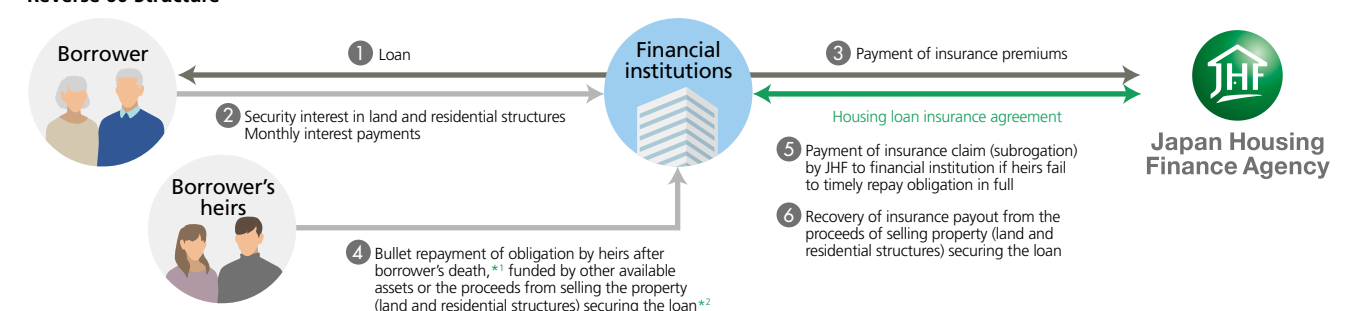


Reverse 60 borrowers make monthly interest-only payments. The loan principal is repayable in full after the borrower's death. The borrower's heirs have the option of repaying the principal by using their own funds or the proceeds from selling the property (land and residential structures) securing the loan. Because the monthly payments are interest only, they are lower than the monthly payments on an equivalent self-amortizing loan. Since launching this program, we have made a number of improvements, including expansion of the allowable use of loan proceeds and introduction of nonrecourse loans,* based on the needs of the elderly and financial institutions.

In recent years, use of Reverse 60 loans has increased substantially together with the number of financial institutions that offer them, reflecting Reverse 60's growing name recognition and financial institutions' growing interest in assembling a suite of housing loan products for the elderly.

* Nonrecourse loan: A loan type where, in case of the death of the borrower or any remaining obligation, if the proceeds from the sale of the property securing the loan are insufficient to fully repay the obligation, the heirs are not required to repay the remaining obligation.

Reverse 60 Structure



Main features

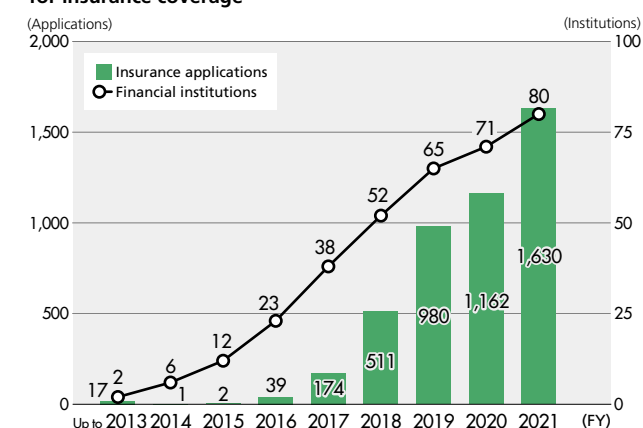


*1 In the case of joint borrowers, principal is repayable after both borrowers have died.

*2 If the loan is nonrecourse, heirs are not personally liable for repayment of any remaining obligation if the proceeds from the sale of the property (land and residential structures) securing the loan are insufficient to fully repay the obligation owed. The property (land and residential structures) securing the loan need not be sold if the borrower fully prepays the loan's principal while alive or if the borrower's heirs repay the loan in full after the borrower's death using their own funds.

*3 Also available to customers between the ages of 50 and 59. However, the terms of the loan amount differ from those applicable to customers aged 60 or older. Please confirm the terms and conditions before applying for this loan.

Financial institutions offering Reverse 60 and applications for insurance coverage



Major product improvements

FY2009	Reverse 60 loans launched for home improvements only
FY2011	Serviced housing for the elderly move-in payments added as an allowable use of loan proceeds
FY2015	Construction, home purchase and refinancing added as allowable uses of loan proceeds
FY2016	Acquisition of home for son or daughter's family added as an allowable use of loan proceeds Outsourced collection of subrogation claims discontinued Borrowers granted ability to pledge additional collateral property other than the property to be financed with the loan
FY2017	Nonrecourse loans made available
FY2018	Maximum LTV ratio raised for long-lasting quality housing Age restrictions relaxed Acquisition of second home added as an allowable use of loan proceeds
FY2020	Maximum loan amount raised

Supporting restoration and reconstruction of disaster victims' homes

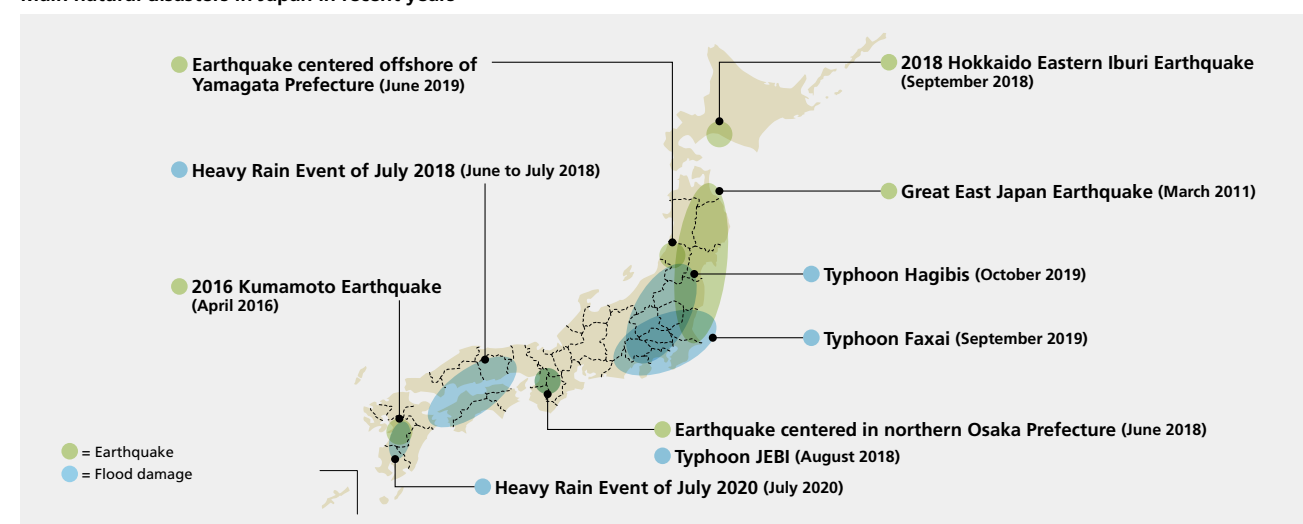
Housing Loans for Disaster Recovery



Reconstruction of disaster-damaged homes (Housing Loans for Disaster Recovery)

To support recovery from frequent natural disasters in Japan, JHF supports the recovery process in close collaboration with local governments and other interested parties. It does so by providing not only loans needed to fund housing reconstruction but also one-stop counseling for disaster victims on various matters, particularly national and local government assistance programs.

Main natural disasters in Japan in recent years



Response to Great East Japan Earthquake

Eleven years have passed since the unprecedentedly destructive Great East Japan Earthquake occurred in March 2011.

To facilitate reconstruction of homes damaged by the earthquake, JHF has been counseling homeowners in their own communities in collaboration with local governments on an ongoing basis since the earthquake (it has held 2,170 counseling events as of March 31, 2022). It has augmented its Housing Loans for Disaster Recovery through such means as offering reduced interest rates (e.g., 0% for first five years on loans to finance construction or purchases), granting principal repayment moratoriums and extending loan maturities for borrowers (as of March 31, 2022, JHF has received a cumulative total of 21,217 disaster-recovery housing loan applications and funded 17,951 loans).

Response to 2016 Kumamoto Earthquake

To aid recovery from the April 2016 Kumamoto Earthquake, JHF has been supporting the reconstruction of housing by proposing "Kumamoto Disaster-Recovery housing" which provides earthquake-resistant housing built from materials sourced from within Kumamoto Prefecture leading to reduced construction costs in collaboration with Kumamoto Prefecture and local housing-related organizations.

Additionally, JHF developed a Housing Loan for Disaster Recovery with a special repayment method for the elderly in January 2017 to support reconstruction or purchase of elderly residents' homes. Under the program, Kumamoto Prefecture and the city of Kumamoto partially subsidize the elderly borrowers' interest payments. The program is now available to elderly residents of other disaster-affected areas in Japan.

Disaster-preparedness loans

In addition to Housing Loans for Disaster Recovery intended to finance repair, reconstruction or purchase of homes damaged by natural disasters, JHF also offers renovation loans for seismic retrofitting work, landslide prevention housing loans and loans for disaster-proofing of housing sites.

The renovation loans for seismic retrofitting work aim to increase the earthquake-resistance of homes built to outdated earthquake-resistance standards.

Supporting maintenance and management / renovation of condominium housing stock

*Mansionsumairusai**

Loan for Renovating
Common Elements
of Condominiums

Urban Development
Loans



Implementation Council on Financial Support to Increase Condominiums' Value

In FY2018, JHF spearheaded the establishment of, and provided administrative staff for the Working Group on Financial Support to Increase Condominiums' Value in response to the emerging societal problem of aged condominiums. The working group's other members included condominium management associations, private financial institutions, consultants, attorneys, Tokyo Metropolitan Government and the Ministry of Land, Infrastructure, Transport and Tourism.

The working group identified issues it deemed particularly important and set an agenda from the standpoint of developing financial infrastructure to address the aged condominium problem.

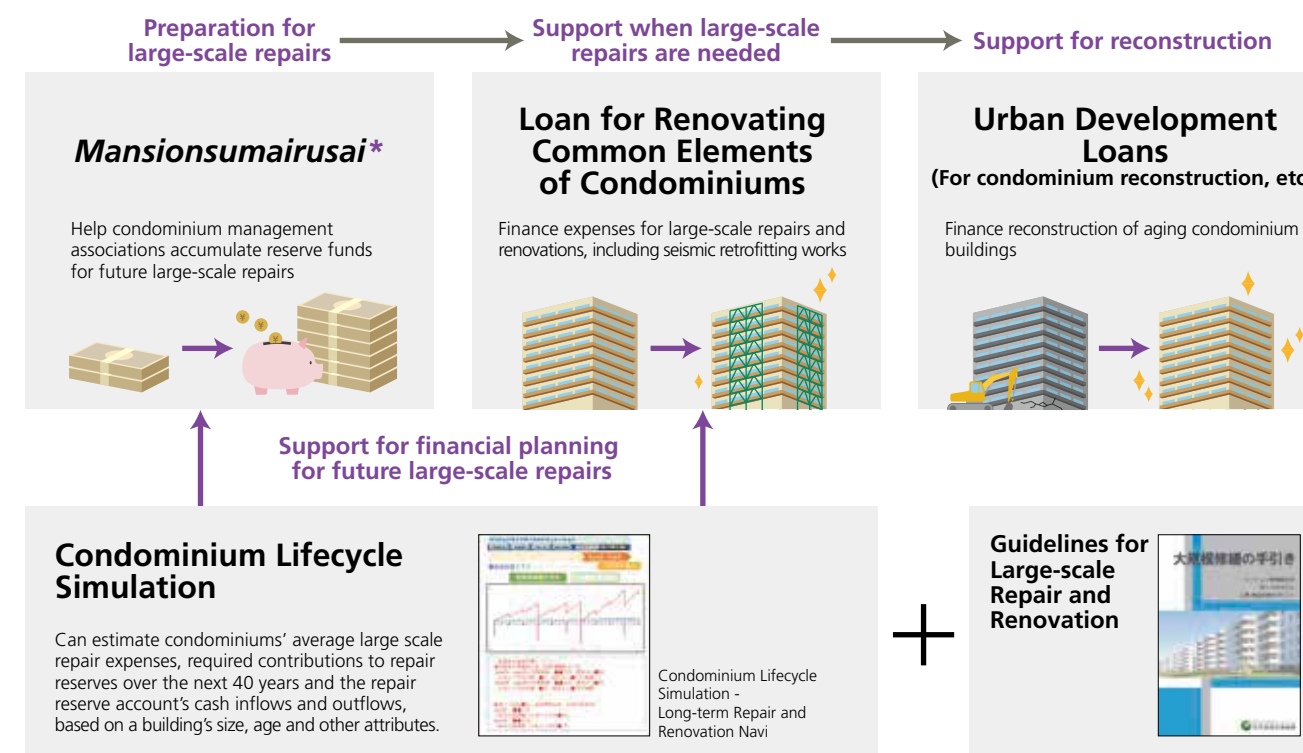
In FY2019, the working group was dissolved. It was replaced by a newly established Implementation Council on Financial Support to Increase Condominiums' Value, which embarked on preparations to expeditiously implement the working group's agenda.

In FY2020, JHF released Condominium Lifecycle Simulation—Long-Term Repair and Renovation Navi to help ease condominium management association's financial concerns, and in FY2021, JHF compiled Guidelines for Large-scale Repair and Renovation—Key Points of Work and Funding Plan For Condominium Management Association. The Implementation Council is carrying out initiatives to promote maintenance and management / renovation of the condominium housing stock in FY2022 and beyond.

JHF programs targeted at condominium housing stock

JHF has established programs that help condominium management associations financially navigate the condominium lifecycle. The online estimator mentioned above provides guidance on using *Mansionsumairusai** and loans for renovation of condominiums' common elements based on its estimate results. Reconstruction loans also are available for condominiums.

JHF is actively endeavoring to publicize its programs to promote their integrated utilization in the aim of maintaining and renovating the condominium housing stock.



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

Supporting the various living needs of the elderly with fine-tuned financial services



Housing issues in Japan's super-aged society

In 2020, Japan's average life expectancy was 81.6 years for men and 87.7 years for women.*1 As people live longer lives, there is a growing need to reconsider housing in old age. For example, an increasing number of the elderly are considering rebuilding or renovating their homes to suit lifestyle changes, which includes downsizing due to the independence of children or making a home barrier-free for nursing care. Furthermore, some elderly prefer to move to a new environment that is more convenient, resulting in a wide spectrum of needs.

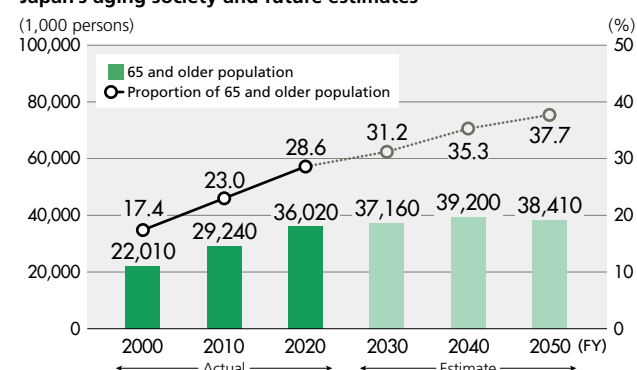
On the other hand, although pensions are the main source of income for the elderly, and they want to keep some savings on hand for the future, the elderly can face financial challenges including difficulty securing a housing loan.

There have been a rising number of cases where, upon the death of an elderly homeowner, the home becomes vacant because their heirs are unable to utilize it. There are estimated 480,000 vacant homes nationwide*2 considered usable. Regions grappling with a rise in vacant homes now find themselves looking for concrete solutions.

*1 Source: 2020 Abridged Life Table of Ministry of Health, Labour and Welfare

*2 Source: Actual State of Vacant Homes (Ministry of Land, Infrastructure Transport and Tourism)
<https://www.mlit.go.jp/common/001172930.pdf> (in Japanese only)

Japan's aging society and future estimates



Source: Prepared based on the FY2022 Annual Report on the Ageing Society published by the Cabinet Office

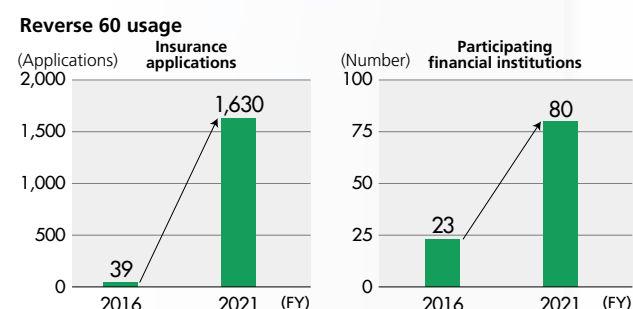
Reverse 60—Meeting the elderly's increasingly diverse housing needs

Reverse 60 is a housing loan offered to customers aged 60 and older.*3 Reverse 60 borrowers make monthly interest-only payments. The loan principal is repayable in full after the borrower's death. The borrower's heirs have the option of repaying the principal on their own or using

the proceeds from selling the property (land and residential structures) securing the loan.

To meet the elderly's increasingly diverse housing needs, JHF has contributed to the improvement of their living environment by supporting private financial institutions to offer Reverse 60 loans. Since launching this program in FY2009, JHF has made a number of improvements based on the needs of the elderly and financial institutions. The most impactful product improvement was the introduction of nonrecourse Reverse 60 loans in FY2017. The availability of nonrecourse loans dispelled anxieties about reverse mortgages among the elderly and their heirs. We believe that elderly borrowers are now using Reverse 60 loans with greater peace of mind. As a result of these efforts, in recent years we have seen a significant uptick in the usage of Reverse 60. ➡ P. 18

Moreover, JHF is working closely with local governments and financial institutions in other ways to help resolve the challenges facing local communities. In 2021, JHF concluded partnership agreements with additional local governments and financial institutions.



*3 Available to borrowers between the ages of 50 and 59.

Promoting measures to address the vacant homes issue through partnerships with local governments and local financial institutions

With the City of Miki in Hyogo Prefecture grappling with a vacant homes problem, JHF concluded a tripartite partnership agreement in November 2021 with the City of Miki and Minato Bank, which has a customer base in the city, to collaboratively utilize and deter vacant homes in the city. As a result, in addition to the housing loan Reverse 60 available for the purchase of a vacant home, preferential interest rates for various financial products have become available, including for multi-purpose loans that can be used for renovations. If customers acquire a home when they relocate through UIJ turn (relocating to the city from a major urban center) and they are eligible for the city's program, they can use the Flat 35 Regional Partnership program provided by JHF in collaboration with the City of Miki. JHF's role within the alliance includes public relations and raising awareness among businesses and local residents to support promotion of the city's policy on vacant home powerfully.

Programs in collaboration with local governments that support the elderly affected by natural disasters to reconstruct their homes

Given growing needs amid the spate of natural disasters in recent years, we have established a special repayment method for the elderly in the Housing Loans for Disaster Recovery program by utilizing a reverse mortgage repayment framework. Working with local governments, JHF supports restoration and reconstruction of the homes of elderly affected by disasters. Currently, the program is available to elderly residents of areas throughout Japan affected by natural disasters.

Usage of Housing Loans for Disaster Recovery (special repayment method for the elderly) following recent major disasters (as of March 31, 2022)

	Applications	Application value (thousands of yen)
2016 Kumamoto Earthquake	228	2,236,570
Heavy Rain Event of July 2018	186	1,572,950

Assistance in the aftermath of the 2016 Kumamoto Earthquake

JHF developed a Housing Loan for Disaster Recovery with a special repayment method for the elderly in January 2017 to further support reconstruction of elderly residents' homes. Under the program, Kumamoto Prefecture and the City of Kumamoto are partially subsidizing the elderly borrowers' interest payments, thereby supporting the reconstruction effort.

Assistance following the Heavy Rain Event of July 2018

The City of Kurashiki in Okayama Prefecture, which suffered particularly heavy damage, partnered with JHF to create a special repayment method for the elderly named the "Kurashiki Subsidy" program in April 2019. The City of Kurashiki pays JHF a portion of the interest, which effectively halves the loan interest for the portion of the loan that is up to ¥10 million compared to regular loans. Homeowners who used the program have commented, "Without this program, I would have given up on rebuilding my home" and "I'm glad I'm able to continue living in a familiar place."

Focusing on communication with the elderly

As part of our efforts to improve customer service, JHF is working to provide elderly-oriented services. We are striving to ensure that staff can provide appropriate customer services to the elderly by summarizing key areas of communication and sharing these within the organization.

In addition, we revamped the brochure for the Housing Loans for Disaster Recovery program (special repayment method for the elderly) to make it easier for the elderly to read, including adjusting the size and layout of the text. At our customer call center, we have partially introduced calling assistance devices for the elderly so that we can respond to customers who have difficulty hearing.

We will continue to value communication with customers to ensure our customer service considers with extra care for elderly customers.

Enhancing information disclosure regarding climate change countermeasures

Initiatives to combat climate change are accelerating around the world. The Government of Japan has declared that Japan will realize carbon neutrality by 2050, effectively reducing greenhouse gas (GHG) emissions to net zero in an effort to achieve a decarbonized society. Also, among the targets for ensuring the stability of and promoting the improvement of housing in Japan’s Basic Plans for Housing is “establishment of a housing circulation system and formation of high-quality housing stock aimed at a decarbonized society.” Recognizing climate change is an important issue, JHF will continue to pursue countermeasures through the provision of diverse financial services.

Furthermore, in June 2022, JHF endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB).

Going forward, JHF will disclose information based on the TCFD recommendations and seek to advance climate change countermeasures while closely monitoring Japan’s response to international developments on updates to disclosure standards.

TCFD’s Recommendations and JHF’s Initiatives	
Governance	<ul style="list-style-type: none">Position response to climate change as an important management issue amid efforts to maximize functions as a national policy implementation agency and deliberate on the risks and opportunities of climate change at meetings of risk management committees and the Board of Directors.
Strategy	<ul style="list-style-type: none">Support the provision of housing loans by private financial institutions targeting highly energy-efficient housing and complement funding to market segments underserved by private financial institutions so as to contribute to the Basic Plans for Housing (adopted by Cabinet decision on March 19, 2021) target of the “establishment of a housing circulation system and formation of high-quality housing stock aimed at a decarbonized society.”Continue to develop and improve housing financial products to increase the energy consumption performance of housing following the government’s decarbonization measures to be implemented in the future. Furthermore, expand initiatives not only for new housing but also for existing housing to develop quality housing stock.Continue to issue green bonds for use in funding housing loans for superior energy-efficient housing to address demand for ESG investment.
Risk management	<ul style="list-style-type: none">Appropriately manage physical risks caused by natural disasters linked to climate change.Continue working to identify and evaluate transition risks associated with climate change.
Metrics and Targets	<ul style="list-style-type: none">Identify response to Scope 1 and Scope 2 GHG emissions from business activities as well as establish and manage specific targets regarding these emissions.Estimate the CO2 reduction effects of the Flat 35 S (Energy-efficiency) program and disclose contribution levels toward impact reduction.

Governance

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

JHF deliberates on and monitors the risks and opportunities of climate change, along with policies in response to both, at meetings of risk management committees and the Board of Directors.

Strategy

Flat 35 S

JHF helps to lower CO2 emissions by working to promote highly energy efficient housing through the Flat 35 S program. Around half of the housing purchased through the Flat 35 S program satisfies these standards.

Green Renovation Loans

JHF will establish the new Green Reform Loans program in October 2022 covering energy efficiency and energy creation renovations made to housing by the borrower to conserve or generate energy, such as insulation upgrade or installation of residential solar power generation systems. Through this program, JHF will promote initiatives not only for new housing, but also for existing housing to achieve a decarbonized society through the improved energy efficiency performance of buildings.

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

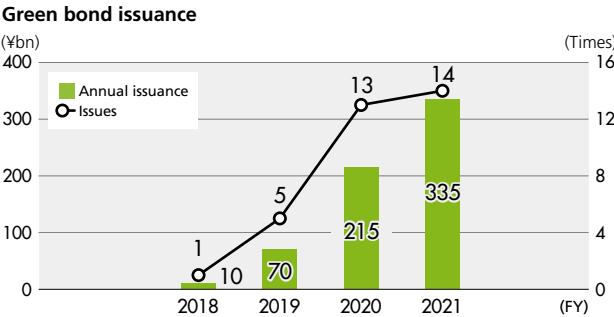
JHF is helping to lower CO2 emissions by financing construction to increase the supply of highly

energy-efficient rental housing with space suitable for childrearing families as part of its lending to market segments underserved by private financial institutions.

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, making further contributions to the realization of a decarbonized society together with the national government.



Promoting the widespread adoption of green housing finance internationally

With the enactment of the Act on Promoting Entry of Japanese Business Operators into Overseas Social Capital Projects (Act No. 40 of 2018), it has become possible to promote the global expansion of Japanese infrastructure systems using a consortium that involves multiple Japanese institutions. JHF utilizes its expertise in promoting highly energy-efficient housing and green bond issuance to support the development of human resources by leading training programs for overseas organizations.

Measurement of physical risks

JHF references the *Practical guide for Scenario Analysis in line with TCFD recommendations (banking sector)* of the Ministry of the Environment in identifying the financial impacts (loss amount of loan receivables) brought about by physical risks that damage properties securing the loans due to the increased number of natural disasters (flooding) caused by rising temperatures. Following this guide, JHF calculated the loss amount on its housing loan portfolio based on assumed flood damages and flood data of the Ministry of Land, Infrastructure, Transport and Tourism under the assumption that flooding will increase in frequency per RCP 8.5 (4°C Scenario).
As a result, JHF estimates that the single year loss amount could increase by around ¥2 billion in 2050, which represents only a limited impact financially.

Risk management

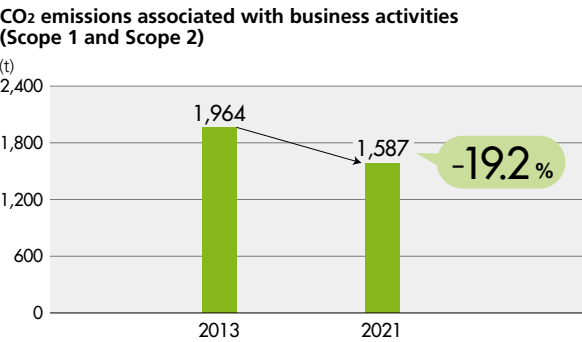
At JHF, the Credit Risk Management Committee measures and manages physical risks. The Credit Risk Management

Committee also identifies and evaluates transition risks, which are deliberated on by the Board of Directors.

Metrics and targets

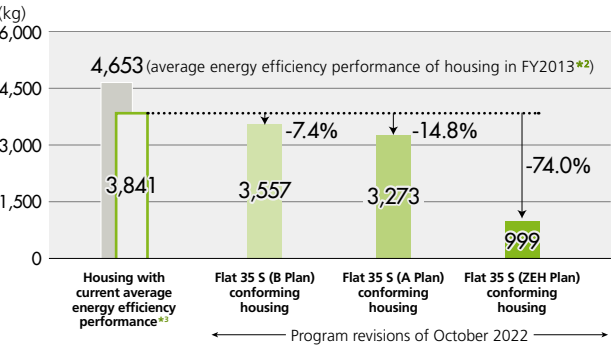
JHF is working to reduce GHG emissions from its business activities. This includes procurement of electricity from energy companies that satisfy certain standards on CO2 emissions factor and introduction of renewable energy.

Moreover, JHF continuously monitors the CO2 reduction effects from the widespread adoption of energy-efficient housing through the Flat 35 S program.



Note: The table 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.

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



*1 The table above presents CO2 emissions from the primary energy consumption of single detached homes (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 ratios of housing starts by energy efficiency performance in FY2013 indicated by the Study Group on Energy Efficiency Measures, etc. in Housing and Buildings toward a Decarbonized Society (5th Session) (Document 4) of the Ministry of Land, Infrastructure, Transport and Tourism.
*3 Assumed that houses with average energy efficiency performance are classified as “Thermal Insulation Performance Grade 4 and Primary Energy Consumption Amount Grade 4” because the conformity rate with the energy efficiency standards for newly constructed single detached homes in FY2019 was set at 80% or more in the reference materials of the first session of the Study Group on Energy Efficiency Measures, etc. in Housing and Buildings toward a Decarbonized Society of the Ministry of Land, Infrastructure, Transport and Tourism.

Reference: Energy efficiency performance standard and CO2 emissions of each housing type in the above graph (at right)

Classification	Standard	Metric for CO2 emissions	CO2 emissions (newly constructed single detached houses)	
Current average energy efficiency performance of housing	Thermal insulation Performance Grade 4 and Primary Energy Consumption Amount Grade 4	Primary Energy Consumption Amount Grade 4	3,841 kg	
Flat 35 S (Interest Plan B) energy efficiency	Thermal insulation Performance Grade 4 and Primary Energy Consumption Amount Grade 6	Primary Energy Consumption Amount Grade 6	3,273 kg	3,557 kg (Average)
	Thermal insulation Performance Grade 5 and Primary Energy Consumption Amount Grade 4	Primary Energy Consumption Amount Grade 4	3,841 kg	
Flat 35 S (Interest Plan A) energy efficiency	Thermal insulation Performance Grade 5 and Primary Energy Consumption Amount Grade 6	Primary Energy Consumption Amount Grade 6	3,273 kg	
Flat 35 S (ZEH)	ZEH, Nearly ZEH, and ZEH Oriented	ZEH	999 kg	

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

FY2022 corresponds to the second year of the fourth medium-term target period (FY2021 to FY2024). During this period, based on the Government’s policy, JHF aims to maximize its functions as a national policy implementation agency by making use of its strength of various financial services functions and its network of stakeholders such as local governments and private financial institutions, while responding appropriately to changes in the socioeconomic situation.

Harnessing our diverse financial services, we serve as a leader and role model in Japan’s housing finance market as a public institution while being required to deepen regional partnerships to resolve policy issues in communities through collaboration with stakeholders. Following the COVID-19 pandemic, we must also provide customer-oriented, diligent customer services and systematically implement a digitalization plan.

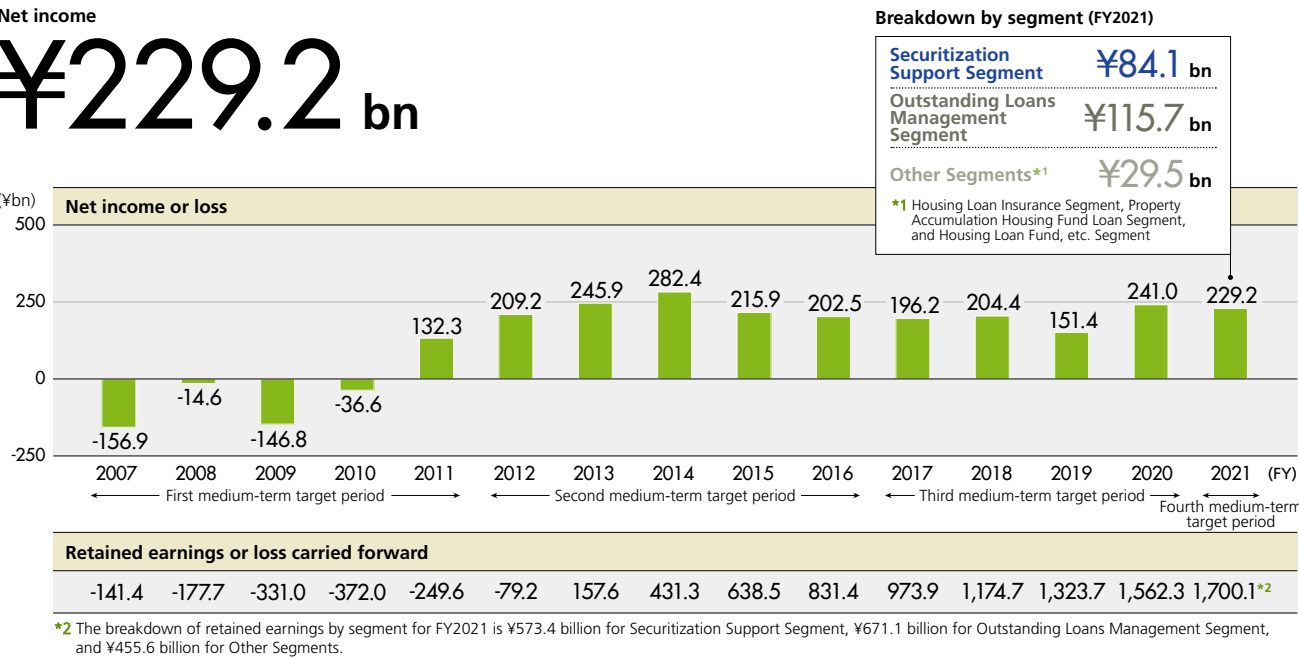
In FY2021, the first year of the fourth medium-term target period, we worked to steadily achieve the medium-term targets by fulfilling these expected roles. JHF will continue creating various forms of value through the maximization of its policy implementation functions and contribute to the realization of a sustainable society in the process.

Fourth medium-term target period / medium-term plan (FY2021 to FY2024)			FY2021 results
Securitization Support Business	<ul style="list-style-type: none">Steadily implementing Flat 35 programs that form high quality housing stock based on natural disaster risks and benefit the establishment of a housing circulation systemIssuing MBS steadily and addressing issues associated with the guarantee programSpeeding up and enhancing screening processesScreening thoroughly based on cases of fraudulent use of Flat 35 programsContinuing to implement international operations	<div><div>Quantitative targets (during medium-term target period)</div><div>* 28% to every extent possible</div><div>Long-lasting quality housing stock financed by Flat 35 programs</div><div>Cumulative total of 300,000 units or more</div><div>Proportion of existing housing units to Flat 35 applications</div><div>25%* or higher</div><div>Local governments newly partnering with the Flat 35 Regional Partnership program</div><div>100 or more</div><div>Number of days required for screening</div><div>80% or higher processed in 3 days or less</div></div>	<p>We achieved all of our quantitative targets with the exception of long-lasting quality housing. We will continue making steady efforts toward this target, including further facilitating the acquisition of long-lasting quality housing using the Flat 35 Maintenance program initiated in FY2022.</p> <p>In addition, we continue working to realize government policy, such as efforts for decarbonization through the issuance of Japan’s first government-guaranteed green bonds.</p>
Housing Loan Insurance Business	<ul style="list-style-type: none">Facilitating the supply of funds to the elderly for residential living using Reverse 60Facilitating the supply of funding required by housing policy, such as loans to home resale businessesOffering rent guarantor protection insurance that helps people requiring special assistance in securing housingAppropriate screening of insurance payouts	<div><div>Quantitative targets (during medium-term target period)</div><div>Promotional activities carried out for Reverse 60</div><div>400 or more</div><div>Number of financial institutions newly participating in the Reverse 60 program</div><div>20 or more</div></div>	<p>In addition to achieving all of our quantitative targets, we are facilitating the supply of funds to the elderly for housing, as the number of Reverse 60 applications grew by 40.3% to 1,630.</p> <p>We are also adeptly implementing loan programs for home resale businesses and insurance for rent guarantor protection insurance.</p>
Loan Origination Business	<ul style="list-style-type: none">Providing housing loans for reconstruction and supporting borrowers affected by natural disastersSupporting and partnering for reconstruction or renovations to aged condominiumsSupporting planned accumulation of repair reserve fund through <i>Mansionsumairusai</i>*Offering various forms of loans for developing homes conducive to having and raising childrenContinuous response to violations of terms and conditions for rental housing loans	<div><div>Quantitative target (during medium-term target period)</div><div>Number of condominium management associations using <i>Mansionsumairusai</i>*</div><div>7,200 or more</div><div>* “<i>Mansionsumairusai</i>” is a bond for condominium management associations to accumulate reserves for possible large-scale repair work</div></div>	<p>In addition to steady achievement of quantitative targets, we are supporting condominium renovations through the provision of Condominium Lifecycle Simulation.</p> <p>Moreover, we are making efforts in areas underserved by private financial institutions, which includes supporting people affected by natural disasters, such as our swift response to incidents of heavy rain since July 1, 2021.</p>
Cross-functional initiatives	<ul style="list-style-type: none">Deepening regional partnerships for resolving regional policy issues related to relocation and child-rearing with other institutionsProviding customer-oriented, diligent customer services following the COVID-19 pandemicResearch based on socioeconomic conditions and reviewing programs and operations based on needs		<p>Utilizing a variety of financial services; namely, Flat 35 Regional Partnership, Reverse 60, and Housing Loans for Disaster Recovery, we support efforts to resolve regional policy issues such as vacant homes in cooperation with not only local governments, but also government agencies including the Cabinet Office and the Reconstruction Agency, regional banking associations, bar associations, and other industry groups.</p> <p>In addition to implementing a cumulative total of more than 15,000 modifications to repayment conditions for borrowers who have difficulty repaying their housing loans due to the COVID-19 pandemic, we are striving to provide customer-oriented, diligent customer services, such as implementing a payment deferral for group credit life insurance rider fees and other initiatives.</p> <p>We are conducting various surveys and research while listening to the opinions of university professors and other external experts to improve our products including Reverse 60.</p>

Streamlining operations and improving financial soundness, etc.

<ul style="list-style-type: none">Promoting digitalization <p>Promote digitalization for reducing burden and increasing convenience for people/businesses and provide owned data utilization service</p>	<ul style="list-style-type: none">Establishing structure for BCP <p>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</p>	<ul style="list-style-type: none">Securing and developing human resources <p>Formulate policies to secure and develop human resources with fintech and other specialized skills.</p>	<ul style="list-style-type: none">Maintaining financial soundness <ul style="list-style-type: none">Reduce administrative expenses by 2.5% or moreKeep expense ratio of the Securitization Support Business at 0.15% or less and for the Loan Origination Business at 0.52% or less	<p>Promoting digitalization: We have established a cross-functional project team and are working to improve customer convenience by setting up an AI chatbot on our website. Establishing structure for BCP: In response to the COVID-19 pandemic, in addition to distributing PCs for telecommuting to all executives and employees, we have built a system that allows us to continue our business, which includes offering workplace vaccinations, providing PCR tests to executives and employees free of charge, and distributing antigen test kits to executives and employees. Securing and developing human resources: We formulated a policy on securing and developing human resources and will strive to secure and develop diverse human resources based on the policy. Maintaining financial soundness: To achieve our medium-term targets, we worked to reduce both administrative expenses and expense ratio, achieving a surplus in all segments.</p>
--	--	--	--	---

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

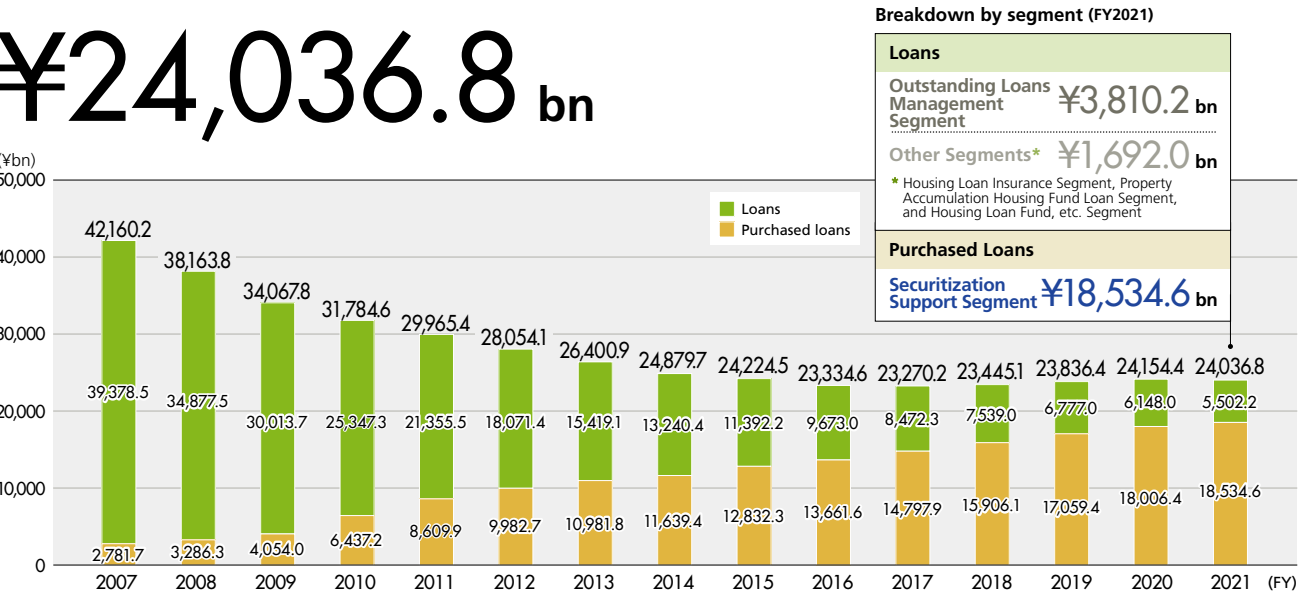


Net income declined ¥11.8 billion year on year to ¥229.2 billion. This is mainly because of the increase in provision of allowance for doubtful accounts of the Securitization Support Segment and diminished interest income of the Outstanding Loans Management Segment.

Furthermore, from net income, an amount necessary to provide for future losses was placed in a reserve fund, and the remaining ¥17.4 billion was paid to the National Treasury.*3

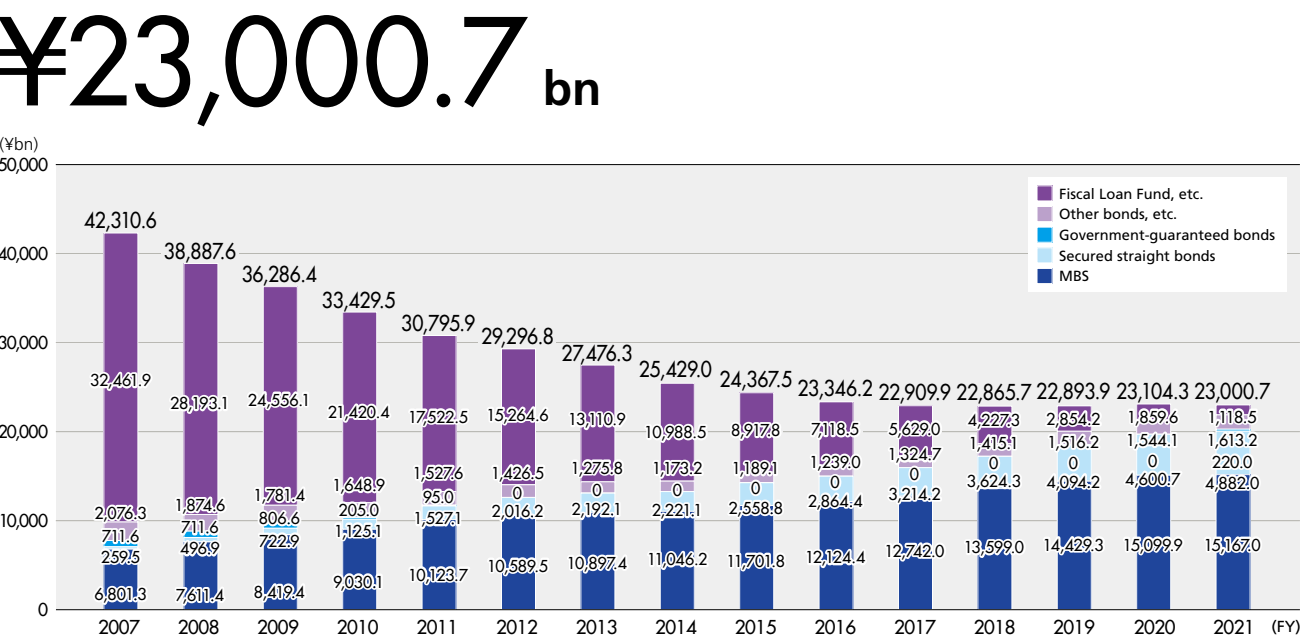
*3 JHF paid ¥30.9 billion, ¥44.7 billion and ¥88.6 billion to the National Treasury in FY2012, FY2017 and FY2021, respectively.

Assets (total of loans purchased and originated)



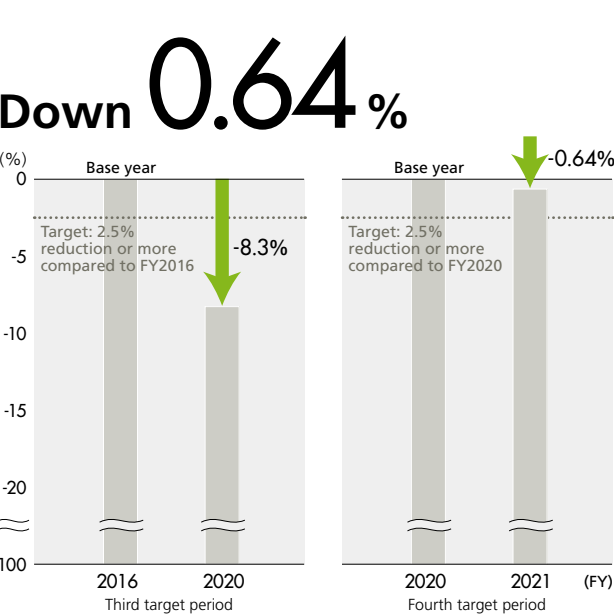
Assets (total of loans purchased and originated) as of the end of FY2021 amounted to approximately ¥24 trillion. The outstanding balance of Flat 35 (Purchase Program) at the end of FY2021 was about ¥19 trillion. The balance of purchased loans has been increasing year after year and now segments for around 77% of the outstanding housing loans held by JHF.

Liabilities (balance of bonds and borrowings)



The amount of funds procured from financial markets by using MBS and secured straight bonds has been increasing amid the growth of the Flat 35 (Purchase Program). Meanwhile, the Fiscal Loan Fund, which is borrowed from the national government, declined due to the lower balance of loans in the Outstanding Loans Management Segment.

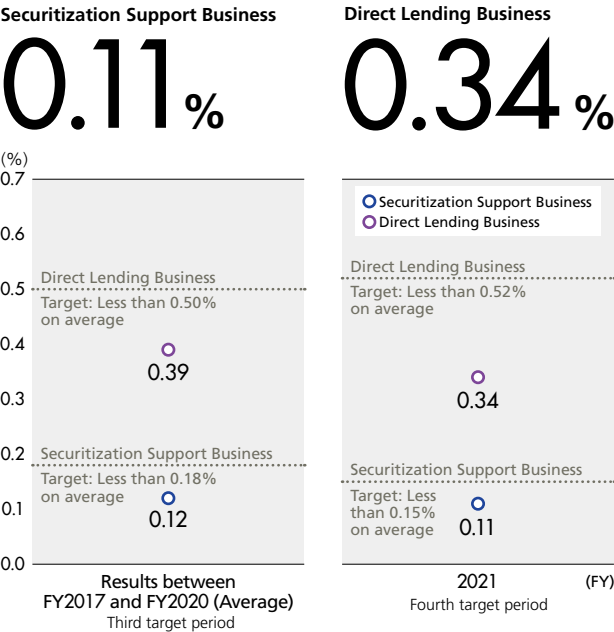
Administrative expenses



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). In FY2021, JHF reduced these expenses by 0.64% thanks to efforts to ensure appropriate spending on costs. JHF will continue working on initiatives aimed at achieving the 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

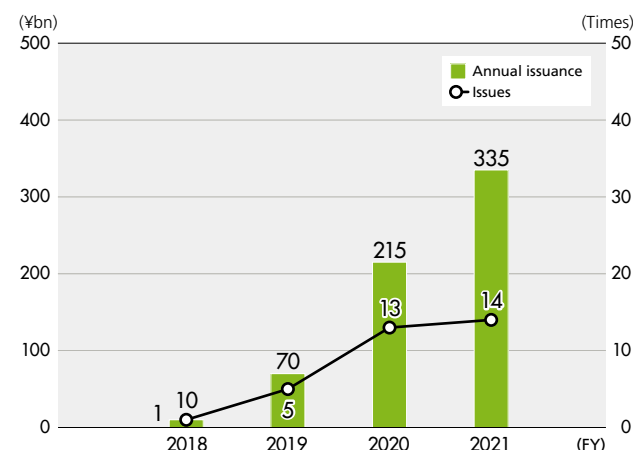


JHF established a target to achieve an expense ratio of 0.15% on average for Securitization Support Business and under 0.52% for Direct Lending Business during the fourth medium-term target period. In FY2021, these ratios stood at 0.11% and 0.34%, respectively. We will continue working on initiatives aimed at achieving our 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.

Green bond issuance

¥335.0 bn

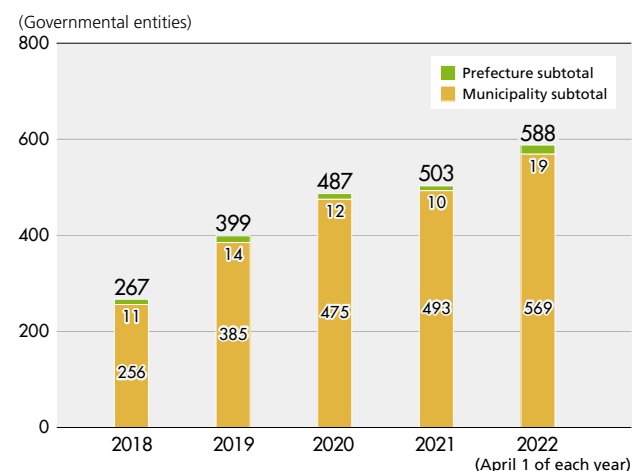


JHF issued Japan's first green bonds (secured straight bonds) for funding housing loans in January 2019 and has since repeatedly issued green bonds. In FY2021, JHF newly issued government-guaranteed JHF bonds (green bonds), in addition to secured straight bonds.

▶ P. 23 Response to the TCFD's recommendations

Collaboration with local governments

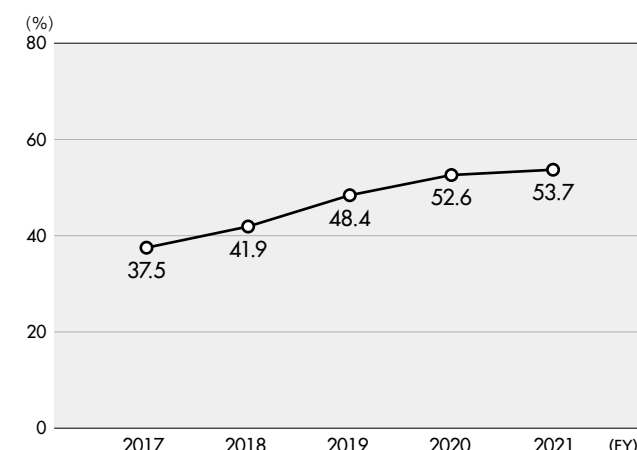
Municipalities 569 Prefectures 19



Through a community-based collaborative system, we support home purchases together with local governments proactively engaging in regional revitalization, such as through child-rearing support, relocation to rural areas, compact city formation, utilization of vacant homes, disaster prevention and mitigation, use of locally produced timber, and local scenery promotion.

Ratio of women in hiring

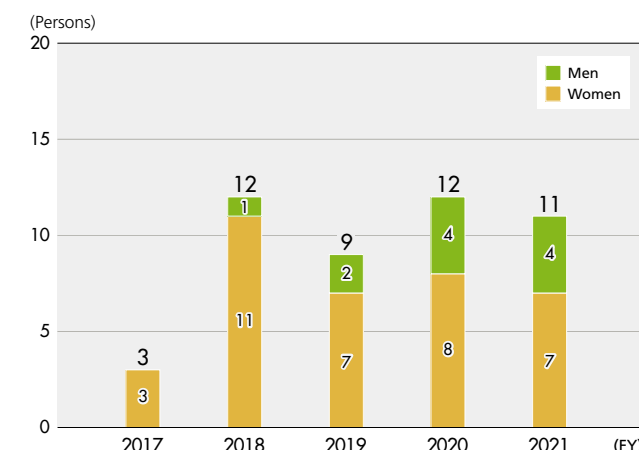
53.7 %



We are 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 FY2021 was 53.7%.

Number of employees taking childcare leave

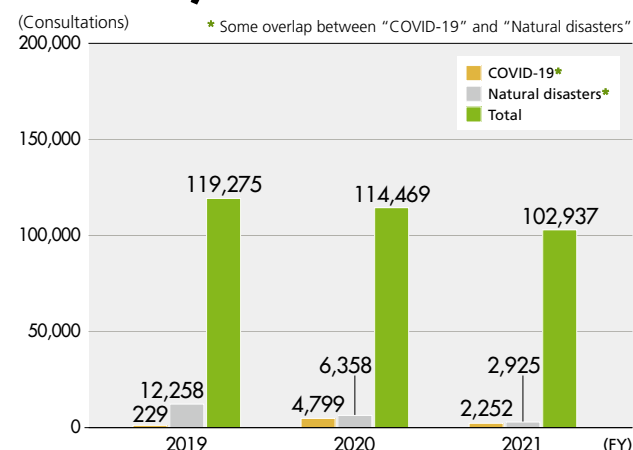
Men 4 Women 7



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 our customer call center

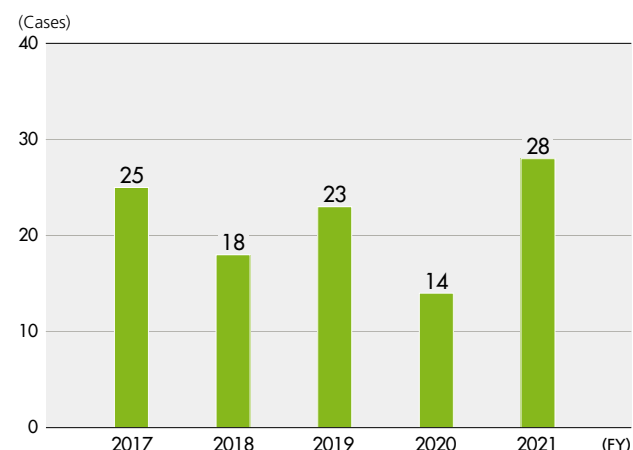
102,937



Our customer call center receives inquiries and general consultations from customers. We strive 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



We are 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.

Fostering a considerate workplace environment

Platinum Kurumin Mark



Platinum Kurumin
Supporting child-rearing

Tomonin Mark

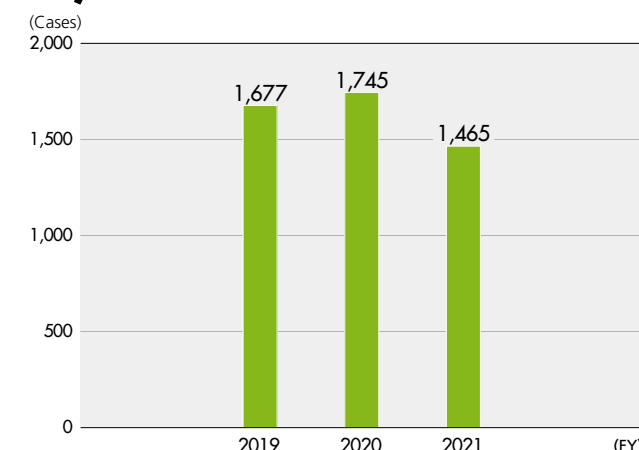


Supporting balance between work
and nursing care

We help employees to balance work with child-rearing or family care obligations through a host of leave programs and working from home, aiming to foster a workplace where each and every employee feels a sense of pride and can showcase their skills. These workplace improvement initiatives have earned us the Platinum Kurumin Mark for child-rearing support and the Tomonin Mark for achieving a balance between work and nursing care obligations.

Kaizen* cases

1,465



We are 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 our entire workforce.

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