



Integrated Report 2025



Japan Housing
Finance Agency

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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.

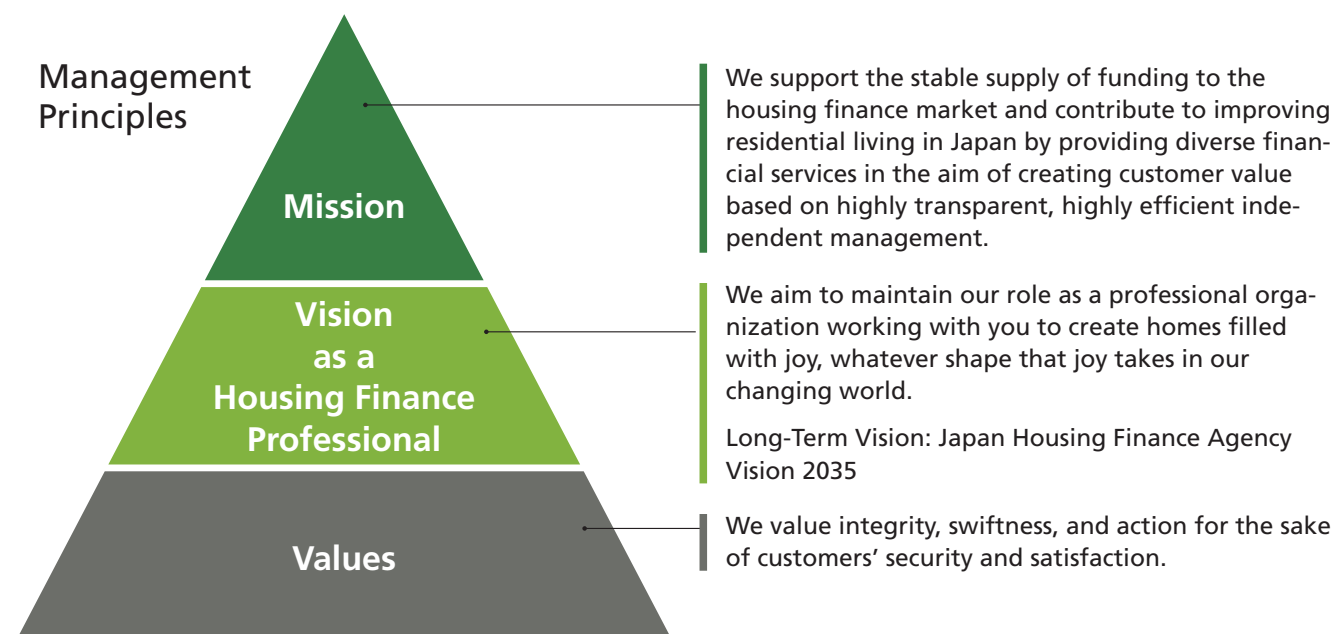
That's why we work closely with our partners to finance homes that bring joy to everyone and make housing more accessible to all.

The Japan Housing Finance Agency.

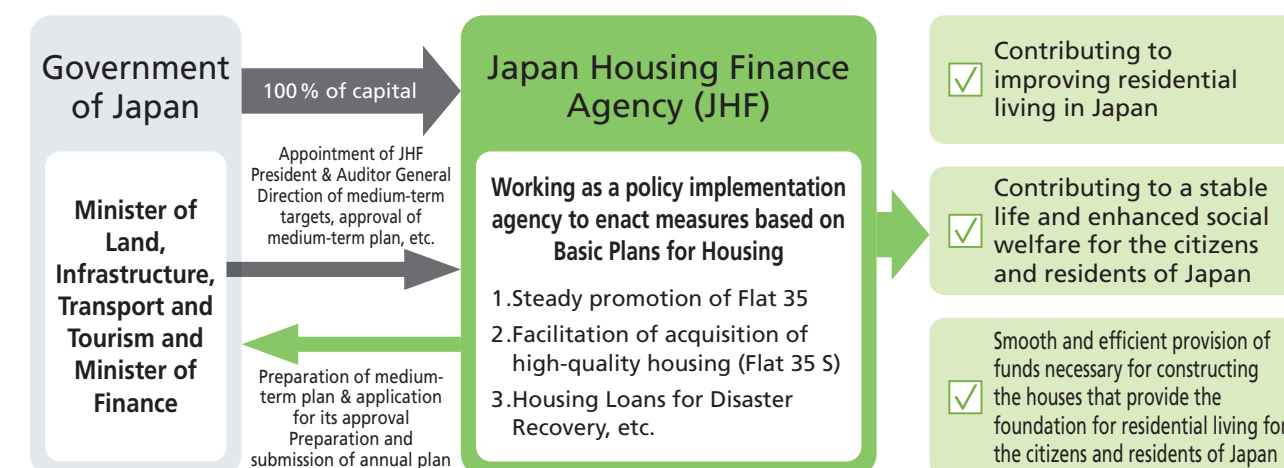
Working with you to create homes filled with joy.



Management Principles



Integration with government and policy



Toward the Realization of Our Long-Term Vision: Pioneering the Future of Housing Finance through the Power of Empathy

I am Shinji Mouri, President of the Incorporated Administrative Agency Japan Housing Finance Agency. With the start of the fifth medium-term target period this fiscal year, I have been reappointed as President. I sincerely ask for your continued support and cooperation. I would also like to take this opportunity to express my heartfelt gratitude for your ongoing understanding and support of JHF's operations.

To those affected by the Noto Peninsula Earthquake and heavy rain disasters

First and foremost, I would like to extend my heartfelt sympathies to everyone affected by the 2024 Noto Peninsula Earthquake and the subsequent heavy rain disasters.

Since the onset of the disaster, the Japan Housing Finance Agency has been engaged in a variety of support efforts for the affected communities, working in close coordination with the central government, local authorities, and many other relevant organizations. As more people move into temporary housing and the publicly funded demolition of collapsed homes progresses, the number of inquiries we receive continues to grow each day.

Looking ahead, we remain fully committed to supporting all affected individuals, whether they are working toward rebuilding their homes based on the Ishikawa-Style Reconstruction Housing Model Plan Collection or seeking to move into disaster-recovery public housing. Drawing on the full breadth of our expertise and experience in post-disaster recovery, we will continue to offer assistance until everyone can return to peaceful lives in their own housing. We encourage you to contact us with any housing-related concerns, at any time, including weekends.

Results of the fourth medium-term target period and outlook for the current period: "Continuous Change and Evolution"

The Japan Housing Finance Agency was established in April 2007 as an incorporated administrative agency governed by medium-term targets.

Over the past 18 years spanning four periods, and with the continued support of the public and a wide range of stakeholders, we have worked diligently to achieve the goals set forth in our medium-term plans. Through these efforts, we have fully demonstrated our expected policy

implementation functions, improving the quality of residential life in Japan and addressing various housing-related challenges faced by local communities.

In this section, we would like to share some of the key achievements from the previous medium-term target period, as well as our outlook for the fifth medium-term target period based on those results.

(1) Providing safe and reliable housing loans to meet the needs of diverse generations and backgrounds

To our lineup of long-term fixed-rate housing loans under FLAT 35, which helps ensure people of all generations and backgrounds across Japan have access to high-quality, reliable housing, we have introduced a new program, FLAT 35 Childrearing Support Plus. This unique program was introduced to help ease the housing cost burden on households with children, as part of efforts to address Japan's national challenge of a declining birthrate. Under this program, the more children a household has, the larger the interest rate discount they receive, with reductions of up to 1%. In some cases, borrowers can receive even greater

discounts by combining this program with support from local governments or with other incentives based on housing performance. Launched just over a year ago, the program has been very well received, with approximately 60% of all FLAT 35 users now choosing this option. Use of FLAT 50, a loan program that promotes long-lasting quality housing, has also increased rapidly, thanks to improved funding arrangements that have made interest rates more accessible.

To support more diverse housing choices that align with different life stages, we also introduced an interest rate reduction for childrearing-friendly rental housing in fiscal

year 2025, which promotes the smooth supply of high-quality, energy-efficient rental homes for families with children. Use of this program is also expanding.

We are also seeing nationwide uptake of Reverse 60, a program that allows homeowners to leverage the value of their homes and enjoy a secure retirement suited to a society with increasing longevity, with repayments limited to interest only. To make the program even more convenient and reliable, we have also begun offering a new fixed-interest

rate option. Reverse 60 also helps ease the growing mortgage burden faced by elderly households, caused in part by the trend toward longer loan terms. It also provides access to renovation funds needed to maintain property value. Together with support from pioneering local governments working to address the rise in vacant homes, the program is expected to play a growing role in helping to resolve the vacant housing issue.

(2) Contributing to a decarbonized society and the development of the green bond market

To help accelerate energy efficiency and renewable energy adoption in the housing sector, which is essential to achieving a decarbonized society in Japan, we made compliance with energy efficiency standards mandatory for newly built homes under FLAT 35, two years ahead of national regulations. We also introduced FLAT 35 S (ZEH), which offers greater interest rate reductions for homes with higher energy efficiency and renewable energy features. The program is gradually gaining traction among pioneering local homebuilders.

To help improve the energy performance of existing homes, which have lagged behind, we added Green Renovation Loans to our operations as a new program that

promotes energy-efficient renovations through low-interest financing. The program covers not only full-scale insulation work, but also the installation of energy-efficient equipment, and its use is expected to grow. In addition, to make it more accessible, we will simplify the inspection process and raise the loan limit to 10 million yen starting in October of this year.

JHF is also a leading issuer of green bonds in Japan, with total issuances reaching 1.3 trillion yen to date. We will continue to contribute to the growth of Japan's green bond market by accurately responding to investor needs and offering a diverse range of investment products.





We have also actively collaborated with overseas housing loan securitization agencies and worked to support the smooth overseas expansion of Japanese companies by

providing information on housing markets and other relevant developments abroad.

(3) Response to increasingly frequent and severe natural disasters

In recent years, natural disasters have become increasingly frequent and severe, as seen with the 2024 Noto Peninsula Earthquake and subsequent heavy rain disasters. Responding to such events requires broad collaboration across multiple sectors, not only with central and local governments, but also with regional mutual support centers, legal and architectural professionals, and other experts. Equally essential to rapid recovery and reconstruction is the implementation of disaster case management, which provides individualized support tailored to the needs and circumstances of each person affected by a disaster.

Drawing on the knowledge and experience we have gained through past disaster responses, JHF is placing top

priority on supporting those affected by disasters and is actively engaged in promoting these efforts. Unfortunately, local governments are not always well-versed in disaster response. Disasters are, in essence, result from the combined factors of “external forces and the vulnerability of communities,” and they often lay bare the challenges communities face. That is precisely why we believe JHF’s accumulated expertise and the deep empathy of our staff on the ground are critical in supporting affected areas. We remain committed to responding flexibly to the needs of those affected by disasters and contributing to faster recovery and reconstruction through careful and attentive support.

(4) Maximizing policy implementation functions: contributing to solutions for housing-related challenges

In Japan, where the population continues to decline and the aging society is becoming increasingly severe, maintaining and enhancing the asset value of existing homes is a critical issue not only for individuals, but also for preserving the value of local communities. For example, the growing number of vacant homes poses a potential negative impact on communities as a whole. Carrying out appropriate renovations before homes become vacant helps to preserve their value, increasing the likelihood that they can still circulate in the market even if they are eventually vacated. This is a challenge that must be addressed not only by individuals, but also by society as a whole. As mentioned

earlier, JHF is working in partnership with local governments to promote the use of Reverse 60, which enables homeowners to generate renovation funds using their homes as collateral. We have also launched an information platform focused on vacant homes, allowing society to share data and encouraging appropriate use in the market by providing information on public-sector support measures and other relevant resources.

In addition, the growing number of aging condominium buildings over 40 years old, often referred to as one of Japan’s “two aging issues,” has become a major social concern. It has long been said that “when you buy a condo,

choose the one with good management.” To encourage the use of the government’s condominium management plan certification system and voluntary evaluation systems established by management industry group, JHF offers interest rate reductions on loans for renovating common elements of condominiums with certification. We also provide an interest rate premium on the Mansionsumairusai, which serves as an appropriate investment destination for long-term repair reserves. Going forward, we also plan to introduce similar interest rate incentives for voluntary initiatives led by condominium management organizations.

(5) Advancing digitalization and formulating and promoting a new digital strategy

JHF has steadily advanced initiatives such as digitalization to improve the convenience of application procedures, digitization of contracts, and the introduction of AI-based screening to enhance trust, all aimed at upgrading services and simplifying procedures in ways befitting a digital society. For example, online applications for Housing Loans for Disaster Recovery have been actively used by many people affected by the Noto Peninsula Earthquake.

Mansionsumairusai has also seen rapid growth in use, driven by appropriately adjusted interest rates based on market conditions. To ensure that large-scale renovations can be carried out in a timely and well-planned manner, we will continue working to enhance its appeal as an investment option for valuable repair reserve funds, while also strengthening the necessary technical support. Likewise, with loans for renovating common elements of condominiums, we will continue to promote appropriate expansion in their use while working to further develop the private financial market.

With these digitalization initiatives now reaching a certain level of maturity, we are entering a new phase in which rapidly evolving technologies will be applied to further enhance existing services and develop new ones. To ensure that the public can fully experience the convenience expected in a digital society, we have established the Digital Strategy Headquarters, which is responsible for tasks such as formulating our digital transformation strategy, and have already formulated the Digital Strategy 2035. We will work to put the strategy into concrete action.

(6) Respecting diversity and pursuing continuous improvement

JHF is committed to providing equal access to its housing loan programs for people across the country. In keeping with our respect for social diversity, we have introduced measures such as making group credit life insurance optional and allowing same-gender partners to use our services. We continue to pursue these efforts without pause, while also

working with stakeholders to promote initiatives based on our human rights policy.

We remain committed to responding to the evolving social and economic environment and the diverse needs of the public.

(7) Enhancing corporate value through our Purpose and Long-Term Vision

One of JHF’s most distinctive initiatives during the fourth medium-term target period was the formulation of its Purpose and Long-Term Vision. Both were defined through voting by all staff and based on ideas contributed by many employees, particularly younger members.

Today, our Purpose, “Working with you to create homes filled with joy,” is steadily taking root in the day-to-day work of our staff through repeated training. It is helping to strengthen employee engagement and enhance empathy and responsiveness on the ground.

We also developed our first-ever Long-Term Vision, Japan Housing Finance Agency Vision 2035, which outlines our aspirational goals and incorporates over 50 pioneering ideas submitted by employees. The fact that initiatives to realize this vision have been integrated into the fifth medium-term targets and medium-term plan represents a groundbreaking development for an incorporated administrative agency governed by medium-term objectives.

Under the Corporate Value Enhancement Committee, we will continue working to maximize corporate value in accordance with optimal risk management.

The five pillars of the fifth medium-term plan: Purpose, Long-Term Vision, and the future

During the previous target period, JHF rallied under the slogan “Continuous change and evolution” and made a full-scale effort to achieve its Purpose and realize its Long-Term Vision while addressing a wide range of housing-related challenges. The progress and accomplishments shared above were made possible thanks to the understanding and support of our stakeholders. I would like to take this opportunity to express my sincere gratitude once again.

At the same time, Japan’s housing landscape continues to grow more complex. The population is aging rapidly, the declining birthrate remains unchecked, and new issues, such as widening inequality, are emerging. In this context, public financial institutions like ours are expected to evolve and adapt further to fulfill their role in complementing private-sector financial institutions within the market mechanism.

That is why, in the fifth medium-term target period, we will not only work diligently to meet the new goals set by the government, but also draw upon the expertise and experience we have accumulated since the era of our predecessor, the Government Housing Loan Corporation. We will further refine the diverse financial tools we have developed

(1) Promoting financial literacy in a rising interest rate environment and responding to inflation

First, in order to address the concerns of current and prospective housing loan users amid the current double increase in both prices and interest rates, JHF is working in cooperation with J-FLEC (Japan Financial Literacy and Education Corporation) to improve financial literacy for a world with interest rates. As a public financial institution, we will continue to provide the public with accurate information on interest rate risks from a fair and objective standpoint.

At the same time, it is essential that long-term fixed-rate housing loans such as FLAT 35 remain as affordable as possible, even in a rising interest rate environment, so they

within a market-based framework, and focus on the following key initiatives to better respond to the increasingly diverse needs of people across Japan seeking to improve their housing conditions with a view to the evolving socio-economic environment and.

can serve as a reliable option for those experiencing such concerns. To this end, in addition to continuing our own efforts to mitigate the impact of interest rate fluctuations, such as the funding initiatives we have implemented since last year, we will introduce concrete measures, including offering more accessible interest rate levels, so that a broader range of people can benefit from the advantages of long-term fixed-rate housing loans.

We view these two initiatives as an inseparable and essential social responsibility that public financial institutions must fulfill under current conditions.

(2) Strengthening policy implementation functions

Next, to continue addressing a wide range of housing-related issues, such as reducing the financial burden on childrearing households, promoting the circulation of existing homes, responding to the vacant housing problem, and encouraging the spread of environmentally friendly housing, JHF will work to further strengthen its policy implementation functions. This will be achieved through enhancements to products such as FLAT 35 and deeper collaboration with relevant organizations.

Notably, with the launch of FLAT 35 for Existing Housing Plus and the removal of the amount-based requirement for FLAT 35 Renovation, which helps reduce the cost burden of renovation work, the system has become even more accessible and better positioned to support the development of the existing home market. We will also actively expand support for the purchase-and-resale business. In addition, to meet diverse housing needs aligned with lifestyles, we will actively provide financing for high-quality rental housing that offers

strong energy performance and is designed with childrearing households in mind.

Meanwhile, in response to the improper use of FLAT 35 that came to light under the low-interest-rate environment,

we will continue to take strict action in coordination with organizations such as the MBAJ (The Mortgage Bankers Association of Japan), which has issued a declaration of compliance.

(3) Strengthening the response to the “two aging issues” in condominiums

Next, with the “two aging issues” in condominiums becoming increasingly serious, JHF is working to improve the quality of management. As part of this effort, we will newly include properties with condominium management plan certification within the scope of FLAT 50. In addition, to help ensure funds are available for planned large-scale renovations, we will not only enhance the appeal of Mansionsumairusai, but also add a second loan guarantee institution for loans for renovating common elements of condominiums, in addition to the current provider, the Condominium Management Center (a public interest incorporated foundation). These steps will help establish a more accessible and user-friendly framework nationwide, which we will actively promote.

We will also provide the necessary financial support for newly added duties under the revised condominium-related acts, including whole-building condominium renovations and demolition.

Meanwhile, given that many senior households are still repaying housing loans, and that changes in family size and lifestyle are increasing the need for flexibility, we will further promote the use of Reverse 60, including the newly introduced full-term fixed interest rate option, as a way to support both renovations and transitions to new homes. This will also help reduce the risk of negative externalities caused by homes being left vacant.

(4) Strengthening disaster resilience and response through reverse mortgages for seismic retrofits

From the perspective of disaster prevention, JHF has already suspended interest rate incentives for properties in disaster red zones. In light of the high probability of large-scale earthquakes such as a Nankai Trough Earthquake, we will

actively promote the use of Reverse 60, combined with interest subsidies from central and local governments, to enhance seismic retrofitting of existing homes and reduce the interest burden for elderly homeowners.

(5) Taking the first step toward realizing our Long-Term Vision: offering new housing support services

To steadily advance these initiatives, it is essential to establish a stable financial foundation and secure and develop expert personnel from a medium- to long-term perspective. Until now, under an integrated risk management framework, JHF has worked to secure and manage funding appropriately through careful dialogue with investors. In view of the rising interest rate environment, we will further strengthen our engagement with the market and seek to deepen understanding of the fact that MBS proceeds are being used to address social challenges, such as supporting childrearing. Even in a world with interest rates, we will remain committed to stable funding and asset management.

As I have long believed, the “ability to empathize with the front lines” demonstrated by our officers and staff is JHF’s greatest strength. We established a Working Group on Human Capital Investment for Organizational Vitalization made up of young employees and are working to implement more than 60 proposals generated through free thinking. In addition, we have introduced unique initiatives such as two consecutive years of salary increases exceeding those of

national civil servants and the creation of a leave system that allows family members to participate in childrearing. We will continue to pursue bold reforms in human resources and compensation to further strengthen JHF’s human capital capabilities.

In terms of JHF management, digital strategy serves as the twin pillar alongside human capital investment, the two working in tandem like the wheels of a car. Building on the achievements made during the fourth medium-term target period in accelerating the adoption of digital technologies, we will now fully launch the “digital transformation of JHF,” in parallel with efforts to secure and develop talent, in accordance with Digital Strategy 2035, which looks further ahead into the future. Leading this initiative will be new services such as the enhancement of customer support through the use of generative AI, and the provision of lifestyle-support services that award points based on life-cycle stages, using digital data. We aim to roll out these services as soon as possible.

In closing

At any point in time, the home is the foundation of happiness. To remain true to our Purpose, “Working with you to create homes filled with joy,” we are committed to realizing “Japan Housing Finance Agency Vision 2035,” which was created with the participation of all our employees. Guided by a long-term management policy, we will continue to

evolve through new challenges, hand in hand with our stakeholders.

We sincerely ask for your continued understanding and support.



Working with you to Create Homes Filled with Joy, Whatever Shape that Joy Takes in Our Changing World.

Contributing to the development of quality housing stock: The former Government Housing Loan Corporation (GHLIC)

Establishment of the Government Housing Loan Corporation

The Government Housing Loan Corporation was established in 1950 to address the postwar housing shortage and to help stabilize living conditions and improve housing standards for the Japanese people. Supporting housing demand during Japan's period of rapid economic growth, the Corporation provided loans for 19.41 million homes, equivalent to approximately 30 % of all postwar housing, until it was dissolved in fiscal 2006 after 57 years of service.



Postwar temporary housing

Improving housing quality through proprietary technical standards

By developing its own technical standards and standardized construction specification books, the Corporation contributed to maintaining and improving housing quality. From the mid-1970s onward, the Corporation actively promoted the development of high-quality housing stock by expanding the eligible floor area for loans on private homes and encouraging construction of homes with higher performance.



Subdivision developments from 1975 to 1984

Launch of Securitization Support Business

In fiscal 2003, the securitization support business was launched to facilitate housing loan supply by private financial institutions. In fiscal 2007, the Japan Housing Finance Agency (JHF) was established, with the securitization support business as one of its core operations.

The Government Housing Loan Corporation

- Fiscal 1950** • Establishment of the Government Housing Loan Corporation
Launch of loans for both owner-occupied and rental housing.
- Fiscal 1955** • Launch of Housing Loan Insurance Business
- Fiscal 1957** • Launch of Housing Loans for Disaster Recovery
- Fiscal 1965** • Launch of Housing Improvement Loan Program
- Fiscal 2000** • Launch of mortgage-backed securities (MBS)
Launch of saving bonds for making funds for repair condominiums
*Currently "Mansionsumairusai" (A bond for condominium management associations to accumulate reserves for possible large-scale repair works.)
- Fiscal 2003** • Launch of Securitization Support Business (Purchase Program)
*Currently "Flat 35" (Purchase Program)
- Fiscal 2004** • Launch of Securitization Support Business (Guarantee Program)
*Currently "Flat 35" (Guarantee Program)
- Fiscal 2005** • Launch of support scheme to facilitate acquiring of high-quality housing through the securitization business
*Currently "Flat 35" S

Aimed for highly transparent, highly efficient independent management as an incorporated administrative agency

Established Japan Housing Finance Agency as an incorporated administrative agency

In April 2007, the Japan Housing Finance Agency (JHF) was established as an incorporated administrative agency. While shifting its primary focus to securitization support operations that assist private financial institutions in supplying housing loans, it also engaged in policy-critical areas that are difficult for private lenders to address.

Transitioned away from a financial structure dependent on government subsidies

During the first medium-term target period, while pursuing streamlining and operational efficiency, JHF introduced a program that reduced interest rates by 1 % per year for high-quality homes as part of an economic stimulus measure, thereby improving the features of the Flat 35 product. In addition, JHF achieved a single-year surplus in all accounts except those related to the Outstanding Loans Management Section, leading to the discontinuation of government subsidies.

Response to increasingly severe natural disasters

During the second medium-term target period, JHF responded to many natural disasters, including the 2011 Great East Japan Earthquake and the 2016 Kumamoto Earthquake, working with local governments and other organizations to support recovery and reconstruction. The on-site consultation sessions and the expansion of loan programs carried out during this period laid the foundation for JHF's current initiatives to support the rebuilding of homes.

First and second medium-term target periods

- Fiscal 2007** • Established Japan Housing Finance Agency as an incorporated administrative agency
- Fiscal 2009** • Launch of specific individual loan insurance (lump-sum repayment loan program for seniors)
*Currently "Reverse 60"
- Fiscal 2011** • Expanded Housing Loans for Disaster Recovery and repayment modification programs to support recovery from the Great East Japan Earthquake
Launch of loans for serviced rental housing for the elderly
Achieved single-year surplus for accounts other than the Outstanding Loans Management Segment, and discontinued subsidies
- Fiscal 2014** • Opened Sanriku Reconstruction Support Center in Kamaishi City, Iwate Prefecture
- Fiscal 2015** • Eliminated loss carried forward across all accounts
- Fiscal 2016** • Launch of Housing Loans for Disaster Recovery (special repayment method for the elderly) to support recovery from the 2016 Kumamoto earthquake





Strengthened initiatives to support local governments in solving policy issues

Support for solving regional policy issues

During the third medium-term target period, JHF launched Childrearing Support program and Regional Revitalization program under Flat 35 in response to challenges such as the declining birthrate, aging population, and population decline, with the aim of promoting regional revitalization. In cooperation with local governments implementing measures such as promoting in-migration and settlement and addressing vacant houses, JHF strengthened its efforts to support the resolution of local policy issues.

Support for enhancing the value of condominium buildings

JHF established the Working Group on Financial Support to Increase Condominiums' Value to build a framework for public-private collaboration in considering the financial infrastructure essential for maintaining and managing condominium stock. Later, the initiative evolved into a council, which promoted measures to address the "two aging issues" facing condominiums, aging buildings and aging residents, by supporting proper condominium management and improving the financial environment.



Response to COVID-19 and promotion of digitalization

JHF expanded support for customers who faced difficulties in repayment due to the impact of COVID-19. At the same time, to ensure business continuity, it promoted digitalization by introducing paperless operations and telework.



Third medium-term target period

- Fiscal 2017**
 - Launch of Flat 35 Childrearing Support program and Regional Revitalization program
 - Launch of rent guarantor protection insurance and loans for renovation of rental housing (Residential Safety Net)
- Fiscal 2018**
 - Established the "Working Group on Financial Support to Increase Condominiums' Value"
 - Launch of international operations under the Act on Promoting Entry of Japanese Business Operators into Overseas Social Capital Projects (Act No. 40 of 2018)
 - Launch of Green Bonds (SB)
- Fiscal 2019**
 - Obtained Platinum Kurumin and Tomonin certification marks
- Fiscal 2020**
 - Introduced repayment modification options in response to the spread of COVID-19
 - Released Condominium Lifecycle Simulation



Maximize policy implementation capabilities to realize JHF's Purpose and Long-Term Vision

Support for solving social issues

During the fourth medium-term target period, JHF launched Green Renovation Loans to improve the energy efficiency of existing housing and introduced Flat 35 Childrearing Support Plus program to ease interest burdens for childrearing families, thereby supporting safe and comfortable housing.

Support for housing recovery from the Noto Peninsula Earthquake

In response to the Noto Peninsula Earthquake of 2024 and other natural disasters, JHF actively supported housing recovery in collaboration with local governments and related parties.

Formulation of Purpose and Long-Term Vision

Through an internal staff vote, JHF established its first Purpose: Working with you to create homes filled with joy.

JHF also formulated its Long-Term Vision, "Japan Housing Finance Agency Vision 2035," which outlines the future direction of JHF, and took its first step toward its realization.



Fourth medium-term target period

- Fiscal 2021**
 - Formulation of JHF's Purpose: Working with you to create homes filled with joy.
- Fiscal 2022**
 - Launch of Green Renovation Loans
 - Established the Corporate Value Enhancement Committee
- Fiscal 2023**
 - Launch of operations related to measures for vacant houses under the Act on Special Measures concerning Promotion of Countermeasures against Vacant Houses
 - Launch of Flat 35 Childrearing Support Plus program
 - Increased the limit of loan amounts for Housing Loans for Disaster Recovery to support recovery from the Noto Peninsula Earthquake
 - Formulation of Long-Term Vision: Japan Housing Finance Agency Vision 2035
- Fiscal 2024**
 - Launch of Reverse 60 long-term fixed interest rate type
 - Formulated Human Rights Policy

Results under the fourth medium-term targets and plan (FY2021 to FY2024)

JHF is required to prepare a medium-term plan and to have it 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 as an agency under medium-term targets of Japan's Incorporated Administrative Agency System.

During the fourth medium-term target period, the Agency provided housing support for childrearing families and the elderly, and supported housing reconstruction for disaster victims, thereby contributing to the realization of a sustainable society.

Securitization Support Business

Although the quantitative target related to long-lasting quality housing was not achieved despite active awareness-raising efforts by JHF's head office and branches targeting prospective housing loan users, housing-related businesses, and private financial institutions, all other quantitative targets were steadily achieved.

Quantitative targets	Plans	Results
Long-lasting quality housing stock financed by Flat 35 programs	Cumulative total of 300,000 units or more	262,000 units
Proportion of existing housing units to Flat 35 applications	25%* or higher 28% to every extent possible	34.9%
Number of local governments newly partnering with the Flat 35 Regional Partnership program	100 or more	214 local governments
Number of days required for underwriting for Flat 35	80% or higher processed in 3 days or less	90% processed

Housing Loan Insurance Business

In addition to steadily achieving all quantitative targets, the public awareness of Reverse 60 increased to 17.1% in fiscal 2024, driven by promotional and advertising efforts including television commercials (FY2021: 10.0%, FY2022: 12.2%, FY2023: 15.3%).

Quantitative targets	Plans	Results
Promotional activities carried out for Reverse 60	400 or more	629
Number of financial institutions newly participating in the Reverse 60 program (Difficulty: High)	20 or more	20 institutions

Loan Origination Business

With regard to quantitative targets, JHF made vigorous efforts to raise awareness of our programs and promote their utilization among condominium management companies, condominium management associations, and other stakeholders, and steadily achieved the targets. In addition, we undertook organization-wide efforts to support housing reconstruction for victims of the 2024 Noto Peninsula Earthquake.

Quantitative targets	Plans	Results
Number of condominium management associations using Mansionsumairusai (Difficulty: High)	7,200 or more	9,874 associations

Cross-functional initiatives

In cooperation with not only local governments, but also government agencies such as the Cabinet Office, Regional Banks Association of Japan, and other industry groups, JHF supported efforts to resolve regional policy issues by a variety of our financial services; namely, Flat 35 Regional Partnership program, Reverse 60, and Housing Loans for Disaster Recovery. JHF strove to provide customer-oriented, diligent customer services, such as implementing a payment deferral for group credit life insurance rider fees, a cumulative total of approximately 20,000 modifications to repayment methods for borrowers who were having difficulty repaying their housing loans due to the COVID-19 pandemic, 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.

Targets for streamlining operations, etc.

Administrative expenses and expense ratio

Promoting digitalization

Developing structures for BCP

Securing and developing human resources

By thoroughly examining the necessity of procurement, the details and volume of implementation, and other factors while taking into account the outlook for expenditure execution, we achieved the targets set for the medium-term target period.

In line with the Fourth Information System Development Plan, which serves as a medium- to long-term information strategy, we worked to improve our IT infrastructure and launched a shared platform for the Flat 35 online application service, thereby enhancing customer convenience.

We regularly conducted training to confirm the safety of employees in the event of a disaster, as well as drills based on the business continuity manual to ensure continued operations during natural disasters and other emergencies.

JHF formulated a policy on securing and developing human resources and strove to secure and develop diverse human resources.

Fifth Medium-Term Targets and Medium-Term Plan (FY2025 to FY2028)

During the fifth medium-term target period, JHF will work to maximize its policy implementation functions in response to social issues such as the promotion of carbon neutrality, as well as changes in the housing loan market resulting from changes in the interest rate environment and rising prices. In addition, JHF will strive to realize the Long-Term Vision "Japan Housing Finance Agency Vision 2035," formulated in FY2024, by supporting the realization of diverse lifestyles for diverse individuals and enhancing the value of housing through life-cycle-based support.

Steady implementation of Flat 35 and development and promotion of the housing loan securitization market

Support for the acquisition of high-quality housing, including ZEH and long-lasting quality housing with superior energy-saving performance

Support for the acquisition of existing housing

Support for the acquisition of housing by childrearing families

Support for initiatives to resolve local policy issues

Facilitating the supply of funds to the elderly for residential living

Quantitative targets

Plans

Proportion of long-lasting quality housing among Flat 35 applications for newly built homes	30% or higher
Proportion of ZEH-level homes among Flat 35 applications for newly built homes (Difficulty: High)	19 points or more above the national compliance rate in fiscal 2026
Proportion of existing housing units to Flat 35 applications	30%* or higher 36% to every extent possible
Number of promotional activities carried out for Reverse 60 (long-term fixed interest rate type)	450 or more
Number of financial institutions participating in the Reverse 60 program (long-term fixed interest rate type)	9 or more
Number of days required for underwriting for Flat 35 80% or higher processed in 3 days or less	

Facilitating the supply of funds to the elderly for residential living

Supporting the provision of housing funds in coordination with programs such as Flat 35

Supporting the provision of funds for businesses engaged in purchase and resale

Supporting stable housing for persons requiring special assistance in securing housing

Quantitative targets

Plans

Number of promotional activities carried out for Reverse 60 (variable interest rate and other types)	570 or more
Number of financial institutions participating in the Reverse 60 program (variable interest rate and other types)	86 or more

Supporting the rebuilding of housing for disaster-stricken people

Support for disaster damage prevention measures

Financing for reconstruction and renovations of aged condominiums

Support for planned accumulation of reserve funds for repairs

Financing for energy-efficient rental housing for childrearing families, including ZEH-compliant properties

Quantitative targets

Plans

Number of promotional activities related to disaster response and prevention	160 or more
Number of condominium management associations using Mansionsumairusai	8,700 or more
Proportion of ZEH-compliant units among accepted applications for Loans for Energy-Efficient Rental Housing for Childrearing Families (Difficulty: High)	47% or higher

Promotion of appropriate knowledge regarding housing finance for homebuyers and others

Revision of programs and operations based on the needs of homebuyers and others

Deepening of initiatives to address local policy issues

Maintaining sound financial standing and effective utilization of profits

Further promotion of digitalization and implementation of support through the housing lifecycle by using IT

Appropriate and efficient execution of credit management operations

Establishment of a robust operational framework in response to changes in the business environment of outsourced institutions

Promotion of health and productivity management, women's empowerment, and work style reforms to secure and develop diverse human resources

Quantitative targets

Plans

Administrative expenses	Equal to or less than the FY2024 amount
Proportion of risk-managed loans to purchased loan balance	3.2% or less

Changes in socioeconomic conditions

Declining birthrate and aging population, population decline in regional areas, increasing severity and frequency of natural disasters, increase in aging condominium buildings, increase in vacant houses, and promotion of carbon neutrality

Changes in the housing loan market due to rising housing prices and changes in the interest rate environment, among other socioeconomic factors

Major government policies

The Basic Plans for Housing

Strengthening coordination with policy areas closely related to people's daily lives

Development and promotion of the housing loan securitization market

Promotion of reverse mortgages

Support for the development of a housing circulation system

Support for the provision of housing loans for upgrading to high-quality housing

Strategic Energy Plan, etc.

Support for the introduction of houses with energy-saving performance significantly exceeding ZEH standards

Children's Future Strategy

Strengthening of housing support for childrearing families

A Long-Term Vision:

Japan Housing Finance Agency Vision 2035

Support for the realization of diverse lifestyles for diverse individuals

Support for enhancing the value of housing throughout the life cycle

Societal issues (policy issues)

JHF grapples with various societal issues related to housing, and, as a national policy implementation agency, has set the eight goals of the Basic Plans for Housing established by the government as its key issues (material issues).

Lifestyle changes and diversification

- Goal 1** Realize housing compatible with a new normal and advancements in digital transformation (DX)

Increasing frequency and severity of natural 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

Declining birthrate and aging population

- 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

Advancement of climate change

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

Housing stock surplus and underdeveloped secondary market

- 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

Management capital/inputs

JHF engages in highly efficient business management which maximizes its various strengths and capital, including a network cultivated over a span of over 70 years as a national policy implementation agency, and know-how as a housing finance professional.

Social capital

Private financial institution network*¹

- Participation in Flat 35 projects **320** institutions
- Loan origination **512** institutions
- Housing loan insurance agreements **161** institutions

Local government network*²

- Policy partners (Subsidized projects, disaster recovery) **731** partners

Housing technical standards inspection network*²

- Conformity inspection institutions **128** institutions

Human capital and intellectual capital*²

High efficiency with a select few

- Number of executive officers and employees **943**

Know-how and expertise accumulated as a housing finance professional

- Certified Skilled Professional of Financial Planning (1st and 2nd grades) **301**
- Employees who have passed the real estate transaction agent examination **321**
- Employees who have passed the 1st- or 2nd-class Kenchikushi (licensed architect) examinations **62**

Financial capital*¹

Stable financial base

- Capital (100% of the capital is provided by the Japanese government) **¥695.0** billion
- Total of loans purchased **¥18.1** trillion
- Total of loans originated **¥3.9** trillion
- Net income **¥159.6** billion

Stable financing from financial markets

- MBS issue size **¥568.7** billion
- Share of JHF bonds in the Zaito agency bond market **34.7** % (largest in Japan)

*1 As of March 31, 2025 *2 As of April 1, 2025

Business model/outputs

By making use of specialized financing methods such as housing loan securitization and housing loan insurance, and supporting the business of private financial institutions, JHF plays a role in complementing funding to market segments less easily financed by private financial institutions.

Securitization Support Business

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

Applications for Flat 35 Purchase program/Guarantee program *³

40,442

Making effective use of the management capital needed for JHF' three businesses to provide financial services throughout Japan

Housing Loan Insurance Business

Insurance coverage for financing from private financial institutions

Applications for Reverse 60*³ *⁴

1,484

Loan Origination Business

Loan origination in market segments less easily financed by private financial institutions

Applications for Housing Loans for Disaster Recovery*³

210

Value creation base

- Environment
- Human rights
- Governance
- Promoting digitalization
- Creating employee-friendly workplaces
- Communication with customers

*3 FY2024

*4 Includes the long-term fixed interest rate type (securitization support business)

Value provided/Outcomes

JHF contributes to the realization of enriched residential living through such means as the provision of security with long-term fixed rates; supporting the formation of high quality housing stock with lower interest rates and the smooth supply of funding to people of childbearing age, the elderly, and people affected by disasters.

1
VALUE



Housing and communities which support a wide range of generations and situations **P.19**

2
VALUE



Shift to a decarbonized society through the evolution of housing **P.21**

3
VALUE



Developing disaster-resilient housing and communities **P.23**

4
VALUE



Maintenance and utilization of housing stock to support local communities **P.25**

5
VALUE



The security of housing which meets the needs of diverse lifestyles with peace of mind **P.27**



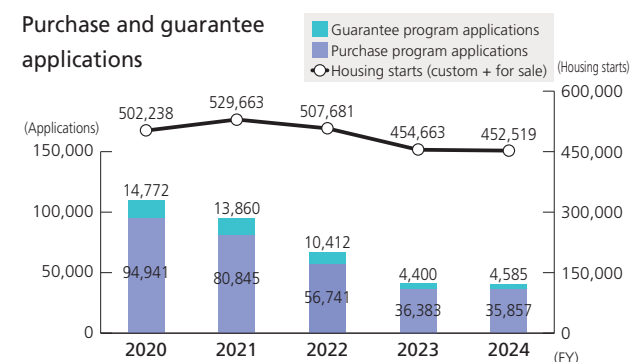
Full country-wide provision of financial services for residential living through JHF's three businesses



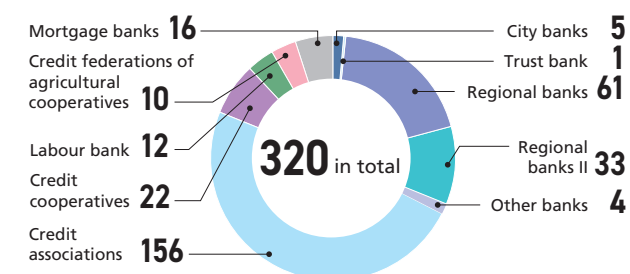
Facilitation of the supply of long-term fixed-rate housing loans by private financial institutions

JHF conducts Securitization Support Business to support private financial institutions in offering long-term, fixed-rate housing loan products such as Flat 35 and Reverse 60 (long-term fixed interest rate type). Flat 35, etc. 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.

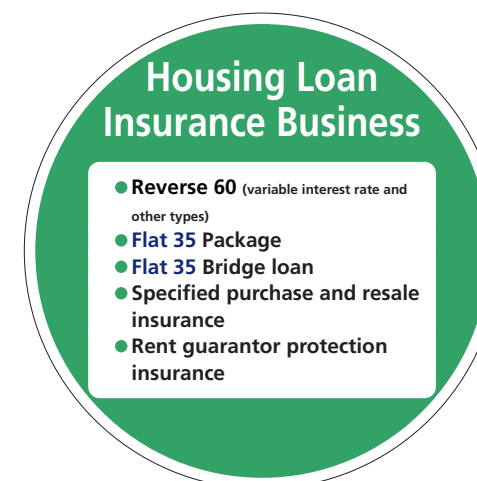
In addition, JHF has been contributing to the realization of housing policies by offering products that reduce interest rates for a certain period of time under specific conditions that help address policy challenges. These include Flat 35 Childrearing Support Plus program, which offers reduced interest rates based on the number of children and other factors, Flat 35 S, which is available for the acquisition of highly energy-efficient homes such as ZEH (Net Zero Energy Houses) or long-lasting quality housing, and Flat 35 for Existing Housing Plus program, which is available for the acquisition of high-quality existing housing.



Financial institutions participating in Flat 35 (purchase program)*



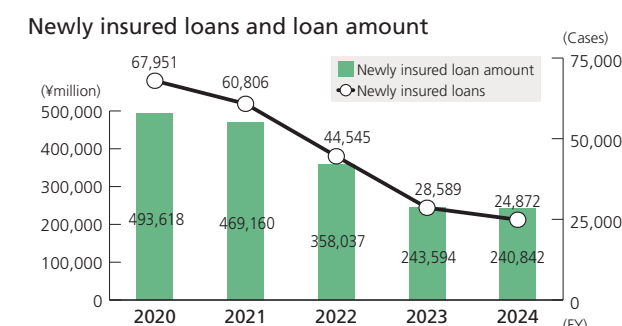
*Some participating financial institutions have temporarily stopped accepting new applications (as of March 31, 2025).



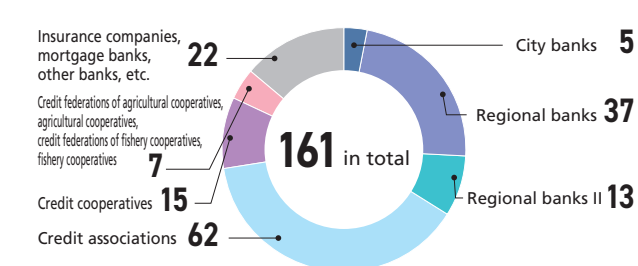
Facilitation of the supply of private sector funding through a housing loan insurance program

JHF supports private financial institutions with a housing loan insurance program to enable the financial institutions to uninterruptedly provide housing loans. If unforeseen circumstances result in a borrower being unable to repay a loan, JHF pays insurance claims in accordance with a housing loan insurance agreement entered in advance with the financial institution.

In addition, JHF supports the supply of funds necessary for housing policy. This support includes Reverse 60 (variable interest rate and other types), which addresses diverse housing needs due to changes in the lifestyles of the elderly, specified purchase and resale insurance for increasing existing home sales and revitalizing the renovation market. It also provides rent guarantor protection insurance to help people requiring special assistance in securing rental housing.



Financial institutions with housing loan insurance agreements*



*As of March 31, 2025

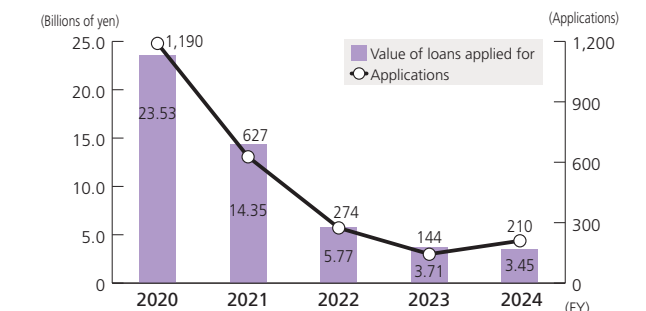


Loan origination in market segments less easily financed by private financial institutions

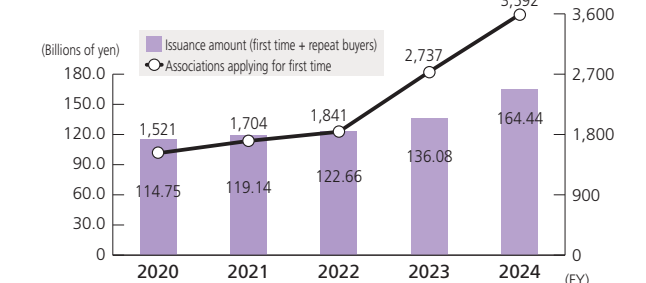
JHF lends directly to borrowers but only in market segments that are both important from a policy standpoint and underserved by private financial institutions. The types of projects JHF funds directly include reconstruction of housing damaged by natural disasters, improvement of housing energy efficiency 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 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 groups involved in condominium management to promote appropriate maintenance, renovation and reconstruction of condominiums. JHF also provides its Green Renovation Loans in order to promote energy efficiency renovations that fulfill certain standards, for example, upgrading thermal insulation and adopting energy efficient equipment.

Trend of applications for Housing Loans for Disaster Recovery



Usage of Mansionsumairusai



1
VALUE

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 persons 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 of a variety of generations and in a variety of situations.



Social Issue 1 Creating a social environment suitable for childrearing with security

JHF supports housing acquisition by childrearing families and contributes to an environment suitable for childrearing with security. In February 2024, JHF introduced the Flat 35 Childrearing Support Plus program, which offers reduced interest rates for a certain period of time based on the number of children and other factors.

In addition, the Loans for Construction of Energy-Efficient Rental Housing for Childrearing Families program contributes to the spread of rental housing where families can raise children with peace of mind by offering reduced interest rates for rental housing that meets the standards of long-lasting quality housing or ZEH-M, as well as for rental housing designed with safety and other considerations for childrearing families.

Main products and services

● Flat 35 Childrearing Support Plus program

Loans issued
in FY2024

17,433

● Loans for Construction of Energy-Efficient Rental Housing for Childrearing Families

Applications
accepted in FY2024

8,076

● Flat 35 Regional Partnership program (childrearing support)

Social Issue 2 Diverse housing needs of senior generations

JHF offers Reverse 60 loans in order to 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.

Previously, only variable hybrid adjustable rate mortgage and fixed hybrid adjustable rate mortgage selection types were available, but as of January 2025, the long-term fixed interest rate type has also become available. In addition, through the Flat 35 program, borrowers can receive 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 provides financing for building and renovating serviced rental housing for the elderly.

Main products and services

● Reverse 60

Applications in FY2024*1

1,484

Participating financial institutions*2

88 institutions

- 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

*1 Includes the long-term fixed interest rate type.

*2 As of March 31, 2025

Social Issue 3 Securing housing for persons requiring special assistance in securing housing

When persons requiring special assistance in securing housing, such as the elderly, people with disabilities, and welfare recipients, move into safety net registered housing*, there are cases when a rental claim guarantor company guarantees the rental claims. JHF has established a program for underwriting the insurance for such guarantors.

In addition, Flat 35 loans can be used even by people who cannot join group credit life insurance due to health reasons or other circumstances.

Main products and services

● Rent guarantor protection insurance

Insurance policy contracts (cumulative total)* Policyholders*

57

9

● A Flat 35 program utilizable even without group credit life insurance

*As of March 31, 2025

*Rental housing previously registered by the prefecture as being housing which does not refuse persons requiring special assistance in securing housing

Close Up!

Support for childrearing families purchasing existing homes in collaboration with Nagoya City

JHF is working in partnership with Nagoya City to support childrearing families considering the purchase of existing homes within the city. To help reduce the repayment burden for these families, JHF created a flyer introducing Nagoya City's interest subsidy program for Flat 35 users as well as Flat 35 Childrearing Support Plus. These materials have been used in customer seminars and training sessions for financial institutions. In addition, by visiting existing home brokerage companies together with financial institutions, JHF has strengthened its support system for home purchases by expanding opportunities for providing information and consultations tailored to local needs.



Flyer introducing Nagoya City's interest subsidy program and Flat 35 Childrearing Support Plus

2
VALUEShift 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 CO₂ emissions resulting from energy usage. JHF is leveraging its housing financing know-how and diverse array of financial services to promote highly energy-efficient housing and accelerate the improvement of energy efficiency of existing housing. This is our contribution to the realization of a decarbonized society.



Social Issue 1 Promoting highly energy-efficient housing

In advance of mandatory compliance with energy efficiency standards under the revised Building Energy Efficiency Act coming into effect in April 2025, Flat 35 has required all newly built homes to meet energy efficiency standards since fiscal 2023. Also, Loans for Construction of Energy-Efficient Rental Housing for Childrearing Families have required all newly built homes to meet the standards since fiscal 2017. Through these initiatives, JHF has contributed to the realization of a decarbonized society.

In addition, JHF supports the promotion of energy-efficient housing by offering products that reduce interest rates for a certain period of time when purchasing homes with higher levels of energy efficiency, such as ZEH, or long-lasting quality housing.

In addition, JHF offers Flat 35 Renovation, which reduces interest rates for a certain period when purchasing an existing home and carrying out renovations that meet requirements such as improved energy efficiency.

Main products and services

- Flat 35 S (energy-efficiency), Flat 35 S (ZEH)
Applications in FY2024 **17,043**
- Flat 35 Maintenance program (long-lasting quality housing)
Applications in FY2024 **8,804**
- Loans for Construction of Energy-Efficient Rental Housing for Childrearing Families (long-lasting quality housing and ZEH)
Applications accepted in FY2024 **3,704**
- Flat 35 Renovation (energy-efficiency)

Social Issue 2 Supporting the improvement of existing housing energy efficiency through renovation loans

In order to accelerate improvement of housing energy efficiency, it is also important to improve the energy efficiency of existing housing. JHF offers Green Renovation Loans, a program which provides financing for energy efficiency renovations that meet certain standards such as increasing thermal insulation performance and installing energy-efficient facilities. JHF also provides a selection of renovation loan products for rental housing and the common elements of condominiums.

Main products and services

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

Social Issue 3 Contributing to ESG investment market growth

JHF bonds (green bonds) are used, for example, as funds for the purchase price of mortgage receivables for housing loans for highly energy-efficient housing of Flat 35 loans.

JHF issues green bonds of various maturities, providing extensive publicity on the promotion of highly energy-efficient housing through the Flat 35 program. In addition, with the support from investors in promoting highly energy-efficient housing through financing, as a policy implementation agency, JHF contributes to the growth of the ESG investment market.

Main products and services

- JHF bonds (green bonds)
FY2024 bond issuance
¥240.0 bn

Close Up!

Promoting energy efficiency in housing in collaboration with Yokohama City and other stakeholders

The Yokohama Healthy and Energy-Efficient Housing Promotion Consortium was established by the City of Yokohama to promote the adoption of energy-efficient homes through collaboration between the public and private sectors with the goal of achieving a decarbonized society. The consortium engages in awareness-raising activities through its website and events, provides consultation services at seminars, and supports the enhancement of technical capabilities. Through these efforts, the consortium works in collaboration with the local community to support both energy efficiency and improved comfort in housing. JHF's Yokohama Center has participated since the consortium's inception, providing information on programs such as Flat 35 S and the Flat 35 Regional Partnership program, which support the purchase of energy-efficient homes.



Yokohama City, Kanagawa Prefecture



Developing disaster-resilient housing and communities

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

Japan is a country where earthquakes, floods, and other disasters occur frequently, and disaster preparedness is essential. Particularly in recent years, disasters have occurred 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.



Kumamoto-style recovery housing



Social Issue 1 Supporting the rebuilding of homes for disaster-stricken people

JHF provides funding for restoration of 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 lump-sum repayment program for the elderly (Disaster Reverse Mortgage) and a parent-child relay lump-sum repayment program, etc., thus meeting a diverse array of needs for home rebuilding.

Furthermore, in response to the recent surge in construction costs and requests from disaster-affected individuals, JHF raised the loan limits and extended the maximum repayment period for repair loans under Housing Loans for Disaster Recovery, etc. in March 2024.

When a disaster strikes, JHF leverages 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 supporting those affected.

Main products and services

● Housing Loans for Disaster Recovery

Consultations in FY2024

3,075

Applications in FY2024

210

Special repayments for the elderly in FY2024

32

Social Issue 2 Promoting homes resilient to disasters

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 housing which meets or exceeds certain standards for earthquake resistance.

Further, JHF contributes to the disaster prevention and risk mitigation 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.

Main products and services

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

Social Issue 3 Disaster preparedness and mitigation through urban de-densification

JHF offers Urban Development Loans to finance projects such as the rebuilding of aging buildings in densely populated urban areas, urban redevelopment projects, and disaster-prevention district development projects. In addition, JHF provides Loans for Renovating Common Elements of Condominiums to condominium management associations to cover expenses for large-scale renovation work aimed at improving seismic resistance.

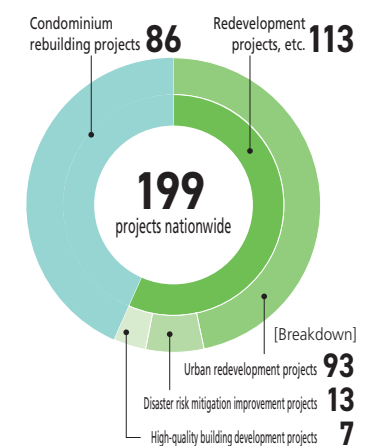
For individual customers, JHF also offers renovation loans for seismic retrofitting work. In light of the significant human toll caused by building collapses during the 2024 Noto Peninsula Earthquake, JHF expanded the scope of eligible expenses in April 2025 to include the installation of seismic shelters and similar works.

Furthermore, starting in February 2025, JHF launched the Reverse 60 Interest Subsidy Program for Seismic Retrofitting. Under this program, when customers use both a local government's seismic retrofit subsidy and the Reverse 60 loan for seismic retrofit work, JHF will pay all or part of the interest on their behalf.

Main products and services

- Urban Development Loan
- Loan for Renovating Common Elements of Condominiums
- Renovation loans for seismic retrofitting work
- Reverse 60 interest subsidy program for seismic retrofitting

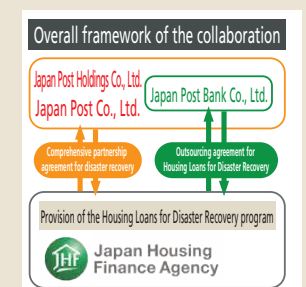
Acceptance of Urban Development Loans as of the end of FY2024



Close Up!

Disaster recovery support in partnership with Japan Post Group

In May 2024, JHF signed a comprehensive agreement with Japan Post Group, which has branch offices across the country, to support the early recovery of disaster-affected regions. The purpose of this agreement is to facilitate the prompt reconstruction of homes damaged by natural disasters such as earthquakes and wind or flood damage, thereby contributing to the revitalization of local economies. Under this agreement, nearby post offices in affected areas are now used as venues for JHF-hosted consultation sessions. Additionally, JHF signed a service outsourcing agreement with Japan Post Bank, enabling a limited number of its branches to offer Housing Loans for Disaster Recovery starting in May 2025.





Maintenance and utilization of housing stock to support local communities

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

In recent years, poorly managed vacant houses and aged condominiums have increased, becoming a societal issue. There is an 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.



Social Issue 1 Creating and distributing high-quality housing stock

Flat 35 S, Flat 35 Renovation, and Flat 35 Maintenance program are housing loans that lower interest rates for a portion of their loan term when purchasing existing housing for which measures have been taken to ensure it can be used for a long time in good condition, when purchasing existing housing and making renovations that meet certain criteria, or when purchasing housing with maintenance and management features, such as long-lasting quality housing.

In addition, in April 2025, JHF introduced Flat 35 for Existing Housing Plus, a new program that offers a reduced interest rate for a certain period when purchasing a high-quality existing home that meets specific quality standards.

In principle, when using Flat 35 to purchase existing housing, borrowers must obtain proof that demonstrates the housing meets technological criteria set by JHF. In these ways, JHF contributes to the distribution of high-quality housing stock.

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 Plus

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

262,000

Proportion of existing housing units to Flat 35 applications in FY2024

34.9 %

*As of March 31, 2025

Social Issue 2 Solving the problem of vacant homes

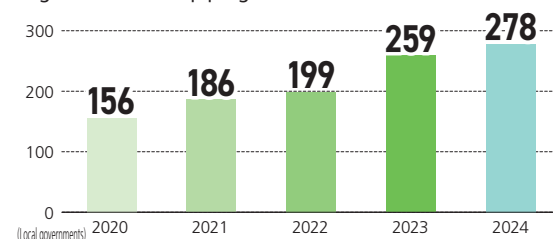
Vacant homes which are not managed properly have a serious impact on the regional environment in terms of disaster preparedness, sanitation, and scenery. Accordingly, many local governments have begun taking measures to combat these issues.

JHF offers the Flat 35 Regional Partnership program (vacant home countermeasure) which lowers interest rates for a portion of their term in conjunction with financial support provided by collaborating local governments for borrowers who purchase and live in a vacant home. Additionally, in January 2024, JHF put up a "Vacant Home Information Site" on the JHF website, offering information useful for utilizing vacant homes such as the local government subsidy and vacant property introductions.

Main products and services

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

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



Social Issue 3 Maintaining and managing condominium stock

JHF offers Mansionsumairusai, the bond which supports planned savings for large-scale condominium repairs, to condominium management associations.

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 is advancing initiatives to support the maintenance and renewal of the condominium stock in response to market needs. These efforts include the release of resources such as the "Condominium Lifecycle Simulation - Long-term Repair and Renovation Navi," and the booklets "Guidelines for Large-scale Repair and Renovation" and "Tips for Promoting Performance Enhancement Work."

Main products and services

- Mansionsumairusai

FY2024 application amount

¥102.7 bn

Applicant associations in FY2024

3,592 associations

- Loan for Renovating Common Elements of Condominiums
- Condominium Lifecycle Simulation
- Guidelines for Large-scale Repair and Renovation
- Tips for Promoting Performance Enhancement Work

Close Up!

Enhancing property value through housing performance improvement renovations of condominium common elements and acquisition of Management Plan Certification

At Kotesashi Heights Building M (Tokorozawa City, Saitama Prefecture, built in 1983), the goal was to carry out large-scale renovation work, including sash window replacement, at an appropriate time despite rising construction costs. To ensure a manageable financial plan, the condominium association decided to utilize Loans for Renovating Common Elements of Condominiums. With the comprehensive support provided by JHF, the project achieved an annual interest rate reduction of 0.6% by meeting three conditions: (1) implementing energy-saving renovations, (2) obtaining Management Plan Certification, and (3) accumulating Mansionsumairusai. Going forward, the association will continue working to maintain and enhance the property value of the condominium through planned large-scale renovations.

Comment from the Kotesashi Heights Building M Condominium Association



Kotesashi Heights Building M



Tokorozawa City, Saitama Prefecture

Upgrading to high-performance sashes improved thermal insulation performance.



The security of housing which meets the needs of diverse lifestyles with peace of mind

Goal 1 Realize housing compatible with a new normal and advancements in digital transformation (DX)

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 using digital technology to make housing loan procedures more efficient and convenient. JHF is working to enhance its products and services, and improve its procedures.



Social Issue 1 Supporting diversified housing needs

Through the Flat 35 Regional Partnership program and the Flat 35 Rural In-migration Support program, JHF offers a lower 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. Additionally, Flat 35 supports customers by allowing them to select a repayment period based on the age of a son or daughter or other successor using a relay repayment system. Flat 35 also meets customers' needs when purchasing a house for relatives to reside in or when purchasing a second home in order to reside in multiple areas.

Further, it is now possible for same-gender partners to apply for Flat 35 and other loans together as co-borrowers. In these ways, JHF is proactively meeting the diverse needs in society.

Main products and services

- Flat 35 Regional Partnership program (regional revitalization)

Regional Partnership program
(regional revitalization)
applications in FY2024

232

- Flat 35 (second home, residence for relatives, relay repayment)

Second home and residence for relatives'
applications in FY2024

4,095

Relay repayment
applications in
FY2024

5,208

- Flat 35 Rural In-migration Support program



Social Issue 2 Promoting the use of digital technology to make housing loan procedures more convenient

To provide simpler and more user-friendly housing loan procedures for customers and other stakeholders, JHF offers online application services for Housing Loans for Disaster Recovery, Green Renovation Loans, and other programs.

Furthermore, in January 2025, JHF launched a new service enabling all procedures of "Mansionsumairusai" to be completed online. For FLAT 35, JHF is also developing a shared infrastructure that allows participating financial institutions to offer online application services without having to bear system development costs.

Main products and services

- Green Renovation Loans web application service

Percentage of
online applications
in FY2024

63.2 %

Close Up!

Supporting 90 relocations and permanent settlements in 65 municipalities nationwide, including Annaka City in Gunma Prefecture

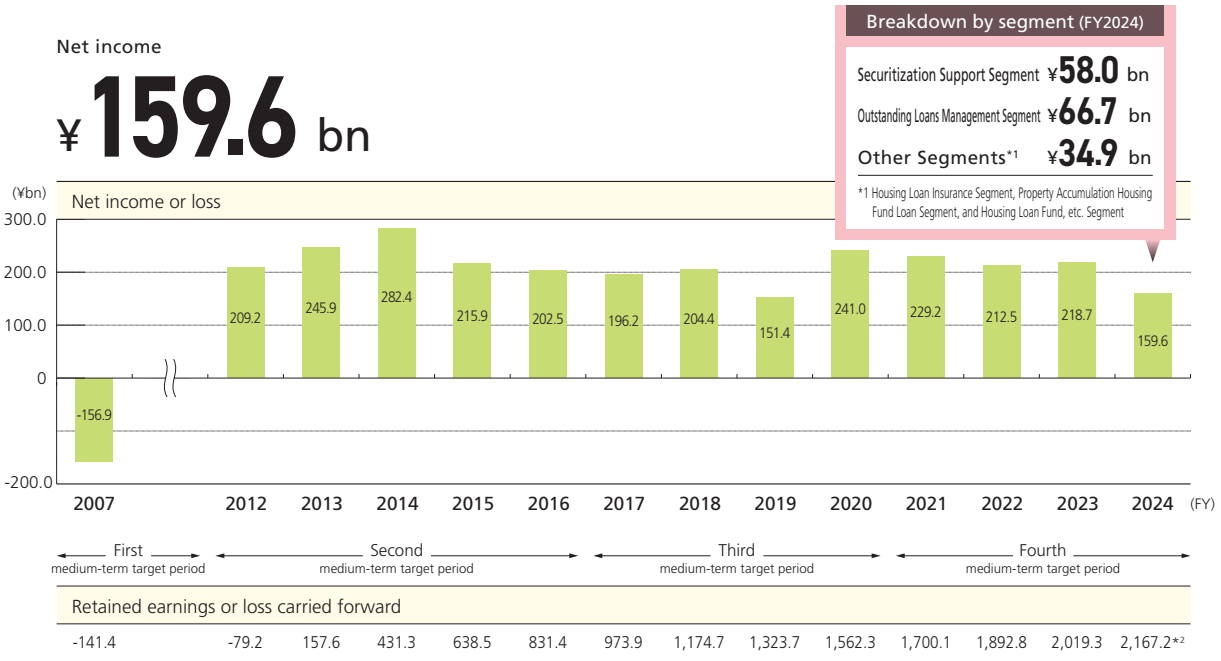
In FY2024, a total of 90 cases utilized the FLAT 35 Regional Partnership Program (UIJ Turn) and FLAT 35 Regional In-migration Support programs, which support relocation and settlement in regional areas.

Among these, JHF collaborated with Annaka City, Gunma Prefecture, which is promoting community development through the "Annaka City Relocation and Settlement Action Plan - Annaka Live" aimed at enriching life in an era of population decline. Specifically, JHF has partnered with the city through two programs: "Annaka City My Home Acquisition Grant" and "Annaka City Marriage and New Life Support Subsidy." In FY2024, five cases were supported under the FLAT 35 Regional Partnership program.



Annaka City, Gunma Prefecture

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

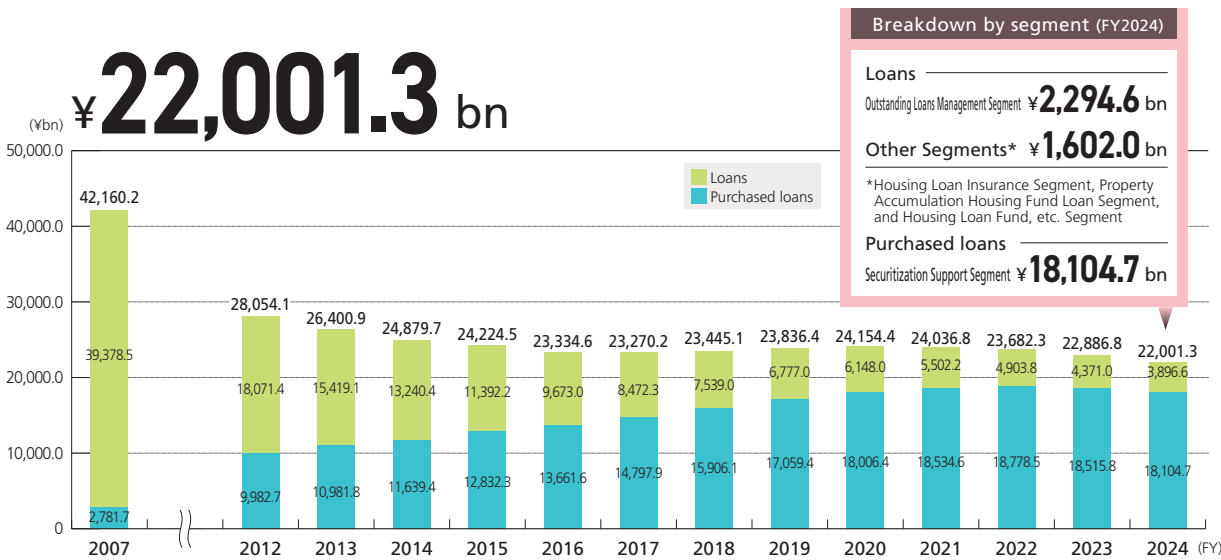


*2 The breakdown of retained earnings by segment for FY2024 is ¥714.6 billion for Securitization Support Segment, ¥897.5 billion for Outstanding Loans Management Segment, and ¥555.1 billion for Other Segments.

Net income decreased ¥59.2 billion year on year to ¥159.6 billion. The primary factors were a decrease in interest income on loans and reversal of allowance for loan losses in the Outstanding Loans Management Segment, and a shift from reversal to provision of allowance for loan losses in the Securitization Support Segment. Of the retained earnings of ¥2,167.2 billion in fiscal 2024, the final year of the fourth medium-term target period, the amount deemed necessary to prepare for potential future losses due to interest rate fluctuations has been carried over to the fifth medium-term target period. The remaining ¥14.8 billion was paid into the national treasury.*3

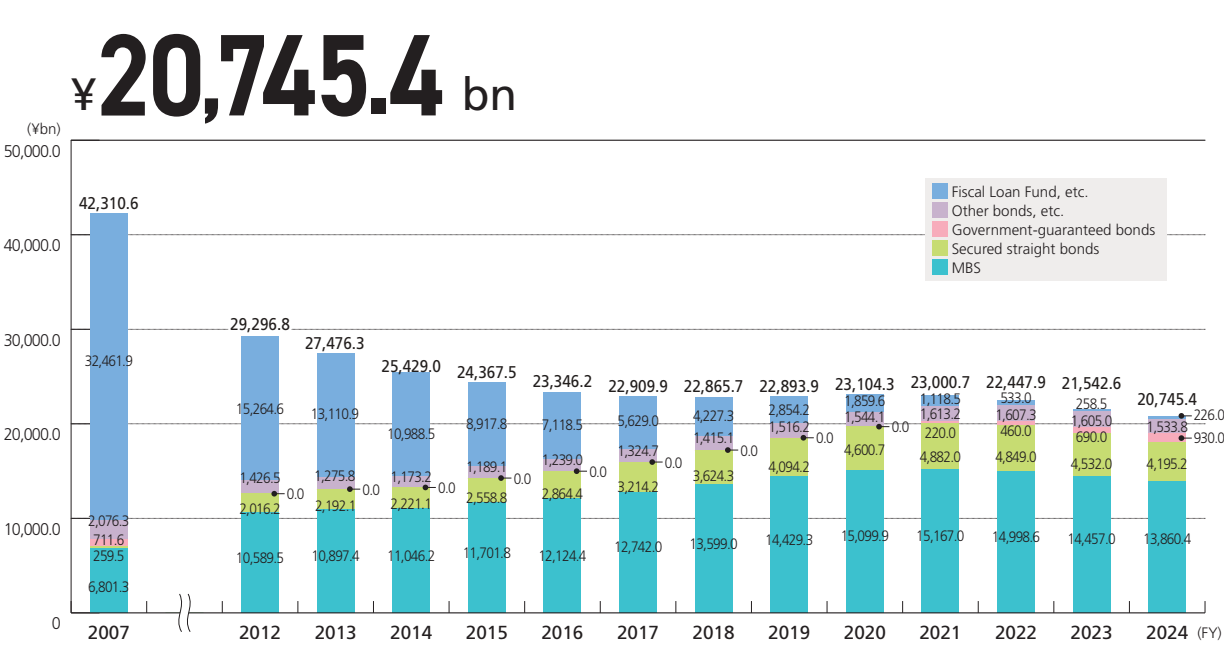
*3 The cumulative amount paid into the national treasury through fiscal 2023 was ¥272.4 billion, and the amount paid into the national treasury in fiscal 2024 was ¥10.6 billion.

Assets (total of loans purchased and originated)



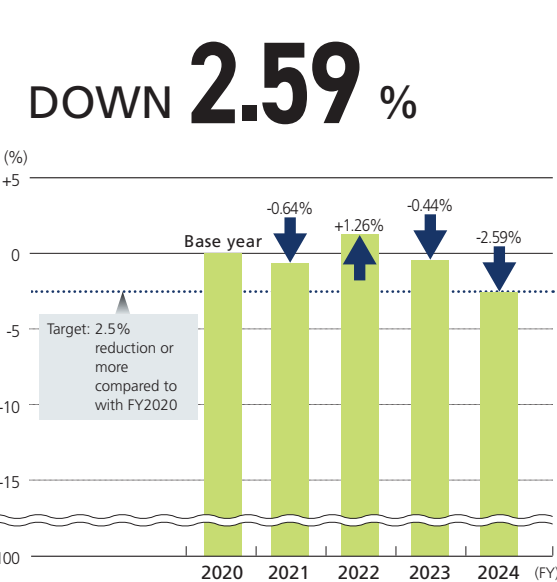
Assets (total of loans purchased and originated) as of the end of FY2024 amounted to approximately ¥22 trillion. Of this, the outstanding balance of Flat 35 (Purchase program) was about ¥18 trillion, accounting for 82% of JHF's assets (total of loans purchased and originated).

Liabilities (balance of bonds and borrowings)



Liabilities (balance of bonds and borrowings) as of the end of FY2024 amounted to approximately ¥21 trillion. Of this, the outstanding balance of JHF's MBS, secured straight bonds, and other financing from financial markets was approximately ¥21 trillion, accounting for 99% of JHF's liabilities (balance of bonds and borrowings). In addition, the outstanding balance of JHF borrowings from the Fiscal Loan Fund, which is managed by the government, was approximately ¥0.2 trillion.

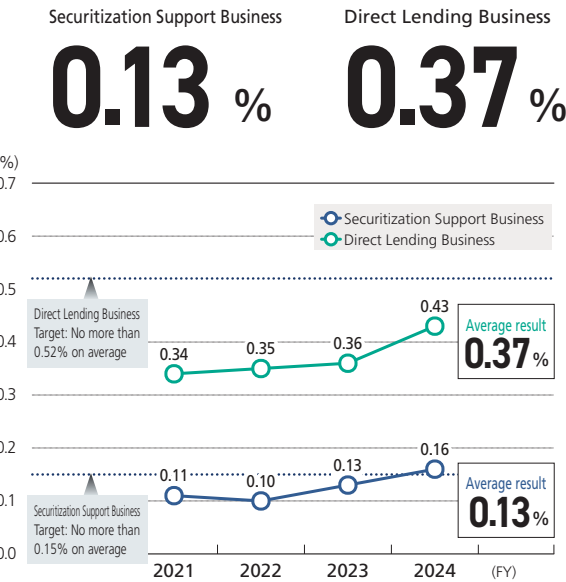
Administrative expenses



During the fourth medium-term target period (fiscal 2021 to fiscal 2024), the Agency aimed to reduce expenses by at least 2.5% compared to the end of the third period (fiscal 2020). As a result of efforts to manage expenditures appropriately, expenses in fiscal 2024 were reduced by 2.59%, 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

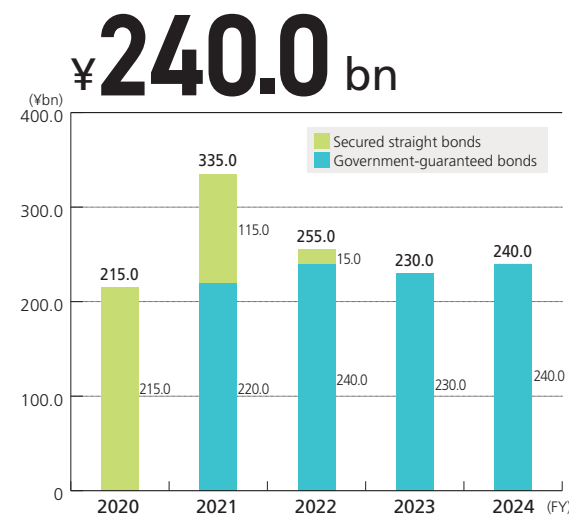


During the fourth medium-term target period (fiscal 2021 to fiscal 2024), the securitization support operations maintained an average expense ratio of 0.13%, achieving the target of 0.15% or lower. For the direct lending operations, the average expense ratio was 0.37%, also meeting the target of 0.52% or lower.

Notes: Expense ratio of Securitization Support Business: The ratio of total annual administrative expenses and bond issuance related expenses to the average annual outstanding balance of housing loans purchased.

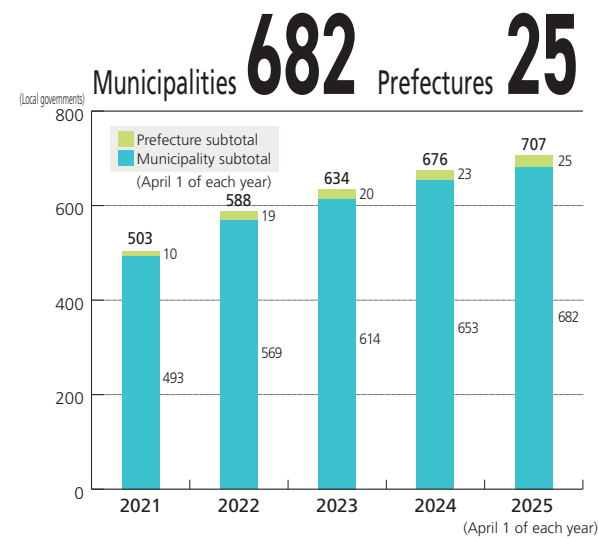
*Expense ratio of Direct Lending Business: The ratio of total annual administrative expenses and bond issuance related expenses to the average annual loan balance of housing loans originated.

Green bond issuance



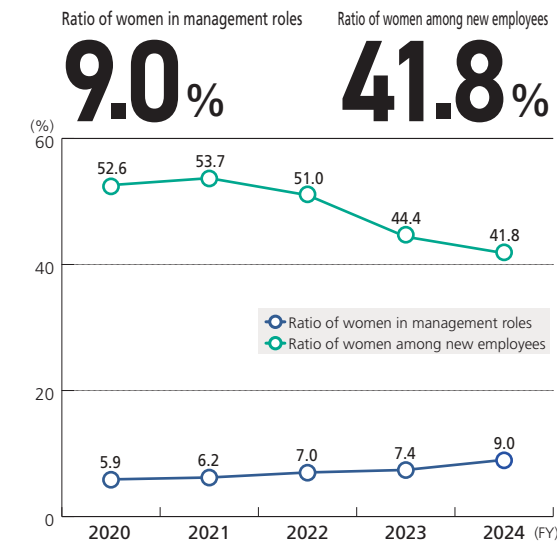
JHF issued Japan's first green bond (a secured straight bond) for funding housing loans in January 2019, and has continued to issue green bonds since. Starting in FY2021, JHF has issued government-guaranteed bonds in addition to these secured straight bonds.

Collaboration with local governments



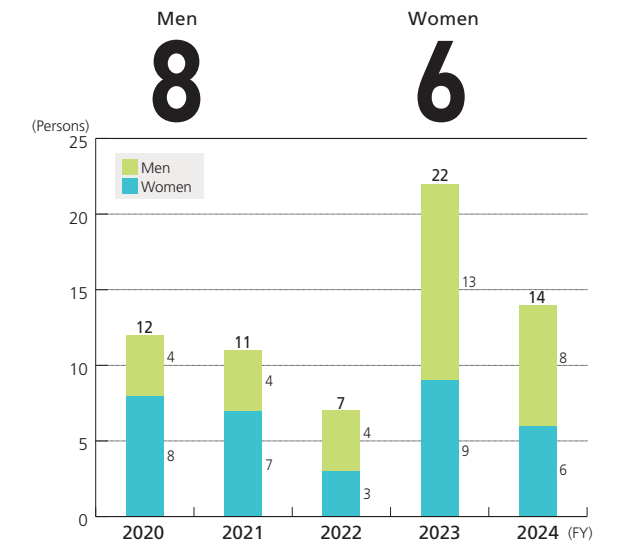
Through the Flat 35 Regional Partnership program, JHF supports home purchases together with local governments proactively engaging in solving regional policy issues such as childrearing support, rural in-migration support, compact city formation, utilization of vacant housing, disaster preparedness and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

Promotion of female staff members



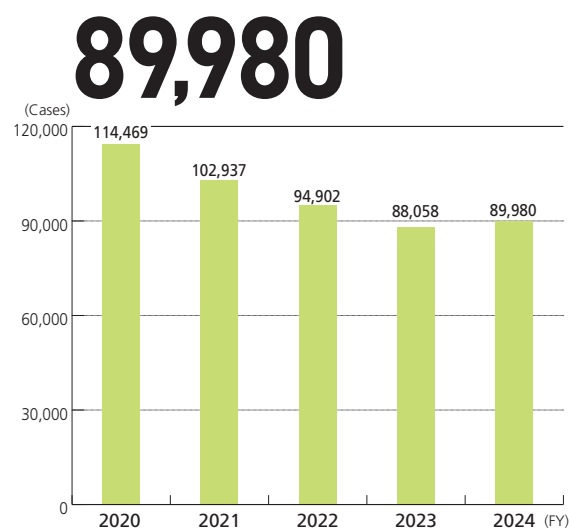
JHF is implementing initiatives for the empowerment of women in the workplace with the aim of creating an organization where a diverse workforce can play an active role and where each and every employee can achieve work-life balance. The ratio of women in hiring in FY2024 was 41.8%.

Number of employees taking childcare leave



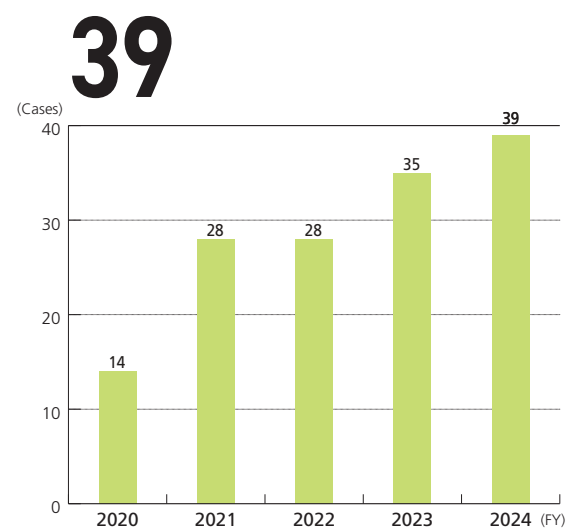
JHF is working toward a workplace environment that is considerate of the needs of each and every employee. This involves establishing support systems for work-life balance, including a childcare leave program.

Consultations received by the JHF customer call center



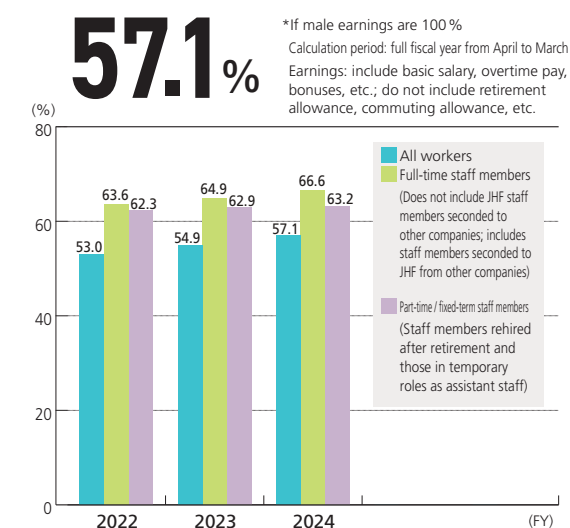
The JHF customer call center receives inquiries and general consultations from customers. We strive to provide compassionate support for disaster-affected individuals and others.

Support/information exchanges with institutions inside/outside Japan



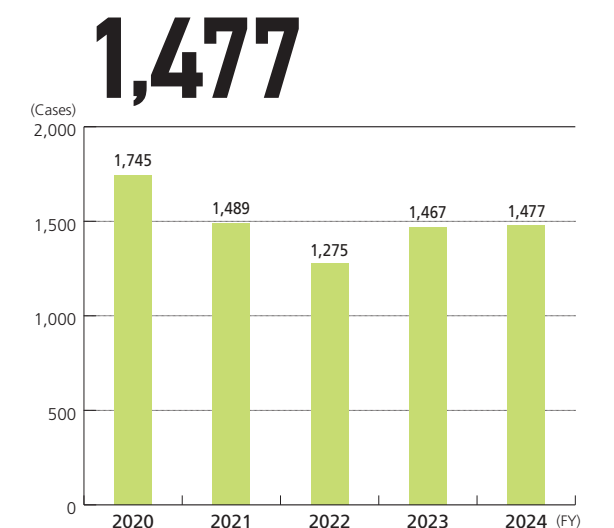
JHF is supporting the overseas expansion of Japanese businesses by increasing collaboration with various institutions, through training for institutions outside Japan, presentations at international conferences, information exchanges with institutions inside and outside Japan, etc.

Female earnings as a proportion of male earnings*



JHF formerly hired many female staff members for non-transferable positions. This, among other factors, has contributed to an earnings ratio of 66.6% for female full-time staff members. In recent years, new graduates have been hired under the same conditions regardless of genders. 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 96.5%.

Kaizen cases



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."

Response to the TCFD Recommendations

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 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.

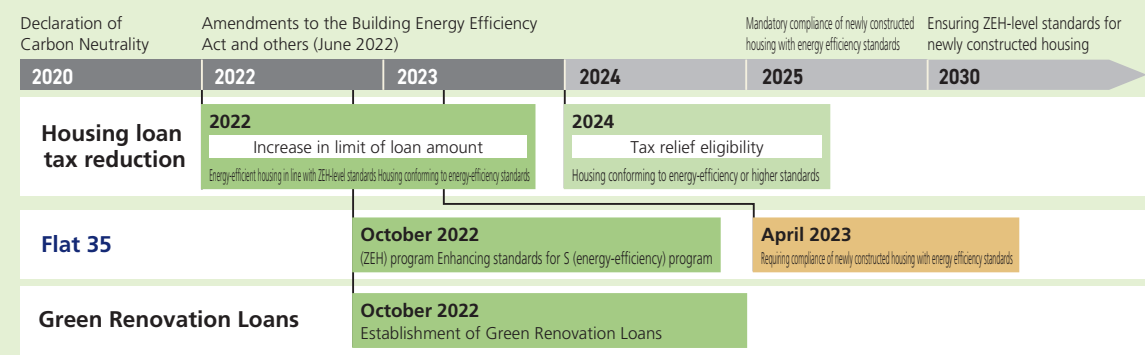
Governance

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

Strategy

Initiatives to achieve net-zero GHG emissions by 2050



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.

JHF helps to lower CO₂ emissions by working to promote highly energy-efficient housing through the Flat 35 S program.

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.

Loans for Construction of 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 addition, through Urban Development Loans (long-term project financing) and construction loans for Serviced Rental Housing for the Elderly, JHF contributes to improving energy efficiency in rental housing by offering lower interest rates for properties that meet the standards for long-lasting quality housing or its ZEH criteria.

Promoting the widespread adoption of green housing finance internationally

Based on the Act on Promoting Entry of Japanese Business Operators into Overseas Social Capital Projects (Act No. 40 of 2018), the Agency leverages

its expertise in promoting energy-efficient housing and issuing green bonds to support human resource development by providing training for overseas organizations.

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 FY2024. New green bonds and government-guaranteed green bonds issued in

ESG investment as part of JHF’s 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

Measurement of physical risks

JHF has calculated the losses it would suffer in the event of damage or destruction of properties securing Flat 35 housing loans as a result of increased flooding due to climate change, and found that the potential impact on its finances is limited.

FY2024 resulted in an annual reduction in CO₂ emissions of 7,147 tons.

(Note) Calculation method: Number of loans executed equivalent to the issue amount × CO₂ reduction compared to current average energy performance housing
For information on current CO₂ emissions of housing with an average energy performance level, please refer to JHF’s website.

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.

In fiscal 2024, the Agency purchased green bonds issued by 26 entities including Ishikawa Prefecture and Kyoto City, totaling ¥6.0 billion.

analyzed by Risk Management Committees for each type of risk and by the Board of Directors.

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 under Flat 35 and other programs. However, JHF regards the potential impact on its finances to be limited.

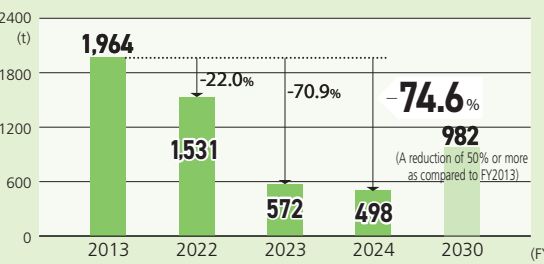
Metrics and targets

In fiscal 2022, JHF 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 by no less than 50% of 2013 levels by 2030, through efforts on measures such as introducing the use of electric vehicles as company cars, adopting LED lighting, and procurement of electricity generated from renewable energy sources.

In fiscal 2024, due in part to the use of renewable electricity at the head office building, JHF achieved a

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



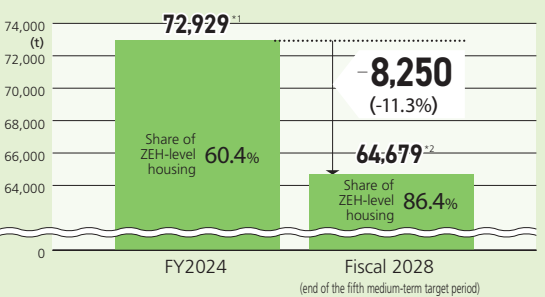
(Note) The graph above shows JHF’s estimated CO₂ emissions based on energy consumption, in accordance with the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain established by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

74.6% reduction in total greenhouse gas emissions compared with fiscal 2013.

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.

Quantitative target under the fifth medium-term targets

Estimated CO₂ reduction effect if the share of Flat 35 applications for newly built housing that meets technical standards equivalent to the ZEH level reaches the target



*1 Estimated based on the number of applications for Flat 35 and each Flat 35 S plan for newly built housing in fiscal 2024. For details on CO₂ emissions and other data for Flat 35 and Flat 35 S plans, please refer to the Agency’s website.

*2 Assumes that the number of Flat 35 applications in fiscal 2028 is the same as in fiscal 2024. The estimate assumes that, by the end of the fifth medium-term target period, the share of ZEH-level housing among all Flat 35 applications exceeds the target compliance rate set forth in the government’s Strategic Energy Plan. (The figure may vary depending on the actual progress toward the government’s target compliance rate.)



Corporate Data

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	¥694,958.42 million (as of March 31, 2025, 100% of the capital is provided by the Japanese government)
Number of executive officers and employees	943 (as of April 1, 2025)
Businesses	Securitization Support Business, Housing Loan Insurance Business, Loan Origination Business, etc.
Offices	Head office: 1-4-10 Koraku, Bunkyo-ku, Tokyo, Japan 112-8570 Branch offices: 8 offices in major Japanese cities
Size of mortgage portfolio	¥22.0156 trillion (as of March 31, 2025) (Of which, purchased loans: ¥18.1047 trillion)

