

# Overview of Japan Housing Finance Agency



December 5<sup>th</sup>, 2024

# 1. Corporate Profile



|  |   |
|--|---|
| Established:   | in April 2007 (Former Government Housing Loan Corporation (GHLC) was established in 1950)   |
| Total Assets <sup>1</sup> :<br>Capitalization <sup>1</sup> : | 26,180billion JPY (app. 174.5 billion USD)<br>692 billion JPY (app. 4.61billion USD)<br><b>*All paid in by the Government of Japan</b>  |
| Net Income <sup>2</sup> :                                    | 219 billion JPY (app. 1.46billion USD)  |
|  | 1 USD = 150 JPY   |
| Supervising Authorities:                                     | <ul style="list-style-type: none"><li>- Ministry of Land, Infrastructure, Transport and Tourism (MLIT)</li><li>- Ministry of Finance (MOF)</li></ul>  |
| Number of executive officers and employees <sup>3</sup> :    | 941   |
| Head Office: Regional Office:                                | Tokyo, Japan<br>8 offices in major cities   |
| Main line of business:                                       | <ul style="list-style-type: none"><li>- Securitization Support Business (Secondary market operation)</li><li>- Loan Origination Business</li><li>- Housing Loan Insurance Business</li><li><b>*Domestic Finance Only</b></li><li>- Promotion of Quality Housing</li><li>- International Affairs</li></ul> |

# 1. Corporate Profile

## Social issues (Policy issues)



**Lifestyle changes and diversification**



**Increased frequency and severity of natural disasters**



**Declining birthrate and aging population**



**Advancement of climate change**



**Housing stock surplus and underdeveloped secondary market**

## Business model

Securitization  
Support  
Business

Making effective use of the management capital needed by our three businesses to provide financial services throughout Japan

Housing Loan  
Insurance  
Business

Loan  
Origination  
Business

## Outcomes

1

Shift to a decarbonized society through the evolution of housing

2

Sustainable housing stock for a better future

3

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

4

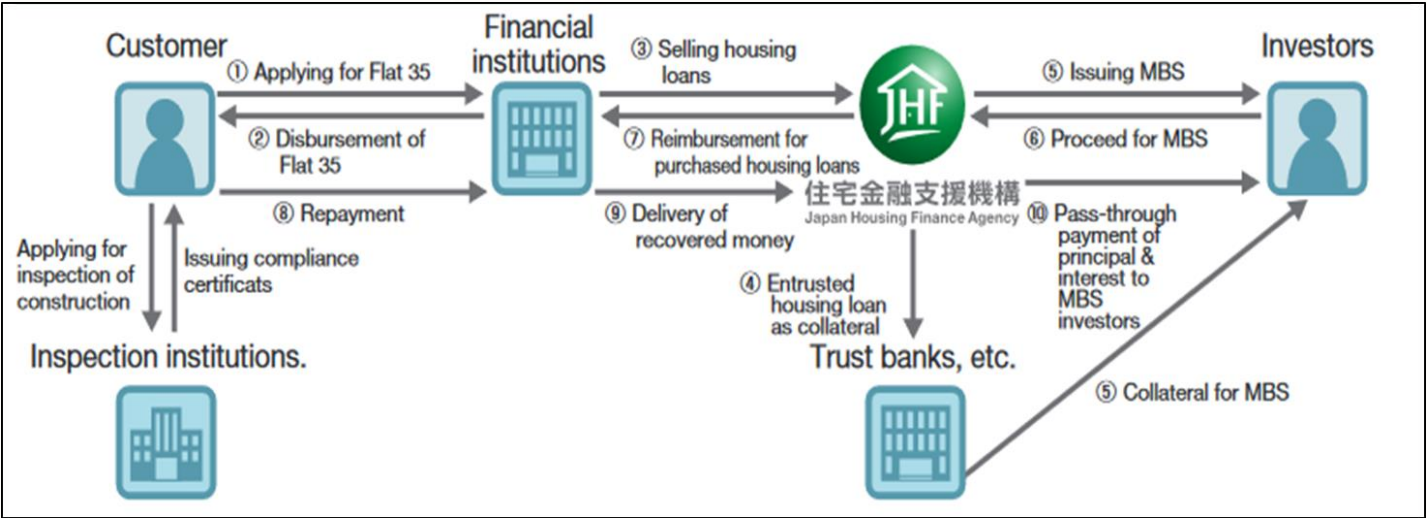
Development of housing resilient to disasters

5

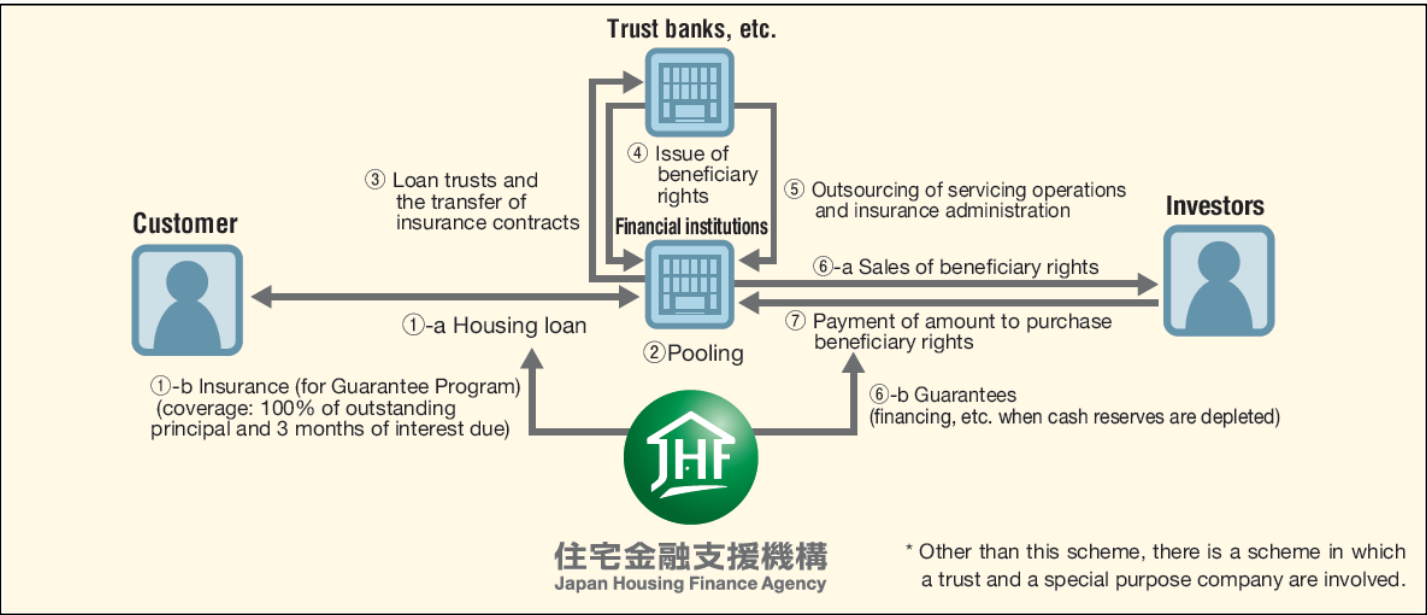
The security of housing which meets the needs of diverse lifestyles

### 3. Major Business (Securitization Support)

#### Flat35 (Purchase Program)



#### Flat35 (Guarantee Program)

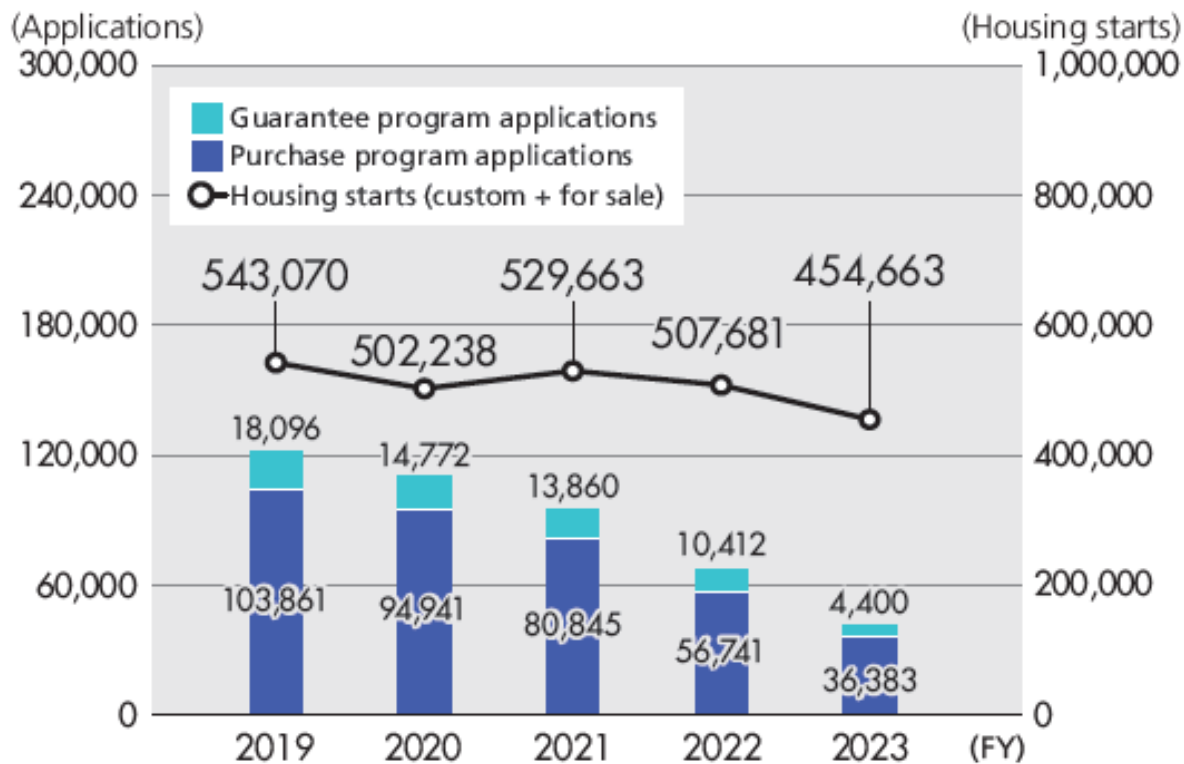


### 3. Major Business (Securitization Support)

Facilitating the supply of long-term fixed-rate mortgage by private financial institutions.

JHF has established the business environment which stably supplies long-term fixed-rate financing to all homebuyers throughout Japan

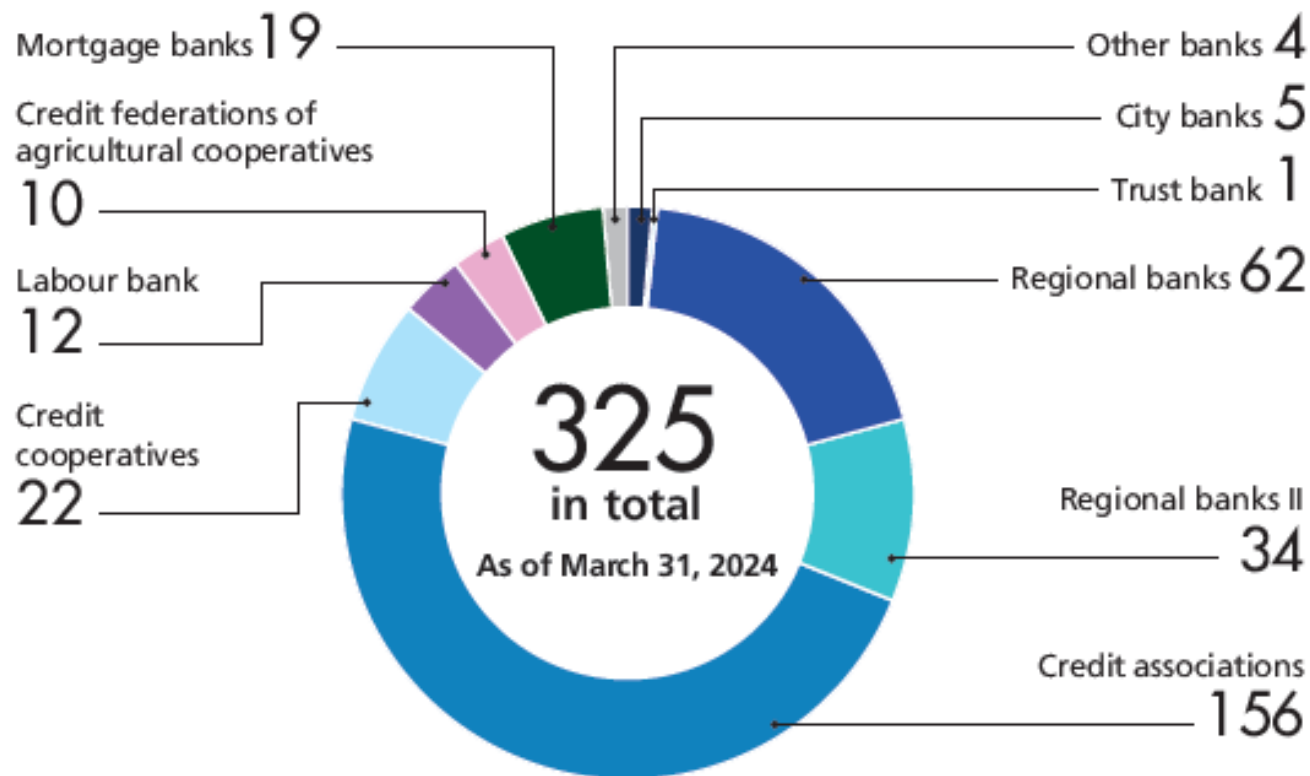
**Purchase and guarantee applications**





### 3. Major Business (Securitization Support)

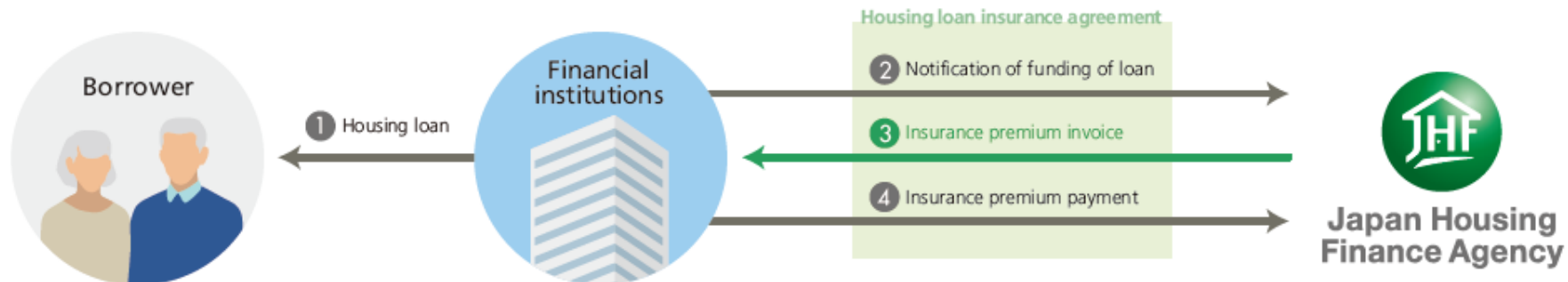
#### Financial institutions participating in Flat 35 (purchase program)\*1



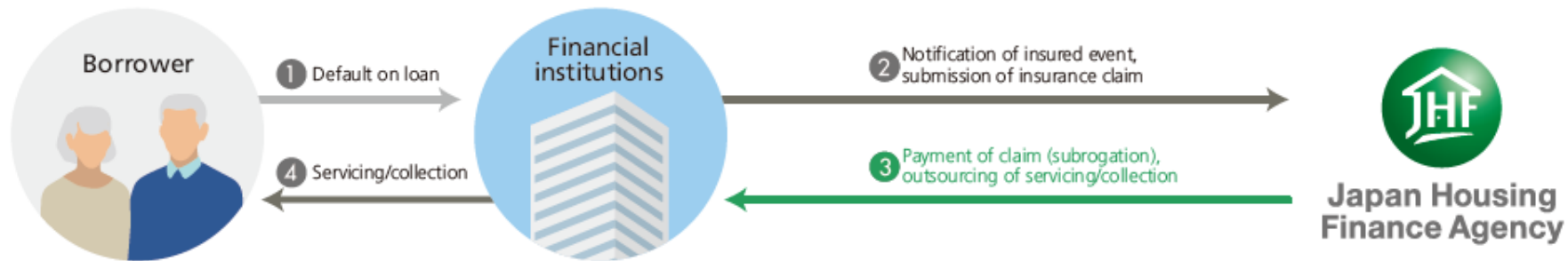
\*1 Some participating financial institutions have temporarily stopped accepting new applications (as of March 31, 2024).

### 3. Major Business (Housing Loan Insurance)

From signing of insurance agreement until insurance comes into force

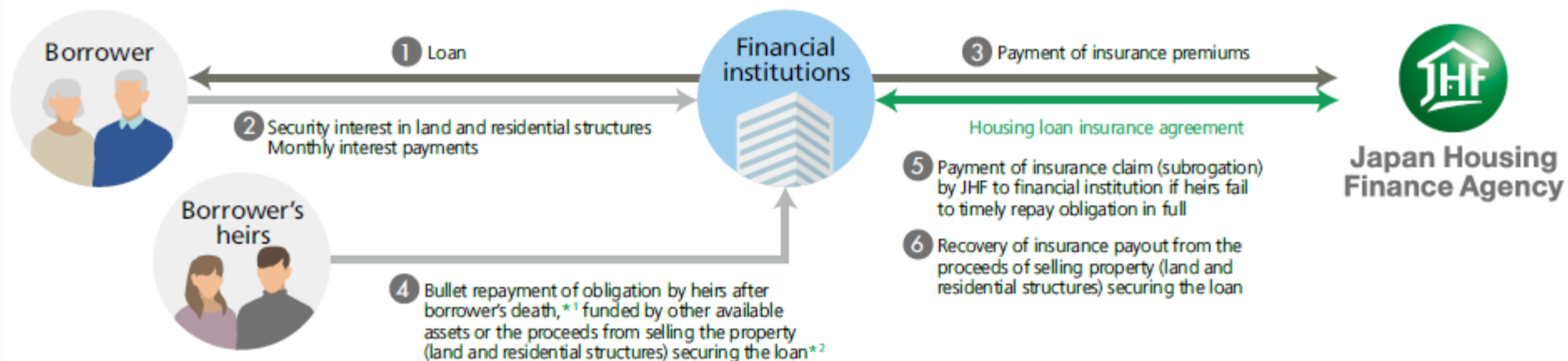


Insurance claim procedure



### 3. Major Business (Housing Loan Insurance)

#### Reverse 60 Structure



#### Main features



<sup>\*1</sup> In the case of joint borrowers, principal is repayable after both borrowers have died.

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

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

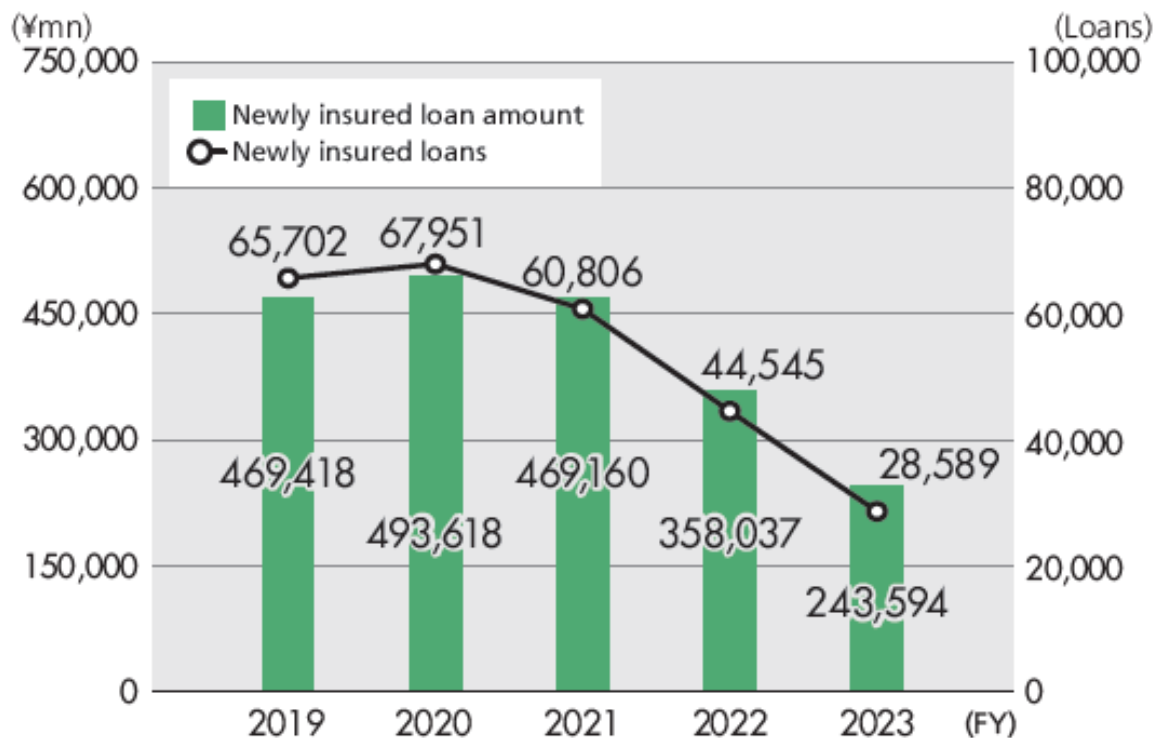


### 3. Major Business (Housing Loan Insurance)

Enabling private financial institutions to provide funds required by housing policy.

JHF has established the business environment which facilitates the supply of funding required by housing policy.

Newly insured loans and loan amount



### 3. Major Business (Loan Origination)

Complementing funding to market segments underserved by private financial institutions

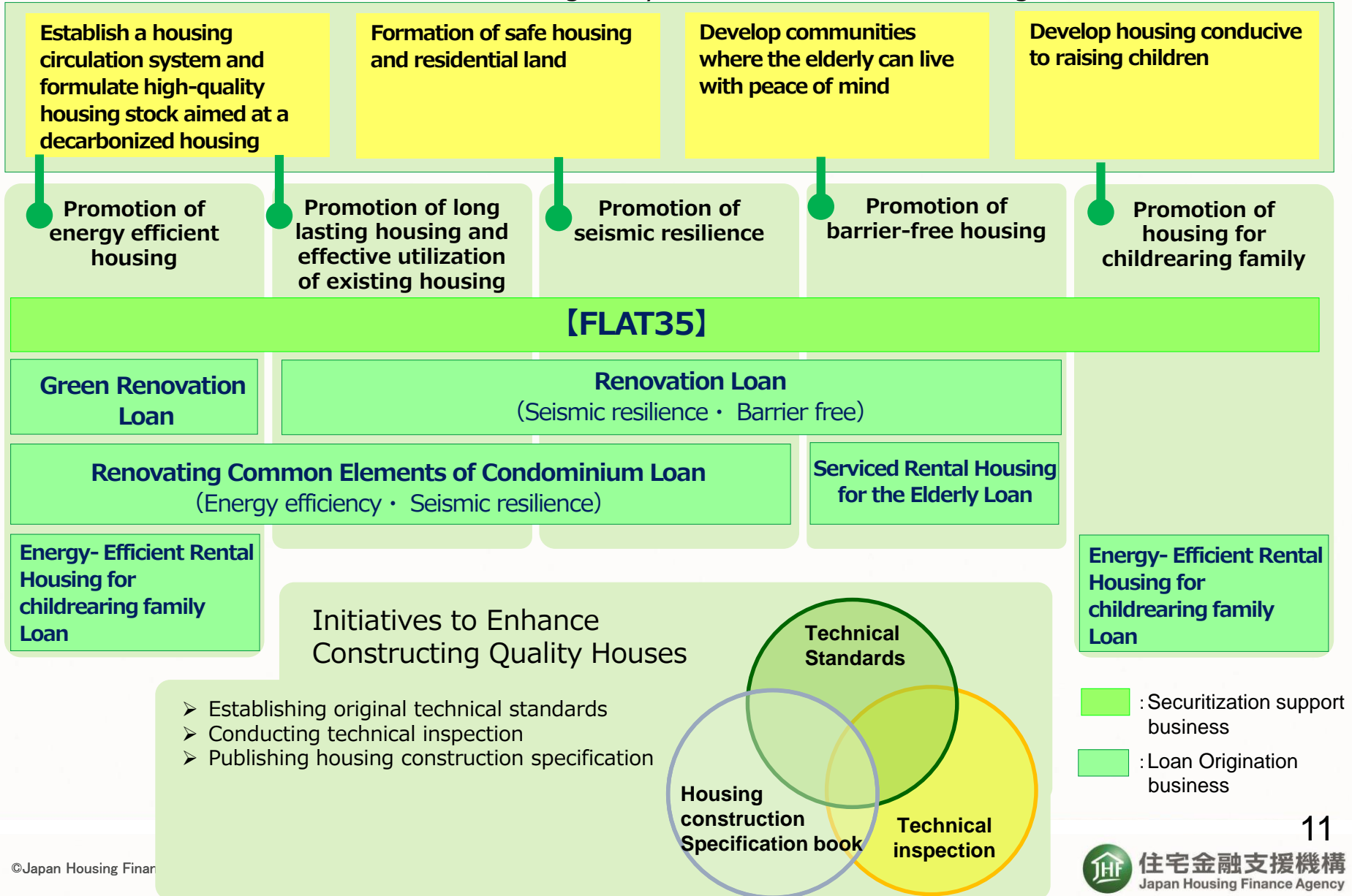
JHF has provided the policy-oriented direct loans to the market segments underserved by the private financial institutions.



| Policy area   |
|---|
| Reconstruction of disaster-damaged housing          |
| Disaster preparedness                               |
| Housing stability for the elderly                   |
| Support for childrearing families                   |
| Development of safe residential communities         |
| Maintenance and revitalization of condominium stock |
| Seismic reinforcement of housing stock              |

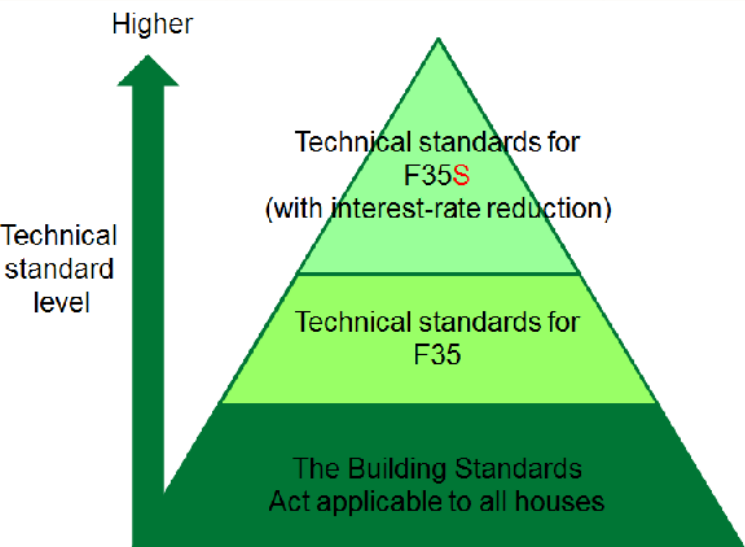
### 3. Major Business (Promotion of quality housing)

#### National Housing Policy <The Basic Plans for Housing>



### 3. Major Business (Promotion of quality housing)

JHF has established the technical standards for Flat35. The standards are largely divided into essential standards and additional standards for Flat35S. Specifically, JHF reduces interest rates for a certain period for housing that is highly energy efficient, earthquake-resilient, barrier-free, durability and flexibility performance to attract consumers to the high quality housing.



#### Types of housing applicable for Flat 35S

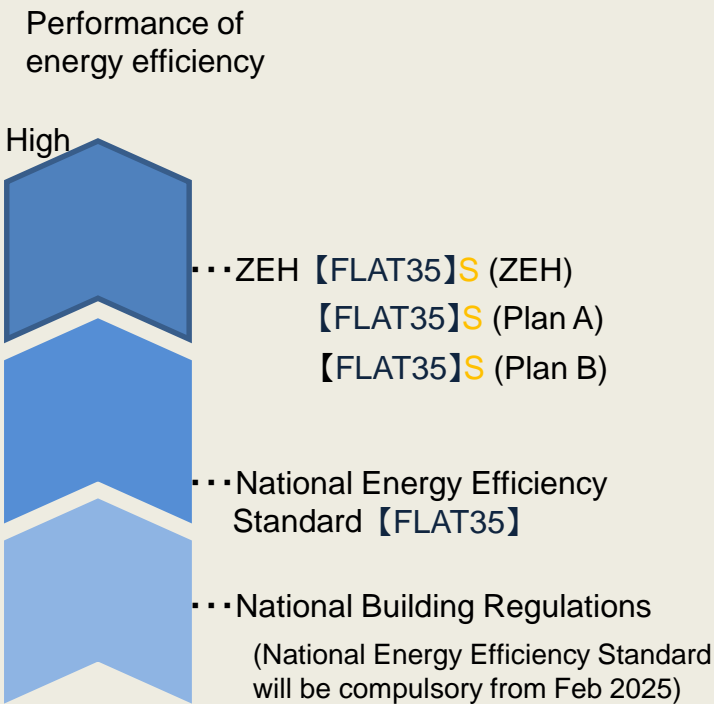
| Eligible housing and terms and conditions                                   |   |  |  |
|---|---|--|--|
| Energy efficiency   | Earthquake resistance   | Barrier-free design  | Durability/modifiability                                       |
|   |   |  |  |
| Cool in the summer, warm in the winter!<br>Lower heating and cooling costs! | Protects families from earthquakes!<br>Eligible for earthquake insurance discounts! | Easier mobility in old age!<br>Reduces renovation work in life after retirement! | Durable and long lasting!<br>Reduces future maintenance costs! |

Eligible for application from April 1, 2024 to March 31, 2025

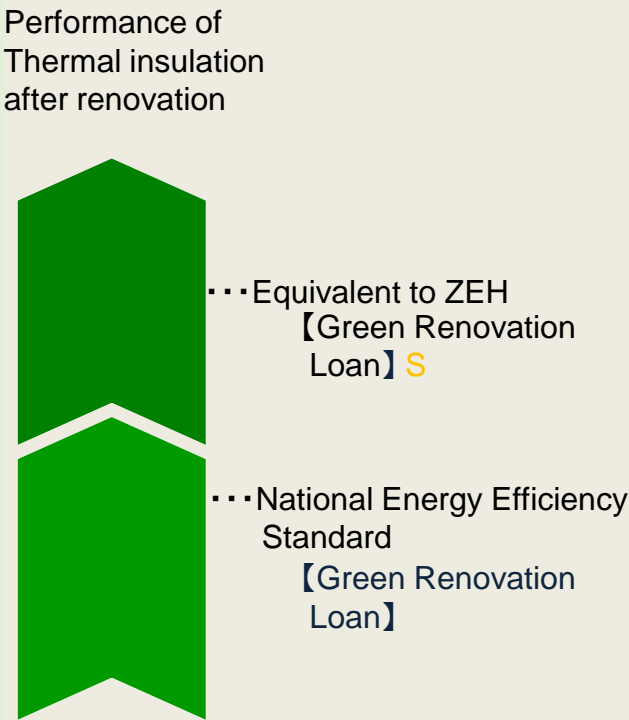
| Interest-rate reduction plan |        | Duration of interest-rate reduction | Range of interest-rate reduction from Flat35 |
|------------------------------|--------|-------------------------------------|--|
| Flat 35S (ZEH Plan)          |        | First 10 years                      | 1st - 5th year : 0.50%                       |
|                              |        |                                     | 6th - 10th year : 0.25%                      |
| Flat 35S                     | Plan A | First 10 years                      | 0.25%  |
|                              | Plan B | First 5 years                       | 0.25%  |

# 4. Green Initiatives

## Construction / Purchase highly energy efficient housing

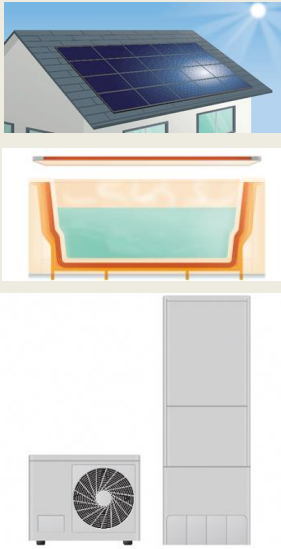


## Retrofitting work of installing thermal insulations or double glazed windows



## Retrofitting work of installing highly energy efficient equipment

- ◆ Photovoltaic system
- ◆ Highly thermal insulated bathtub
- ◆ Highly energy efficient water heater

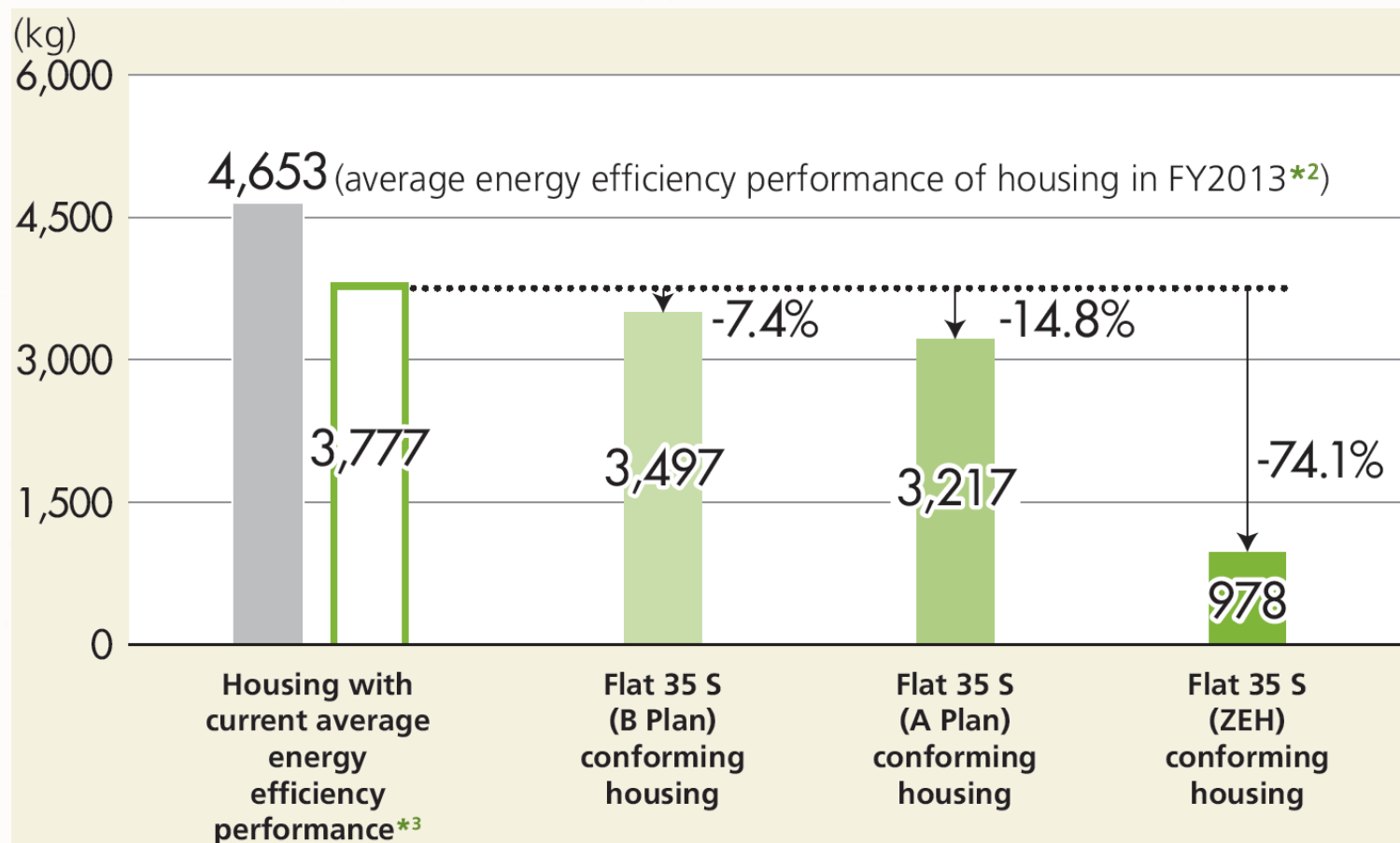


【Green Renovation Loan】



## 4. Green Initiatives

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



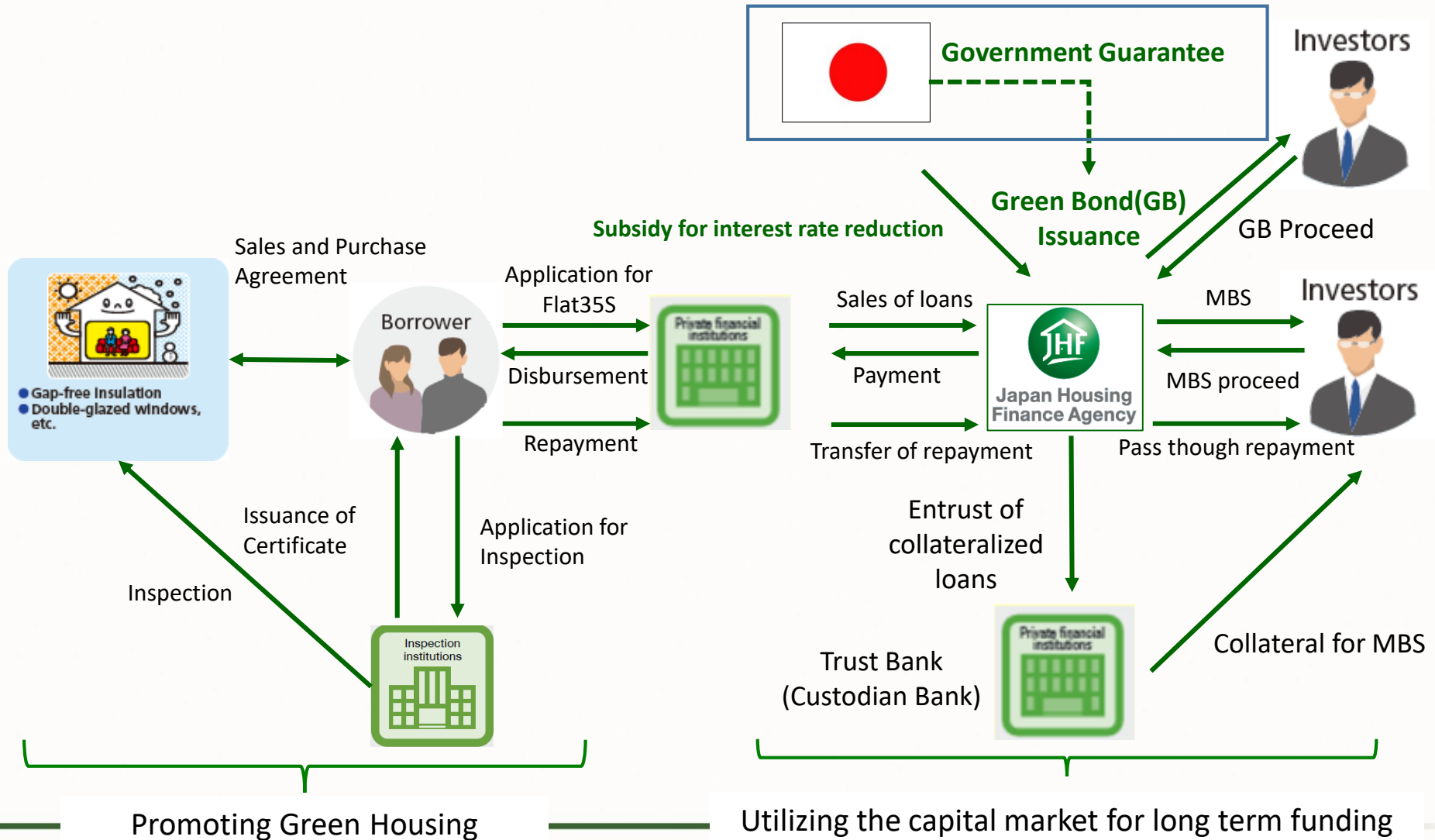
\*1 The graph above presents CO2 emissions from the primary energy consumption of single detached houses (regional classification 6 [23 wards of Tokyo, etc.], 120m<sup>2</sup> in area, with heating systems in habitable rooms) estimated based on the Building Energy Efficiency Act.

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

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

## 4. Green Initiatives

Reference: Flat35S (Energy Efficiency) framework \*Simplified

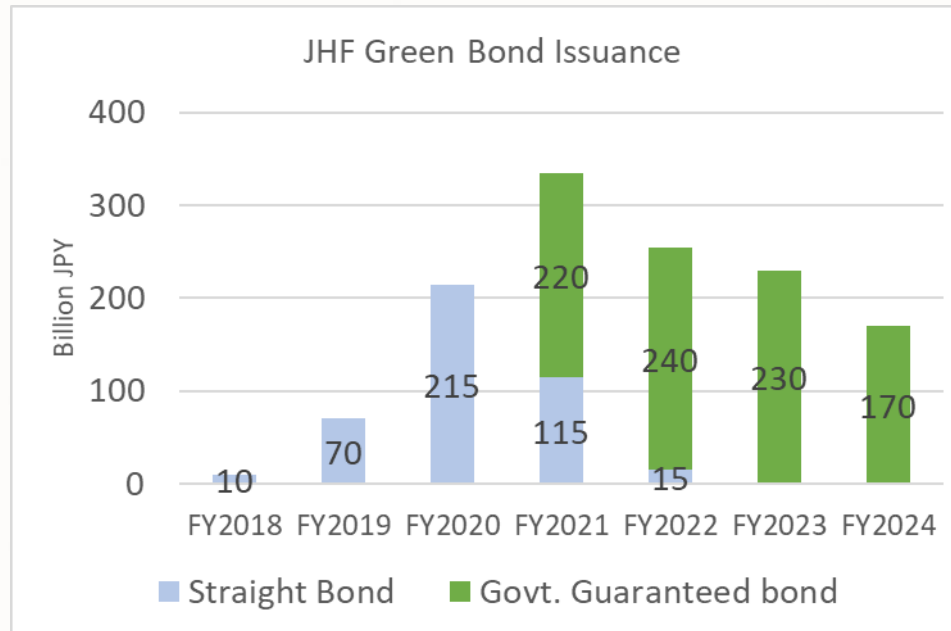


## 4. Green Initiatives

### Green bond issuance

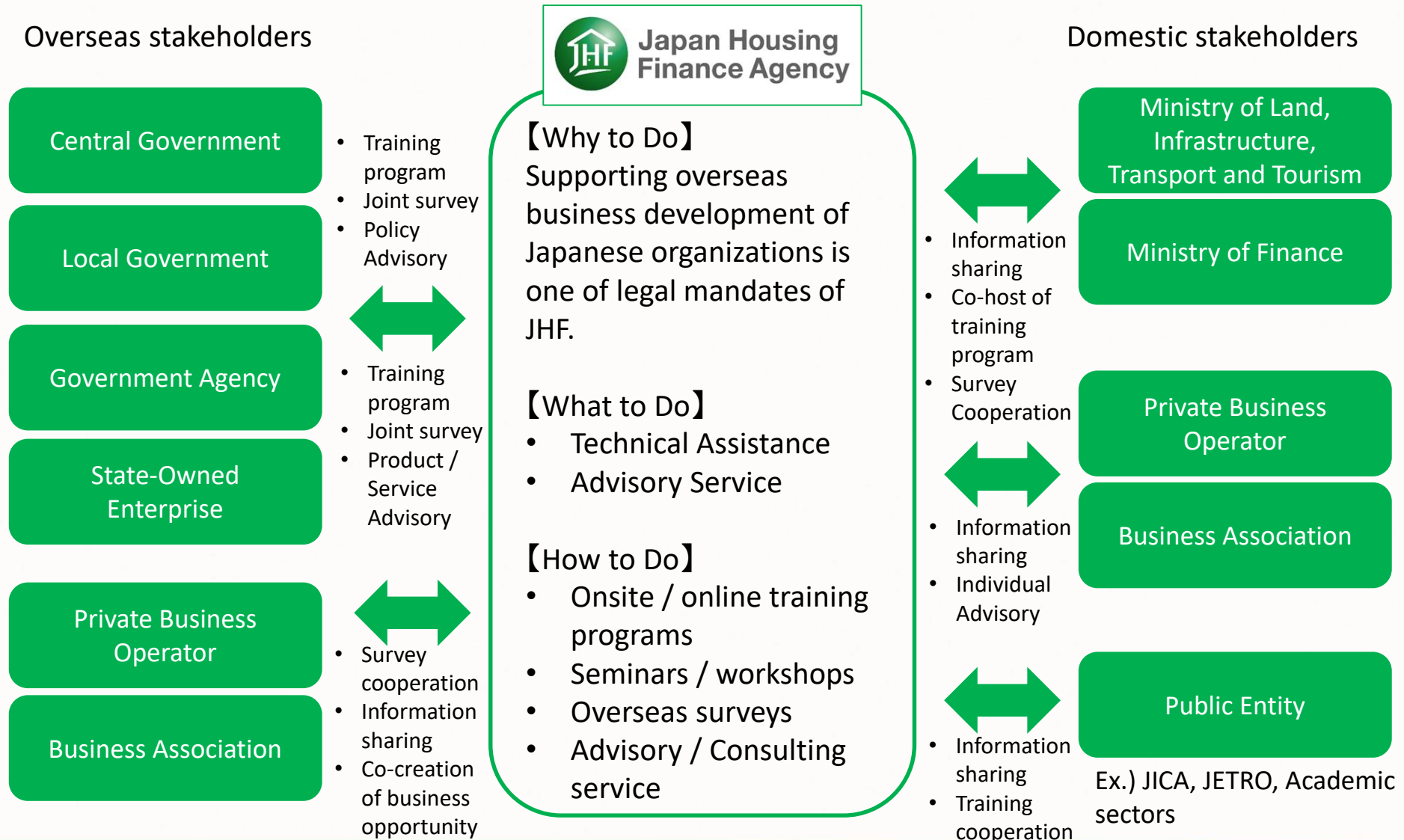
- JHF issues green bonds to fund purchases of housing loans secured by superior energy-efficient housing.
- In FY2021, JHF issued Japan's first government-guaranteed green bond, making further contributions to the realization of a decarbonized society together with the national government.
- The third party review was conducted by Rating and Investment Information, Inc. (R&I) to confirm compliance with Green Bond Principal 2021 set by International Capital Market Association (ICMA).

### Issue Volume (Billion JPY)



(As of November, 2024)

# 5. International Affairs (Stakeholders Framework)



## 5. International Affairs (Data Collection Survey: FY2023)

- JHF conducted the “Data Collection Survey on Housing Market and Housing Finance in Vietnam” to support the Japanese business development in Ho Chi Minh City.
- Through this survey, JHF has established the cooperative relationship with the stakeholders in Vietnam, in particular Ho Chi Minh City.



Ho Chi Minh City  
Department of Construction



Ho Chi Minh City  
Real Estate Association



## 5. International Affairs (Training Program)

- JHF hosted “Training Program for Affordable and Green Housing Development in Indonesia” from October 28 to 31, 2024. Delegates from Ministry of Public Works and Housing (PUPR), Ministry of Finance (MOF), PT Sarana Multigriya Finansial (SMF), Bank Tabungan Negara (BTN) and Badan Pengelola Tabungan Perumahan Rakyat (BP Tapera) attended the program.
- The program aimed to be an opportunity to learn the knowledge and experience in Japan for further development of Indonesian housing market and housing finance.



## 5. International Affairs (Training Program)

- Cagamas and JHF has started the trainee exchange program based on the Memorandum of Cooperation signed in 2019.
- In July, Cagamas kindly welcomed the delegates from JHF and provided a series of sessions on topics such as the housing finance market in Malaysia, the basics of Islamic finance, and discussions with a local commercial bank.
- In return, JHF accommodated the delegates from Cagamas in November.

