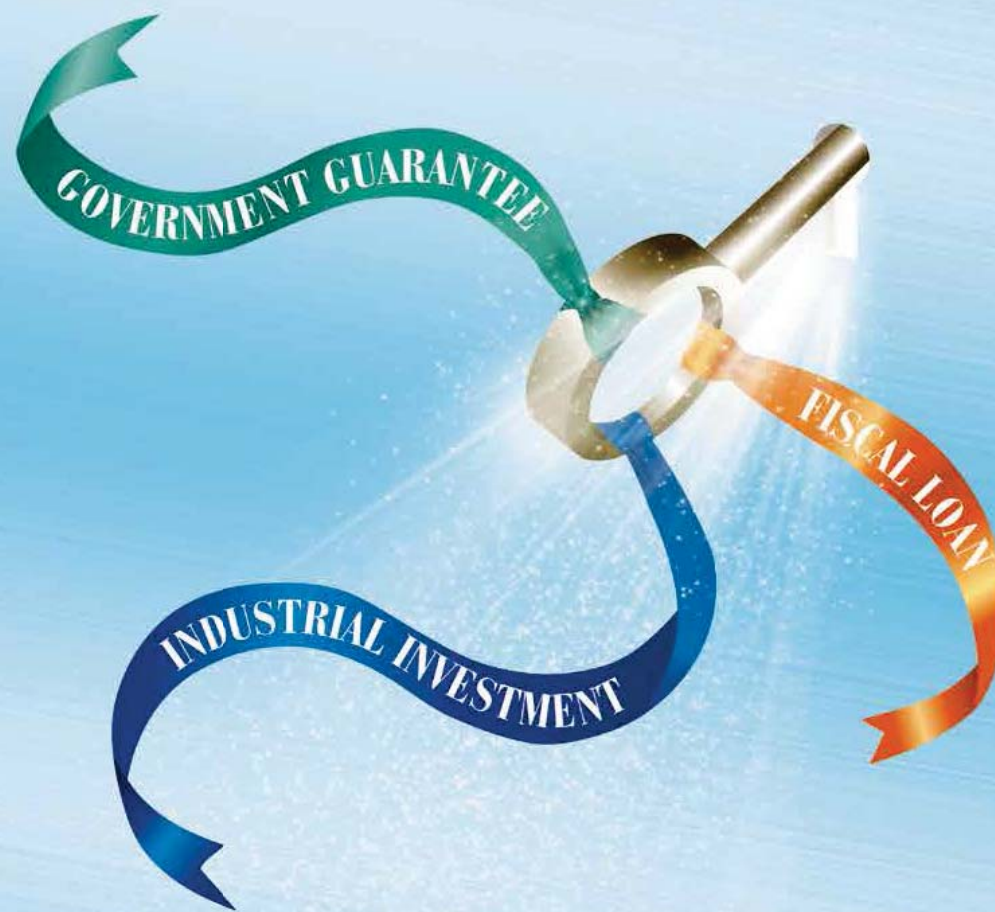
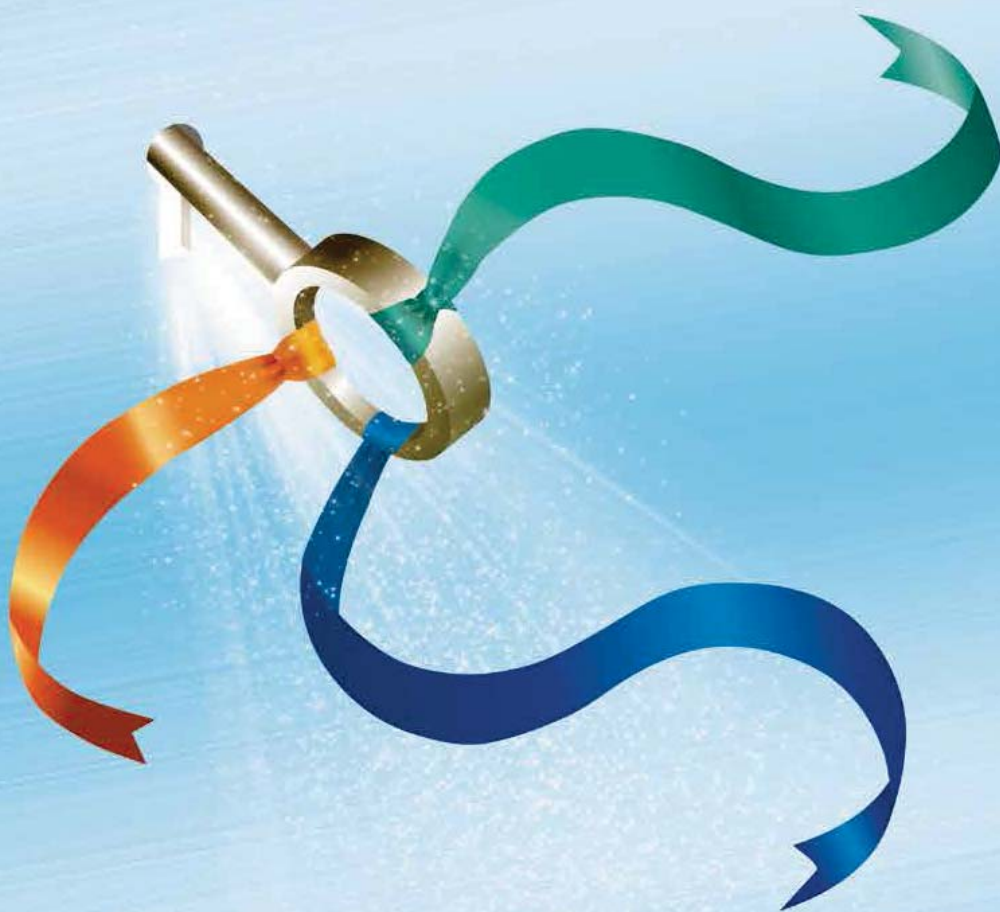


■ This report is also available on the Internet
http://www.mof.go.jp/english/filp/filp_report/zaito2015/index.html

FILP REPORT 2015

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Financial Bureau, Ministry of Finance

What is FILP? (Introduction)

FILP (Fiscal Investment and Loan Program) represents the government's investment and lending operations by procuring capital through the issuance of FILP bonds (a kind of Japanese Government bonds) and other means. The program provides long-term, fixed- and low-interest loans and long-term risk money for projects that are required politically and for which reliable payment is expected but which are difficult for the private sector to handle. Specifically, FILP uses three methods of loan (fiscal loan), investment (industrial investment) and guarantee (government guarantee) to provide funds through government-affiliated financial institutions and other organizations for such purposes as supporting cash flow for small and medium-sized enterprises, providing scholarship loans and securing interests in overseas resources.

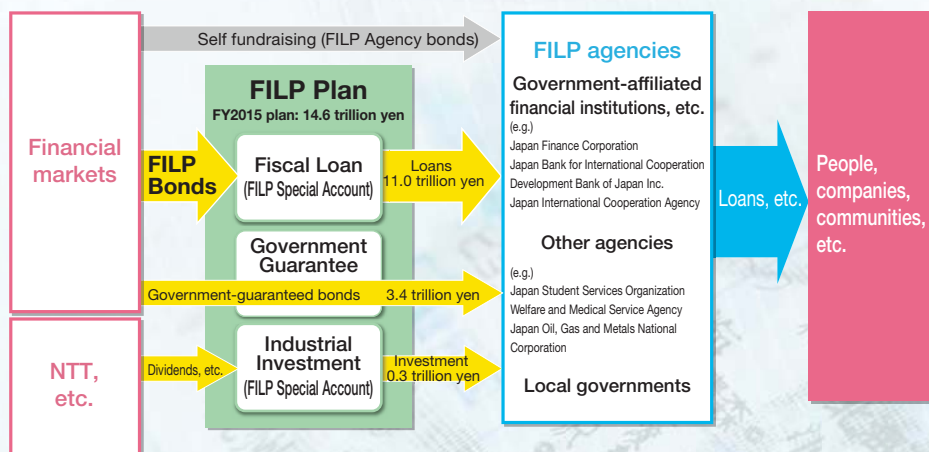
Given the current severe fiscal conditions in Japan, FILP has apparently grown even more important as a fiscal measure that does not depend on tax revenue.

In this report, we have made every attempt to explain the mechanism, targets and other details of FILP, attempting to deepen your understanding about FILP. The report also explains the latest FILP data.

The Financial Bureau looks forward to your comments, and we will continue to enhance and improve this booklet.

Financial Bureau
Ministry of Finance
August 2015

Mechanism of FILP



(Note) Figures may not add up to the total because of rounding.

Photographs courtesy of

- Special Account for Energy Policy ● National Hospital Organization ● Japan International Cooperation Agency ● Urban Renaissance Agency
- Private Finance Initiative Promotion Corporation of Japan ● Japan Bank for International Cooperation ● Center for National University Finance and Management
- Japan Finance Corporation ● Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan ● The Shoko Chukin Bank, Ltd.
- Japan Water Agency ● Japan Oil, Gas and Metals National Corporation ● Special Account for Stable Supply of Food ● Development Bank of Japan Inc.
- Japan Railway Construction, Transport and Technology Agency ● Wakayama City, Wakayama Prefecture ● Tosu City, Saga Prefecture
- Marugame City, Kagawa Prefecture ● Fund for the Promotion and Development of the Amami Islands ● Welfare and Medical Service Agency
- Forestry and Forest Products Research Institute ● The Okinawa Development Finance Corporation
- The Promotion and Mutual Aid Corporation for Private Schools of Japan ● Local governments

I Outline of Fiscal Investment and Loan Program (FILP)

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(Note) Terms marked with † appear for the first time in this booklet and are included in the glossary.

I Outline of Fiscal Investment and Loan Program (FILP)



Special Account for Energy Policy / National Stockpiling Project / Kamisu National Petroleum Gas Stockpiling Base / Kamisu City, Ibaraki Prefecture

1. Functions and Features of FILP

Functions of FILP

Generally, in a capitalist economy, goods and services are distributed according to the market mechanism. If the market mechanism were completely left to govern the economy, however, the following problems and others would be expected to emerge:

- Goods and services will fail to be supplied sufficiently to meet demand for the entire society.
- Drastic economic inequalities will arise.

Fiscal policies or the government's economic operations are implemented to solve those problems. There are two categories for funds provided by the government to execute fiscal policies:

- 1 **Grant funds** that do not impose a repayment obligation, including subsidies and other budgetary measures financed mainly by tax revenues.
- 2 **Loan funds** that are provided as loans or investment on the precondition of future returns such as principal redemption, interest

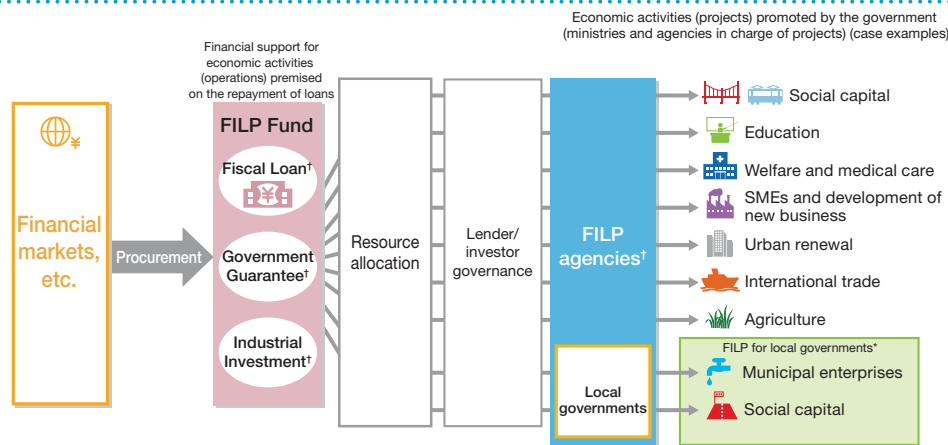
income and dividends.

FILP represents a fiscal policy using "loan funds" without depending on tax revenues. It provides funds in the form of loans or investment to fields where it is difficult for private sector financial institutions to provide funds, promoting smooth fund flow and social and economic problem solutions, and creating demand and employment.



National Hospital Organization / Hospital Project / Niigata Hospital, National Hospital Organization / Kashiwazaki City, Niigata Prefecture

Functions of FILP



Features of FILP

FILP represents fiscal policy using "loan funds." Projects using loan funds have the following features:

• Reducing the Tax Burden

Fiscal Loan uses funds procured at low interest based on the national credit through the issuance of FILP bonds.[†] Their redemptions and interest payments are covered by the principal and interest repaid by the borrowers of Fiscal Loan. Therefore, the tax burden is reduced.

When government-affiliated agencies or incorporated administrative agencies execute business using Fiscal Loan, subsidies/grant-in-aid from the General Account are sometimes used at the same time. Even in such cases, the tax burden is lighter than when the business is executed only with the use of subsidies/grant-in-aid, etc.

• Efficient Execution of Business

When the government supports a specific business for a policy reason, providing loans instead of subsidies may raise cost consciousness and improve the efficiency of business execution due to the need for repayment.

• Realization of Beneficiary Liabilities

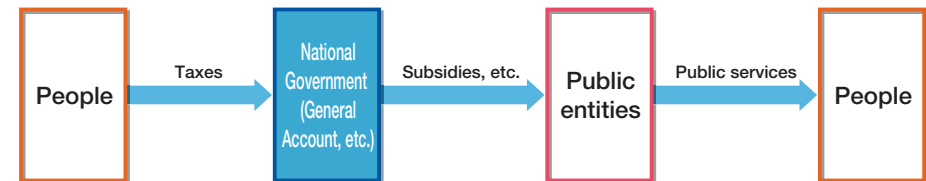
From the viewpoint of fairness, it is appropriate that those who receive the benefits from the construction and improvement of specific public property (beneficiaries) bear the costs or fees to match their benefits.



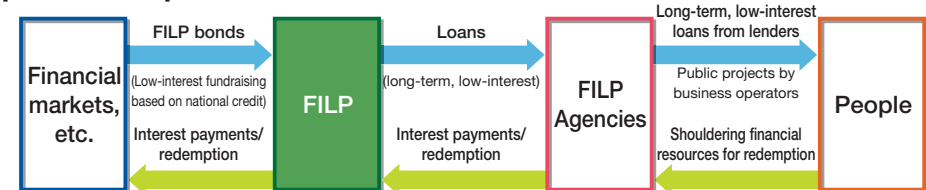
Japan International Cooperation Agency / Nhat Tan Bridge (Vietnam-Japan Friendship Bridge) Construction Project / Nhat Tan Bridge / Hanoi City, Vietnam

• Difference of Fund Flow between Subsidies, etc. from the General Account and FILP

[Fund Flow of Subsidies, etc. from the General Account]



[Fund Flow of FILP]



[†] Support provided focusing on economic activities implemented by local governments (i.e. activities that are worthy of support by the national government)

2. Mechanism of FILP

There are three methods for supplying funds under FILP: (1) Fiscal Loan, (2) Industrial Investment and (3) Government Guarantee

(1) Fiscal Loan

The Fiscal Loan utilizes the Fiscal Loan Fund¹ consisting of funds procured through the issuance of FILP bonds and funds such as reserves¹ or surplus funds deposited from special government accounts to provide long-term, fixed- and low-interest loans to special government accounts, local governments, government-affiliated agencies, incorporated administrative agencies, etc.

The Fiscal Loan Fund is accounted for in the Fiscal Loan Fund Account of the FILP Special Account.¹

Because Article 1 of the Fiscal Loan Fund Act requires Fiscal Loan Fund management to be "secure and efficient," Article 10 of the Act limits Fiscal Loan Fund targets to national and local governments, government-affiliated agencies, etc. to secure the safety and public nature of the funds.

(2) Industrial Investment

The Industrial Investment is the investment (mainly capital subscription) for industrial development and trade promotion, using such funds as national treasury payments by the Japan Bank for International Cooperation and dividends from NTT and JT shares held by the Investment Account of the FILP Special Account.

The Industrial Investment is accounted for in the Investment Account of

the FILP Special Account.

In contrast to the Fiscal Loan, which requires fixed interest, the Industrial Investment provides funds for essential policy projects that have potential returns but cannot be funded sufficiently by the private sector alone because of their high risk.

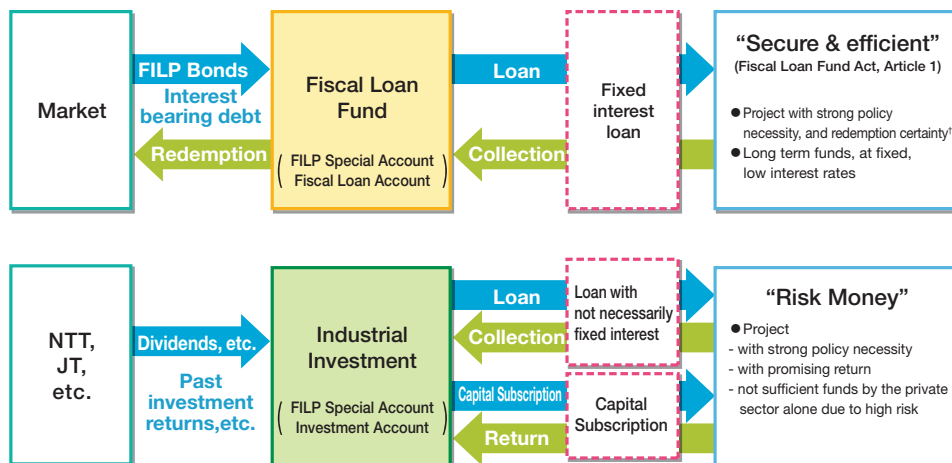
(3) Government Guarantee

The Government Guarantee is the guarantee provided by the government for bonds issued in financial markets by and loans to agencies (e.g. government-affiliated agencies, incorporated administrative agencies). Due to the Government Guarantee, FILP Agencies can procure funds necessary for business in a smooth and efficient way.

Given that government-guaranteed bonds represent debt off the government's balance sheet and that the FILP reform¹ has introduced loans from the Fiscal Loan Fund raised through FILP bonds (carrying lower interest than government-guaranteed bonds), the government has been trying to reduce government-guaranteed bond issues as much as possible.

Based on "The FILP: its challenges and future perspective" (see P10), the government recently continues to strictly screen individual Government Guarantee requests and implements them according to fund demand.

● Fiscal Loan and Industrial Investment



History of Fiscal Loan

The history of the Fiscal Loan Fund dates back to the beginning of the Meiji Era. Since private financial institutions were not well developed in those days, various funds were amassed at the government. Initially, the government mainly took custody of funds, but later began accepting deposits (postal savings) and started investing the funds in government bonds. In accordance with the increase of postal savings, the government gradually began using the funds for investment in domestic industry and government-backed entities. Some of them, however, became irrecoverable.

In order to ensure that the Trust Fund Bureau Fund (predecessor of the Fiscal Loan Fund) is managed securely and efficiently, the recipients of FILP financing were limited by the law to the government (the General Account and Special Accounts), local governments, and their wholly owned corporations. Under the current Fiscal Loan Fund, a similar idea is followed.

● History of Fiscal Loan (Outline)

[Chronological table of Fiscal Loan]

| | | |
|----------------------------------|--|---|
| Early Meiji Era | Reserve Funds Handling Bylaws | Miscellaneous incomes other than tax incomes accumulated as "savings" and later as "reserves." |
| 1876 | | Deposits of funds to the Government Bond Bureau of the Ministry of Finance, which was also responsible for their management. |
| 1878 | | Postal Savings deposited with the Government Bond Bureau for management. |
| 1885 | Deposit regulation | Depositing funds to the Ministry of Finance was legalized and the Deposits Section was set up. Initially, the Ministry focused on custody business rather than investments. |
| Mid-late Meiji Era to Taisho Era | | Investments by the Deposits Section shifted from government bonds to bonds issued by the industrial bank of Japan and special-purpose banks. In the early Taisho Era, some loans became irrecoverable, like the Nishihara Loan (note). Improvement of the Deposits Section system became necessary in order to ensure proper custody and management of funds. |
| 1925 | Deposits Section Deposit Act | Basic principles of "management in secure and efficient ways" and "for the benefit of the state and public" were clarified. The "Deposits Section Fund Management Committee" was established. |
| Around WWII | | With the country placed on a war footing, investment of funds gradually shifted to state-backed entities and war industries, and focused on China. As a result, the investments resulted in a huge loss. |
| 1946 | Laws concerning Special Treatment of Losses incurred by Deposit Section of the Ministry of Finance, etc. | Liquidation of assets and liabilities of the Deposits Section. |
| Under U.S. occupation | | GHQ ordered that recipients of the Deposits Section funds should basically be limited to the state and local governments. |
| 1951 | Trust Fund Bureau Fund Act | For post-war restoration, demand for long-term funds arose from industrial circles. <ul style="list-style-type: none"> Unified management of state funds Investment of funds in secure and efficient ways Contribution to the promotion of public interest |
| 1973 | | The Act on the Special Measures on the long-term management of the Trust Fund Bureau Fund and Postal Life Insurance Reserve was enforced. |
| 1987 | Revision of Trust Fund Bureau Fund Act | Development of interest deregulation and other changes in the economic and financial environment <ul style="list-style-type: none"> The legal system for interest rates on deposits¹ was amended and entrusted to government decree Foreign government bonds were added as targets for asset management of Trust Fund Bureau Fund |
| 2001 | Fiscal Loan Fund Act | Reflecting changes in environment, the focus of policies shifted from industry to living environment. <ul style="list-style-type: none"> Elimination of the requirement that all Postal Savings and Pension Reserves be deposited with the Trust Fund Bureau (FILP reform) Introduction of policy cost analysis¹ Market-based fund-raising Enhanced information disclosure |

Note: Nishihara Loan was a series of loans extended to China in 1917-1918. Some of the funds were financed from the Deposits Section but became irrecoverable. The state took over the irrecoverable principal and interest payments.

FILP Reform

A fundamental reform was undertaken of the FILP system (the FILP Reform) in FY2001.

Prior to this reform, it was mandatory to deposit the funds from postal savings and pension reserves to the Trust Fund Bureau Fund (predecessor of the Fiscal Loan Fund), which was the main means of raising capital for FILP. It is thought that FILP using postal savings and pension reserves have contributed to the economic development of Japan as a fiscal policy tool to use domestic savings efficiently to develop social capital. As the FILP size grew enormously with financial resources collected irrespective of actual demand for policy-required funds, however, problems including the lack of efficient management were pointed out.

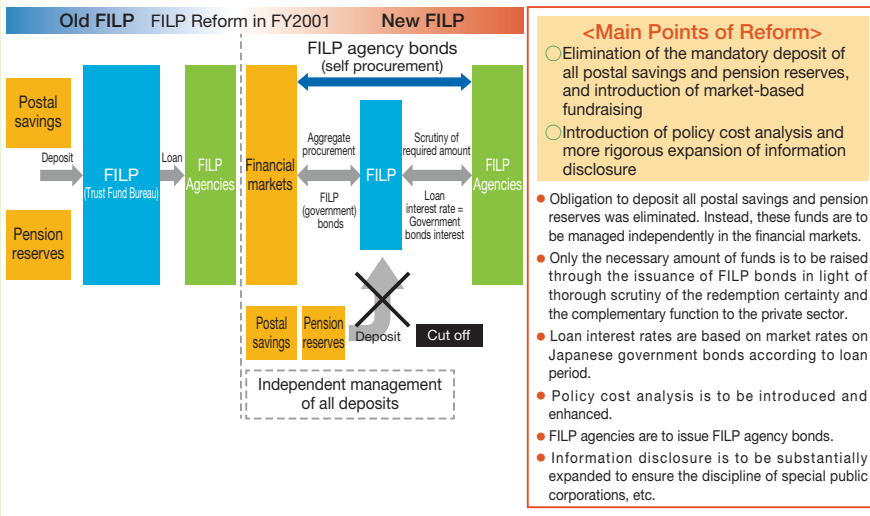
In response, the FILP Reform was undertaken to make FILP more efficient and consistent with market principles.

Under the reform, firstly, the fundraising mechanism of FILP was overhauled to eliminate mandatory deposits of postal savings and pension reserves to the Trust Fund Bureau, allowing for the independent investment (in the market in principle) of the entire deposits. Funds required for FILP were set to be raised from the market through the issuance of FILP bonds, enabling efficient fundraising to meet fund demand.

Moreover, FILP-target projects performed by FILP agencies were reviewed from the viewpoint of complementing private sector operations. FILP agencies were also allowed to issue FILP agency bonds[†] to independently raise funds required for their projects.

In addition, the policy cost analysis was introduced. The analysis clarifies policy costs (including prospective subsidies, opportunity costs of investments) to enrich information on the reasonability of FILP-target projects and the fiscal soundness of FILP agencies from the viewpoint of FILP disclosure.

Image of the FILP Reform



FILP Plan[†] Size Transition

◆ FILP Plan Size Transition

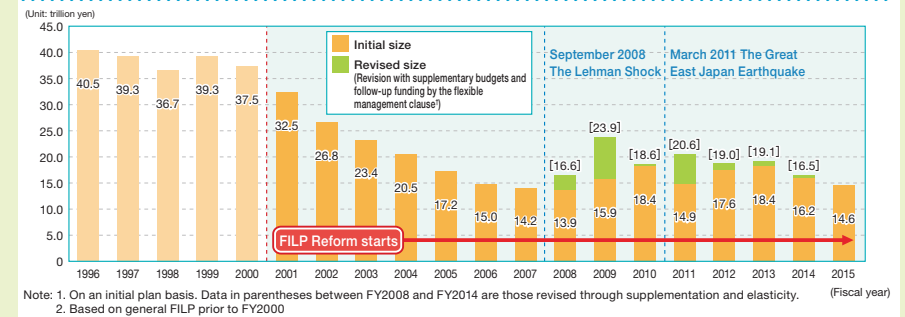
Since the FY2001 FILP reform repealed the requirement for postal savings and pension reserves to be deposited for loans accounting for most of FILP and introduced the mechanism of issuing FILP bonds to positively raise funds from the market for these loans in principle, as well as focusing and improving the efficiency of projects, the FILP Plan size has been slimmed down. Under the initial FY2008 FILP, the flow size fell to about one-third of the peak (FY1996) and the stock size fell to about half of the peak (FY2000).

This is because the review of FILP projects and other measures have been taken since the FILP reform. These measures include the following:

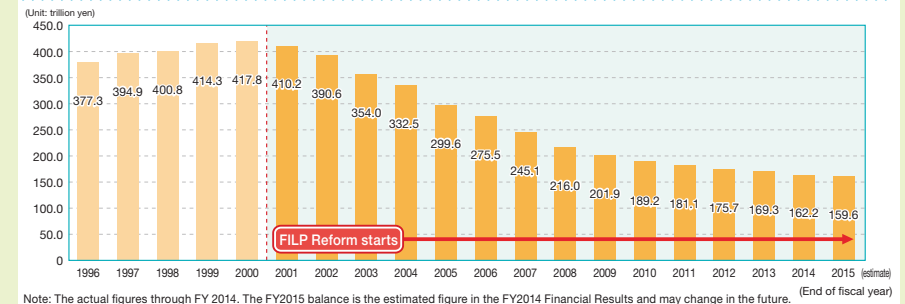
- The "Reorganization and Rationalization Plan for Special Public Corporations" (Cabinet Decision, December 2001) has been implemented to review projects and organizations of 163 special public corporations (including 38 FILP agencies).
- In 2004, the FILP Subcommittee of the Fiscal System Council¹ checked whether the implementation of FILP reflected the aim of the FILP reform, confirmed the implementation of FILP agency project reform measures under the Reorganization and Rationalization Plan for Special Public Corporations and examined the political necessity and financial soundness of FILP projects. (As a result, the subcommittee compiled the "Comprehensive Review of the FILP Reform" in December 2004.)
- In the next year, the subcommittee followed up on whether measures cited in the comprehensive review were steadily implemented. (In December 2005, it put together the "Follow-up to the Comprehensive Review of the FILP Reform.")

In recent years, the size of FILP flows has temporarily increased as FILP has met fund demand responding to Japan's social and economic situation including the economic and financial crisis after the September 2008 Lehman Shock and the March 2011 Great East Japan Earthquake. But the FILP balance has continued decreasing.

● Transition (flow) in FILP Plan



● Transition (stock) in FILP Plan Balance



◆ Response to Economic and Financial Crisis, and Great East Japan Earthquake

The FILP Plan features flexible fund provision responding to the social and economic situation as it represents a fiscal policy free from dependence on tax revenues and includes measures to increase the planned Fiscal Loan amount and the ceiling on government guarantee within a certain range every fiscal year, responding promptly and flexibly to changes in the economic condition and in other aspects. FILP has been proactively used to meet fund demand arising from the economic and financial crisis after the Lehman Shock and the Great East Japan Earthquake.

Specific FILP projects in this respect include support (Safety-Net Loans and Crisis Response Operations) for cash-strapped enterprises, post-disaster restoration and reconstruction, and disaster prevention and reduction.

● Response to Economic and Financial Crisis after Lehman Shock

| Support measures | Details |
|---|--|
| Safety-Net Loans for SMEs and micro business operators | Loans were made to SMEs and other firms that suffered temporary sales and profit drops due to social and other factors and were expected to recover over the medium to long term. Such loans provided between FY2008 and FY2010 totaled 11 trillion yen. |
| Crisis Response Operations | After the Lehman Shock, even large enterprises had difficulties in raising funds as it became difficult for them to issue bonds. To address cash flow deterioration for enterprises in response to the government's economic measures, the Development Bank of Japan and Shoko Chukin Bank, designated by the government for lending to private enterprises, provided crisis response loans. Crisis response loans from the Development Bank of Japan totaled about 3.7 trillion yen, while those from Shoko Chukin Bank aggregated about 4.8 trillion yen. |
| Emergency operations to support Japanese overseas business activities | In order to support overseas operations of Japanese enterprises, the Japan Bank for International Cooperation provided about 2.5 trillion yen loans. |

● FILP Response to Great East Japan Earthquake

| Support measures | Details |
|---|--|
| Financial support for enterprises, etc. | To stabilize business performances of SMEs and micro enterprises, the Japan Finance Corporation created a special loan system for reconstruction from the Great East Japan Earthquake and a special capital enhancement system for supporting post-disaster reconstruction (a capital loan system for disaster-affected SMEs) in a bid to take all possible measures to support cash flow for enterprises. To stabilize business performances of disaster-affected business operators, the government expanded crisis response loans (two-step loans) through the designated financial institutions (the Development Bank of Japan and Shoko Chukin Bank) to provide funds to meet demand. |
| Local government projects | FILP has provided funds for emergent and quick-impact disaster prevention/reduction measures (e.g. seismic retrofitting of public school facilities, anti-tsunami measures for rivers, etc.) based on lessons learned from the Great East Japan Earthquake. |
| Others | FILP has provided funds for the reconstruction of housing and healthcare/welfare facilities damaged by the Great East Japan Earthquake. |



Urban Renaissance Agency / Disaster Reconstruction Project / Shimowano District / Rikuzentakata City, Iwate Prefecture



Private Finance Initiative Promotion Corporation of Japan / Improvement Project of Wastewater Treatment Facility in Seafood Products Processing Centers / Wastewater Treatment Facility / Onagawa Town, Miyagi Prefecture

3. Target Fields of FILP

FILP has been used for various fields and cases including cash flow support for SMEs and micro enterprises, scholarship provision, and stable resources and energy security, contributing to national livelihood and economic growth in Japan.

SMEs and Micro Enterprises

FILP has been used to support SMEs and micro enterprises that have weak financial bases regarding creditworthiness and collateral, and cannot receive sufficient fund supply from private-sector financial institutions alone.

For example, the Japan Finance Corporation supports cash flow for SMEs and micro enterprises, regional invigoration initiatives such as business succession and startups, overseas expansion and business base realignment.

Agriculture, Forestry and Fisheries Industry

FILP is used for the agriculture, forestry and fisheries to which private financial institutions fail to provide sufficient funds due to the great risks involving natural conditions and long production cycles.

For example, the Japan Finance Corporation backs up business expansion, collaboration among the primary, secondary and tertiary industries,¹ and other efforts by farmers supporting regional communities.

Education

FILP is used for scholarship for students, earthquake resistance improvements for private school facilities and other educational projects.

For example, the Japan Student Services Organization provides interest-bearing scholarship loans to all students meeting scholarship eligibility requirements to prevent students willing to enter higher education from giving up on doing so for financial reasons.

Welfare/Medical Care

FILP is used for addressing the falling birthrate and aging population and enhancing medical care arrangements.

For example, the Welfare and Medical Service Agency provides social welfare, medical and other corporations with loans required for developing child and aged welfare facilities, hospitals, clinics and other facilities in order to enhance welfare and medical service infrastructure.

Industry/Innovation

FILP is used to provide business funds required for creating innovations indispensable for enhancing industrial competitiveness and invigorating industry.

For example, the Development Bank of Japan provides growth money including capital funds to promote private-sector financial institutions'

fund supply and support enterprises' proactive growth efforts in order to enhance enterprises' competitiveness and invigorate regional communities.

Housing

FILP is used for post-disaster housing reconstruction loans provided by the Japan Housing Finance Agency and for public housing developed for disaster-affected people by the Urban Renaissance Agency in order to respond to disasters such as the Great East Japan Earthquake.

FILP is also used for reconstructing and integrating old Urban Renaissance housing complexes under the rental housing program of the Urban Renaissance Agency.

Social Capital

FILP is used for large-scale projects for developing social capital such as airports and expressways.

For example, the Japan Expressway Holding and Debt Repayment Agency supports the smooth implementation of expressway projects by repaying debt for constructing and improving expressways promptly and accurately.

Overseas Investment and Loans

FILP is used for maintaining and improving Japanese industry's international competitiveness through the promotion of stable resources and energy security, and Japanese enterprises' overseas expansion in infrastructure and other fields.

For example, the Japan Bank for International Cooperation provides investments, loans and guarantees to support stable resources' security, import cost cuts, supply source diversification and other initiatives, as well as Japanese enterprises' overseas investments and their expansion into regions with growing infrastructure development demand.

Local Governments

Fiscal Loan is used for post-disaster reconstruction, outland and depopulated area development and other local government-implemented projects for which the national government should be responsible, as well as for developing educational, water and sewerage, and other social capital infrastructure required for national livelihood.

Fiscal Loan is also used for stable fund security for local governments that have less fundraising capacity than others due to their smaller budget sizes and less access to the capital market.

"The FILP: its challenges and future perspective"

The FILP Plan size had been declining after the FILP reform. Over recent years, however, the FILP Plan has proactively met fund demand arising from Japan's economic and social conditions such as restoration from the September 2008 Lehman Shock and the March 2011 Great East Japan Earthquake and enhanced the provision of long-term risk money through public-private sector funds to invigorate private sector investment.

From February 2014, the FILP Subcommittee of the Fiscal System Council met six times to consider the perspective of the government's investment and loan operations in consideration of economic and financial situation changes in Japan and other countries, role and risk sharing between the public and private sectors, and governance as the lender or investor. The panel discussed challenges and future perspective in eight areas: (1) role of FILP, (2) expected FILP-target fields, (3) perspective of Industrial Investment, (4) perspective of Fiscal Loan to local governments, (5) perspective of fundraising operations, (6) promotion of disclosure, (7) enhancement of governance and (8) securing financial soundness of the FILP Special Account. It also compiled "The FILP: its challenges and perspective."

Outline of "The FILP: its challenges and future perspective"

◆ Challenges of the Japanese economy and Role of FILP

- One of the key factors to support sustainable growth is investment from a medium- to long-term viewpoint. In order to improve companies' productivity and create innovations, it is necessary to not only promote deregulations and enhance corporate governance but also increase the supply of medium- to long-term risk money and funds for growth under the proper role sharing between the public and private sectors.
 - Expectations have emerged on investment and loan operations by the government (public finance function), including FILP, in fields where private financing alone cannot take risks sufficiently. Exercising its feature of reducing the tax burden through efficient execution of business by promoting self-help efforts and through beneficiary liabilities, FILP plays a role in eliminating financial constraints on growth from a medium- to long-term viewpoint as it complements private financing.
- ※FILP is a political scheme using financial methods. The Fiscal Loan requires redemption certainty, and the Industrial Investment to supply risk money requires proper portfolio management to avoid losses as a whole.

◆ Role of FILP

- Proper role sharing between the public and private sectors
- Public finance function under sound economic conditions
 - (1) Complementing private financial markets (asymmetric information, imperfect competition, externality, etc.)
 - (2) Taking risks that the private sector cannot take
 - (3) Inducing private financing
- Public finance function under bad economic conditions
 - Quantitative complementation (to be reduced when the condition becomes sound)
- Proper risk sharing between the public and private sectors
 - While preventing moral hazard at private companies, the public sector provides proper support by sharing risks regarding uncertainties of basic technologies and countries subject to their business expansion.

- Role division between Fiscal Loan and Industrial Investment
- Fiscal Loan: Debt finance, including super long-term funds
- Industrial Investment: Equity finance, including mezzanine finance
- Study a hybrid financing method that combines Fiscal Loan and Industrial Investment(→Shift priority to financing that focuses on the growth potential of projects)

◆ Perspective of Industrial Investment

- Role of Industrial Investment
- Industrial Investment is a fund that is suitable for long-term use until the business starts to yield profits, while private financing is for short- to medium-term use. It provides qualitative complements by supplying equity as a catalyst to induce private financing (leverage).
- It is operated in an overlapped area (strike zone) of "theory of investment returns" and "theory of policy objectives".
- Risk management of Industrial Investment
 - With portfolio management that assures a balance between risk-taking in individual cases and securing overall principal, losses are avoided with certain profits secured.
 - Provisionally-established public-private sector funds are handled according to each phase (investment period and payout period).
- Role and feature of Industrial Investment capital subscription and loans
 - In addition to equity finance (Industrial Investment capital subscription), Industrial Investment loans are utilized for mezzanine finance in special and limited cases that cannot be covered by Fiscal Loan, which requires fixed interest.

◆ Expected FILP-target fields

- Under the proper role division between the public and private sectors, the supply of medium- to long-term risk money and funds for growth should be increased in the following six fields:
 - Enhancing industrial competitiveness (DBJ, JBC, JFC, JOGMEC, etc.)
 - Creating innovations (INGJ, A-FIVE, DBJ, JFC, etc.)
 - Exporting infrastructure (JBC, JICA, JOIN, etc.)
 - Supporting overseas expansion by mid-ranking companies and SMEs (JFC, Shoko Chukin Bank, Cool Japan Fund, etc.)
 - Investing in infrastructure (UR, Organization for Promoting Urban Development, PFPCJ, DBJ, etc.)
 - Revitalizing regions (JFC, A-FIVE, UR, local governments, etc.)

◆ Perspective of Fiscal Loan to local governments

- Provide funds based on fundraising capacity gaps and prioritize based on objectives of funds.
 - Subscription to extraordinary financial countermeasures bonds¹ by the Fiscal Loan Fund should be restricted.
- Study flexible investment in the renewal of public facilities and extension of the redemption period for Fiscal Loan Funds.
 - Meanwhile, promote cross-sectoral management of public facilities.

◆ Enhancement of governance

- As a lender (enhance external governance by utilizing covenants)
- As an investor (secure governance based on the Public-Private Sector Fund Guidelines)
- Enhancement of checking function (enhance and utilize on-site monitoring/spot audits and analysis of financial conditions² of local governments)

◆ Promotion of disclosure

- Promotion of policy cost analysis (introduce time-series analysis/publication of the results, and newly aggregate policy costs for each category of the FILP Classification Table by Purpose)
- Revision of the FILP Classification Table by Purpose ("Industry/Innovation" and "Overseas investment and loans" will be added as new categories)

◆ Perspective of fundraising operations

- FILP bonds/Fiscal Loan Fund Financing Bills³ (level of issuance, minimize duration/maturity gap)
- Government-guaranteed bonds/Government-guaranteed foreign bonds (continue management for the existing assets and liabilities as a transitional and limited measure. Clarify standards for screening loans in foreign currency and large-scale projects according to the Japan Growth Strategy, etc.)
- FILP agency bonds (consider such effects as promotion of disclosure and improvement of efficiency of business operation, and fundraising costs)

◆ Securing financial soundness of the FILP Special Account

- Advanced Asset-Liability Management (ALM)⁴ (continue interest rate swap⁵ and buy-back of FILP bonds as complementary measures)
- Reserves (continuously accumulate reserves in order to secure financial soundness of the FILP Special Account, reflecting the progress of reconstruction and financial conditions. Meanwhile, study the relaxation of requirements for the reserves)
- Securitization of loans⁶ (refrain from implementing securitization of loans, reflecting the progress of reduction of the outstanding amount of loans, basically)

Fiscal Loan to Local Governments

◆ Fiscal Loan to Local Governments

The Fiscal Loan Fund purchases Local Government Bonds¹ (see Reference 1 below) to provide local governments with long-term, low-interest funds that are difficult for private sector financial institutions to provide for social capital development.

The Fiscal Loan to local governments plays a key role in post-disaster reconstruction and other projects for which the national government should be responsible and in water and sewage system and other social capital development linked closely to the national livelihood.

The FY2015 Local Government Bond Program¹ sets the total Fiscal Loan to local governments at 3.269 trillion yen (down 5.3% from the initial level for the previous year) to contribute to local governments' smooth fundraising, with consideration given to their respective spending purposes and fundraising capacities.

(Reference 1) Local Government Bonds

Local Government Bonds are debt that local governments owe for raising funds and repay in or after the following fiscal year. They can be issued for raising funds for expenses of municipal enterprises, construction projects and other purposes cited by law, including Article 5 of the Local Government Finance Act.

Local Government Bonds are purchased with public funds (the Fiscal Loan Fund, etc. and the Japan Finance Organization for Municipalities funds¹) and private funds (public offering funds,¹ and bank and other private placement funds¹). Those purchased with the Fiscal Loan Fund are booked as Fiscal Loan to local governments in the FILP Plan.

In principle, local governments are destined to raise private funds for promoting their autonomous fiscal management. As the government has stepped up the prioritization of Fiscal Loan to local governments in view of their spending purposes and fundraising capacities since the FILP reform,

the share for Local Government Bonds purchased with the Fiscal Loan Fund has declined while that for purchases with public offering and other private funds has risen ("growth in market-issued local bonds").

| | | |
|------------------------|---------------|---|
| Local Government Bonds | Public Funds | Fiscal Loan Fund, etc. Japan Finance Organization for Municipalities funds |
| | Private Funds | Public Offering Funds Private Placement Funds |

(Reference 2) Japan Finance Organization for Municipalities funds

The funds are used by the Japan Finance Organization for Municipalities for purchasing Local Government Bonds. The organization has been founded with investment from all prefectural and municipal governments to provide local governments with long-term, low-interest funds.

◆ Diversification of Financing Means

Municipal enterprises¹ had been plagued with structural fund shortages as the maturities of municipal enterprise bonds they issued for raising funds for constructing or improving facilities had been shorter than the service lives of these facilities. For example, the service life of water and sewage systems had been set at 40 years, while the maturity of municipal enterprise bonds purchased with the Fiscal Loan Fund had been limited to 30 years. The maturity of bonds had thus failed to match the service life of facilities built with funds raised through the issuance of the bonds. In FY2015, the government extended the maximum maturity for loans to municipal enterprises for constructing water and sewage, and port and harbor facilities from 30 years to 40 years. The extension allows municipal enterprises to reduce or eliminate structural fund shortages, contributing to their stable management based on long-term viewpoints. The extension of maturities accompanying the maintenance of the fixed-interest system¹ will allow local governments to reduce the interest rate fluctuation risk.¹

In order to make the Fiscal Loan Fund more convenient, the government increased interest rate reviews¹ and redemption alternatives from FY2015. Interest rate revision intervals, which had been limited to 5 and 10 years, were increased to include 15, 20 and 30 years. As for redemption, the equal principal repayment¹ method was added to the equal principal and interest repayment¹ method.

These modifications were implemented as requested by local governments. Particularly, the maturity extension was the first in about 60 years, since 1956. In the future, the national government as the lender will continue to flexibly meet requests by local governments as the borrower and provide careful consulting services regarding financial conditions of individual local governments.

Outline of FILP-like Systems in Foreign Countries

1. Utilization of Loans in Foreign Countries

Loans in fiscal policy are widely used not only in Japan, but also in Western countries. However, the specific mechanisms differ from country to country because of their different historic backgrounds and financial market conditions, etc.

For example, in Japan, funding for loans is primarily procured from the market through FILP bonds without any tax revenue being used, whereas the funding is raised through taxation and government bonds in the United States, the United Kingdom, Germany and France.

Although the specific mechanisms differ among countries, the utilization of loans plays an important role as a means of fiscal policy.

Examples of Utilization of Loans in Europe and the US

| | US | Canada | UK | Germany | France | Japan |
|--|---|---|---|--|---|---|
| Comprehensive unified credit accommodation by the government | Federal Credit Program | None | None | None | None | FILP Plan |
| Government loan balance (as of the end of FY2013) | 3,154 billion dollars <347 trillion yen> | 96.1 billion Canadian dollars <10 trillion yen> | 132.9 billion pounds <24 trillion yen> | 174.3 billion euros <24 trillion yen> | 109.2 billion euros <15 trillion yen> | 127 trillion yen |
| Major institutions | | | | | | |
| SMEs | Small Business Administration (SBA) | Business Development Bank (BDC) | British Business Bank (BBB) | KfW Mittelstands bank | Bpifrance | Japan Finance Corporation (Operations aimed at micro business and individuals) (Operations aimed at small and medium enterprises) |
| Housing | Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB) | Canada Mortgage and Housing Corporation (CMHC) | — | KfW Privatkunden bank | Caisse des Dépôts et Consignations (CDC) | Japan Housing Finance Agency |
| Trade and foreign aid | Export-Import Bank of the United States (EXIM) | Export Development Canada (EDC) | UK Export Finance (UKEF) | KfW Entwicklungsbank, KfW IPEX-Bank, DEG, Euler Hermes | Agence Française de Développement (AFD), COFACE | Japan Finance Corporation (JBIC Operations), Japan International Cooperation Agency |
| Policy financial institution loan balance (as of the end of FY2013) | 5,863 billion dollars <645 trillion yen> | 322.3 billion Canadian dollars <32 trillion yen> | — | 258.3 billion euros <36 trillion yen> | 176.7 billion euros <25 trillion yen> | 123 trillion yen |
| (Reference) Domestic non-financial sector debt (as of the end of FY2013) | 39,766.9 billion dollars <4,374 trillion yen> | 8,127.2 billion Canadian dollars <805 trillion yen> | 7,369.3 billion pounds <1,304 trillion yen> | 8,274.5 billion euros <1,158 trillion yen> | 12,370.8 billion euros <1,732 trillion yen> | 3,205 trillion yen |

(Notes) 1. Figures are based on foreign currency conversion rates as stipulated by the No. 26 MOF announcement on January 16, 2015.
 2. Figures may change in accordance with the revision of statistical data in each country
 3. "The government loan balance" represents loans and guarantees under federal credit programs for the US, central government data for Canada and the UK, general government data for Germany and France, and the Fiscal Loan balance in the FILP Plan for Japan.
 4. "The policy financial institution loan balance" represents outstanding loans and guarantees of government supported enterprises (GSEs) for the US, outstanding loans of the Business Development Bank of Canada (BDC), Export Development Canada (EDC), Canada Mortgage and Housing Corporation (CMHC) and Farm Credit Canada (FCC) for Canada, outstanding loans of Banken mit Sonderaufgaben for Germany, and outstanding loans of Caisse des Dépôts et Consignations (CDC) and Bpifrance for France.
 5. The KfW Bank Group consists of KfW Mittelstandsbank, KfW Kommunal- und Privatkundenbank/ Kreditinstitute, KfW Entwicklungsbank, KfW IPEX-Bank and Deutsche Investitions- und Entwicklungsgesellschaft (DEG).

(Sources) Analytical Perspectives - Budget of the U.S. Government Fiscal Year 2016 (US:OMB), Z.1 Financial Accounts of the United States Flow of Funds, Balance Sheets, and Integrated Macroeconomic Accounts Fourth Quarter 2014 (US: Board of Governors of the Federal Reserve System), OECD Stat Extracts (Canada: OECD), Annual Report of each agency (Canada: BDC, EDC, CMHC, FCC), United Kingdom Economic Accounts, Quarter 4 2013 (UK: Office for National Statistics), National Loans Fund Account 2013-14 (UK: The National Audit Office), Financial Accounts for Germany 2008 to 2013 (Germany: Deutsche Bundesbank), Monthly Report February 2014 (Germany: Deutsche Bundesbank), Comptes financiers et comptes de patrimoine financier provisoire Année 2013 (France: Banque de France), Bpifrance Financement Annual Report 2013 (France: Bpifrance), Caisse des Dépôts Group PRESS RELEASE Results of Caisse des Dépôts Group for 2013 (France: Caisse des Dépôts Group), etc.

2. Examples of Utilization of FILP-like Systems in Foreign Countries

(1) Germany

In Germany, government-owned development bank Kreditanstalt für Wiederaufbau (Reconstruction Credit Institute), known as KfW, and public-private sector fund High-Tech Gründerfonds implement a FILP-like system.

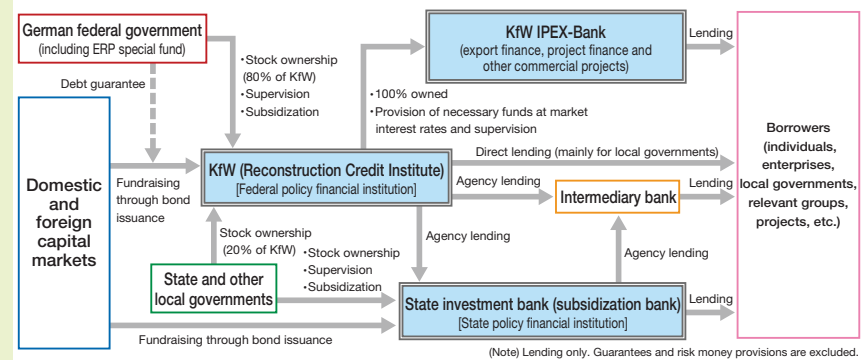
1 KfW

In Germany, KfW and its wholly owned subsidiary KfW IPEX Bank are financial institutions owned by the federal government. In addition, each state has an investment bank. Germany's bank assets at the end of 2014 totaled about 7.8 trillion euros, of which special function banks corresponding to policy financial institutions had about 900 billion euros or a little more than 10%. KfW accounted for 489.1 billion euros or some 50% of the assets held by policy financial institutions.

KfW is a policy financial institution founded in 1948 for Germany's postwar reconstruction under the KfW law. It now undertakes subsidy programs for promoting the German economy and the European economy. The federal government has an 80% stake in KfW and state governments have a 20% stake. KfW raises necessary funds from domestic and foreign capital markets through bond issuance and other means. All its debt is guaranteed by the federal government.

KfW's major lending targets include small and medium-sized enterprises (startups, innovation and environmental protection), local governments (infrastructure development) and individuals (educational and housing loans). Its subsidiary KfW IPEX-Bank provides project finance and export finance.

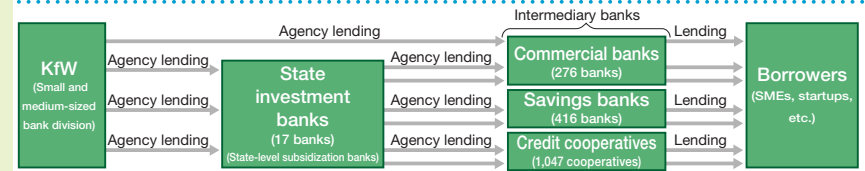
Overview of German Policy Finance



KfW conducts domestic lending through intermediary banks (including state investment banks, commercial banks, savings banks and credit cooperatives) under an agency lending scheme in principle. Specifically, a customer first tells an intermediary bank of a loan request. Then, the bank allows the customer to browse its own and KfW/state investment bank lending systems and considers their utilization along with the customer before implementing the lending.

Intermediary banks examine borrowers' details including credit risks. In principle, KfW or state investment banks do not take borrowers' credit risks that are taken by intermediary banks. Therefore, KfW and state investment banks examine credit risks of intermediary banks rather than borrowers (KfW may examine credit risks of state investment banks as well).

Agency Lending Scheme Diagram



2 High-Tech Gründerfonds

High-Tech Gründerfonds is a public-private sector fund founded in 2005 at the initiative of the then federal Ministry of Economics and Technology (now Ministry of Economic Affairs and Energy). It aims to contribute to German industry development by investing in seed-stage enterprise startups (see Note) based on high technology for which private sector investment is difficult.

(Note) Generally, the seed stage means research and product development phases before complete commercialization.

The fund's financial resources had initially stood at 272 million euros of which the federal government (Ministry of Economic Affairs and Energy) provided about 90%, KfW as a government agency 6% and large German enterprises 6%. In November 2011, the second fund worth 288.5 million euros was established. (Additional private investment boosted the total financial resources to 304 million euros of which the federal government provided 72%, KfW 13% and the private sector 14%.) At present, preparations are underway for establishing a third fund.

Each fund lasts for 13 years -- six years for investment and seven years for recovering investment.

The following are requirements for investment targets and investment terms and conditions:

(i) Requirements for investment targets

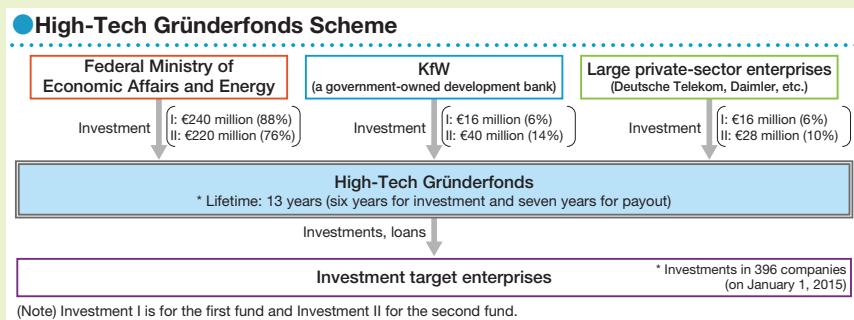
- Less than one year after founding
- A small enterprise with less than 50 employees and less than 10 million euros in sales
- Intellectual property that has to include technology patents

(ii) Investment terms and conditions

- Initial investment is limited to 500,000 euros or less for acquiring equity shares (a stake of up to 15%) and providing subordinate loans convertible into shares.
- Follow-on investment of up to 1.5 million euros is allowed to bring the total to up to 2 million euros.
- An investment target must have its own funds amounting to 20% of the high-tech fund investment amount (10% for former East Germany including Berlin). But half of the required 20% can be provided by other investors (including angel funds, regional seed funds and public-private sector investors).
- The subordinate loan is repayable over seven years with an interest rate standing at 10% now.

A four-year grace period is set for interest payments (bullet repayment¹).

The high-tech fund not only implements investment but also uses its network to provide matching services for investment targets and private sector investors so that these targets could receive additional investment from private sector investors after their growth.



3 German multi-layer risk money provision meeting enterprise growth stages

In Germany, risk money provision by private sector financial institutions is not necessarily brisk. Particularly, the abovementioned KfW, high-tech fund and other public organizations support enterprises in seed and startup stages (see Note 1). The high-tech fund provides risk money mainly for seed-stage enterprises and KfW for startup-stage enterprises.

(Notes) 1. The startup stage here is a phase where an enterprise is being founded or has just been founded, after the seed stage.

2. In March 2015, we conducted a survey on the FILP-like system in Germany. The survey results were reported to the FILP Subcommittee of the Fiscal System Council (on June 22, 2015) and are available at the URL below:
http://www.mof.go.jp/about_mof/councils/fiscal_system_council/sub-of_filp/proceedings/material/zaitoa270622.htm

(2) France

The FILP-like system in France includes policy financial institutions Caisse des Dépôts et Consignations (CDC) and Bpifrance.

1 CDC

CDC is a policy financial institution that was founded in 1816 and is 100% owned by the government. Using nontaxable deposits, CDC provides super long-term loans for the construction of housing for low-income people and for local governments. CDC subsidiaries compete with private sector enterprises, engaging in business operations in various areas including corporate finance, infrastructure, insurance, environment and tourism.

CDC has not been given government guarantee or subsidies. But CDC explains that it has been given tacit government guarantee through its very close organizational connection with the government.

2 Bpifrance

Bpifrance is a policy financial institution founded in 2013 through the integration of OSEO (an SME finance agency), CDC Enterprises (CDC's 100%-owned subsidiary for investment in enterprises), FSI (a strategic investment fund created under the Sarkozy initiative) and others to unify SME support windows in response to a complaint that multiple agencies for financial support for SMEs existed in the absence of consistency in strategies or general visions. It provides SMEs with loans, loan guarantees and investment.

Bpifrance is owned equally by the BPI group (owned 100% by the government) and CDC. The BPI group also guarantees bonds issued by BPI.

(3) UK

The FILP-like system in the United Kingdom includes the British Business Bank and National Loan Fund (NLF).

1 British Business Bank

The British Business Bank, an entity owned 100% by the government, has been founded to provide more consistent and comprehensive financing packages for SMEs from 2014 as calls have grown for the integrated management of various public SME-supporting funds launched in response to the global financial crisis. The bank guarantees loans to SMEs and invests in SMEs through funds.

2 NLF

The UK's government accounts include the general account and the NLF similar to fiscal loan system. The NLF provides local governments with loans through the Public Works Loan Board (PWLb) that operates within the Debt Management Office of HM Treasury. Its financial resources include proceeds from government bond issues and national savings.

(4) US

The FILP-like system in the United States includes the Federal Credit Program and the Small Business Investment Company (SBIC) program provided by the Small Business Administration (SBA).

1 Federal Credit Program

The Federal Credit Program covers direct loans and debt guarantees provided by the federal governments using tax and government bond revenues for a wide range of fields including housing, education, agriculture, trade and SMEs. Both direct loans and debt guarantees increased rapidly after the financial crisis, mainly in education and housing fields.

2 SBIC Program

The SBA SBIC Program was created in 1958 to provide capital to SMEs in the growth stage. SBA-certified private sector investors create an SBIC from which the SBA purchases debentures to provide loans for supporting SME growth. (The SBA pools SBIC debentures and sells them as SBA-guaranteed securities in the market.)

(5) Canada

The FILP-like system in Canada includes government-owned special entities called Crown Corporations. Each Crown Corporation had issued bonds to raise funds before beginning in 2008 to borrow funds raised by the more creditworthy federal government (Department of Finance) at lower cost. The following four Crown Corporations are all owned 100% by the government and financially self-sustaining. They produce profit every year, contributing dividends and the like to the state coffers.

1 Business Development Bank of Canada (BDC)

Founding: 1944

Main operations: SME financing (including loans, subordinated loans and venture investment)

2 Export Development Canada (EDC)

Founding: 1944

Main operations: Trade finance (guarantees, loans, and insurance)

3 Canada Mortgage and Housing Corporation (CMHC)

Founding: 1946

Main operations: Housing finance (including mortgage insurances, securitization support, and social policy-oriented direct loans)

4 Farm Credit Canada (FCC)

Founding: 1959

Main operations: Agriculture finance (loan, investment, and guarantee)

(Note) The above explanations on (2) France, (3) UK, (4) U.S., and (5) Canada are based on survey reports on these countries' FILP-like systems to the FILP Subcommittee of the Fiscal System Council. The reports are available at the URLs below:

○France, UK (FILP Subcommittee, Fiscal System Council, on April 25, 2014)
http://www.mof.go.jp/about_mof/councils/fiscal_system_council/sub-of_filp/proceedings/material/zaitoa260425.htm

○US, Canada (FILP Subcommittee, Fiscal System Council, on June 19, 2013)
http://www.mof.go.jp/about_mof/councils/fiscal_system_council/sub-of_filp/proceedings/material/zaitoa250619.htm



Japan International Cooperation Agency / Karnaphuli Water Supply Project / Reservoir (under construction) / Chittagong Division, Bangladesh



Japan Bank for International Cooperation / Export Project of Bulk Carrier to a Company in the Kingdom of the Netherlands / Bulk Carrier / Commonwealth of the Bahamas

4. Formulating FILP Plan and Submitting it to Diet

FILP Plan

FILP has the important function of resource allocation by the government, and the long-term investment and loan activities may have a great influence on the people's daily lives.

Fiscal Loan, Industrial Investment and Government Guarantee have different mechanisms and characteristics, but share the aspect of government investment and loan activities from a policy viewpoint. So it is necessary to arrange them overall into one unified list.

To this end, the government formulates a FILP Plan to specify planned Fiscal Loan (five-year or longer loans), Industrial Investment (capital subscription and five-year or longer loans) and Government Guarantee (five-year or longer guarantees) for each FILP agency based on Article 5 of "The Act on the Special Measures for the Long-Term Management of the Fiscal Loan Fund" (Long-Term Management Act).

Formulating FILP Plan

The government offices with jurisdiction over FILP agencies gather budget requests to the General account, etc., and the FILP agency requests and submits them to the Minister of Finance. After that, in parallel with formulating the budget, the FILP Plan is formulated, and requests of FILP agencies are screened by the Financial Bureau of the Ministry of Finance.

In screening the requests, the bureau utilizes policy assessment, policy cost analysis and other approaches to examine the following:

- Necessity and importance of each measure (political necessity)
- Whether the private sector can handle each measure and whether each measure would squeeze the private sector

(complementing the private sector¹)

- Whether funds to be provided will be securely repaid (redemption certainty)

The FILP Plan is put together in this way and submitted to the Cabinet Meeting simultaneously with the budget.

Diet Deliberation and Decision

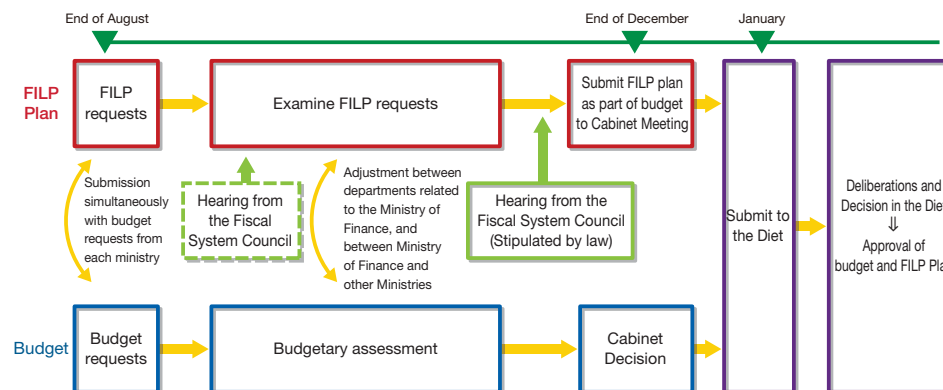
Based on the Long-Term Management Act, the FILP Plan is submitted to the Diet as an attachment to the Special Account Budget each year, during the ordinary session of the Diet.

FILP Plan components are incorporated into the budget, including Fiscal Loan as the planned amount for long-term management of the Fiscal Loan Fund in the general provisions of the Special Account Budget, Industrial Investment as expenditure in the Investment Account of the FILP Special Account, and Government Guarantee as the limit on government guarantee contracts in the general provisions of the General Account Budget. As the Diet deliberates and votes on the budget, it puts the FILP Plan under its fiscal control.



Center for National University Finance and Management / Business Loans for Facility Expenses / Second Ward (Operating Room), Kochi Medical School Hospital / Nankoku City, Kochi Prefecture

Flowchart of Formulating a FILP Plan



II Recent FILP Initiatives



Japan Finance Corporation (Operation for SMEs) / Fund for Overseas Expansion and Business Revitalization / Factory of Bolts, Nuts, etc. / China

1. Formulating Initial FY2015 FILP Plan

The FY2015 FILP Plan was submitted to the Cabinet Meeting on January 14, 2015. The FY2015 budget was enacted on April 9, 2015. The FY2015 FILP Plan outline is as follows

Basic Concept of FY2015 FILP Plan

In drafting the FY2015 FILP plan, the government has aimed to appropriately provide necessary funds for SMEs, micro enterprises, local government and other targets. As the Japanese economy has basically continued a moderate recovery, the government has tried to provide funds for priority fields, considering careful responses to economically vulnerable areas and regional challenges and the provision of risk money to strategically important fields.

As a result, the FY2015 FILP Plan totals 14.6 trillion yen, down 9.6% from the initial FY2014 FILP Plan (16.2 trillion yen).

Main Points of FY2015 FILP Plan

◆ Support for regional vitalization

The Japan Finance Corporation plans to support cash flow for SMEs and micro enterprises, regional invigoration initiatives such as business succession and startups, overseas expansion and business base realignment. The Development Bank of Japan plans to enhance the provision of growth money to support enterprises' proactive growth initiatives. To these ends, the government intends to accurately meet demand for funds.

◆ Support for overseas investments and loans, etc.

The Japan Oil, Gas and Metals National Corporation plans to support the exploration and development of natural gas, coal, geothermal energy and metallic minerals to secure a stable supply of resources and energy at low cost. The government plans to found the Fund Corporation for the Overseas Development of Japan's ICT and Postal Services Inc. as a public-private sector entity to participate

and invest in overseas communications, broadcasting and postal projects to promote infrastructure exports concerning these projects. To these ends, the government intends to accurately meet demand for funds.

◆ Education, Welfare and Medical Services

The Japan Student Services Organization plans to expand its interest-bearing scholarship loan program, while the Welfare and Medical Service Agency intends to enhance welfare and medical care service infrastructure. To these ends, the government intends to accurately meet demand for funds.

◆ Support for Local Governments

The FY2015 FILP Plan is designed to accurately meet demand for funds in order to contribute to local governments' smooth fundraising at a time when the scale of the Local Government Bond Program declines due to a decrease in extraordinary financial countermeasures bond issue amount amid local government revenue growth.

Planned Amount of FILP Bond Issuance

FY2015 FILP bond issuance to provide financial resources for loans from the Fiscal Loan Fund is planned at 14.0 trillion yen based on the planned new Fiscal Loan amount (10,961.0 billion yen) and estimated deposits.

Fiscal Loan Fund Financing Bills (FB) issuance to cover cash flow for the Fiscal Loan Fund are planned at 2.1 trillion yen.

| | FY2014(Initial) | FY2015 (Initial) |
|------------------------|-----------------|------------------|
| FILP bond issue amount | 16.0 | 14.0 |

(Unit: trillion yen)

Planned Amount of FILP Agency Bond Issuance

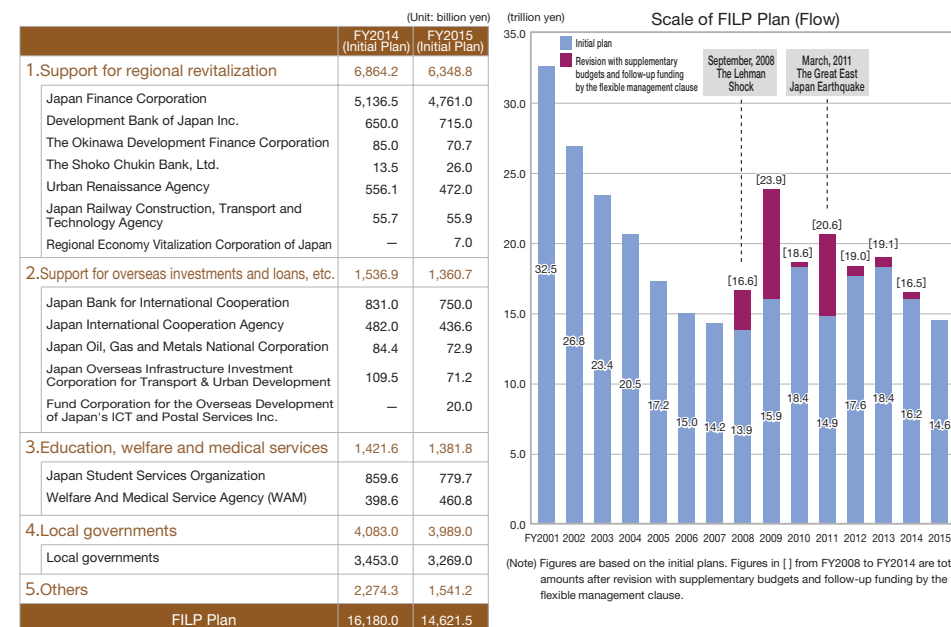
As for FILP agency bonds to be issued by individual FILP agencies in the private sector's financial market in FY2015, 15 agencies (18 agencies in FY2014) plan to issue 4,685.5 billion yen worth of bonds (4,176.1 billion yen under the FY2014 plan). Excluding Asset-Backed Securities,[†] FILP agency bond issuance in FY2015 is planned to total 2,314.4 billion yen, up 15.3 billion yen from the initially planned level for FY2014.

● Outline of FILP Plan for FY2015

FILP (Fiscal Investment and Loan Program) for FY2015 is planned to provide necessary funds mainly for small and medium enterprises and local governments.

- Develop new financing products/schemes to address the challenges for the local areas in a finely tuned manner.
- Provide risk money to strategically important fields, such as resources development, innovation, and infrastructure export.

FILP Plan for FY2014 16,180.0 billion yen → FILP Plan for FY2015 14,621.5 billion yen



Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan / Nishinoh Suisan Co., Ltd. / Eel Pool / Fukuoka City, Fukuoka Prefecture (Eel pool: Asakura City)



Forestry and Forest Products Research Institute / Watershed Forest Formation Project / Takeshikawa Upstream Watershed Forest / Ueda City, Nagano Prefecture

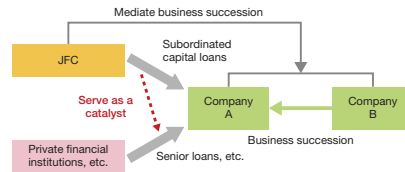
Solutions for regional issues utilizing FILP (resolution efforts)

The FY2015 FILP Plan provided various measures using FILP for solving challenges facing local communities, responding to various opinions from local SMEs and micro enterprises, agriculture, forestry and fisheries workers, and local governments.

1. Facilitation of business succession

[Issue] Although business succession is a key to revitalize local communities, capital-like funds and intermediary functions for business succession are insufficient.

⇒ Japan Finance Corporation (JFC) will provide subordinated capital loans¹ to support business succession. This will serve as a catalyst and induce senior loans from private financial institutions. In addition, JFC will mediate business succession as an impartial body.



2. Elementary school barrier ("First grade barrier")

(the situation in which working mothers find themselves compelled to quit their jobs once their child enters elementary school)

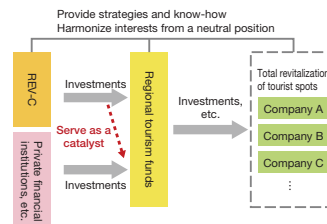
[Issue] Smooth procurement of business funds is an important issue for NPOs in starting after-school clubs.

⇒ Welfare and Medical Service Agency will expand the scope of long-term, low-interest loans for afterschool clubs to include corporations including NPOs

3. Development of tourism industries

[Issue] It is sometimes difficult to promote regional revitalization and activation projects through the development of tourism, due to a lack of risk money or strategic know-how, as well as due to conflict among stakeholders.

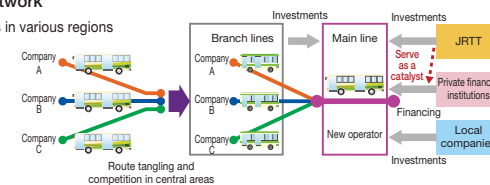
⇒ Regional Economy Vitalization Corporation of Japan (REVIC) will establish a tourism fund with regional private financial institutions to provide risk money as well as strategies and know-how for the development of tourism. It will also harmonize interests as an impartial body.



4. Reorganization of the regional public transportation network

[Issue] With a declining population and aging society, communities in various regions are facing needs for reorganizing public transportation networks, including bus systems.

⇒ Japan Railway Construction, Transport and Technology Agency (JRRT) will make joint investments with regional private companies into a newly established bus company which will operate reorganized bus lines. JRRT will also advise the management of the bus company.



5. Diversification of financing methods for loans for local governments

[Issue] The local governments emphasize the need for diversified financing methods and the importance of stable public corporation management.

⇒ As for loans for local governments, the term of loans for public corporations will be extended (longest term: 30 years → 40 years), based on the needs of each local governments. As loan conditions, even equal principal repayment, in addition to even equal principal and interest repayment, will also be introduced. Moreover, local financial bureaus or local financial offices of Ministry of Finance which provide loans to local governments will consult in detail with them about their financial status and giving advices about the management of their public corporations.

(Reference) Connection with "Comprehensive Strategy"

As the "Comprehensive Strategy" (Cabinet Decision, December 27th, 2014) touches on FILP measures such as the facilitation of business succession and the provision of risk money to local core enterprises, FILP plays some role in regional revitalization.



The Shoko Chukin Bank, Ltd. / Loan for Global Niche Top Support / Factory of a Local Corporation in Thailand



Responses to "Economic stimulus package"

Based on the "Economic stimulus package" (Cabinet Decision, December 27th, 2014), the government added a total of 111.7 billion yen (88.7 billion yen in Fiscal Loan and 23 billion yen in Industrial Investment) for the Japan Finance Corporation and three other organizations to the FY2014 FILP Plan to back up various local initiatives by supporting SMEs and micro enterprises in response to current economic conditions.

◆ Addition to FILP Plan under Supplementary Budget for FY2014

(1) Japan Finance Corporation: 100 billion yen (80 billion yen in Fiscal Loan and 20 billion yen in Industrial Investment)

Utilize each division's know-how and overall capacity to provide funds to meet fund needs that are difficult for the private sector to satisfy, in order to contribute to supporting SMEs and micro enterprises and revitalizing local economies.

○ Micro Business and Individual/SMEs: 50 billion yen in Fiscal Loan and 20 billion yen in Industrial Investment)

- Expand Safety-Net Loans and their targets to support cash flow for SMEs and micro enterprises in severe conditions emerging from rising raw materials prices and other changes under the current economic situation, in order to address vulnerable parts of the economy.
- Create and expand loan systems (including industrial investment capital subscription to expand subordinated capital loans) to support business succession and other local economic revitalization initiatives and efforts to enhance enterprises' resilience to energy price fluctuations.
- Create and expand loan systems to support business founders, women, child care and nursing care workers, and other contributors to local economic revitalization.

○ Agriculture, Forestry, Fisheries and Food Business: 50 billion yen (Fiscal Loan)

- Expand loans to farmers as local economy supporters to expand the scale, improve productivity and promote collaboration among the primary, secondary and tertiary industries against the backdrop of progress in structural reform of agriculture. (Expand Super L loans to certified farmers)
- Expand Safety-Net Loans to secure full responses to falling rice prices.

(2) Regional Economy Vitalization Corporation of Japan (REVIC): 3 billion yen (Industrial Investment)

- Enforcement of a legal revision in October 2014 allows REVIC to invest in funds. The additional REVIC function was used to provide risk money for tourism, healthcare, post-disaster reconstruction and other fields in order to accelerate local economic revitalization. As financial resources to this end, 3 billion yen in Industrial Investment capital subscription was provided for REVIC.

(3) Addressing Disasters

○ The Promotion and Mutual Aid Corporation for Private Schools of Japan: 8.4 billion yen (Fiscal Loan)

- Expand the corporation's long-term, low-interest loans to accelerate the enhancement of earthquake resistance of private school facilities and other projects.

○ Japan Water Agency: 300 million yen (Fiscal Loan)

- Expand the agency's business operations to accelerate the enhancement of aging irrigation channels' earthquake resistance.

(Note) After the enactment of the supplementary budget for FY2014, the Local Government Bond Program was revised in regard to local governments' contributions to disaster-response and other operations. In order to promptly arrange funds in response to the revision, the government invoked a flexible addition clause of the initial budget for FY2014 to secure Fiscal Loan to relevant local governments.



Japan Finance Corporation (Operation for agriculture, forestry, fisheries and food businesses) / Super L Loan / Processing and Selling Facility / Kasaoka City, Okayama Prefecture



Japan Water Agency / Toyogawa Canal Second Stage Project / Eastern Main Canal Parallel Channel / Tahara City, Aichi Prefecture

Utilizing Industrial Investment

1. Role of Industrial Investment

In politically important fields where the private sector cannot provide sufficient funds because of high risk, despite return expected to come over a long time, FILP provides Industrial Investment as long-term risk money (equity or mezzanine finance) as a catalyst to induce private sector finance. This means that the government provides "qualitative complements" to private sector finance by taking risks the private sector cannot take, under an appropriate public-private risk sharing system.

While private sector financial institutions provide primarily short- to medium-term (up-to-five-year) investment and are urged by their shareholders to secure short-term gains, Industrial Investment is available over a long time until the achievement of profits. Therefore, Industrial Investment plays a key role in complementing the private sector investment market. In forming investment schemes and implementing investment, the government collaborates or cooperates with private sector enterprises and funds to make maximum use of private sector funds.

2. Target Fields of Industrial Investment

Industrial Investment has been provided to agencies (e.g. government-affiliated financial institutions, incorporated administrative agencies) to enhance their financial bases for providing capital funds and supporting projects required for policy objectives. In recent years, Industrial Investment has been made through public-private sector funds to provide long-term risk money as a catalyst to induce private sector finance (public-private sector funds are described on Page 24).

Particularly in fields such as research and development, and ventures, Industrial Investment must be utilized basically for private sector human resources and know-how to build new public-private partnerships led by the private sector. For this purpose, the Innovation Network Corporation of Japan was created in FY2009. Later, Industrial Investment targets were increased to cover collaboration among the primary, secondary and tertiary industries, the Cool Japan strategy and infrastructure development under the PFI (private finance initiative) in response to the government's growth strategy.

Meanwhile, investment in research and development corporations has been substantially reduced (to zero since FY 2014) as relevant projects at these corporations have been abolished with the adoption of new projects terminated under the basic policy for reforming clerical work and projects at incorporated administrative agencies (Cabinet Decision, December 7th, 2010).

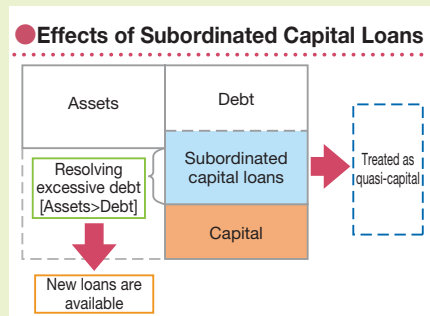
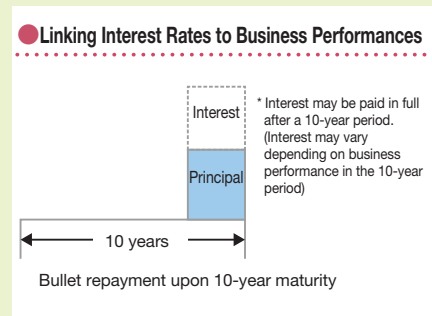
3. Role and Feature of Industrial Investment Capital Subscription and Loans

Industrial Investment, unlike Fiscal Loan, provides mainly equity finance for high-risk projects. Recently, it has served as a source for mezzanine finance (loans with interest rates linked to borrowers' performance), providing loans specially and limitedly in addition to equity finance.

Industrial Investment loans can include long-term, lump-sum repayment loans with interest linked to business performance, which the Fiscal Loan cannot include, and are used for the Japan Finance Corporation and other organizations that handle mezzanine finance including subordinated loans.

(Reference) Organizations subject to Industrial Investment loans (Initial FY2015 FILP Plan)

- Japan Finance Corporation (Small and Medium Enterprise Operators): Subordinated capital loans (responding to earthquake disasters)
- The Shoko Chukin Bank, Ltd. : Global niche top support loans, etc.
- Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan: Subordinated capital loans



4. Industrial Investment Project Example: Japan Oil, Gas and Metals National Corporation (JOGMEC)

In order to stably supply resources and energy, and conserve the environment, JOGMEC conducts risk money provision and other operations for promoting the exploration and development of oil, natural gas, coal, geothermal and metallic mineral resources, operations for stockpiling oil and metallic minerals, and fund provision and other services for preventing pollution in metal mining and other industries. Its FY2015 expenditure budget is set at 2,212 billion yen for which financial resources include 900 million yen in Fiscal Loan and 72 billion yen in Industrial Investment.

◆ Project example: Sugawara Binary Geothermal Power Generation Project

(Contract adopted in FY2013: Guaranteeing 80% of 4 billion yen in a long-term loan)
Geothermal energy is a renewable energy source positioned as a baseload power source, expected to provide stable power generation invulnerable to weather.

JOGMEC in FY2013 adopted its first ever liability guarantee contract for a geothermal power generation project. Under the Sugawara Binary Geothermal Power Generation Project, Kyuden Mirai Energy is to build a 5,000-kilowatt geothermal power plant using the existing geothermal well owned by Kokonoe Town in Sugawara, Kokonoe Town, Kusu-gun, Oita Prefecture. JOGMEC has guaranteed 80% of the company's long-term loan (4 billion yen) for the plant construction.

Commercial operation of the Sugawara Binary Geothermal Power Plant will satisfy electricity demand from some 8,000 ordinary households from June 2015. The project is expected to promote the effective utilization of domestic energy sources and make great contributions to vitalizing the local economy through the construction and operation of the power plant.



Japan Oil, Gas and Metals National Corporation / Liability Guarantee Project / Sugawara Binary Geothermal Power Generation Project / Kokonoe Town, Oita Prefecture
(Photo provided by Kyuden Mirai Energy Company, Incorporated)

Providing Risk Money through Public-Private Sector Funds

1. What Are Public-Private Sector Funds?

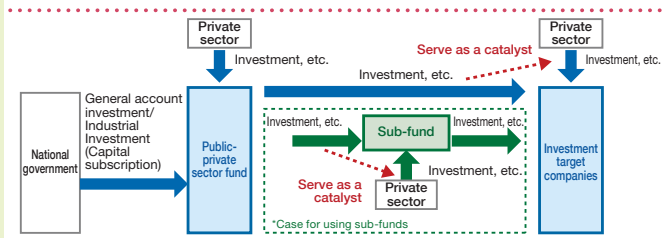
While risk money provision using private sector funds has been insufficient in Japan, public-private sector funds complement private sector operations in principle and induce private sector investment (serve as a catalyst) by taking risks that are difficult for the private sector to take only for policy objectives, including the realization of the government's growth strategy, the invigoration of local economies, and the creation of new industries and markets. They aim to realize economic growth led by the private sector.

● Overview of Public-Private Sector Funds (Targets of Industrial Investment)

| Institution | Date of Establishment (Lifetime) | Purpose of Establishment | Industrial Investment (At the end of March 2015) (capital subscription) | Private sector investment (At the end of March 2015) | Limit amount of Government Guarantee (FY2015) |
|---|----------------------------------|--|---|--|---|
| Innovation Network Corporation of Japan (INCJ) | July 2009 (15 years) | Invest in progressive projects in order to promote the creation of next-generation businesses through open innovation ¹ | 286 billion yen (capital subscription) | 14 billion yen | 1,800 billion yen |
| Regional Economy Vitalization Corporation of Japan (REVIC) * Investment through Deposit Insurance Corporation of Japan | March 2013 (10 years) | Support business turnaround for the selection, concentration and realignment of business operations, and back up new business startups, switches and local vitalization projects | 13 billion yen (capital subscription) *General account investment: 3 billion yen | 10.1 billion yen | 1,000 billion yen |
| Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan (A-FIVE) | January 2013 (20 years) | Support companies co-funded by one in agriculture, forestry, and fisheries and others in different industries, practicing collaboration among the primary, secondary and tertiary industries in order to develop aggressive agriculture, forestry and fisheries industry | 30 billion yen (capital subscription) | 1.8 billion yen | 35 billion yen |
| Private Finance Initiative Promotion Corporation of Japan | October 2013 (15 years) | Foster infrastructure investment markets for PFI projects that collect funds from usage charge income | 10 billion yen (capital subscription) | 10 billion yen | 300 billion yen |
| Cool Japan Fund Inc. | November 2013 (20 years) | Invest and participate in Japan Mall and other projects for commercializing Japanese attractions to promote the overseas expansion of Cool Japan | 30 billion yen (capital subscription) | 10.6 billion yen | 31 billion yen |
| Fund for Japanese Industrial Competitiveness (Development Bank of Japan (DBJ)) | March 2013 (10 years) | Promote creation of new businesses, from cooperation between different industries and by utilizing latent technology in corporations | 100 billion yen (loans) | 50 billion yen *Proprietary DBJ funds | - |
| Special Investment Operations (Development Bank of Japan (DBJ)) | June 2015 (10 years) | Support enterprises' proactive growth initiatives in order to enhance their competitiveness and vitalize local economies | 65 billion yen (capital subscription) [FY2015 Plan] | 65 billion yen *Proprietary DBJ funds | - |
| Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN) | October 2014 (-) | Invest and participate in high-speed railway construction and other overseas projects in order to promote transportation and urban infrastructure exports | 5.4 billion yen (capital subscription) | About 5.4 billion yen | 43.4 billion yen |
| Fund Corporation for the Overseas Development of Japan's ICT and Postal Services Inc. | To be prepared | Invest and participate in terrestrial digital broadcasting network development and other overseas projects in order to promote the overseas expansion of telecommunications, broadcasting and postal projects | 20 billion yen (capital subscription) [FY2015 Plan] | - | 7 billion yen |

(Note) The figures are rounded.

● Public-Private Sector Fund Scheme

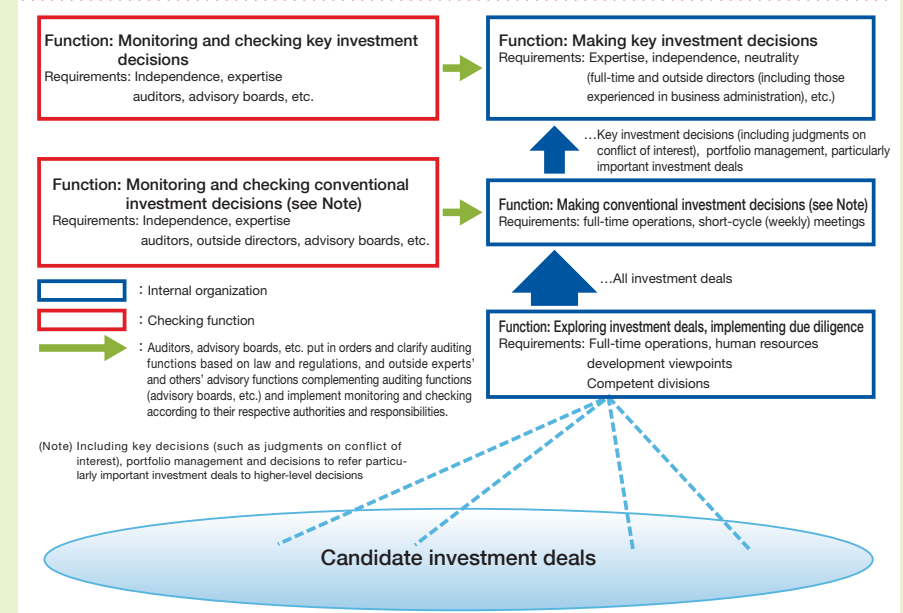


2. Public-Private Sector Fund Guideline

Instead of ending up with the creation of a public-private sector fund, the government should assess and verify operations of the fund and take relevant measures to allow the fund to be managed for policy objectives regarding the growth of the Japanese economy.

In September 2013, the government held a ministerial meeting on the promotion of the utilization of public-private sector funds (sponsored by the Chief Cabinet Secretary) to unite government efforts through cooperation between relevant administrative agencies to verify the operations of public-private sector funds with a view to promoting the utilization of public-private sector funds. The government then decided and released a guideline for operations of public-private sector funds (hereinafter referred to as Public-Private Sector Fund Guideline), which covered "operations (policy objectives, complementing private sector operations)", "investment setup and decision-making process," "portfolio management," "roles of private sector investors," and "relations between the government, as supervisor and investor, and each fund."

● Organizational Requirements for Public-Private Sector Funds (from Public-Private Sector Fund Guideline)



3. Verifying Public-Private Sector Funds

The Public-Private Sector Fund Guideline calls on the government to "assess and verify operations of a public-private sector fund and take relevant measures to allow the fund to be managed for policy objectives." An executive panel for a ministerial conference on the promotion of public-private sector funds has been set up for the verification in line with the Public-Private Sector Fund Guideline, comprising officials from relevant government agencies and experts. The panel is scheduled to continue the periodic verification. Based on September-end and March-end results, the panel compiled the first verification report in May 2014, the second in November 2014, and the third in July 2015.

The report verifies how public-private sector funds are used, trends of the key performance indicator (KPI) set for each fund, collaboration between public-private sector funds, monitoring after investment decisions and portfolio management.

2. Promotion of Disclosure

(1) Policy Cost Analysis

◆Background for introduction of Policy Cost Analysis

A report by a fund management council in November 1997 recommended that policy cost analysis be introduced to secure disclosure on the future public financial burden and the fiscal soundness.

A meeting of an advisory group for cost analysis and assessment (sponsored by the chairman of the fund management council) in February 1998 and other forums considered specific cost analysis methods. Policy cost analysis estimates were published for five agencies in FY1999 and for 14 agencies in FY2000 before the policy cost analysis was fully introduced in FY2001, when the FILP reform was implemented.

◆About Policy Cost Analysis

In policy cost analysis, each FILP agency estimates future cash flow and calculates the following for a project's execution: ① subsidies expected to be disbursed by the government in the future, ② payment to the treasury and corporate tax expected to be paid in the future, ③ interest alleviation effect through investments and interest-free loan, etc. (opportunity cost from the perspective of the government). The agency calculates these for the projects which utilize FILP, based on certain preconditions.

The calculated policy cost does not indicate the financial burden itself accompanying the future transfer of funds generated by execution of the FILP-target project (only item (1) represents the financial burden accompanying the future transfer of funds).

◆Purposes of Policy Cost Analysis

Since eligible projects for FILP, though having some external economy effects, feature a clear relationship between benefit and burden, and it is appropriate to require beneficiaries (users) to bear that burden, loans are essentially repaid by beneficiaries. In order to ease the burden on beneficiaries, subsidies or investments are disbursed from the central government (e.g. General Account) to FILP agencies which execute projects. For the purpose of determining the suitability of such projects, trial calculations are made to estimate the degree of subsidies that will be disbursed into the future, or the extent of benefits realized through investments already disbursed. Disclosure of these as "policy costs" enhances the transparency of FILP.

◆Assessments of Policy Cost Analysis

Since policy cost is used to ease the burden on beneficiaries of projects under FILP, it is not appropriate to simply assess the relative size of the amount. Projects should be assessed comprehensively together with social and economic benefits realized as a result of the implementation of them.

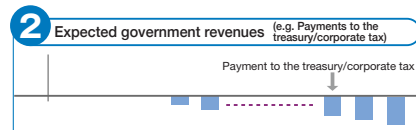
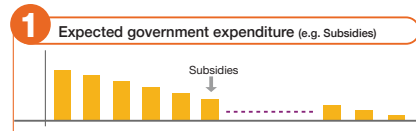
◆Utilization of Policy Cost Analysis

In the process of conducting policy cost analysis, estimates are made about future cash flow (income and expenditure) of the project, which is valuable material utilized for judging the future outlook of the project, effects on its finance, and whether there is redemption certainty with respect to the on-going FILP.

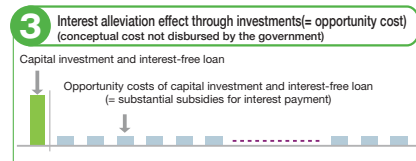
Furthermore, each FILP agency also uses the disclosure by noting policy cost analysis in explanations of their bond prospectuses (documents prepared for investors in compliance with the prospectuses required under the Financial Instruments and Exchange Act) when issuing FILP agency bonds.

We continue to steadily implement the policy cost analysis and improve the analysis technique as well as further utilizing it.

●Image of "Policy cost"



① - ② & Calculating the present values



$$\text{Policy cost} = \text{Subsidies} - \text{Payment to the treasury/corporate tax} + \text{Opportunity cost}$$



Special Account for Stable Food Supply / Central Hokusou Agriculture Irrigation Project / No.12 Regulating Tank / Yachimata City, Chiba Prefecture

(2) Efforts of Disclosure by FILP Agencies

◆Preparing Financial Statements Using or Based on Private Sector Accounting Standards

Of the FY2015 FILP targets, incorporated administrative agencies and some others (34 corporations), excluding special accounts and local governments, all prepare financial statements using or based on private sector accounting standards. Therefore, financial conditions of projects by incorporated administrative agencies differing from joint-stock companies can be integrally and

horizontally checked from the same viewpoint as for private sector enterprises.

(Reference) Issuance of FILP Agency Bonds

FILP agency bonds are expected to promote information disclosure by FILP agencies and improve the efficiency of business operations by external evaluation through Investor Relations (IR) activities on their financial conditions and operating results, regardless of the issuance amount of FILP agency bonds.

●Outstanding Balance of FILP Agency Bonds



(Notes) 1. Actual figures for FY2001 to FY2014; estimates for FY2015.
2. Figures may not add up to the total because of rounding.



Development Bank of Japan / Investment and Loan to Green Energy Tsu / Woody Biomass Power Generation Facility / Tsu City, Mie Prefecture



Japan Railway Construction, Transport and Technology Agency / Sakura Fairy / Dai-ni Sakurajima Maru / Kagoshima City, Kagoshima Prefecture

(3) Efforts to Ensure FILP Transparency

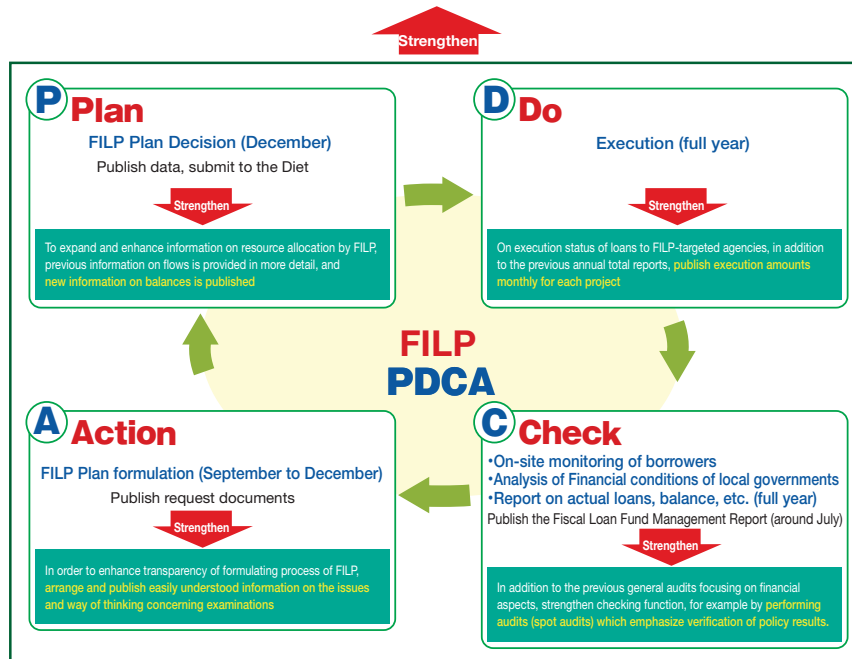
Fundamental transparency and visibility of the budget formulation and execution process is an important issue. There are also active efforts to do these for FILP.

In order to deepen understanding of FILP by people, and to make it easier to check on its management, based on the "Enhancement of FILP Transparency -Action Plan-" (April 2010), in each stage of PDCA, more easily understood information is being provided, and transparency enhanced.

● For Enhancement of FILP Transparency

To deepen understanding of FILP by people, and to make it easier to check on its management, work to deliver more easily understood information for each stage of the PDCA cycle, and enhance transparency.

To make it easier for people to access, dramatically improve FILP-related web pages



Japan International Cooperation Agency / Trans-Bosphorus Underwater Railway Development Project / Üsküdar Station Yard / Istanbul, Republic of Turkey



Wakayama City, Wakayama Prefecture / Public Work Project, etc. / Kimidera Park Athletics Stadium

3. Enhancement of Checking Function

In order to secure the appropriate implementation of FILP-target projects and maintain the fiscal soundness of FILP, the government conducts on-site monitoring of FILP agencies and analysis of financial conditions of local governments to enhance checks on FILP targets. Results of on-site monitoring and surveys on financial conditions of local governments are reported to the FILP Subcommittee of the Fiscal System Council and published.

(1) On-Site Monitoring

◆ On-site monitoring of FILP Agencies and Spot Audits

On-site monitoring of FILP agencies covers incorporated administrative agencies which conduct FILP-target projects, checking the following from the viewpoint of lenders of public funds: ① Policy significance suitable for FILP-target projects, ② Financial soundness and redemption certainty, ③ Actual situation of proper execution of funds. Audit results are utilized in screening when the FILP Plan is put together. The government started the on-site monitoring in FY2005 and has covered a total of 53 agencies (by June 2015), pointing to problems and requesting improvements.

In FY2010, the government introduced spot audits focusing on key contemporary themes and the verification of policy effects, in addition to the traditional on-site monitoring, to enhance the FILP PDCA cycle.

◆ On-site monitoring of local governments

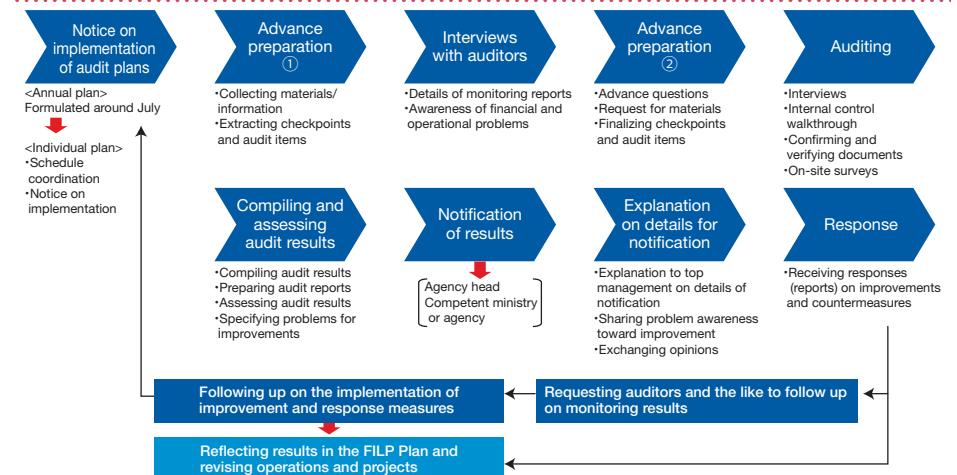
When conducting the on-site monitoring of local governments,

monitors from the Ministry of Finance (including local finance bureaus or local finance offices) visit local governments as lending targets to check ① principal redemption and other points (including business conditions of municipal enterprises), ② how loans are used and ③ achievements of FILP projects, etc.

In response to the "Follow-up to the Comprehensive Review of the FILP Reform" (December 2005), the government started fact-finding surveys and assessment on business conditions of municipal enterprises in addition to traditional checks on how loans to local governments are used. Since FY2008, the government has shifted priority to the surveys and assessment (covering about 250 groups and 450 enterprises annually).

In analyzing business conditions of municipal enterprises at a time when a population decline and other changes prompt facilities to become smaller or integrated, with decrepit facilities required be renewed, the MOF grasps their income and expenditure plans including the future renewal of facilities, analyzes and assesses their cash flow and outstanding debt, expands financial analysis and advising functions, and notifies them of various problems and business risks to share problem consciousness with them and make monitoring effective.

● On-Site Monitoring Flow



(Note) The above flow is for on-site monitoring of corporations. On-site monitoring of local governments is implemented according to the flow

(2) Analysis of Financial Conditions of Local Governments

The MOF (including local finance bureaus or local finance offices), as lender of Fiscal Loan funds that are required to be managed securely and efficiently, has analyzed local governments as borrowers of the funds since FY2005 in order to accurately figure out their financial conditions and enhance screening of Fiscal Fund loans to them.

In analyzing financial conditions of each local government, the MOF prepares an administrative cash flow statement based on an account settlement statement for each local government and uses the cash flow statement and other financial data of each local government for monitoring financial conditions. In addition, MOF officials visit each local government for direct interviews, prepare a "diagnosis report" (a document indicating financial conditions, factors behind their deterioration and other matters in an easy-to-understand manner) using data from interviews and provide a table to the relevant local government under a plan to complete interviews at all local governments every five years. The MOF website displays a financial condition analysis handbook

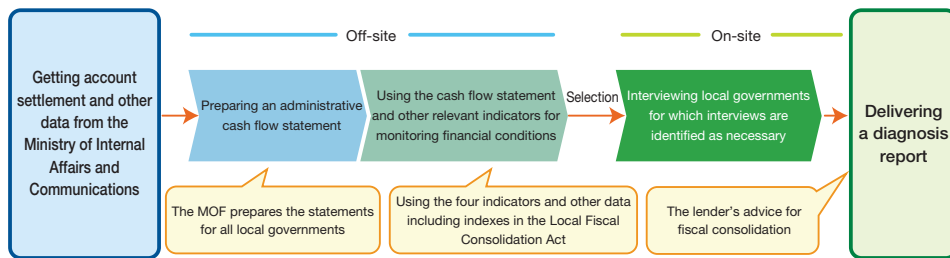
explaining the basic approach and method for the analysis in an easy-to-understand manner. The MOF more strictly screens loans to local governments whose financial conditions have deteriorated beyond some extent.

Since FY2014, the MOF has also collected information on specific fiscal consolidation efforts at local governments in a bid to provide advisory services. In the future, the MOF will implement careful consulting services through the introduction of specific fiscal consolidation efforts. The MOF has used the same financial condition analysis method for prefectural governments as for municipal governments. In the future, the MOF plans to accumulate analysis experiences to build a framework for analyzing financial conditions.

***Details including annual analysis implementation results are available on the MOF website.**

- On-site Monitoring
http://www.mof.go.jp/filp/plan/filp_audit/index.htm
- Analysis of Financial Conditions of Local Governments
http://www.mof.go.jp/filp/summary/filp_local/21zaimujoukyouhaaku.htm

● Flow of Financial Condition Analysis by MOF Local Finance Bureaus or Offices



(Note) The four financial indicators are the feasible debt redemption period, the ratio of real debt to monthly revenue, the ratio of reserves to monthly revenue and the ratio of the administrative current account balance to administrative current revenue based on the administrative cash flow statement.



Tosu City, Saga Prefecture / School Education Facilities Development Project / School Lunch Center



Marugame City, Kagawa Prefecture / School Education Facilities Development Project / Hanzan Kindergarten

4. Securing Financial Soundness of FILP Special Account

Asset-Liability Management (ALM)

The Trust Fund Bureau Fund (the predecessor of the Fiscal Loan Fund) before the FILP reform had invested funds in 5- to 30-year loans (assets) while raising funds mainly in the form of 7-year deposits (liabilities) from postal savings and pension reserves, etc. resulting in a large term mismatch between investment and fundraising. There thus had been a wide gap between an annual loan, etc. collection amount and an annual deposit repayment amount, entailing interest rate fluctuation risks (in which profit or loss changes in line with interest rate fluctuations) indicating that a large loss could emerge depending on interest rate trends.

As the FILP reform has made FILP bonds a mainstay fundraising means for the Fiscal Loan Fund, however, the government has implemented asset-liability management to eliminate a gap between an annual loan, etc. collection amount and an annual FILP bonds, etc. redemption amount by adjusting FILP bond maturities (ranging from 2 to 40 years at present) as much as possible to meet loan cash flow conditions to reduce the interest rate fluctuation risks.

Reserves

The ALM after the FILP reform has gradually reduced the interest rate fluctuation risks of the Fiscal Loan Fund. Given the limited FILP bond maturity range covering 2, 5, 10, 20, 30 and 40 years, the periodical equal repayment cash flow for loans against the bullet repayment at maturity for FILP bonds, and the presence of massive deposits other than postal savings and pension reserves, however, it is difficult to completely eliminate the annual asset-liability gap. Some interest rate fluctuation risks are still left even at present.

Therefore, Article 58-1 of the Act on Special Accounts (hereinafter referred to as "Special Accounts Act") allows profit to be reserved to cover a future loss to secure the long-term stable operation of the FILP Special Account.

Under Article 58-3 of the Special Accounts Act, if reserves exceed the level required to secure financial soundness (as stipulated by Article 45 of the Order for Enforcement of the Act on Special Accounts), the excess may be transferred into the Special Account for the Government Debt Consolidation Fund as provided by the budget.

The required reserve level was set at 50/1000 of total assets when the reserves were introduced upon the FILP reform in FY2001. Given that the interest rate fluctuation risks were considered still great due to massive existing deposits from postal savings and pension reserves, the required reserve level was raised to 100/1000 in FY2003. As the repayment of the deposits from postal savings and pension reserves was almost completed in FY2007, the transitional FILP bond purchases with postal savings and pension reserves came to an end. This allowed the government to develop an optimum maturity mix for FILP bonds, making it easier to match between investment and fundraising terms. As a result, the interest rate fluctuation risks of the Fiscal Loan Fund declined, prompting the required reserve level to be lowered back to 50/1000 of total assets in FY2008.



Japan Bank for International Cooperation / Joint Project between Mitsubishi Heavy Industries, Ltd. and Vestas Wind Systems AS, a Danish Corporation / Offshore Wind Turbine Generating Equipment / Kingdom of Denmark



Fund for the Promotion and Development of the Amami Islands / Guarantee Project / Pineapple Cultivation Facility / Kikai Town, Kagoshima Prefecture

FILP Special Account

The FILP special account¹ is one of the special accounts of the government which is set up to clarify the management of the Fiscal Loan Fund and accounting of Industrial Investment. This special account was set up in FY2008 to integrate the "Fiscal Loan Fund Special Account¹" and the "Industrial Investment Special Account¹", in accordance with the "Act on Special Accounts" on the basis of the Administrative Reform Promotion Act, which showed the direction for the reform of special accounts.

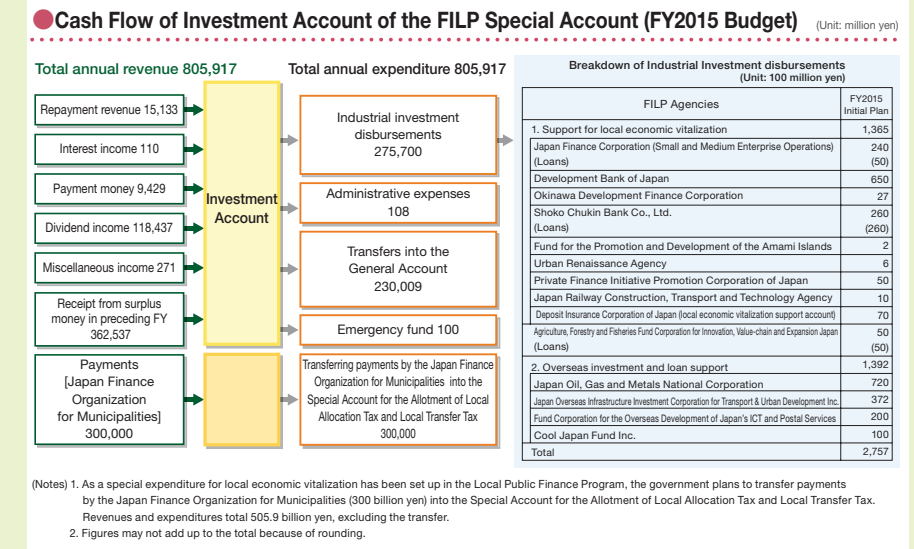
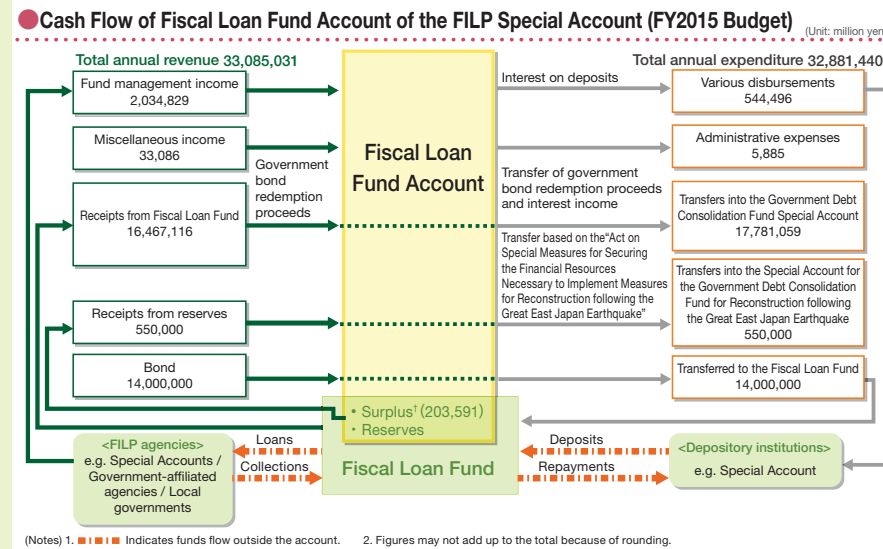
The FILP Special Account is subdivided into the Fiscal Loan Fund Account that executes the accounting for the Fiscal Loan Fund, the Investment Account that executes the accounting for Industrial Investment, and the Specific National Property Consolidation Account.

The main revenues for the Fiscal Loan Fund Account are Fiscal Loan Fund management income and public bonds (FILP bonds); its main expenditures are redemptions and interest payments for FILP bonds (transfers into the Special Account for the Government Debt Consolidation Fund), and transfers into the Fiscal Loan Fund in order to make Fiscal Loan. The main revenues for the Investment Account are payments into the national treasury (by the Japan Bank for International Cooperation, for example) and dividends (of NTT and JT shares, for instance) held in that account. Its main expenditures are for Industrial

Investment. In FY2015, the government plans to exceptionally transfer payments by the Japan Finance Organization for Municipalities (300 billion yen) into the Special Account for the Allotment of Local Allocation Tax and Local Transfer Tax to help cover financial resources shortages at local governments.

Profit and loss statements and balance sheets compiled on an accrual basis¹ in accordance with business accounting principles are attached to the annual budget documents of the Fiscal Loan Fund Account and the Investment Account (Financial statements for the FILP Special Account are shown in the Appendix, pages 56 to 62).

(Note) Due to the merger of the Specific National Property Consolidation Special Account with the General Account from FY2010, the Specific National Property Consolidation Account was set up under a transitional measure in order to account for projects not completed by the end of FY2009, from FY2010 until the fiscal year in which such projects are completed.



Welfare and Medical Service Agency / Welfare Loans Operation / Toyoura Sakura Nursery / Hitachi City, Ibaraki Prefecture



Forestry and Forest Products Research Institute / Watershed Forest Formation Project / Kuzuryu Dam and Watershed Forest / Ono City, Fukui Prefecture



Japan Oil, Gas and Metals National Corporation / Overseas Development Liability Guarantee / Caserones Copper and Molybdenum Mine / Chile Region III



The Okinawa Development Finance Corporation / Small and Medium-Sized Enterprise Loans / Kouri Ocean Tower / Nakijin Village, Kunigami County, Okinawa Prefecture

Transfers from FILP Special Account to General Account and Special Account for Government Debt Consolidation Fund

◆ Temporary/Exceptional Transfers into General Account, etc.

As provided by the Special Accounts Act, if reserves in the FILP Special Account exceed the required level (50/1000 of total assets at present), the excess may be transferred into the Special Account for the Government Debt Consolidation Fund in principle to help reduce outstanding government bonds. Since reserves as stock in the FILP Special Account are subject to the transfer, they are transferred into the Special Account for the Government Debt Consolidation Fund to help cover government bond redemptions to reduce debt as past stock.

Since FY2006, however, FILP Special Account reserves have been transferred into the General Account and the Special Account for the Government Debt Consolidation Fund temporarily and exceptionally to meet severe fiscal conditions. In FY2006, 12 trillion yen in such reserves were transferred into the Special Account for the Government Debt Consolidation Fund under a special law. In FY2008, in line with the lowering of the maximum required level of reserves (from 100/1000 to 50/1000 of total assets), the government transferred 7.16 trillion yen in such reserves into the Special Account for the Government Debt Consolidation Fund under the Special Accounts Act and 4.158 trillion yen into the General Account under a special law. In addition, the government transferred 7.335 trillion yen in such reserves in FY2009, 4.7541 trillion yen in FY2010 and 1.0588 trillion yen in FY2011 into the General Account under special laws.

Furthermore, the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (hereinafter referred to as the Reconstruction Financial Resources Securing Act) has allowed FILP Special Account surplus funds to be used (transferred into the Special Account for the Government Debt Consolidation Fund) for redeeming reconstruction bonds between FY2012 and 2015. The government transferred 996.7 billion yen in such surplus in FY2012 and 696.7 billion yen in FY2013 into the Special Account for the Government Debt Consolidation Fund before earmarking 550 billion yen for such transfer under the initial FY2015 budget.

◆ Transfers into General Account, etc. and Financial Soundness of FILP Special Account.

As reserves in the FILP Special Account have thus been temporarily and exceptionally transferred into the General Account and the Special Account for the Government Debt Consolidation Fund, the FILP Special Account's capacity to address interest rate fluctuations has declined remarkably.

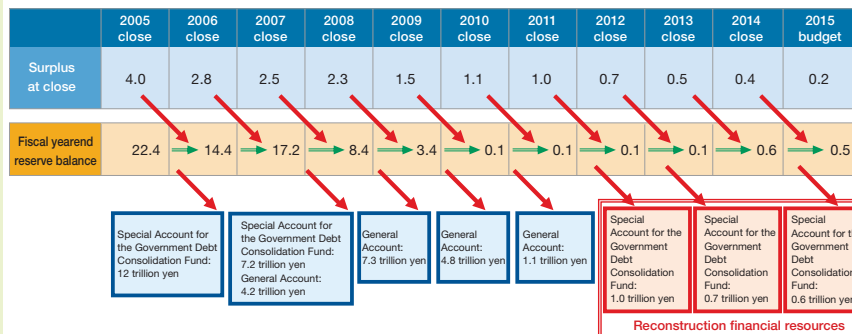
Therefore, we must pay attention to preparations for potential future losses in an attempt to allow the FILP Special Account to stably operate over a long time.

(See the next page for specific measures to secure the financial soundness of the FILP Special Account (advanced ALM))

In order to institutionally secure the financial soundness of the FILP Special Account, the abovementioned Reconstruction Financial Resources Securing Act requires the General Account to transfer funds into the FILP Special Account exceptionally and temporarily between FY2012 and FY2020.

● Transition in Reserve Balance

(Unit: trillion yen)



Advanced Asset-Liability Management

The FILP Special Account (Fiscal Loan Fund Account) has interest rate fluctuation risks due to duration and maturity gaps between loans (maturing in 5 to 40 years for periodical repayment) and FILP bonds issuance (maturing in 2, 5, 10, 20, 30 and 40 years for bullet repayment).

Therefore, the asset-liability management (ALM) has been implemented to basically adjust FILP bond maturities to meet the loan cash flow as much as possible.

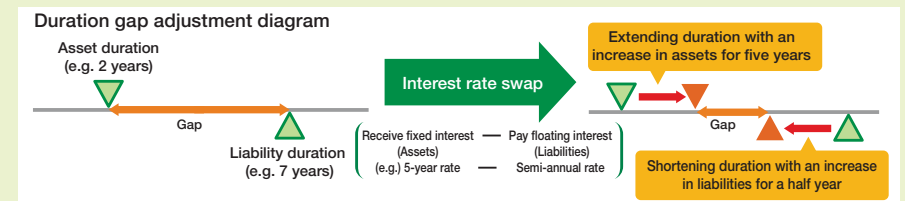
There are factors such as constraints emerging from FILP maturities. They make it difficult to completely eliminate gaps between annual assets and liabilities with the FILP maturity adjustment alone.

Furthermore, the FILP Special Account's capacity to address interest rate fluctuations has declined remarkably as reserves in the account have been temporarily and exceptionally transferred into the General Account and the Special Account for the Government Debt Consolidation Fund since FY2006.

Under this situation, interest rate swaps (see Reference 1 below) and Buy-backs of FILP bonds have been implemented as auxiliary measures since FY2011 to advance the ALM.

(1) Implementing Interest Rate Swaps

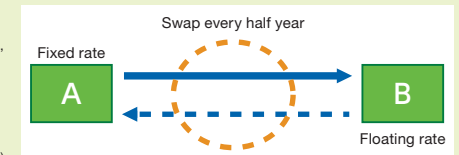
Swapping fixed interest rates for floating interest rates to adjust duration gaps



(Reference 1) Interest Rate Swap

In an interest rate swap, based on the principal amount (notional principal amount) previously agreed on between the contracting parties, fixed rate and floating rate payments are swapped every half year.

Interest rate swaps influence durations for both assets and liabilities, allowing duration gaps to be adjusted.



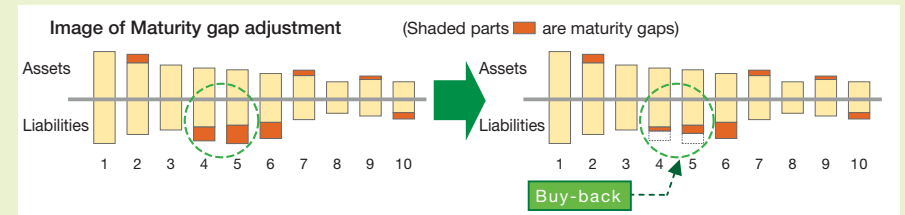
(Reference 2) Duration Gap

After future cash flows generated from assets (including loan recovery) or liabilities (including FILP bond redemptions) are converted into present values, the weights of the present values are used to compute a weighted average period of time before the generation of the cash flows. The weighted average period of time is called "duration," indicating the average duration to maturity for assets or liabilities.

A duration gap is the gap between the durations for assets and liabilities. If this gap exists, interest rate fluctuations result in different changes in the present values of assets and liabilities, creating interest rate fluctuation risks.

(2) Implementing FILP Bond Buy-backs

Buying back FILP bonds and retiring them before their redemption dates to adjust maturity gaps.



(Reference 3) Maturity Gap

Maturity gaps are differences between maturing assets (including loan recovery) and maturing liabilities (including FILP bond redemptions) in each period. The existence of the gaps causes time gaps between the reinvestment of assets and the renewal of liabilities, creating interest rate fluctuation risks.

Funding and Loan Interest Rates for Fiscal Loan Fund

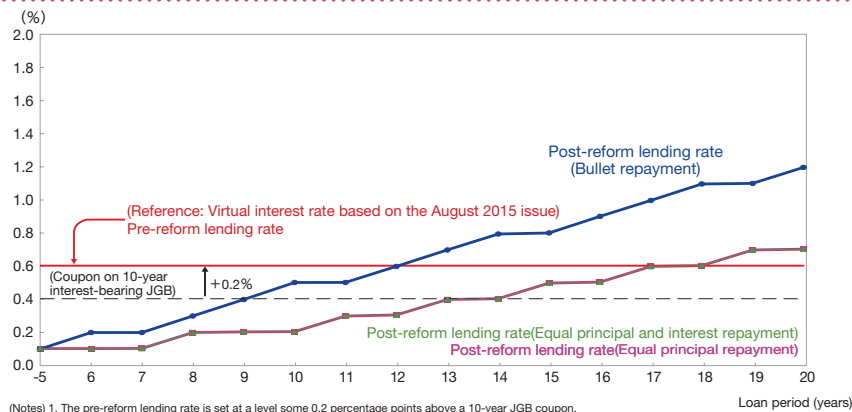
The Fiscal Loan Fund's major financial resources include FILP bonds and deposits. As FILP bonds are a kind of government bonds, they are characteristically similar to government bonds and are issued along with them. Therefore, the Fiscal Loan Fund's fundraising rates are equivalent to interest rates on government bonds. Moreover, the Minister of Finance is authorized to determine the interest rates on the deposits from national special accounts' reserves or surpluses, based on those on government bonds and their deposit periods. The Fiscal Loan Fund's fundraising rates are thus basically equivalent to interest rates on government bonds.

On the other hand, the Minister of Finance establishes loan interest rates, based on loan periods and market yields on government bonds, reflecting different redemption methods (equal principal repayment, equal principal and interest repayment, and bullet repayment) and deferment periods¹ (periods during which only interest is paid without principal repayment after lending).

The abovementioned method for setting interest rates was introduced by the FILP reform. Until then, deposit interest rates were fixed by cabinet orders based on other market interest rates as well as those on government bonds and the situations of depositors. Actually, at the time of the FILP reform, the deposit interest rate for 7 years or more was fixed by adding 0.2 percentage points to the coupon rate on the 10-year interest-bearing government bonds issued every month. On the other hand, the loan interest rate was fixed at the same rate as that of deposits for 7 years or more, regardless of loan periods.

The FILP reform enabled deposit interest rates to be based on government bond yields by abolishing the preferential regulations for depositors. The FILP reform also allowed loan interest rates to be based on government bond yields, achieving FILP's harmony with market principles.

Comparing Lending Rates (fixed rates with no deferment period) before and after FILP Reform



(Notes) 1. The pre-reform lending rate is set at a level some 0.2 percentage points above a 10-year JGB coupon.
 2. The post-reform lending rate is based on a JGB market interest rate (market yield), the loan period and the redemption method.
 3. Based on a JGB market yield on August 5, 2015.

Redemption Certainty of FILP-target Projects

The Fiscal Loan Fund is obliged to be managed securely under the "Fiscal Loan Fund Act," and loans are restricted to the corporations established by special laws and local governments.

Each Government Guarantee is also strictly screened.

However, regarding policy finance for SMEs, for example, it is a fact that each FILP agency faces various business risks, including having bad debt. Regarding this point, in the process of formulating a FILP Plan every year, the government scrutinizes the redemption certainty of FILP agencies thoroughly by closely examining whether the lending interest rates are set with consideration given to credit risks, etc. and whether the profitability of FILP-target projects is properly secured, as well as by utilizing the policy cost analysis approach.

Moreover, in order to maintain the financial soundness of FILP, the government is enhancing functions for checking FILP agencies and tackling on-site monitoring and analysis of financial conditions of local governments.

As a result of these efforts, the Fiscal Loan Fund has experienced no loan loss or government guarantee payment, demonstrating that the redemption certainty of FILP-target projects using Fiscal Loan or Government Guarantee has been secured.



Welfare and Medical Service Agency / Medical Loan Operations / Tenshi Hospital / Sapporo City, Hokkaido



The Promotion and Mutual Aid Corporation for Private Schools of Japan / General Facility Expenses / Building 3, Waseda University / Shinjuku-ku, Tokyo

Reasons for Compensation Required for Advanced Redemption[†]

When money is lent at a fixed interest rate, both the lender and borrower shoulder some risks regarding future interest rate fluctuations. The borrower may be allowed to retain the loan at the fixed rate even if interest rates increase and be forced to pay the fixed rate even if rates decrease. The lender may be allowed to receive the fixed rate even if rates decrease and be forced to tolerate the fixed rate even if rates increase.

If the borrower redeems the loan before maturity (advanced redemption), the lender may lose interest income between the advanced redemption and the maturity date while gaining interest on a new loan using the repaid money. Eventually, a gap between the lost interest income and the new interest income may be a loss resulting from the advanced redemption.

Since Fiscal Loan Fund loans are managed to balance revenue with expenditure, such loss resulting from any advanced redemption cannot be accepted. Therefore, advanced redemption is accepted only when compensation to cover the loss resulting from the advanced redemption is identified as being made securely and simultaneously with the advanced redemption.

(Note) Any advanced redemption without such compensation cannot be accepted in principle. Advanced redemptions without compensation were exceptionally implemented for the then Japan Housing Loan Corporation (Japan Housing Finance Agency at present), the Urban Renaissance Agency and the Government Pension Investment Fund in FY2005 and for local governments in severe fiscal condition between FY2007 and FY2012, with the following four conditions met, under individual laws.

(Reference) "Four Conditions" (set by the FILP Subcommittee of the Fiscal System Council in 2004, with special conditions for local governments in parentheses)

- (1) Fundamental project revision (fundamental administrative reform, project revision)
- (2) Separating or classifying an account for a project subject to advanced redemption
- (3) Business management improvement plan (fiscal consolidation plan, etc.)
- (4) Reducing final national burdens.



Local government / Project against Depopulation / Dai-ni Himeshima Maru / Himeshima Village, Oita Prefecture



Welfare and Medical Service Agency / Medical Loan Operations / Kawasaki Hospital / Kobe City, Hyogo Prefecture

III Appendix

Summary of the Fiscal Loan Fund Management Report for FY2014

1. Management of FILP Plan in FY2014

The total amount¹ of FILP plan was 19,106.3 billion yen. This represents the aggregate of the initial plan of 16,180.0 billion yen, the revision of 320.7 billion yen and the carry-forward amount¹ from FY2013 of 2,605.6 billion yen. Of this, 12,977.5 billion yen was disbursed during FY2014, 2,276.6 billion yen was carried forward to FY2015, and 3,852.3 billion yen was undisbursed. (Unit: billion yen)

| Classification | Initial Plan (A) | Revision (Note) (B) | Carry-forward Amount from FY2013 (C) | Total Amount of FILP Plan (D (=A+B+C)) | Disbursed Amount in FY2014 (E) | Carry-forward Amount to FY2015 (F) | Undisbursed Amount ¹ (G (=D-E-F)) |
|-----------------------|------------------|---------------------|--------------------------------------|--|--------------------------------|------------------------------------|--|
| FY2014 | 16,180.0 | 320.7 | 2,605.6 | 19,106.3 | 12,977.5 | 2,276.6 | 3,852.3 |
| Fiscal Loan | 11,761.6 | 297.7 | 2,577.2 | 14,636.5 | 9,335.8 | 2,203.5 | 3,097.3 |
| Industrial Investment | 317.2 | 23.0 | 28.4 | 368.6 | 122.5 | 73.1 | 173.0 |
| Government Guarantee | 4,101.2 | - | - | 4,101.2 | 3,519.2 | - | 582.0 |
| Reference: FY2013 | 18,389.6 | 707.5 | 2,677.5 | 21,774.6 | 15,163.7 | 2,605.6 | 4,005.3 |

(Note) The revision of 320.7 billion yen is the aggregate of 111.7 billion yen, being the additional amount in the supplementary budget based on "Economic stimulus package" (Cabinet Decision, December 27th, 2014); and 209.0 billion yen, being the increase in the revised amounts for long-term management of the Fiscal Loan Fund for projects implemented by local governments as a consequence of the supplementary budget, etc.

(Reference 1) Classification of FILP Plan Balance

(Unit: billion yen)

| Classification | Outstanding Amount at the End of FY2013 | Increase/Decrease in FY2014 | Outstanding Amount at the End of FY2014 |
|----------------------------|---|-----------------------------|---|
| FILP Plan | 169,261.1 | -7,022.6 | 162,238.5 |
| Fiscal Loan | 127,402.8 | -7,068.9 | 120,333.9 |
| Fiscal Loan Fund | 116,220.7 | -5,817.8 | 110,402.9 |
| Postal Savings Fund | 1,729.7 | -270.2 | 1,459.5 |
| Postal Life Insurance Fund | 9,452.4 | -981.0 | 8,471.4 |
| Industrial Investment | 4,691.8 | +117.9 | 4,809.7 |
| Government Guarantee | 37,166.5 | -71.6 | 37,094.9 |

(Reference 2) The Disbursed Amount in the FILP Plan

(Unit: billion yen)

| FY | FILP Plan | Fiscal Loan | FY | FILP Plan | Fiscal Loan |
|------|-----------|-------------|------|-----------|-------------|
| 2000 | 36,602.4 | 26,570.4 | 2008 | 13,946.0 | 10,042.5 |
| 2001 | 23,971.1 | 19,249.6 | 2009 | 16,765.4 | 13,116.5 |
| 2002 | 20,218.1 | 15,180.7 | 2010 | 13,825.2 | 10,630.8 |
| 2003 | 20,043.8 | 14,011.2 | 2011 | 13,879.8 | 10,287.9 |
| 2004 | 19,872.3 | 13,497.2 | 2012 | 14,738.3 | 10,447.8 |
| 2005 | 15,320.9 | 9,475.8 | 2013 | 15,163.7 | 10,412.0 |
| 2006 | 13,595.0 | 8,725.4 | 2014 | 12,977.5 | 9,335.8 |
| 2007 | 12,259.1 | 7,683.5 | | | |

(Reference 3) The Undisbursed Amount in the FILP Plan

(Unit: billion yen)

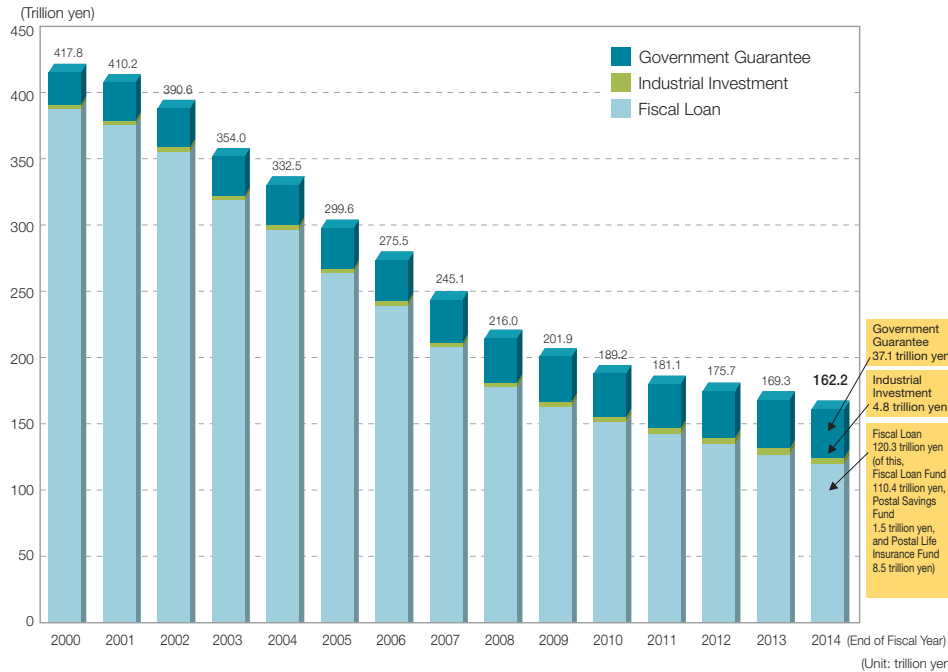
| FY | FILP Plan | Fiscal Loan | FY | FILP Plan | Fiscal Loan |
|------|-----------|-------------|------|-----------|-------------|
| 2000 | 9,306.0 | 8,828.8 | 2008 | 2,692.0 | 2,038.0 |
| 2001 | 8,703.7 | 7,735.0 | 2009 | 6,749.0 | 4,916.4 |
| 2002 | 7,257.2 | 6,268.8 | 2010 | 4,639.4 | 2,951.3 |
| 2003 | 4,445.8 | 3,611.6 | 2011 | 6,834.5 | 6,391.1 |
| 2004 | 2,185.0 | 1,626.2 | 2012 | 4,166.1 | 3,935.0 |
| 2005 | 2,468.8 | 1,592.0 | 2013 | 4,005.3 | 3,428.9 |
| 2006 | 2,421.0 | 1,711.2 | 2014 | 3,852.3 | 3,097.3 |
| 2007 | 2,179.3 | 1,729.7 | | | |

(Reference 4) Management of the Major Institutions in the FY2014 FILP Plan

(Unit: billion yen)

| Institution | Initial Plan (A) | Revision (B) | Carry-forward Amount from FY2013 (C) | Total Amount of FILP Plan (A+B+C) | Disbursed Amount in FY2014 | Undisbursed Amount | Carry-forward Amount to FY2015 |
|---|------------------|--------------|--------------------------------------|-----------------------------------|----------------------------|--------------------|--------------------------------|
| Local Governments | 3,453.0 | 209.0 | 2,541.7 | 6,203.7 | 3,532.4 | 525.0 | 2,146.3 |
| Japan Finance Corporation | 5,136.5 | 100.0 | - | 5,236.5 | 3,267.4 | 1,969.1 | - |
| Micro Business and Individual Operations | 2,210.0 | 10.0 | - | 2,220.0 | 1,898.0 | 322.0 | - |
| Small and Medium Enterprise Operations | 1,620.5 | 40.0 | - | 1,660.5 | 1,007.5 | 653.0 | - |
| Agriculture, Forestry, Fisheries and Food Business Operations | 1,740 | 50.0 | - | 2,240.0 | 209.0 | 15.0 | - |
| Operations to Facilitate Crisis Responses | 1,032.0 | - | - | 1,032.0 | 130.0 | 902.0 | - |
| Operations to Facilitate Specific Business Promotion, etc. | 100.0 | - | - | 100.0 | 22.9 | 77.1 | - |
| Japan Expressway Holding and Debt Repayment Agency | 1,940.0 | - | - | 1,940.0 | 1,940.0 | - | - |
| Japan Student Services Organization | 859.6 | - | - | 859.6 | 829.6 | 30.0 | - |
| Development Bank of Japan Inc. | 650.0 | - | - | 650.0 | 649.6 | 0.4 | - |
| Japan Bank for International Cooperation | 831.0 | - | - | 831.0 | 643.5 | 187.5 | - |
| Japan Finance Organization for Municipalities | 630.0 | - | - | 630.0 | 630.0 | - | - |
| Urban Renaissance Agency | 556.1 | - | 15.2 | 571.3 | 415.0 | 134.8 | 21.5 |
| Welfare And Medical Service Agency | 398.6 | - | - | 398.6 | 398.6 | - | - |
| Japan International Cooperation Agency | 482.0 | - | - | 482.0 | 254.6 | 227.4 | - |
| Others | 1,243.2 | 11.7 | 48.7 | 1,303.6 | 416.8 | 778.0 | 108.8 |
| Total | 16,180.0 | 320.7 | 2,605.6 | 19,106.3 | 12,977.5 | 3,852.3 | 2,276.6 |
| Fiscal Loan | 11,761.6 | 297.7 | 2,577.2 | 14,636.5 | 9,335.8 | 3,097.3 | 2,203.5 |

(Reference 5) Transitions in FILP Plan Balance



| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 (change) | Cumulative change (2014-2000) |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------------|-------------------------------|
| Government Guarantee | 24.6 | 29.0 | 29.7 | 30.1 | 31.0 | 31.1 | 31.6 | 32.9 | 33.8 | 34.3 | 33.1 | 33.8 | 35.6 | 37.2 | 37.1(△0.1) | 12.5 |
| Industrial Investment | 3.4 | 3.5 | 3.6 | 3.3 | 3.2 | 3.3 | 3.3 | 3.3 | 3.4 | 3.7 | 3.8 | 4.1 | 4.6 | 4.7 | 4.8(0.1) | 1.4 |
| Fiscal Loan | 389.9 | 377.6 | 357.3 | 320.6 | 298.3 | 265.2 | 240.5 | 209.0 | 178.8 | 163.9 | 152.3 | 143.3 | 135.6 | 127.4 | 120.3(△7.1) | △269.5 |
| FILP Plan | 417.8 | 410.2 | 390.6 | 354.0 | 332.5 | 299.6 | 275.5 | 245.1 | 216.0 | 201.9 | 189.2 | 181.1 | 175.7 | 169.3 | 162.2(△7.0) | △255.6 |

2. Management of the Fiscal Loan Fund in FY2014

(1) Plan and Results of Long-Term Management

The total amount for long-term management of Fiscal Loan Fund was 14,636.5 billion yen. This represents the aggregate of the revised amount for long-term management (supplementary budget base) of 11,850.3 billion yen, the carry-forward amount from FY2013 of 2,577.2 billion yen, and the increase in the revised amount for long-term management of 209.0 billion yen. Of this, 9,335.8 billion yen was disbursed during FY2014, 2,203.5 billion yen was carried forward to FY2015, and 3,097.3 billion yen was undisbursed.

| Classification | Revised Amount for Long-Term Management (A) | Carry-forward Amount from FY2013 (B) | Increase in the revised amount for long-term management (C) | Total Amount for Long-Term Management (D (=A+B+C)) | Disbursed Amount in FY2014 (E) | Carry-forward Amount to FY2015 (F) | Undisbursed Amount (G (=D-E-F)) |
|--|---|--------------------------------------|---|--|--------------------------------|------------------------------------|---------------------------------|
| Long-Term Management Plan | 11,850.3 | 2,577.2 | 209.0 | 14,636.5 | 9,335.8 | 2,203.5 | 3,097.3 |
| Central Government | 19.0 | 2.5 | — | 21.5 | 13.3 | 0.7 | 7.5 |
| Government Affiliated Agencies | 5,790.5 | — | — | 5,790.5 | 3,611.6 | — | 2,178.9 |
| Incorporated Administrative Agencies, etc. | 2,587.8 | 33.1 | — | 2,620.9 | 2,178.5 | 56.5 | 385.8 |
| Local Governments | 3,453.0 | 2,541.7 | 209.0 | 6,203.7 | 3,532.4 | 2,146.3 | 525.0 |
| Reference: FY2013 | 13,172.9 | 2,668.6 | 576.7 | 16,418.2 | 10,412.0 | 2,577.2 | 3,428.9 |

(2) Short-Term Management Results

| Classification | Outstanding Amount at the End of FY2013 | Increase/Decrease in FY2014 | Outstanding Amount at the End of FY2014 |
|--|---|-----------------------------|---|
| Short-Term Management Results | 16,290.9 | +1,504.4 | 17,795.3 |
| Bonds | 4,591.6 | +1,704.0 | 6,295.7 |
| Interest-bearing Government Bonds with a Sell-back Condition | 4,591.6 | -1,296.0 | 3,295.7 |
| Treasury Discount Bills | — | +3,000.0 | 3,000.0 |
| Loans | 11,699.3 | -199.7 | 11,499.7 |
| Special Account for the Allotment of Local Allocation Tax and Local Transfer Tax | 10,217.3 | -200.0 | 10,017.3 |
| Special Account for Pension | 1,479.2 | — | 1,479.2 |
| Local Governments | 2.8 | +0.4 | 3.1 |

3. Change in Fiscal Loan Fund Assets in FY2014

The balance of bonds, loans and trust beneficiary rights, etc. at the end of FY2014 was 141,121.7 billion yen (a decrease of 4,989.7 billion yen from the balance at the end of FY2013 of 146,111.4 billion yen). Of these, bonds accounted for 6,335.7 billion yen, loans for 134,564.4 billion yen, and trust beneficiary rights for 221.6 billion yen.

| Classification | Outstanding Amount at the End of FY2013 | Increase/Decrease in FY2014 | Outstanding Amount at the End of FY2014 |
|-------------------------------------|---|-----------------------------|---|
| Total Fiscal Loan Fund Assets | 146,111.4 | -4,989.7 | 141,121.7 |
| Bonds | 5,635.3 | +700.3 | 6,335.7 |
| Government Bonds | 4,952.9 | +1,342.8 | 6,295.7 |
| Special Corporation Bonds | 642.5 | -642.5 | — |
| Foreign Bonds | 40.0 | — | 40.0 |
| Loans | 140,254.5 | -5,690.0 | 134,564.4 |
| Local Governments | 52,117.1 | -1,097.4 | 51,019.7 |
| Japan Finance Corporation | 16,138.8 | -965.1 | 15,173.7 |
| Japan Housing Finance Agency | 13,035.5 | -2,122.5 | 10,913.0 |
| Urban Renaissance Agency | 10,439.9 | -92.2 | 10,347.7 |
| Japan Student Services Organization | 4,952.9 | +379.5 | 5,332.4 |
| Trust Beneficiary Rights | 221.6 | — | 221.6 |

4. Fiscal Investment and Loan Program Bonds (FILP Bonds) in FY2014

The amount of issuance of FILP bonds was 13,986.2 billion yen, the amount of those repayment was 19,216.3 billion yen in FY2014. From this, the balance of FILP bonds at the end of FY2014 was 98,991.0 billion yen (a decrease of 5,219.5 billion yen from the balance at the end of FY 2013 of 104,210.4 billion yen).

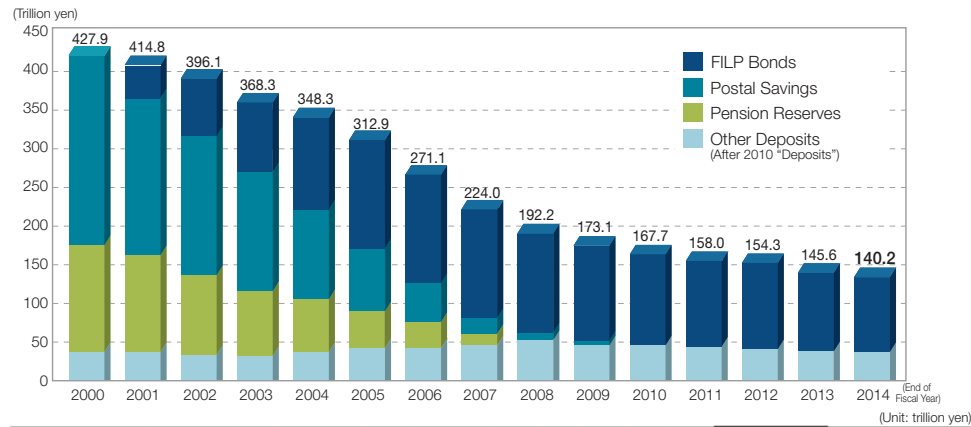
| Classification | Outstanding Amount at the End of FY2013 | Issuance in FY2014 | Redemption in FY2014 | Outstanding Amount at the End of FY2014 |
|---------------------------------|---|--------------------|----------------------|---|
| FILP Bonds | 104,210.4 | 13,986.2 | 19,216.3 | 98,991.0 |
| 2-year Bonds | 7,053.6 | 4,664.2 | 3,810.0 | 7,907.8 |
| 5-year Bonds | 16,610.4 | 5,358.4 | 2,226.8 | 19,742.0 |
| 10-year Bonds | 57,879.2 | 3,525.9 | 12,914.3 | 48,490.8 |
| 10-year Inflation-indexed Bonds | 507.7 | — | 265.2 | 253.1 |
| 15-year Floating-rate Bonds | 1,725.8 | — | — | 1,725.8 |
| 20-year Bonds | 17,539.2 | 367.5 | — | 17,906.7 |
| 30-year Bonds | 2,894.5 | 70.2 | — | 2,964.7 |

(Note) The outstanding amount for 10-year inflation-indexed bonds at the end of FY2014 includes an increase in the notional principal of 10.7 billion yen due to a change in portion with the consumer price index.

5. Deposits into the Fiscal Loan Fund in FY2014

| Classification | Outstanding Amount of Deposits at the End of FY2013 | Increase/Decrease in FY2014 | Outstanding Amount of Deposits at the End of FY2014 |
|----------------|---|-----------------------------|---|
| Deposits | 41,381.6 | -200.6 | 41,181.0 |

(Reference 6) Outstanding Amount of Deposits and FILP Bond Issue



| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 (change) | Cumulative change (2014-2000) |
|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------------|-------------------------------|
| FILP Bonds | — | 43.8 | 75.6 | 91.8 | 121.6 | 139.4 | 138.9 | 139.8 | 131.1 | 122.2 | 118.2 | 110.9 | 109.3 | 104.2 | 99.0(△5.2) | 99.0 |
| Deposits | 427.9 | 371.0 | 320.5 | 276.4 | 226.8 | 173.6 | 132.2 | 84.3 | 61.2 | 50.8 | 49.5 | 47.0 | 45.0 | 41.4 | 41.2(△0.2) | △386.7 |
| Total | 427.9 | 414.8 | 396.1 | 368.3 | 348.3 | 312.9 | 271.1 | 224.0 | 192.2 | 173.1 | 167.7 | 158.0 | 154.3 | 145.6 | 140.2(△5.4) | △287.7 |

6. Profit and Loss Statement and Balance Sheet of FILP Special Account (Fiscal Loan Fund Account) in FY2014

Fiscal Loan Funds in FY2014 showed a profit of 377.6 billion yen (461.9 billion yen in FY2013). Based on Article 56 (1) of the "Act on Special Accounts," this profit is carried forward to the next year.

(Note) The surplus corresponding to profits in FY2014 was 415.7 billion yen, and the balance of the reserve corresponding to reserves for interest variance¹ was 605.7 billion yen.

Balance Sheet of FILP Special Account (Fiscal Loan Fund Account) in FY2014

| Debit | | Credit | |
|----------------------|-----------|--------------------------------|-----------|
| Account | Amount | Account | Amount |
| Cash/Deposits | 123.6 | Deposits | 41,181.0 |
| Securities | 6,557.3 | Public Bonds, etc. | 99,315.6 |
| Loans | 134,564.4 | Reserves for Interest Variance | 629.0 |
| Accrued Income, etc. | 257.8 | Profits | 377.6 |
| Total | 141,503.1 | Total | 141,503.1 |

7. FILP Classification Table by Purpose in FY2014

Classifying FILP Plan in FY2014 by utilization type, from the FILP management of the 12,977.5 billion yen in FY2014, the main areas were Small and medium enterprises: 2,836.1 billion yen, Road construction: 2,537.1 billion yen, and Living environment improvements: 2,231.2 billion yen.

(Reference 7) New Classification Based on "The FILP: its challenges and future perspective" (The FILP Subcommittee, June 17, 2014)

| Classification | Fiscal Loan | Industrial Investment | Government Guarantee | Total |
|---|-------------|-----------------------|----------------------|----------|
| (1) SMEs and micro enterprises | 2,640.8 | 66.2 | 105.5 | 2,812.5 |
| (2) Agriculture, forestry and fisheries | 250.6 | — | — | 250.6 |
| (3) Education | 1,178.1 | — | 7.0 | 1,185.1 |
| (4) Welfare/medical care | 630.3 | — | 32.1 | 662.4 |
| (5) Environment | 122.2 | — | — | 122.2 |
| (6) Industry/innovation | 376.9 | 4.3 | 349.6 | 730.7 |
| (7) Housing | 507.6 | — | 13.6 | 521.2 |
| (8) Social capital | 1,540.4 | — | 2,581.5 | 4,121.9 |
| (9) Overseas investment and loans | 437.2 | 52.1 | 429.9 | 919.2 |
| (10) Others | 1,651.6 | — | — | 1,651.6 |
| Total | 9,335.8 | 122.5 | 3,519.2 | 12,977.5 |

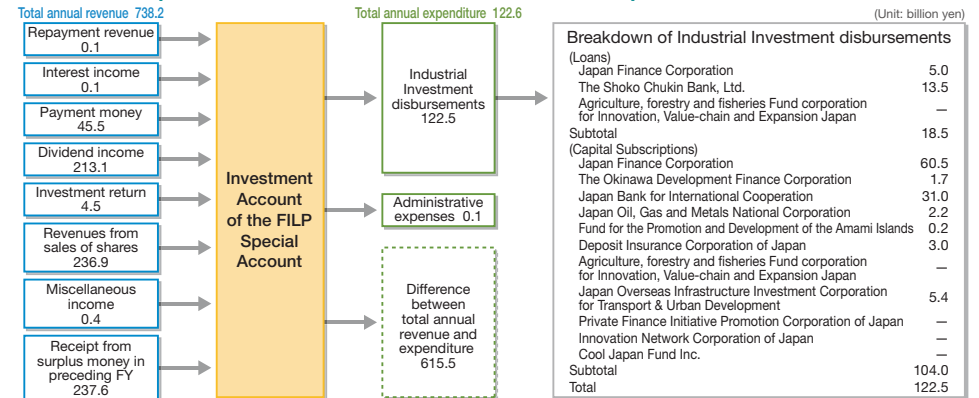
Appendix 1 Management of the Industrial Investment in FY2014

The total amount of the Industrial Investment was 368.6 billion yen. This represents the aggregate of the initial plan of 317.2 billion yen, the revision of 23.0 billion yen and the carry-forward amount from FY2013 of 28.4 billion yen. Of this, 122.5 billion yen was disbursed during FY2014, 73.1 billion yen was carried forward to FY2015, and 173.0 billion yen was undisbursed.

| Institution | Initial Plan (A) | Revision (Note) (B) | Carry-forward Amount from FY2013 (C) | Total Amount of FILP Plan (A+B+C) | Disbursed Amount in FY2014 | Undisbursed Amount | Carry-forward Amount to FY2015 |
|--|------------------|---------------------|--------------------------------------|-----------------------------------|----------------------------|--------------------|--------------------------------|
| Japan Finance Corporation | 45.5 | 20.0 | — | 65.5 | 65.5 | — | — |
| Small and Medium Enterprise Operations | 45.5 | 20.0 | — | 65.5 | 65.5 | — | — |
| The Okinawa Development Finance Corporation | 2.5 | — | — | 2.5 | 1.7 | 0.8 | — |
| Japan Bank for International Cooperation | 31.0 | — | — | 31.0 | 31.0 | — | — |
| Japan Oil, Gas and Metals National Corporation | 81.0 | — | 8.4 | 89.4 | 2.2 | 87.2 | — |
| Fund for the Promotion and Development of the Amami Islands | 0.2 | — | — | 0.2 | 0.2 | — | — |
| Deposit Insurance Corporation of Japan | — | 3.0 | — | 3.0 | 3.0 | — | — |
| The Shoko Chukin Bank, Ltd. | 13.5 | — | — | 13.5 | 13.5 | — | — |
| Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan | 15.0 | — | — | 15.0 | — | 15.0 | — |
| Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development | 58.5 | — | — | 58.5 | 5.4 | — | 53.1 |
| Private Finance Initiative Promotion Corporation of Japan | 30.0 | — | — | 30.0 | — | 30.0 | — |
| Innovation Network Corporation of Japan | 10.0 | — | — | 10.0 | — | 10.0 | — |
| Cool Japan Fund Inc. | 30.0 | — | 20.0 | 50.0 | — | 30.0 | 20.0 |
| Total | 317.2 | 23.0 | 28.4 | 368.6 | 122.5 | 173.0 | 73.1 |

(Note) The revision of 23.0 billion yen is the additional amount in the supplementary budget based on "Economic stimulus package" (Cabinet Decision, December 27th, 2014).

Appendix 2 Cash Flow of Investment Account of the FILP Special Account (Estimate for the FY2014 Settlement)



COLUMN

Undisbursed Amount of FILP Plan

FILP is implemented in response to actual fund demand after progress in projects and cash flow conditions at each FILP agency are checked. If an actual disbursed amount slips below a planned amount, an undisbursed amount may be left. In this case, FILP bond issues will be reduced to meet the undisbursed Fiscal Loan amount, resulting in no surplus funds. An undisbursed Industrial Investment amount is transferred into revenue for the next fiscal year in the Investment Account of the FILP Special Account in line with the provisions of Paragraph 1 of Article 8 of the Act on Special Accounts to become financial resources for Industrial Investment and others in or after the next fiscal year.

In FY2014, an undisbursed FILP amount was booked mainly for the following reasons:

- As demand for Safety-Net Loans to business operators plagued with temporary business slumps and for funds for reconstruction from the Great East Japan Earthquake declined, and as the lending environment for private sector financial institutions improved, 1,894.1 billion yen in Fiscal Loan and 75.0 billion yen in Government Guarantee for the Japan Finance Corporation remained undisbursed.
- As project costs slipped below planned levels in biddings, 525.0 billion yen in Fiscal Loan to local governments remained undisbursed.
- As weak crude oil prices prompted energy companies to revise their future investment plans and as Japanese firms' negotiations with foreign companies on their energy interest purchases did not go smoothly, 87.2 billion yen in Industrial Investment for the Japan Oil, Gas and Metals National Corporation remained undisbursed.
- As some PFI projects failed to be formulated due to local governments' difficult negotiations with PFI stakeholders, 30.0 billion yen in Industrial Investment for the Private Finance Initiative Promotion Corporation of Japan remained undisbursed.

Relevant Laws and Regulations (Excerpts)

The Fiscal Loan Fund Act (Act No.100 of 1951) (Purpose)

Article 1 The purposes of the Act are to establish a Fiscal Loan Fund, integrate and manage the funds deposited from reserves and surpluses in government special accounts and other money to the Fiscal Loan Fund under acts and cabinet orders, and reserves and surpluses in the Fiscal Loan Fund Account of the FILP Special Account and the money transferred from the Fiscal Loan Fund Account, and make loans of such funds to the national government, local governments or the juridical persons established pursuant to special acts in such a way as for them to manage the funds securely and efficiently, all of which contribute to improved public benefit.

(Sources of the Fiscal Loan Fund)

Article 4 The Fiscal Loan Fund is financed by the funds set aside pursuant to the following article or Article 6 (1) or the provisions in other acts or cabinet orders (Hereinafter referred to as "deposits to the Fiscal Loan Fund"), reserves and surpluses in the Fiscal Loan Fund Account of the FILP Special Account and the money transferred under Article 64 (1) of the Act on Special Accounts (Act No. 23 of 2007).

(Management of the Fiscal Loan Fund)

Article 10 (1) The Fiscal Loan Fund may be invested in matters listed in the following items.

- (i) Government bonds
 - (ii) Loans to the national government
 - (iii) Bonds issued by juridical persons whose budgets need Diet decision or approval as provided for Act.
 - (iv) Loans to the juridical persons prescribed in the preceding item
 - (v) Local Government Bonds
 - (vi) Loans to local governments
 - (vii) Bonds issued by a juridical person that are allowed to issue bonds pursuant to a special act, of those established pursuant to a special act (Excluding the juridical persons prescribed in item (iii) above and don't receive capital investments from other sources than the national government, the juridical persons prescribed in item (iii) and local governments.)
 - (viii) Loans to the juridical persons prescribed in the preceding item
 - (ix) Bonds issued by foreign governments, international organizations and foreign juridical persons established pursuant to foreign special acts (in the following paragraph referred to as "foreign bonds".)
 - (x) Loans to financial institutions or other juridical persons specified in cabinet orders whose bonds are taken up or purchased with the Fiscal Loan Fund
- (2) The amount of the Fiscal Loan Fund to be invested in foreign bonds pursuant to the provision of the preceding paragraph shall not exceed one tenth of the total amount of the Fiscal Loan Fund.
- (3) Notwithstanding the provision of Paragraph (1), in the event that any of the measures set out in the items of Article 66 (1) of the Act on the Special Accounts need to be implemented, the Fiscal Loan Fund may be invested in the beneficial interests of trust prescribed in Article 66 (1) (i) and the Asset-Backed Securities prescribed in Article 66 (1) (ii).

The Act on the Special Measures for the Long-Term Management of the Fiscal Loan Fund (Act No. 7 of 1973) (Purpose)

Article 1 The Act shall provide for Diet approval, submission of Fiscal Investment and Loan Program (FILP) plan to the Diet and other necessary measures to manage the Fiscal Loan Fund properly and effectively in consideration of the significance of the resource allocation through the long-term management of the Fiscal Loan Fund (the Fiscal Loan Fund specified in Article 2 of the Fiscal Loan Fund Act (Act No. 100 of 1951; hereinafter referred to as the "Fund Act"); the same definition shall apply hereinafter) in the national economy.

(The resolution of the Diet)

Article 2 (1) Fiscal Loan Funds whose term is 5 years or longer (Excluding those that may be operated pursuant to the provision of the following Article.) of all new Fiscal Loan Funds managed in every fiscal year pursuant to the provisions of the Fund Act shall receive Diet approval on the scheduled amount as part of the budget by target area.

(2) The target areas mentioned as in the preceding Paragraph divide Fiscal Loan Funds for the national bonds and bonds listed in Article 10 (1) (ix) of the Fund Act or for others. The latter category is further divided into the subcategories listed in the following items. The funds related to the national government are also further categorized by type of account while those related to the juridical persons prescribed in Items 2 and 3 are further categorized by type of juridical person.

- (i) National government
- (ii) Juridical persons prescribed in Article 10 (1) (iii) of the Fund Act
- (iii) Juridical persons prescribed in Article 10 (1) (vii) of the Fund Act
- (iv) Local governments

(Fiscal Investment and Loan Program plan)

Article 5 (1) The Cabinet shall submit any Fiscal Investment and Loan Program (FILP) plan to the Diet when the Cabinet intends to require the resolution of the Diet prescribed in Article 2 (1).

(2) Every FILP plan shall clarify of the scheduled amount for the purpose as listed below and the total amount by target area (National government, juridical persons (Excluding local governments.) or local governments. Funds related to the national government are further divided by type of account while those related to juridical persons (Excluding local governments.) are by type of juridical person.)

- (i) Use of the Fiscal Loan Fund that requires the resolution of the Diet pursuant to Article 2 (1) and that is categorized in the target areas listed in items of Article 2 (2).
- (ii) Investment prescribed in Article 50 of the Act on Special Accounts (Act No. 23 of 2007) (Excluding the investments that may be used pursuant to Article 14-3 (1) or the proviso in Article 42 of the said Act. Only loans whose term is five years or longer are allowed.)
- (iii) Government Guarantee of corporate bonds (Only corporations specified in Article 2, Paragraph 2, Items 2 to 4 and other corporations specified by cabinet orders) and liabilities of the borrowed money (Only when the guarantee

term is five years or longer.)

- (3) The Minister of Finance shall take opinions from the Fiscal System Council before preparing any FILP plan.

Act on Administrative Reform Promotion to Achieve a Lean and Efficient Government

(Act No. 47 of 2006)

Section 3 Reform of Special Accounts

(Review of the Industrial Investment Special Account)

Article 37 (1) Investments managed through the Industrial Investment Account of the Industrial Investment Special Account will be limited to the necessary scope, and the Industrial Investment Account will be transferred to the Fiscal Loan Fund Special Account by FY2008.

(2) There will be an examination of what should be done with the Industrial Investment Account after it has been transfer, taking into consideration private investments and other conditions, and this examination will include considering eliminating the account.

- (3) (Omitted)

(Review related to the Fiscal Loan Fund Special Account)

Article 38 (1) In order to appropriately reduce the amount of Fiscal Loan funds, whose annual revenues and annual expenditures are managed in the Fiscal Loan Fund Special Account, the amount of public bonds issued to cover Fiscal Loan Fund Special Account expenditures should be steadily reduced and a plan for the redemption of those bonds should be created.

(2) While ascertaining how the transfer covered in Article 7, Paragraph 1, is progressing, Fiscal Loan Fund loans to local governments will be gradually reduced.

Section 5 Reform of Government Assets and Liabilities (Aim and basic guidelines)

Article 58 (1) Reform of government assets and liabilities should be undertaken through a review of the management of government assets and liabilities making active use of private sector knowhow at the same time that efforts are made to reduce national property (excluding such assets as foreign exchange stipulated in Article 1 of the Foreign Exchange Fund Special Account Act, money entrusted to Pension Reserve Management and Investment Fund, and publicly-used assets covered in Article 3, Paragraph 2, Item 2 of the National Property Act; the same shall apply in the following articles) by implementing measures, including the review of items such as surpluses (surpluses on the settlement of accounts and reserves in the special accounts; the same shall apply below) and the sale of national property (Assets stipulated in Article 2 of the National Property Act (Act No.73 of 1948); the same shall apply below) in addition to reducing expenditures and continuing to lower the balance of Fiscal Loan Fund loans.

(2) The Government shall engage into the financial administration pursuant to the principles set out below to contribute to the promotion of the reforms under the foregoing paragraph and shall proactively publish the information on the same for the furtherance of the nation's comprehension of the same.

- (i) To minimize the public financial burden in the future
- (ii) To minimize the impacts on the financial administration incurred

from the fluctuation of the market interest rate and other factors

(iii) To reduce the outstanding debts

(iv) To avoid excessive surpluses

(Reduction in government assets)

Article 59 The government will implement the following measures, taking into consideration that the long-term goal is that the ratio of government asset of GDP in the end of FY2015 and following years should get as close as possible to one half of that in the end of FY2005.

- (i) Make a strict determination of the necessity of possessing government assets
- (ii) To promote the sale of government assets which are considered to be available for sale
- (iii) Utilize surpluses that are deemed to be excessive to reduce total government debt and the burden on the Japanese citizens

(Review of management of government assets and liabilities)

Article 60 (1) The government should implement the following measures for managing government assets and liabilities:

- (i) (Omitted)
- (ii) Based on the character of national properties, examine and ascertain securitization (the transfer of or putting in trust assets making use of methods such as the liquidation of assets stipulated in Article 2, Paragraph 2, of the Act on Asset Securitization (Act No. 105 of 1998); the same shall apply in the rest of this item) considering whether there are measures to diversify risks and whether the measures reduce the burden on Japanese citizens, and examine the appropriateness of securitization of government loans from a broad perspective.
- (iii), (iv) (Omitted)
- (2) (Omitted)

The Act on Special Accounts (Act No. 23 of 2007)

(Establishment)

Article 2 (1) The Special Accounts listed in following items shall be established.

- (i) to (iii) (Omitted)
- (iv) The Special Account for the Fiscal Investment and Loan Program
- (v) to (viii) (Omitted)
- (2) (Omitted)

(Accounting of surplus)

Article 8 (1) If there is any surplus resulting from the settlement of revenue and expenditure for each fiscal year in each Special Account, and there is still any remainder after deducting the amount held in reserve and the amount transferred to funds in the Special Account from the surplus pursuant to the provisions in the following chapter, the remainder shall be carried forward to the revenue in the following fiscal year in said Special Account.

(2) Notwithstanding the provisions of the preceding paragraph, an amount equivalent to the whole or part of the amount that is to be carried forward to the revenue in the following fiscal year under said paragraph may be transferred to the revenue in the General Account, pursuant to provisions in the budget.

(Purpose)

Article 50 The purpose of the Special Account for the Fiscal Investment and Loan Program is to clarify the accounting of the Fiscal Loan funds and the accounting of investments (capital subscriptions and loans; the same shall apply in Article 54 (iii) and Article 59 (1)) utilizing government funds to develop industries and promote trade.

(Account sub-categorization)

Article 52 The Special Account for the Fiscal Investment and Loan Program shall be subdivided into the Fiscal Loan Fund Account and the Investment Account.

(Accounting of capital and profit/loss)

Article 56 (1) In the Fiscal Loan Fund Account, profit or loss occurring in the profit and loss calculation every fiscal year shall be carried forward and applied in the following fiscal year. (2) The amount corresponding to the money transferred according to the regulations given in Article 58 (3) shall be deducted from the amount of profit carried forward in the preceding paragraph.

(Reserve funds)

Article 58 (1) If there is any surplus resulting from the settlement of revenue and expenditure for each fiscal year in the Fiscal Loan Fund Account, then the sum equivalent to the amount received in the fiscal year concerned (Referred to as the "Received Amount" in the following paragraph.) less total of the amount paid in the fiscal year and the amount that is carried forward for the following fiscal year pursuant to Article 70 and that has become payable in the fiscal year and that is not paid by the closing of the revenue and expenditure (Referred to as the "Paid Amount, Etc." in the following paragraph.) shall be held in reserve from the surplus. (2) In the event of the Received Amount being insufficient for the Paid Amount, Etc. at the closing of the fiscal year of the Fiscal Loan Fund Account, the reserve set forth under the previous paragraph shall supplement such insufficiency. (3) If any amount of the reserve under the foregoing Paragraph 1 exceeding the amount calculated pursuant to the stipulation of the Cabinet Order, a sum from the revenue within such exceeding amount may be transferred to the revenue of the Fiscal Loan Fund Account to be subsequently transferred from the said Account to the Special Account for the Government Debt Consolidation Fund. (4) Article 8 (2) shall not apply in the event that there is any surplus at the closing of the annual revenue and expenditure for the fiscal year concerned in the Fiscal Loan Fund Account.

(Measures to appropriate for the revenue source of Fiscal Loan Fund)

Article 66 (1) If the Fiscal Loan Fund is required to be appropriated for the revenue source of management, the Minister of Finance may have the Operating Assets of the Fiscal Loan Fund (Hereinafter referred to as the "Operating Assets" in this article.) belong to the Fiscal Loan Fund Account and may implement the following measures to the said Operating Assets within the fiscal year where the Minister makes such Operating Assets belonging to the Account. (i) To entrust the Operating Assets to a financial institution

authorized under the Article 1 (1) of the Act on Concurrent Operation of Trust Business by a Financial Institution (Act No. 43 of 1943) and to transfer the beneficial interests of the Operating Assets.

- (ii) To transfer the securities corresponding to assets (The securities corresponding to assets stipulated in Article 2 (11) of the Act on the Securitization of Assets (Act No. 105 of 1998)) to the issuer special purpose company (The issuer special purpose company stipulated in Article 2 (3) of the Act) within the same fiscal year. (2) In the event that the Minister of Finance has the Operating Assets belong to the Fiscal Loan Fund Account pursuant to the preceding paragraph, the sum equivalent to the principal of the Operating Assets shall be transferred from the Account to the Fiscal Loan Fund. (3) In case of the Minister of Finance implementing any measure stipulated under the Paragraph 1 of this article, the Minister of Finance may be entrusted with the affairs on collection including the collection of the principal and interest related to the Operating Assets entrusted pursuant to Item 1 of the Paragraph 1 or to the Operating Assets transferred pursuant to Item 2 thereof.

Order for Enforcement of the Act on Special Accounts (Cabinet Order No.124 of 2007)

(Presentation of Earning brought Forward on Balance Sheets)

Article 44 The earning brought forward under Article 56, Paragraph 1 of the Act shall be categorized on balance sheets as follows (i) The amount less than the sum equivalent to one hundred thousandth of the total assets of the Fiscal Loan Fund Account of the FILP Special Account as at the end of the fiscal year (Referred to as the "Ceiling"); -Reserves for Interest Variance (ii) The amount exceeding the Ceiling; - Special Reserve

(Calculation on the transfer from the Reserve to the Special Account for the Government Debt Consolidation Fund)

Article 45 The amount calculated pursuant to the stipulation of the Cabinet Order stipulated under Article 58, Paragraph 3 of the Act shall be the sum equivalent to the reserve under Article 58, Paragraph 1 less earning brought forward under Article 56, Paragraph 1 and plus the sum equivalent to fifty thousandth of the total assets on the estimated balance sheet of the fiscal year as stipulated under Article 54, Item 2 of the Act.

Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake (Act No. 117 of December 2, 2011)

Article 3 (1) From FY2012 to FY2015, regardless of the provisions of Article 58, Paragraph 3 of the Act on Special Accounts (Act No. 23 of 2007; hereinafter referred to as "Special Accounts Act"), the government can transfer funds from the Fiscal Loan Fund Account of the FILP Special Account, according to provisions in the budget, into the

Special Account for the National Debt Consolidation Fund.

- (2) Funds transferred according to the provision of the preceding paragraph are treated as expenditures of the Fiscal Loan Fund Account of the FILP Special Account, and an amount equivalent to such transferred funds shall be transferred into revenues of that account from reserves under Article 58, Paragraph 1 of the Special Accounts Act. (3) The amount equivalent to funds transferred according to the provision of the preceding paragraph shall be arranged by reduction from the amount of profit carried forward stated in Article 56, Paragraph 1 of the Special Accounts Act.

(Transfer of shares of Japan Tobacco Inc. into Special Account for the National Debt Consolidation Fund, etc.)

Article 4 (1) Under Supplementary Provisions, Article 225, Paragraph 4 of the Special Accounts Act, among the shares of Japan Tobacco Inc. (hereinafter referred to as "JT" in this paragraph) which belonged to the Investment Account of the FILP Special Account, a number of shares equivalent to the number which exceeds the number required to hold more than one-third of the total number of shares issued by JT (excluding share types which are established as unable to exercise voting rights for all matters which can be voted on in a shareholders meeting; hereinafter the same shall apply in this paragraph) shall be transferred from that account into the Special Account for the National Debt Consolidation Fund without compensation. (2) Shares transferred into the Special Account for the National Debt Consolidation Fund under the provisions of the previous paragraph shall be disposed of by the government as quickly as possible.

(Use of Revenues of Reconstruction Special Tax, etc.)

- Article 72** (1) Revenues of the Reconstruction Special Tax in the period from FY2012 to FY2037 shall be allocated to the financial resources for reconstruction costs and redemption costs (hereinafter referred to as "Costs (including government refinancing bonds concerning such reconstruction bonds; the same shall apply in the following Article, and Paragraph 1 of Article 74, and Article 17 of Supplementary Provisions) Required for Redemption of Reconstruction Bonds (in cases where government refinancing bonds are issued, this excludes portions allocated using revenues of those government refinancing bonds)"). (2) During the period from FY2012 to FY2015, the funds transferred under the provisions of Article 3 from the Fiscal Loan Fund Account of the FILP Special Account into the Special Account for the National Debt Consolidation Fund shall be allocated to financial resources for redemption costs. (3) Revenues arising by FY2022 due to the disposition of the shares listed below shall be allocated to financial resources for redemption costs. (i) The shares of Japan Tobacco Inc. transferred into the Special Account for the National Debt Consolidation Fund, under the provisions of Article 4, Paragraph 1 (ii), (iii) (Omitted) (4) (Omitted)

Supplementary Provisions

(Measures necessary for securing sound management of the Fiscal Loan Fund Account of the FILP Special Account)

Article 2 (1) Regardless of the provisions of Article 6 of the Special Accounts Act, during the period from FY2012 to FY2020, for settlement of revenues and expenditures of the Fiscal Loan Fund Account of the FILP Special Account, the amount already received as stipulated in Article 58, Paragraph 1 of the Special Accounts Act is estimated to be less than the amount already expended as stipulated in the same paragraph. Also, if it is expected that this shortage cannot be supplemented by the provisions of Article 58, Paragraph 2, then with the limit set as the amount equivalent to the amount which it is expected cannot be covered by this supplement, in order to allocate to expenses under Article 53, Paragraph 1, Item 2 of the Special Accounts Act (excluding redemption of government bonds as stipulated in Item 2 (g)), in accordance with matters established in the budget, funds can be transferred from the General Account to the Fiscal Loan Fund Account. (2) Funds transferred according to the provisions of the previous paragraph shall be revenues of the Fiscal Loan Fund Account of the FILP Special Account.

(Review of such matters as the securing of funding required for reconstruction measures)

Article 12 At the proper time after enforcement of this Act, the government shall consider such factors as the status of reconstruction from the Great East Japan Earthquake, and review how to handle reconstruction costs and how to handle various measures to secure the funds needed for reconstruction measures.

(Securing of funding by revenues other than tax revenues)

Article 13 (1) When reviewing in accordance with the provisions of the previous article, the government shall take the measures listed in the items below and other measures for securing revenues allocated to fund redemption costs of amounts equivalent to 2 trillion yen in the period from FY2011 to FY2022, as well as the matters stipulated in Chapter 2 and Chapter 3. (i) Regarding shares of Japan Tobacco Inc., consider the method of government participation in tobacco-related business based on the Tobacco Business Act, and study the possibility of their disposal by revising the approach to holding these shares. (ii) (Omitted) (2) As a result of studying each item of the previous paragraph, when the government recognizes that it does not need to hold all or part of the shares stipulated in each item of that paragraph, it shall take legal and regulatory measures and other necessary measures, and dispose of such shares as soon as possible.

Fiscal Investment and Loan Program Plan

FILP Plan and Balance

General FILP Base

(Unit: billion yen)

| Section | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|
| Fiscal Loan | | | | | | | | | | |
| Initial plan | 10,361.5 | 9,422.8 | 9,388.0 | 11,991.8 | 13,505.7 | 10,910.1 | 13,524.2 | 13,062.1 | 11,761.6 | 10,961.0 |
| Revised plan | 10,361.5 | 9,422.8 | 12,002.4 | 18,442.1 | 13,715.7 | 16,539.2 | 14,513.8 | 13,749.6 | 12,059.3 | |
| Results | 8,534.9 | 7,657.2 | 9,950.8 | 13,518.8 | 10,759.4 | 10,136.8 | 10,582.4 | 10,185.5 | 9,207.8 | |
| Balance | 206,589.4 | 185,545.4 | 170,061.8 | 161,906.2 | 152,263.5 | 143,251.5 | 135,580.1 | 127,402.8 | 120,333.9 | |
| Industrial Investment | | | | | | | | | | |
| Initial plan | 44.2 | 32.1 | 104.0 | 113.8 | 97.4 | 291.2 | 180.4 | 263.8 | 317.2 | 275.7 |
| Revised plan | 44.2 | 32.1 | 154.5 | 382.1 | 121.4 | 326.2 | 586.3 | 283.8 | 340.2 | |
| Results | 32.1 | 8.1 | 144.1 | 319.0 | 100.2 | 298.8 | 512.0 | 145.0 | 193.6 | |
| Balance | 3,310.5 | 3,317.6 | 3,371.5 | 3,701.3 | 3,789.8 | 4,062.5 | 4,552.7 | 4,691.8 | 4,809.7 | |
| Government Guarantee | | | | | | | | | | |
| Initial plan | 4,598.9 | 4,707.3 | 4,376.9 | 3,757.6 | 4,753.8 | 3,704.6 | 3,943.6 | 5,063.7 | 4,101.2 | 3,384.8 |
| Revised plan | 4,598.9 | 4,707.3 | 4,426.9 | 5,087.6 | 4,753.8 | 3,704.6 | 3,943.6 | 5,063.7 | 4,101.2 | |
| Results | 3,999.4 | 4,286.8 | 3,783.3 | 3,318.1 | 3,086.9 | 3,288.6 | 3,779.3 | 4,607.2 | 3,519.2 | |
| Balance | 31,638.7 | 32,872.2 | 33,834.8 | 34,319.7 | 33,107.7 | 33,815.7 | 35,615.4 | 37,166.5 | 37,094.9 | |
| FILP Total | | | | | | | | | | |
| Initial plan | 15,004.6 | 14,162.2 | 13,868.9 | 15,863.2 | 18,356.9 | 14,905.9 | 17,648.2 | 18,389.6 | 16,180.0 | 14,621.5 |
| Revised plan | 15,004.6 | 14,162.2 | 16,583.8 | 23,911.8 | 18,590.9 | 20,570.0 | 19,043.7 | 19,097.1 | 16,500.7 | |
| Results | 12,566.3 | 11,952.0 | 13,878.2 | 17,155.9 | 13,946.5 | 13,724.1 | 14,873.7 | 14,937.7 | 12,920.6 | |
| Balance | 241,538.6 | 221,735.2 | 207,268.2 | 199,927.2 | 189,161.0 | 181,129.8 | 175,748.2 | 169,261.1 | 162,238.5 | |

(Note) In accordance with the reforms to the FILP system, calculation of the general FILP base excludes Portfolio Investments abolished in FY2001.

Base with Portfolio Investments Included

(Unit: billion yen)

| Section | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|
| Fiscal Loan | | | | | | | | | | |
| Initial plan | 10,361.5 | 9,422.8 | 9,388.0 | 11,991.8 | 13,505.7 | 10,910.1 | 13,524.2 | 13,062.1 | 11,761.6 | 10,961.0 |
| Revised plan | 10,361.5 | 9,422.8 | 12,002.4 | 18,442.1 | 13,715.7 | 16,539.2 | 14,513.8 | 13,749.6 | 12,059.3 | |
| Results | 8,534.9 | 7,657.2 | 9,950.8 | 13,518.8 | 10,759.4 | 10,136.8 | 10,582.4 | 10,185.5 | 9,207.8 | |
| Balance | 240,549.4 | 208,955.4 | 178,761.8 | 163,906.2 | 152,263.5 | 143,251.5 | 135,580.1 | 127,402.8 | 120,333.9 | |
| Industrial Investment | | | | | | | | | | |
| Initial plan | 44.2 | 32.1 | 104.0 | 113.8 | 97.4 | 291.2 | 180.4 | 263.8 | 317.2 | 275.7 |
| Revised plan | 44.2 | 32.1 | 154.5 | 382.1 | 121.4 | 326.2 | 586.3 | 283.8 | 340.2 | |
| Results | 32.1 | 8.1 | 144.1 | 319.0 | 100.2 | 298.8 | 512.0 | 145.0 | 193.6 | |
| Balance | 3,310.5 | 3,317.6 | 3,371.5 | 3,701.3 | 3,789.8 | 4,062.5 | 4,552.7 | 4,691.8 | 4,809.7 | |
| Government Guarantee | | | | | | | | | | |
| Initial plan | 4,598.9 | 4,707.3 | 4,376.9 | 3,757.6 | 4,753.8 | 3,704.6 | 3,943.6 | 5,063.7 | 4,101.2 | 3,384.8 |
| Revised plan | 4,598.9 | 4,707.3 | 4,426.9 | 5,087.6 | 4,753.8 | 3,704.6 | 3,943.6 | 5,063.7 | 4,101.2 | |
| Results | 3,999.4 | 4,286.8 | 3,783.3 | 3,318.1 | 3,086.9 | 3,288.6 | 3,779.3 | 4,607.2 | 3,519.2 | |
| Balance | 31,638.7 | 32,872.2 | 33,834.8 | 34,319.7 | 33,107.7 | 33,815.7 | 35,615.4 | 37,166.5 | 37,094.9 | |
| FILP Total | | | | | | | | | | |
| Initial plan | 15,004.6 | 14,162.2 | 13,868.9 | 15,863.2 | 18,356.9 | 14,905.9 | 17,648.2 | 18,389.6 | 16,180.0 | 14,621.5 |
| Revised plan | 15,004.6 | 14,162.2 | 16,583.8 | 23,911.8 | 18,590.9 | 20,570.0 | 19,043.7 | 19,097.1 | 16,500.7 | |
| Results | 12,566.3 | 11,952.0 | 13,878.2 | 17,155.9 | 13,946.5 | 13,724.1 | 14,873.7 | 14,937.7 | 12,920.6 | |
| Balance | 275,498.6 | 245,145.2 | 215,968.2 | 201,927.2 | 189,161.0 | 181,129.8 | 175,748.2 | 169,261.1 | 162,238.5 | |

(Notes) 1. In accordance with the reforms to the FILP system, calculation of the general FILP base includes Portfolio Investments abolished in FY2001.

2. Results figures are arranged on a fund year basis. Results figures for FY2014 are estimated values at the time of the closing of FY2014.

3. For balance figures, bonds underwritten by the Fiscal Loan Fund and the Postal Life Insurance Fund are calculated by their holding value (monetary income base), and government-guaranteed bonds are calculated by face value.

FY2013 FILP Plan and Results

(Unit: billion yen)

| Section | Fiscal Loan | | | Industrial Investment | | | Government Guarantee | | | Total amount of FILP Financing | | |
|--|-----------------|-----------------|-----------------|-----------------------|--------------|--------------|----------------------|----------------|----------------|--------------------------------|-----------------|-----------------|
| | Initial Plan | Revised Plan | Results | Initial Plan | Revised Plan | Results | Initial Plan | Revised Plan | Results | Initial Plan | Revised Plan | Results |
| <Special Accounts> | | | | | | | | | | | | |
| Special Account for Energy Policy | 23.1 | 23.1 | 13.1 | — | — | — | — | — | — | 23.1 | 23.1 | 13.1 |
| Special Account for Stable Supply of Food | 4.1 | 4.1 | 3.7 | — | — | — | — | — | — | 4.1 | 4.1 | 3.7 |
| <Government Financial Institutions> | | | | | | | | | | | | |
| Japan Finance Corporation | 5,752.0 | 5,852.0 | 3,653.1 | 45.5 | 45.5 | 43.5 | 185.0 | 185.0 | 125.0 | 5,982.5 | 6,082.5 | 3,821.6 |
| The Okinawa Development Finance Corporation | 85.5 | 85.5 | 33.7 | 0.5 | 0.5 | — | — | — | — | 86.0 | 86.0 | 33.7 |
| Japan Bank for International Cooperation | 600.0 | 600.0 | 555.1 | — | — | — | 660.0 | 660.0 | 656.2 | 1,260.0 | 1,260.0 | 1,211.3 |
| Japan International Cooperation Agency (Incorporated Administrative Agency) | 384.4 | 384.4 | 119.4 | — | — | — | — | — | — | 384.4 | 384.4 | 119.4 |
| <Incorporated Administrative Agencies, etc.> | | | | | | | | | | | | |
| Japan Housing Finance Agency (Incorporated Administrative Agency) | 264.0 | 264.0 | 67.5 | — | — | — | — | — | — | 264.0 | 264.0 | 67.5 |
| Urban Renaissance Agency (Incorporated Administrative Agency) | 491.0 | 491.0 | 410.5 | — | — | — | — | — | — | 491.0 | 491.0 | 410.5 |
| Japan Water Agency (Incorporated Administrative Agency) | 6.8 | 7.3 | 7.3 | — | — | — | — | — | — | 6.8 | 7.3 | 7.3 |
| Japan Finance Organization for Municipalities | — | — | — | — | — | — | 1,170.0 | 1,170.0 | 1,170.0 | 1,170.0 | 1,170.0 | 1,170.0 |
| Japan Railway Construction, Transport and Technology Agency (Incorporated Administrative Agency) | 52.4 | 62.7 | 62.7 | — | — | — | — | — | — | 52.4 | 62.7 | 62.7 |
| Japan Oil, Gas and Metals National Corporation (Incorporated Administrative Agency) | 3.3 | 3.3 | 0.5 | 112.5 | 112.5 | 41.2 | — | — | — | 115.8 | 115.8 | 41.7 |
| Welfare And Medical Service Agency (Incorporated Administrative Agency) | 420.5 | 420.5 | 332.3 | — | — | — | — | — | — | 420.5 | 420.5 | 332.3 |
| National Hospital Organization (Incorporated Administrative Agency) | 29.1 | 29.1 | 11.6 | — | — | — | — | — | — | 29.1 | 29.1 | 11.6 |
| National Cancer Center (Incorporated Administrative Agency) | 1.8 | 1.8 | 1.7 | — | — | — | — | — | — | 1.8 | 1.8 | 1.7 |
| National Center for Global Health and Medicine (Incorporated Administrative Agency) | 3.0 | 3.0 | 3.0 | — | — | — | — | — | — | 3.0 | 3.0 | 3.0 |
| The Promotion and Mutual Aid Corporation for Private Schools of Japan | 38.5 | 38.5 | 38.5 | — | — | — | — | — | — | 38.5 | 38.5 | 38.5 |
| Center for National University Finance and Management (Incorporated Administrative Agency) | 54.6 | 54.6 | 53.3 | — | — | — | — | — | — | 54.6 | 54.6 | 53.3 |
| Japan Student Services Organization (Incorporated Administrative Agency) | 860.5 | 860.5 | 848.7 | — | — | — | — | — | — | 860.5 | 860.5 | 848.7 |
| Forestry and Forest Products Research Institute (Incorporated Administrative Agency) | 6.5 | 6.5 | 6.5 | — | — | — | — | — | — | 6.5 | 6.5 | 6.5 |
| Japan Expressway Holding and Debt Repayment Agency (Incorporated Administrative Agency) | — | — | — | — | — | — | 2,386.0 | 2,386.0 | 2,386.0 | 2,386.0 | 2,386.0 | 2,386.0 |
| Fund for the Promotion and Development of the Amami Islands (Incorporated Administrative Agency) | — | — | — | 0.2 | 0.2 | 0.2 | — | — | — | 0.2 | 0.2 | 0.2 |
| New Energy and Industrial Technology Development Organization (Incorporated Administrative Agency) | — | — | — | 0.1 | 0.1 | 0.1 | — | — | — | 0.1 | 0.1 | 0.1 |
| <Local Governments> | | | | | | | | | | | | |
| Local Governments | 3,681.0 | 4,257.7 | 3,663.5 | — | — | — | — | — | — | 3,681.0 | 4,257.7 | 3,663.5 |
| <Special Corporations> | | | | | | | | | | | | |
| Organization for Promoting Urban Development | — | — | — | — | — | — | 30.0 | 30.0 | 10.0 | 30.0 | 30.0 | 10.0 |
| Agriculture, Forestry and Fisheries Fund Corporation for Innovation, Value-chain and Expansion Japan | — | — | — | 35.0 | 35.0 | — | — | — | — | 35.0 | 35.0 | — |
| New Kansai International Airport Co., Ltd. | — | — | — | — | — | — | 44.0 | 44.0 | 44.0 | 44.0 | 44.0 | 44.0 |
| Central Japan International Airport Co., Ltd. | — | — | — | — | — | — | 8.7 | 8.7 | 4.7 | 8.7 | 8.7 | 4.7 |
| Private Finance Initiative Promotion Corporation of Japan | — | — | — | 10.0 | 10.0 | 10.0 | 230.0 | 230.0 | — | 240.0 | 240.0 | 10.0 |
| Development Bank of Japan Inc. | 300.0 | 300.0 | 300.0 | — | — | — | 350.0 | 350.0 | 211.3 | 650.0 | 650.0 | 511.3 |
| Innovation Network Corporation of Japan | — | — | — | 10.0 | 30.0 | 20.0 | — | — | — | 10.0 | 30.0 | 20.0 |
| Cool Japan Fund Inc. | — | — | — | 50.0 | 50.0 | 30.0 | — | — | — | 50.0 | 50.0 | 30.0 |
| Total | 13,062.1 | 13,749.6 | 10,185.5 | 263.8 | 283.8 | 145.0 | 5,063.7 | 5,063.7 | 4,607.2 | 18,389.6 | 19,097.1 | 14,937.7 |

Notes: 1. Results figures are arranged on a fund year basis.

2. The Fiscal Loan is solely comprised of the Fiscal Loan Fund.

FY2014 FILP Plan and Results

(Unit: billion yen)

| Section | Fiscal Loan | | | Industrial Investment | | | Government Guarantee | | | Total amount of FILP Financing | | |
|--|-----------------|-----------------|----------------|-----------------------|--------------|--------------|----------------------|----------------|----------------|--------------------------------|-----------------|-----------------|
| | Initial Plan | Revised Plan | Results | Initial Plan | Revised Plan | Results | Initial Plan | Revised Plan | Results | Initial Plan | Revised Plan | Results |
| <Special Accounts> | | | | | | | | | | | | |
| Special Account for Energy Policy | 16.1 | 16.1 | 9.0 | — | — | — | — | — | — | 16.1 | 16.1 | 9.0 |
| Special Account for Stable Supply of Food | 2.9 | 2.9 | 2.8 | — | — | — | — | — | — | 2.9 | 2.9 | 2.8 |
| <Government Financial Institutions> | | | | | | | | | | | | |
| Japan Finance Corporation | 4,906.0 | 4,986.0 | 3,091.9 | 45.5 | 65.5 | 65.5 | 185.0 | 185.0 | 110.0 | 5,136.5 | 5,236.5 | 3,267.4 |
| The Okinawa Development Finance Corporation | 82.5 | 82.5 | 82.5 | 2.5 | 2.5 | 1.7 | — | — | — | 85.0 | 85.0 | 84.2 |
| Japan Bank for International Cooperation | 300.0 | 300.0 | 239.7 | 31.0 | 31.0 | 31.0 | 500.0 | 500.0 | 372.8 | 831.0 | 831.0 | 643.5 |
| Japan International Cooperation Agency (Incorporated Administrative Agency) | 422.0 | 422.0 | 197.5 | — | — | — | 60.0 | 60.0 | 57.1 | 482.0 | 482.0 | 254.6 |
| <Incorporated Administrative Agencies, etc.> | | | | | | | | | | | | |
| Japan Housing Finance Agency (Incorporated Administrative Agency) | 228.0 | 228.0 | 49.5 | — | — | — | — | — | — | 228.0 | 228.0 | 49.5 |
| Urban Renaissance Agency (Incorporated Administrative Agency) | 556.1 | 556.1 | 421.3 | — | — | — | — | — | — | 556.1 | 556.1 | 421.3 |
| Japan Water Agency (Incorporated Administrative Agency) | 7.9 | 8.2 | 8.2 | — | — | — | — | — | — | 7.9 | 8.2 | 8.2 |
| Japan Finance Organization for Municipalities | — | — | — | — | — | — | 630.0 | 630.0 | 630.0 | 630.0 | 630.0 | 630.0 |
| Japan Railway Construction, Transport and Technology Agency (Incorporated Administrative Agency) | 55.7 | 55.7 | 46.3 | — | — | — | — | — | — | 55.7 | 55.7 | 46.3 |
| Japan Oil, Gas and Metals National Corporation (Incorporated Administrative Agency) | 3.4 | 3.4 | 2.2 | 81.0 | 81.0 | 0.2 | — | — | — | 84.4 | 84.4 | 2.4 |
| Welfare And Medical Service Agency (Incorporated Administrative Agency) | 398.6 | 398.6 | 398.6 | — | — | — | — | — | — | 398.6 | 398.6 | 398.6 |
| National Hospital Organization (Incorporated Administrative Agency) | 33.6 | 33.6 | 33.6 | — | — | — | — | — | — | 33.6 | 33.6 | 33.6 |
| National Cancer Center (Incorporated Administrative Agency) | 1.9 | 1.9 | 1.9 | — | — | — | — | — | — | 1.9 | 1.9 | 1.9 |
| National Center for Global Health and Medicine (Incorporated Administrative Agency) | 3.2 | 3.2 | 2.8 | — | — | — | — | — | — | 3.2 | 3.2 | 2.8 |
| Japan Community Health care Organization (Incorporated Administrative Agency) | 31.9 | 31.9 | 1.2 | — | — | — | — | — | — | 31.9 | 31.9 | 1.2 |
| The Promotion and Mutual Aid Corporation for Private Schools of Japan | 36.7 | 45.1 | 45.1 | — | — | — | — | — | — | 36.7 | 45.1 | 45.1 |
| Center for National University Finance and Management (Incorporated Administrative Agency) | 56.1 | 56.1 | 55.2 | — | — | — | — | — | — | 56.1 | 56.1 | 55.2 |
| Japan Student Services Organization (Incorporated Administrative Agency) | 859.6 | 859.6 | 829.6 | — | — | — | — | — | — | 859.6 | 859.6 | 829.6 |
| Forestry and Forest Products Research Institute (Incorporated Administrative Agency) | 6.4 | 6.4 | 6.4 | — | — | — | — | — | — | 6.4 | 6.4 | 6.4 |
| Japan Expressway Holding and Debt Repayment Agency (Incorporated Administrative Agency) | — | — | — | — | — | — | 1,940.0 | 1,940.0 | 1,940.0 | 1,940.0 | 1,940.0 | 1,940.0 |
| Fund for the Promotion and Development of the Amami Islands (Incorporated Administrative Agency) | — | — | — | 0.2 | 0.2 | 0.2 | — | — | — | 0.2 | 0.2 | 0.2 |
| Deposit Insurance Corporation of Japan | — | — | — | — | 3.0 | 3.0 | — | — | — | — | 3.0 | 3.0 |
| <Local Governments> | | | | | | | | | | | | |
| Local Governments | 3,453.0 | 3,662.0 | 3,382.5 | — | — | — | — | — | — | 3,453.0 | 3,662.0 | 3,382.5 |
| <Special Corporations> | | | | | | | | | | | | |
| Organization for Promoting Urban Development | — | — | — | — | — | — | 31.0 | 31.0 | — | 31.0 | 31.0 | — |
| The Shoko Chukin Bank, Ltd. | — | — | — | 13.5 | 13.5 | 13.5 | — | — | — | 13.5 | 13.5 | 13.5 |
| Agriculture, Forestry and Fisheries Fund Corporation for Innovation, Value-chain and Expansion Japan | — | — | — | 15.0 | 15.0 | — | — | — | — | 15.0 | 15.0 | — |
| New Kansai International Airport Co., Ltd. | — | — | — | — | — | — | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 |
| Central Japan International Airport Co., Ltd. | — | — | — | — | — | — | 33.0 | 33.0 | 29.7 | 33.0 | 33.0 | 29.7 |
| Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development | — | — | — | 58.5 | 58.5 | 58.5 | 51.0 | 51.0 | — | 109.5 | 109.5 | 58.5 |
| Private Finance Initiative Promotion Corporation of Japan | — | — | — | 30.0 | 30.0 | — | 291.2 | 291.2 | — | 321.2 | 321.2 | — |
| Development Bank of Japan Inc. | 300.0 | 300.0 | 300.0 | — | — | — | 350.0 | 350.0 | 349.6 | 650.0 | 650.0 | 649.6 |
| Innovation Network Corporation of Japan | — | — | — | 10.0 | 10.0 | — | — | — | — | 10.0 | 10.0 | — |
| Cool Japan Fund Inc. | — | — | — | 30.0 | 30.0 | 20.0 | — | — | — | 30.0 | 30.0 | 20.0 |
| Total | 11,761.6 | 12,059.3 | 9,207.8 | 317.2 | 340.2 | 193.6 | 4,101.2 | 4,101.2 | 3,519.2 | 16,180.0 | 16,500.7 | 12,920.6 |

Notes: 1. Results figures are arranged on a fund year basis, and are estimated values at the time of the closing of FY2014.
2. The Fiscal Loan is solely comprised of the Fiscal Loan Fund

FY2015 FILP Plan

(Unit: billion yen)

| Section | Fiscal Loan | Industrial Investment | Government Guarantee | Total Amount of FILP Financing | (Reference) Own Funds, etc. |
|--|-----------------|-----------------------|----------------------|--------------------------------|-----------------------------|
| <Special Accounts> | | | | | |
| Special Account for Stable Supply of Food | 3.2 | — | — | 3.2 | 40.0 |
| Special Account for Energy Policy | 7.8 | — | — | 7.8 | 1,586.4 |
| <Government Financial Institutions> | | | | | |
| Japan Finance Corporation | 4,552.0 | 24.0 | 185.0 | 4,761.0 | (300.0) 2,108.7 |
| The Okinawa Development Finance Corporation | 68.0 | 2.7 | — | 70.7 | (10.0) 46.5 |
| Japan Bank for International Cooperation | 250.0 | — | 500.0 | 750.0 | (20.0) 1,070.0 |
| Japan International Cooperation Agency (Incorporated Administrative Agency) | 376.6 | — | 60.0 | 436.6 | (60.0) 551.9 |
| <Incorporated Administrative Agencies, etc.> | | | | | |
| Fund for the Promotion and Development of the Amami Islands (Incorporated Administrative Agency) | — | 0.2 | — | 0.2 | 2.5 |
| The Promotion and Mutual Aid Corporation for Private Schools of Japan | 36.7 | — | — | 36.7 | 33.3 |
| Japan Student Services Organization (Incorporated Administrative Agency) | 779.7 | — | — | 779.7 | (120.0) 16.9 |
| Welfare And Medical Service Agency (Incorporated Administrative Agency) | 460.8 | — | — | 460.8 | (20.0) △27.6 |
| National Hospital Organization (Incorporated Administrative Agency) | 34.5 | — | — | 34.5 | 30.6 |
| National Cancer Center (National Research and Development Agency) | 1.5 | — | — | 1.5 | 1.0 |
| National Cerebral and Cardiovascular Center (National Research and Development Agency) | 3.3 | — | — | 3.3 | 1.4 |
| National Center for Child Health and Development (National Research and Development Agency) | 1.5 | — | — | 1.5 | — |
| National Center for Geriatrics and Gerontology (National Research and Development Agency) | 2.0 | — | — | 2.0 | 0.2 |
| Center for National University Finance and Management (Incorporated Administrative Agency) | 57.0 | — | — | 57.0 | (5.0) 4.6 |
| Japan Community Health care Organization (Incorporated Administrative Agency) | 4.8 | — | — | 4.8 | 14.0 |
| Japan Railway Construction, Transport and Technology Agency (Incorporated Administrative Agency) | 54.9 | 1.0 | — | 55.9 | (148.0) 300.6 |
| Deposit Insurance Corporation of Japan | — | 7.0 | — | 7.0 | — |
| Japan Housing Finance Agency (Incorporated Administrative Agency) | 210.0 | — | — | 210.0 | (2,894.4) 3,137.6 |
| Urban Renaissance Agency (Incorporated Administrative Agency) | 471.4 | 0.6 | — | 472.0 | (70.0) 948.7 |
| Japan Expressway Holding and Debt Repayment Agency (Incorporated Administrative Agency) | — | — | 1,251.0 | 1,251.0 | (330.0) 2,589.0 |
| Japan Water Agency (Incorporated Administrative Agency) | 9.1 | — | — | 9.1 | (6.0) 162.3 |
| Japan Finance Organization for Municipalities | — | — | 720.0 | 720.0 | 2,412.6 |
| Forestry and Forest Products Research Institute (National Research and Development Agency) | 6.3 | — | — | 6.3 | 26.2 |
| Japan Oil, Gas and Metals National Corporation (Incorporated Administrative Agency) | 0.9 | 72.0 | — | 72.9 | 54.1 |
| <Local Governments> | | | | | |
| Local Governments | 3,269.0 | — | — | 3,269.0 | 8,937.4 |
| <Special Corporations> | | | | | |
| Agriculture, Forestry and Fisheries Fund Corporation for Innovation, Value-chain and Expansion Japan | — | 5.0 | — | 5.0 | 15.0 |
| Development Bank of Japan Inc. | 300.0 | 65.0 | 350.0 | 715.0 | (400.0) 1,515.0 |
| New Kansai International Airport Co., Ltd. | — | — | 20.0 | 20.0 | (37.6) 73.7 |
| Organization for Promoting Urban Development | — | — | 31.0 | 31.0 | 21.0 |
| Central Japan International Airport Co., Ltd. | — | — | 33.8 | 33.8 | 18.4 |
| Private Finance Initiative Promotion Corporation of Japan | — | 5.0 | 200.0 | 205.0 | 100.0 |
| The Shoko Chukin Bank, Ltd. | — | 26.0 | — | 26.0 | (264.5) 2,634.0 |
| Cool Japan Fund Inc. | — | 10.0 | — | 10.0 | 16.0 |
| Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development | — | 37.2 | 34.0 | 71.2 | 4.0 |
| Fund Corporation for the Overseas Development of Japan's ICT and Postal Services Inc. | — | 20.0 | — | 20.0 | 7.0 |
| Total | 10,961.0 | 275.7 | 3,384.8 | 14,621.5 | (4,685.5) |

Notes: 1. Figures are based on the initial plan of FY2015.

2. For "(Reference) Own funds, etc.", figures in () are the amounts procured by the issuance of FILP agency bonds, public bonds without Government Guarantees issued by individual incorporated administrative agencies, etc. in private financial markets.
3. The Fiscal Loan is solely comprised of the Fiscal Loan Fund.

FY2012, 2013, and 2014 Year-End FILP Plan Balance

(Unit: billion yen)

| Section | Fiscal Loan | | | Fiscal Loan Fund | | | Industrial Investment | | | Government Guarantee | | | Total | | |
|--|-------------|----------|----------|------------------|----------|----------|-----------------------|---------|---------|----------------------|---------|---------|----------|----------|----------|
| | FY2012 | FY2013 | FY2014 | FY2012 | FY2013 | FY2014 | FY2012 | FY2013 | FY2014 | FY2012 | FY2013 | FY2014 | FY2012 | FY2013 | FY2014 |
| <General Accounts and Special Accounts> | | | | | | | | | | | | | | | |
| General Accounts | 1,447.6 | 974.4 | 517.3 | 1,447.6 | 974.4 | 517.3 | - | - | - | - | - | - | 1,447.6 | 974.4 | 517.3 |
| Special Account for Energy Policy | 289.2 | 276.5 | 257.2 | 289.2 | 276.5 | 257.2 | - | - | - | - | - | - | 289.2 | 276.5 | 257.2 |
| Special Account for Stable Supply of Food | 50.1 | 51.9 | 51.3 | 50.1 | 51.9 | 51.3 | - | - | - | - | - | - | 50.1 | 51.9 | 51.3 |
| Special Account for National Forest Service | 428.4 | 384.6 | 340.7 | 428.4 | 384.6 | 340.7 | - | - | - | - | - | - | 428.4 | 384.6 | 340.7 |
| Special Account for National Forest Service Debt Management | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Special Account for Social Infrastructure | 715.8 | 641.5 | 578.2 | 715.8 | 641.5 | 578.2 | - | - | - | - | - | - | 715.8 | 641.5 | 578.2 |
| Special Account for Safety of Motor Vehicle | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <Government Financial Institutions> | | | | | | | | | | | | | | | |
| Japan Finance Corporation | 16,639.3 | 16,138.8 | 15,173.7 | 16,639.3 | 16,138.8 | 15,173.7 | 492.3 | 535.7 | 601.2 | 1,358.0 | 1,195.0 | 1,090.0 | 18,489.6 | 17,869.5 | 16,864.9 |
| The Okinawa Development Finance Corporation | 577.4 | 530.9 | 521.0 | 577.4 | 530.9 | 521.0 | 7.3 | 7.3 | 9.1 | - | - | - | 584.7 | 538.2 | 530.0 |
| Japan Bank for International Cooperation | 3,490.4 | 3,704.8 | 3,400.3 | 3,490.4 | 3,704.8 | 3,400.3 | 1,340.0 | 1,340.0 | 1,371.0 | 1,527.7 | 2,144.6 | 2,572.7 | 6,358.1 | 7,189.4 | 7,344.0 |
| Japan International Cooperation Agency (Incorporated Administrative Agency) | 1,979.7 | 1,782.0 | 1,703.6 | 1,979.7 | 1,782.0 | 1,703.6 | - | - | - | - | - | - | 60.1 | 1,979.7 | 1,782.0 |
| <Incorporated Administrative Agencies, etc.> | | | | | | | | | | | | | | | |
| Japan Housing Finance Agency (Incorporated Administrative Agency) | 15,189.1 | 13,035.5 | 10,913.0 | 15,189.1 | 13,035.5 | 10,913.0 | 88.9 | 88.9 | 88.9 | - | - | - | 15,278.0 | 13,124.4 | 11,001.9 |
| Urban Renaissance Agency (Incorporated Administrative Agency) | 10,530.0 | 10,444.0 | 10,349.9 | 10,530.0 | 10,444.0 | 10,349.9 | 61.2 | 61.2 | 61.2 | - | - | - | 10,591.2 | 10,505.2 | 10,411.1 |
| Organization for Workers' Retirement Allowance Mutual Aid (Incorporated Administrative Agency) | 11.0 | 8.9 | 6.8 | 11.0 | 8.9 | 6.8 | - | - | - | - | - | - | 11.0 | 8.9 | 6.8 |
| Japan Water Agency (Incorporated Administrative Agency) | 474.9 | 430.5 | 394.0 | 474.9 | 430.5 | 394.0 | - | - | - | - | - | - | 474.9 | 430.5 | 394.0 |
| Japan Finance Organization for Municipalities | - | - | - | - | - | - | - | - | - | 9,279.6 | 8,975.8 | 8,397.3 | 9,279.6 | 8,975.8 | 8,397.3 |
| Japan Railway Construction, Transport and Technology Agency (Incorporated Administrative Agency) | 963.9 | 817.0 | 670.3 | 963.9 | 817.0 | 670.3 | 50.3 | 50.3 | 50.3 | - | - | - | 1,014.2 | 867.3 | 720.5 |
| Environmental Restoration and Conservation Agency (Incorporated Administrative Agency) | 11.7 | 5.1 | 1.4 | 11.7 | 5.1 | 1.4 | - | - | - | - | - | - | 11.7 | 5.1 | 1.4 |
| Japan Oil, Gas and Metals National Corporation (Incorporated Administrative Agency) | 4.0 | 3.8 | 5.4 | 4.0 | 3.8 | 5.4 | 142.7 | 182.9 | 185.1 | - | - | - | 146.7 | 186.7 | 190.5 |
| Welfare And Medical Service Agency (Incorporated Administrative Agency) | 2,809.1 | 2,838.3 | 2,939.7 | 2,809.1 | 2,838.3 | 2,939.7 | - | - | - | - | - | - | 2,809.1 | 2,838.3 | 2,939.7 |
| National Hospital Organization (Incorporated Administrative Agency) | 440.8 | 412.4 | 397.6 | 440.8 | 412.4 | 397.6 | - | - | - | - | - | - | 440.8 | 412.4 | 397.6 |
| National Cancer Center | 16.3 | 18.0 | 16.1 | 16.3 | 18.0 | 16.1 | - | - | - | - | - | - | 16.3 | 18.0 | 16.1 |
| National Cerebral and Cardiovascular Center | 1.5 | 1.3 | 1.0 | 1.5 | 1.3 | 1.0 | - | - | - | - | - | - | 1.5 | 1.3 | 1.0 |
| National Center of Neurology and Psychiatry | 3.0 | 2.9 | 2.8 | 3.0 | 2.9 | 2.8 | - | - | - | - | - | - | 3.0 | 2.9 | 2.8 |
| National Center for Global Health and Medicine | 17.9 | 18.6 | 19.9 | 17.9 | 18.6 | 19.9 | - | - | - | - | - | - | 17.9 | 18.6 | 19.9 |
| National Center for Child Health and Development | 8.2 | 7.5 | 6.8 | 8.2 | 7.5 | 6.8 | - | - | - | - | - | - | 8.2 | 7.5 | 6.8 |
| National Center for Geriatrics and Gerontology | 0.6 | 0.5 | 0.4 | 0.6 | 0.5 | 0.4 | - | - | - | - | - | - | 0.6 | 0.5 | 0.4 |
| Japan Community Health care Organization (Incorporated Administrative Agency) | - | - | 1.2 | - | - | 1.2 | - | - | - | - | - | - | - | - | 1.2 |
| National Institute of Biomedical Innovation (Incorporated Administrative Agency) | - | - | - | - | - | - | 35.4 | 35.3 | 35.3 | - | - | - | 35.4 | 35.3 | 35.3 |
| The Promotion and Mutual Aid Corporation for Private Schools of Japan | 209.2 | 224.9 | 252.5 | 209.2 | 224.9 | 252.5 | - | - | - | - | - | - | 209.2 | 224.9 | 252.5 |
| Center for National University Finance and Management (Incorporated Administrative Agency) | 773.0 | 757.0 | 736.4 | 773.0 | 757.0 | 736.4 | - | - | - | - | - | - | 773.0 | 757.0 | 736.4 |
| Japan Student Services Organization (Incorporated Administrative Agency) | 4,521.8 | 4,944.1 | 5,332.4 | 4,521.8 | 4,944.1 | 5,332.4 | - | - | - | - | - | - | 4,521.8 | 4,944.1 | 5,332.4 |
| National Agriculture and Food Research Organization (Incorporated Administrative Agency) | - | - | - | - | - | - | 34.9 | 33.6 | 33.5 | - | - | - | 34.9 | 33.6 | 33.5 |

FY2012, 2013, and 2014 Year-End FILP Plan Balance

(Unit: billion yen)

| Section | Fiscal Loan | | | Fiscal Loan Fund | | | Industrial Investment | | | Government Guarantee | | | Total | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|-----------------------|------------------|------------------|----------------------|----------------|-----------------|-----------------|-----------------|------------------|
| | FY2012 | FY2013 | FY2014 | FY2012 | FY2013 | FY2014 | FY2012 | FY2013 | FY2014 | FY2012 | FY2013 | FY2014 | FY2012 | FY2013 | FY2014 |
| <Incorporated Administrative Agencies, etc.> | | | | | | | | | | | | | | | |
| Forestry and Forest Products Research Institute (Incorporated Administrative Agency) | 219.3 | 201.1 | 184.1 | 219.3 | 201.1 | 184.1 | - | - | - | - | - | - | 219.3 | 201.1 | 184.1 |
| Japan Expressway Holding and Debt Repayment Agency (Incorporated Administrative Agency) | 3,003.0 | 1,050.4 | 355.7 | 3,003.0 | 1,050.4 | 355.7 | - | - | - | 19,826.8 | 21,184.4 | 21,389.6 | 22,829.8 | 22,234.8 | 21,745.3 |
| Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (Incorporated Administrative Agency) | - | - | - | - | - | - | 64.8 | 64.8 | 60.4 | - | - | - | 64.8 | 64.8 | 60.4 |
| Fund for the Promotion and Development of the Amami Islands (Incorporated Administrative Agency) | - | - | - | - | - | - | 8.0 | 8.2 | 8.4 | - | - | - | 8.0 | 8.2 | 8.4 |
| Deposit Insurance Corporation of Japan | - | - | - | - | - | - | 10.0 | 10.0 | 13.0 | - | - | - | 10.0 | 10.0 | 13.0 |
| Japan Science and Technology Agency (Incorporated Administrative Agency) | - | - | - | - | - | - | 73.4 | 73.4 | 73.4 | - | - | - | 73.4 | 73.4 | 73.4 |
| Information-technology Promotion Agency, Japan (Incorporated Administrative Agency) | - | - | - | - | - | - | 3.7 | 3.7 | 3.7 | - | - | - | 3.7 | 3.7 | 3.7 |
| New Energy and Industrial Technology Development Organization (Incorporated Administrative Agency) | - | - | - | - | - | - | 74.9 | 75.4 | 75.4 | - | - | - | 74.9 | 75.4 | 75.4 |
| National Institute of Information and Communications Technology (Incorporated Administrative Agency) | - | - | - | - | - | - | 66.6 | 62.6 | 62.6 | - | - | - | 66.6 | 62.6 | 62.6 |
| <Local Governments > | | | | | | | | | | | | | | | |
| Local Governments | 66,100.1 | 63,291.2 | 60,945.3 | 66,100.1 | 63,291.2 | 60,945.3 | 52,868.8 | 52,114.3 | 51,016.5 | - | - | - | 66,100.1 | 63,291.2 | 60,945.3 |
| <Special Corporations> | | | | | | | | | | | | | | | |
| Tokyo Metro Co., Ltd. | 136.3 | 123.3 | 110.6 | 136.3 | 123.3 | 110.6 | - | - | - | - | - | - | 136.3 | 123.3 | 110.6 |
| Organization for Promoting Urban Development | - | - | - | - | - | - | - | - | - | 1.4 | 10.8 | 10.0 | 1.4 | 10.8 | 10.0 |
| The Shoko Chukin Bank, Ltd. | - | - | - | - | - | - | 101.6 | 101.6 | 115.1 | - | - | - | 101.6 | 101.6 | 115.1 |
| Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan | - | - | - | - | - | - | 30.0 | 30.0 | 30.0 | - | - | - | 30.0 | 30.0 | 30.0 |
| East Nippon Expressway Co., Ltd. | - | - | - | - | - | - | - | - | - | 260.0 | 170.0 | 60.0 | 260.0 | 170.0 | 60.0 |
| Metropolitan Expressway Co., Ltd. | - | - | - | - | - | - | - | - | - | 78.3 | 78.3 | 20.7 | 78.3 | 78.3 | 20.7 |
| West Nippon Expressway Co., Ltd. | - | - | - | - | - | - | - | - | - | 290.4 | 225.4 | 11.4 | 290.4 | 225.4 | 11.4 |
| Hanshin Expressway Co., Ltd. | - | - | - | - | - | - | - | - | - | 34.2 | 21.6 | 11.1 | 34.2 | 21.6 | 11.1 |
| Narita International Airport Corporation | - | - | - | - | - | - | - | - | - | 61.9 | 31.9 | 14.8 | 61.9 | 31.9 | 14.8 |
| New Kansai International Airport Co., Ltd. | - | - | - | - | - | - | 46.9 | 46.9 | 46.9 | 370.7 | 360.0 | 354.2 | 417.6 | 406.9 | 401.1 |
| Central Japan International Airport Co., Ltd. | - | - | - | - | - | - | - | - | - | 132.4 | 119.8 | 139.5 | 132.4 | 119.8 | 139.5 |
| Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development | - | - | - | - | - | - | - | - | - | 5.4 | - | - | - | - | 5.4 |
| Private Finance Initiative Promotion Corporation of Japan | - | - | - | - | - | - | - | - | - | 10.0 | 10.0 | - | - | - | 10.0 |
| Development Bank of Japan Inc. | 4,295.5 | 4,059.5 | 3,925.5 | 4,295.5 | 4,059.5 | 3,925.5 | 1,553.9 | 1,553.9 | 1,553.9 | 2,394.0 | 2,648.9 | 2,963.7 | 8,243.4 | 8,262.3 | 8,443.1 |
| Innovation Network Corporation of Japan | - | - | - | - | - | - | - | - | - | 266.0 | 286.0 | 286.0 | - | - | 266.0 |
| Cool Japan Fund Inc. | - | - | - | - | - | - | - | - | - | 30.0 | 30.0 | - | - | - | 30.0 |
| Subtotal | 135,358.5 | 127,181.1 | 120,112.2 | 135,358.5 | 127,181.1 | 120,112.2 | 115,999.0 | 110,181.3 | 108,452.7 | 4,891.8 | 4,809.7 | 35,615.4 | 37,166.5 | 37,094.9 | 175,526.6 |
| Trust beneficiary rights, etc. | 221.6 | 221.6 | 221.6 | 221.6 | 221.6 | 221.6 | - | - | - | - | - | - | 221.6 | 221.6 | 221.6 |
| Total | 135,580.1 | 127,402.8 | 120,333.9 | 135,580.1 | 127,402.8 | 120,333.9 | 116,220.7 | 110,402.9 | 108,452.7 | 4,891.8 | 4,809.7 | 35,615.4 | 37,166.5 | 37,094.9 | 175,748.2 |

(Notes) 1. Bonds underwritten by the Fiscal Loan fund are calculated by their holding value (money income base), and government-guaranteed bonds are calculated on a face value base.
 2. "Fiscal Loan" is the sum of the outstanding balances of the Fiscal Loan Fund, the Postal Savings fund and the Postal Life Insurance fund. (Including the Postal Savings fund and the Postal Life Insurance fund of Japan Post before the end of September, 2007)
 3. "Industrial Investment" is the balance of subscription and loans in the investment account of the Fiscal Investment Special Account.
 4. Figures for "General Account" include those inherited from the former Special Account for Government-Operated Land Improvement Projects, Japan Expressway Holding and Debt Repayment Agency, former Special Account for Center for Advanced and Specialized Medical Care, and former Special Account for Social Infrastructure.

FILP Classification Table by Purpose

(Unit: billion yen)

| Classification | Fiscal Loan | | Industrial Investment | | Government Guarantee | | Total | |
|---|-----------------|-----------------|-----------------------|--------------|----------------------|----------------|-----------------|-----------------|
| | FY2014 | FY2015 | FY2014 | FY2015 | FY2014 | FY2015 | FY2014 | FY2015 |
| (1) SMEs and micro enterprises | 3,522.2 | 3,242.2 | 46.7 | 25.2 | 180.6 | 180.2 | 3,749.5 | 3,447.6 |
| (2) Agriculture, forestry and fisheries | 302.7 | 369.3 | 15.0 | 5.0 | - | - | 317.7 | 374.3 |
| (3) Education | 1,126.6 | 1,028.6 | - | - | 6.9 | 7.1 | 1,133.6 | 1,035.7 |
| (4) Welfare/medical care | 740.1 | 735.7 | - | - | 32.1 | 37.4 | 772.2 | 773.1 |
| (5) Environment | 50.3 | 60.9 | - | - | - | - | 50.3 | 60.9 |
| (6) Industry/innovation | 472.2 | 506.3 | 11.5 | 82.7 | 350.0 | 350.0 | 833.7 | 939.0 |
| (7) Housing | 835.2 | 726.5 | - | - | 13.6 | 15.5 | 848.8 | 742.1 |
| (8) Social capital | 1,530.1 | 1,700.5 | 30.0 | 5.6 | 2,907.0 | 2,200.5 | 4,467.1 | 3,906.6 |
| (9) Overseas investment and loans | 722.0 | 626.6 | 214.0 | 157.2 | 611.0 | 594.0 | 1,547.0 | 1,377.8 |
| (10) Others | 2,460.1 | 1,964.3 | - | - | - | - | 2,460.1 | 1,964.3 |
| Total | 11,761.6 | 10,961.0 | 317.2 | 275.7 | 4,101.2 | 3,384.8 | 16,180.0 | 14,621.5 |

(Note) Figures may not add up to the total because of rounding.

Status of FILP Funds

(Unit: billion yen)

| Section | FY2011 | | FY2012 | | FY2013 | | FY2014 | | FY2015 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Initial Plan | Results | Initial Plan | Results | Initial Plan | Results | Initial Plan | Results | Initial Plan |
| Fiscal Loan | 10,910.1 | 10,136.8 | 13,524.2 | 10,582.4 | 13,062.1 | 10,185.5 | 11,761.6 | 9,207.8 | 10,961.0 |
| Fiscal Loan Fund | 10,910.1 | 10,136.8 | 13,524.2 | 10,582.4 | 13,062.1 | 10,185.5 | 11,761.6 | 9,207.8 | 10,961.0 |
| Industrial Investment | 291.2 | 298.8 | 180.4 | 512.0 | 263.8 | 145.0 | 317.2 | 193.6 | 275.7 |
| FILP Special Account (Investment Account) | 291.2 | 298.8 | 180.4 | 512.0 | 263.8 | 145.0 | 317.2 | 193.6 | 275.7 |
| Government Guarantee | 3,704.6 | 3,288.6 | 3,943.6 | 3,779.3 | 5,063.7 | 4,607.2 | 4,101.2 | 3,519.2 | 3,384.8 |
| Government-guaranteed Domestic Bonds | 2,914.6 | 2,749.5 | 3,582.1 | 3,447.1 | 4,253.7 | 3,849.7 | 3,391.2 | 2,939.7 | 2,674.8 |
| Government-guaranteed Foreign Bonds | 790.0 | 539.1 | 361.5 | 332.2 | 810.0 | 757.5 | 710.0 | 579.5 | 710.0 |
| Total | 14,905.9 | 13,724.1 | 17,648.2 | 14,873.7 | 18,389.6 | 14,937.7 | 16,180.0 | 12,920.6 | 14,621.5 |

(Note) Results figures are arranged on a fund year basis. Results figures for FY2014 are estimated values at the time of the closing of FY2014.

Issuance of FILP Bonds

Outstanding Amount of FILP Bonds by Remaining Period

(Unit: billion yen)

| Remaining Period | 1 yr or less | Over 1 yr and 2 yrs or less | Over 2 yrs and 3 yrs or less | Over 3 yrs and 4 yrs or less | Over 4 yrs and 5 yrs or less | Over 5 yrs and 6 yrs or less | Over 6 yrs and 7 yrs or less | Over 7 yrs and 8 yrs or less | Over 8 yrs and 9 yrs or less | Over 9 yrs and 10 yrs or less | Over 10 yrs | Total |
|------------------|--------------|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|-------------|-----------|
| End of FY2012 | 15,315.5 | 18,812.9 | 13,134.0 | 15,169.5 | 8,425.1 | 2,628.9 | 5,255.2 | 3,456.3 | 5,923.9 | 5,249.0 | 15,890.3 | 109,260.7 |
| End of FY2013 | 18,762.4 | 16,506.8 | 14,912.0 | 8,369.3 | 6,567.5 | 5,255.2 | 3,456.3 | 5,923.9 | 5,249.0 | 4,309.5 | 14,898.6 | 104,210.4 |
| End of FY2014 | 16,219.9 | 19,463.5 | 8,325.7 | 6,647.4 | 10,533.6 | 3,456.3 | 5,923.9 | 5,249.0 | 4,369.7 | 5,140.4 | 13,661.6 | 98,991.0 |

(Note) Figures are on a face value basis. As for, inflation-indexed bonds, the figure of the indexed principal at the end of each year is listed.

Breakdown of Outstanding Amount of FILP Bonds by Investor

(Unit: billion yen)

| Section | Issued in open market | Total |
|--|-----------------------|----------|
| FY2012 (Result) | 14,208.0 | 14,208.0 |
| FY2013 (Result) | 10,699.9 | 10,699.9 |
| FY2014 (Result) | 13,986.2 | 13,986.2 |
| FY2015 (Plan) | 14,000.0 | 14,000.0 |
| (Anticipated issuance of FILP bonds in FY2015 by type) | | |
| 40-year Bonds | 40.0 | 40.0 |
| 30-year Bonds | 100.0 | 100.0 |
| 20-year Bonds | 620.0 | 620.0 |
| 10-year Bonds | 2,200.0 | 2,200.0 |
| 5-year Bonds | 5,660.0 | 5,660.0 |
| 2-year Bonds | 5,380.0 | 5,380.0 |

(Note) Figures are based on a face value basis in FY2012-2014 and on revenues in FY2015.

Issued, Redeemed and Outstanding Amount of FILP Bonds by Issuance Maturity

(Unit: billion yen)

| Bond type | Outstanding Amount at the end of FY2013 | Issuance Amount in FY2014 | Redemption Amount in FY2014 | Outstanding Amount at the end of FY2014 |
|---------------------------------|---|---------------------------|-----------------------------|---|
| 30-year Bonds | 2,894.5 | 70.2 | - | 2,964.7 |
| 20-year Bonds | 17,539.2 | 367.5 | - | 17,906.7 |
| 15-year Floating-rate Bonds | 1,725.8 | - | - | 1,725.8 |
| 10-year Bonds | 57,879.2 | 3,525.9 | 12,914.3 | 48,490.8 |
| 10-year Inflation-Indexed Bonds | 507.7 | - [10.7] | 265.2 | 251.8 |
| 5-year Bonds | 16,610.4 | 5,358.4 | 2,226.8 | 19,742.0 |
| 2-year Bonds | 7,053.6 | 4,664.2 | 3,810.0 | 7,907.8 |
| Total | 104,210.4 | 13,986.2 [10.7] | 19,216.3 | 98,991.0 |

(Notes) 1. Figures are on a face value basis.

2. For Issuance Amount in FY2014 of 10-year Inflation-Indexed Bonds and Total, the figures in [] are the change in notional principle, which is obtained, upon Buy-backs, by multiplying the face value by the inflation index as of the purchase date, plus the change in notional principal, which is obtained by multiplying the FY2014 yearend unredeemed principal by the inflation index as of March 31, 2015.

Issuance of FILP Agency Bonds

Planned Issuance and Results of Fiscal Investment and Loan Program (FILP) Agency Bonds for FY2013, FY2014 and FY2015

(Unit: billion yen)

| Section | Amount | | | | |
|--|------------------------------|----------------|------------------|----------------|------------------|
| | FY2013 | | FY2014 | | FY2015 |
| | Planned Issuance | Results | Planned Issuance | Results | Planned Issuance |
| Japan Finance Corporation | 340.0 | 230.0 | 320.0 | 215.0 | 300.0 |
| Micro Business and Individual Operations | 195.0 | 140.0 | 190.0 | 150.0 | 180.0 |
| Small and Medium Enterprise Operations | 125.0 | 80.0 | 110.0 | 45.0 | 100.0 |
| Agriculture, Forestry, Fisheries and Food Business Operations | 20.0 | 10.0 | 20.0 | 20.0 | 20.0 |
| The Okinawa Development Finance Corporation | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Japan Bank for International Cooperation | 20.0 | - | 20.0 | 10.0 | 20.0 |
| Japan International Cooperation Agency (Incorporated Administrative Agency) | 80.0 | 60.0 | 80.0 | 50.0 | 60.0 |
| Japan Housing Finance Agency (Incorporated Administrative Agency) | 2,522.0 | 1,694.1 | 2,072.0 | 1,313.8 | 2,894.4 |
| Including Straight Bonds | 663.0 | 200.0 | 195.0 | 70.0 | 523.3 |
| Asset-Backed Securities | 1,859.0 | 1,494.1 | 1,877.0 | 1,243.8 | 2,371.1 |
| Urban Renaissance Agency (Incorporated Administrative Agency) | 80.0 | 10.0 | 80.0 | 10.0 | 70.0 |
| Japan Water Agency (Incorporated Administrative Agency) | 5.0 (0.7) | 5.7 | 6.0 | 6.0 | 6.0 |
| Japan Railway Construction, Transport and Technology Agency (Incorporated Administrative Agency) | 156.0 | 151.0 | 163.0 | 150.0 | 148.0 |
| Welfare And Medical Service Agency (Incorporated Administrative Agency) | 20.0 | 15.0 | 20.0 | 20.0 | 20.0 |
| National Hospital Organization (Incorporated Administrative Agency) | 5.0 | - | 5.0 | - | - |
| Japan Community Health care Organization (Incorporated Administrative Agency) | Reorganized on April 1, 2014 | | 5.0 | - | - |
| Center for National University Finance and Management (Incorporated Administrative Agency) | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Japan Student Services Organization (Incorporated Administrative Agency) | 180.0 | 180.0 | 180.0 | 180.0 | 120.0 |
| Japan Expressway Holding and Debt Repayment Agency (Incorporated Administrative Agency) | 640.0 | 570.0 | 520.0 | 475.0 | 330.0 |
| New Kansai International Airport Co., Ltd. | 28.3 (0.7) | 28.3 | 37.2 | 37.2 | 37.6 |
| Central Japan International Airport Co., Ltd. | - | - | 12.7 | 11.8 | - |
| Development Bank of Japan Inc. | 400.0 | 370.1 | 400.0 | 354.8 | 400.0 |
| The Shoko Chukin Bank Co., Ltd. | Out of FILP Plan | | 240.2 | 240.2 | 264.5 |
| Total | 4,491.3 (1.4) | 3,329.2 | 4,176.1 | 3,088.7 | 4,685.5 |
| [Number of Agencies] | [15] | [13] | [18] | [16] | [15] |
| Including Straight Bonds | 2,632.3 | 1,835.1 | 2,299.1 | 1,844.9 | 2,314.4 |
| Asset-Backed Securities | 1,859.0 | 1,494.1 | 1,877.0 | 1,243.8 | 2,371.1 |

(Notes) 1. Amounts are calculated on a nominal value basis (Revised amounts), and amounts in () are brought forward from the previous fiscal year.

2. Figures may not add up to the total because of rounding.

3. Japan Community Healthcare Organization was established by reorganization of Readjustment of Facilities for Insured Persons and Beneficiaries Organization as of April 1, 2014.

Fiscal Loan Fund Account of the FILP Special Account and Fiscal Loan Funds

The Fiscal Loan Fund Account of the FILP Special Account was created to distinguish income and expenditures related to the management of the Fiscal Loan Fund from the government's General Account. Income includes returns on fund management, income from issuing public bonds and loans, refunds from the fund and miscellaneous revenues. Expenditures include interest payments on deposits collected by the fund, payments on losses incurred through fund management, commission fees, office expenses, interest on temporary loans and accommodation paper, redemption money and interest rates of public bonds and loans, transfers to the fund, expenses for the issuance and redemption of public bonds and accommodation paper.

Profits, losses, assets and liabilities under this account for FY2014 (April 2014-March 2015) are as follows.

(1) Profit and Loss

The revenues were 2,012.8 billion yen for FY2014 while expenditures were 1,635.2 billion yen. Profits for the fiscal year were 377.6 billion yen.

Profits of which fund management income accounted for the vast majority were 2,008.6 billion yen. This broke down into interest income on securities and loans, and profits on redemption of securities.

Expenditures of which various outlays accounted for the vast majority were 383.4 billion yen. This broke down into interest paid on deposits, compensation for losses on securities sales, and interest paid.

In addition, expenses for the interest on public bonds, and issuing costs of public bonds amounted to 1,207.8 billion yen, and administrative expenses were 5.1 billion yen.

(2) Status of Assets and Liabilities

As of the end of fiscal 2014, total assets stood at 141,503.1 billion yen and total liabilities at 140,496.5 billion yen.

Of the total assets, the outstanding balance of loans at the end of the year stood at 134,564.4 billion yen (95.1% of the total assets) and the outstanding balance of securities held at the end of the year stood at 6,557.3 billion yen (4.6% of the total).

On the other hand, of the total liabilities, the outstanding balance of money on deposit at the end of the year stood at 41,181.0 billion yen (29.3% of the total liabilities) and the outstanding balance of government securities at 98,991.0 billion yen (70.5% of the total).

<Notes from the following tables>

① In the following balance sheet, securities are listed at purchase prices.

② The following balance sheet and income statements were created on an accrual basis in accordance with corporate accounting principles.

Fiscal Loan Fund Account of the FILP Special Account

Financial Statements

Balance Sheet

(Unit: billion yen)

| Debit | End of FY2010 | End of FY2011 | End of FY2012 | End of FY2013 | End of FY2014 |
|---|------------------|------------------|------------------|------------------|------------------|
| Cash /Deposits | 985.1 | 798.0 | 75.8 | 160.0 | 123.6 |
| Securities | 6,351.1 | 6,745.8 | 10,236.7 | 5,857.0 | 6,557.3 |
| Government bonds ^{*1} | 3,620.3 | 4,020.0 | 7,520.9 | 4,952.9 | 6,295.7 |
| Special corporation bonds ^{*2} | 2,454.2 | 2,454.2 | 2,454.2 | 642.5 | - |
| Foreign bonds | 55.0 | 50.0 | 40.0 | 40.0 | 40.0 |
| Trust beneficiary rights, etc. | 221.6 | 221.6 | 221.6 | 221.6 | 221.6 |
| Loans | 161,719.0 | 151,669.2 | 144,903.5 | 140,254.5 | 134,564.4 |
| Loans to General Account or special accounts | 31,913.4 | 29,206.8 | 28,017.9 | 27,093.5 | 26,086.6 |
| Loans to government-related institutions | 23,423.9 | 23,247.9 | 22,686.8 | 22,156.4 | 20,798.6 |
| Loans to local governments | 55,205.7 | 54,053.9 | 52,871.4 | 52,117.1 | 51,019.7 |
| Loans to special corporations ^{*2} | 51,176.0 | 45,160.5 | 41,327.3 | 38,887.5 | 36,659.6 |
| Accrued Income ^{*3} | 406.5 | 326.9 | 283.9 | 251.2 | 202.6 |
| Discount on Public Bonds ^{*4} | 71.9 | 67.1 | 59.5 | 59.1 | 54.6 |
| Accrued interest of purchased bonds ^{*5} | 2.3 | 2.4 | 2.7 | 5.1 | 0.5 |
| Total | 169,535.8 | 159,609.3 | 155,562.0 | 146,586.8 | 141,503.1 |

| Credit | End of FY2010 | End of FY2011 | End of FY2012 | End of FY2013 | End of FY2014 |
|---|------------------|------------------|------------------|------------------|------------------|
| Deposits | 49,479.9 | 47,041.4 | 45,042.9 | 41,381.6 | 41,181.0 |
| Deposits to the special account | 42,704.8 | 38,999.3 | 37,279.5 | 33,676.6 | 25,708.7 |
| Deposits to the fund | 678.3 | 586.5 | 508.9 | 725.1 | 8,930.9 |
| Deposits to the mutual aid association | 4,307.1 | 4,203.0 | 4,166.8 | 4,121.3 | 3,981.3 |
| Other deposits | 1,789.7 | 3,252.6 | 3,087.7 | 2,858.5 | 2,560.1 |
| Public Bonds ^{*6} | 118,191.8 | 110,912.2 | 109,260.7 | 104,210.4 | 98,991.0 |
| Compensation repayable ^{*7} | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Accrued expenses ^{*8} | 366.9 | 329.3 | 304.8 | 285.9 | 244.6 |
| Advance received ^{*9} | 1.3 | 0.8 | - | 0.8 | 0.3 |
| Long-term unearned revenue ^{*10} | 111.7 | 96.1 | 89.3 | 78.7 | 79.3 |
| Earnings brought forward | | | | | |
| Reserves for interest variance | 353.5 | 324.9 | 232.4 | 167.1 | 629.0 |
| Profits | 1,030.2 | 904.2 | 631.4 | 461.9 | 377.6 |
| Total | 169,535.8 | 159,609.3 | 155,562.0 | 146,586.8 | 141,503.1 |

(Notes) 1. The government bonds include treasury discount bills, succeeded government bonds from the Honshu-Shikoku Bridge Authority, and succeeded government bonds from Japan Expressway Holding and Debt Repayment Agency, as well as interest-bearing government bonds with a sell-back condition.

2. Special corporations that were set up by a special law with capital from the government, government-related institutions and local governments and are authorized to issue bonds.

3. Securities interest and loan interest and refers to interest during the term of accrual from the final interest payment date of the relevant fiscal year until the end of the fiscal year.

4. Unamortized amount of the difference between the total face value of FILP bonds, issued under par, and the total income.

5. Interest of bonds purchased after the day of interest payment, accrued from the day of interest payment to the day of the purchase and paid by the TFB in place of the issuers.

6. Outstanding FILP bonds payable at face value (for inflation-linked bonds, it is the notional principal as of the end of the relevant fiscal year).

7. Amount of losses incurred due to the reassessment of the former Deposit Section assets, once covered by the General Account, and which has not been paid back to the General Account yet.

8. Deposit interest and interest on public bonds, etc., and refers to interest, etc., during the term of accrual from the final interest payment date of the relevant fiscal year until the end of the fiscal year.

9. Advance received of the accrued interests in accordance with the issuance of public bonds.

10. Unrefunded amount of the difference between the total face value of FILP bonds, issued over par, and total income.

Profit / Loss

(Unit: billion yen)

| Profit | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 |
|--|----------------|----------------|----------------|----------------|----------------|
| Fund management income | 3,321.6 | 2,974.5 | 2,548.8 | 2,296.8 | 2,008.6 |
| Interest on securities | 151.3 | 86.4 | 106.1 | 102.4 | 57.8 |
| Interest on loans | 3,170.3 | 2,888.2 | 2,442.7 | 2,188.8 | 1,945.1 |
| Profits on securities sales | - | - | 0.0 | - | - |
| Profits on redemption of securities | - | - | - | 5.6 | 5.7 |
| Profits on redemption of government securities ¹⁾ | - | 0.1 | - | - | - |
| Miscellaneous | 5.7 | 6.2 | 8.5 | 2.6 | 4.2 |
| Total | 3,327.3 | 2,980.9 | 2,557.3 | 2,299.4 | 2,012.8 |

| Loss | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 |
|---|----------------|----------------|----------------|----------------|----------------|
| Other expenses | 604.8 | 484.6 | 468.8 | 447.2 | 383.4 |
| Commission paid on fund management ²⁾ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Loss from the sale of securities | 90.0 | 32.4 | 48.7 | 54.1 | 35.0 |
| Interest paid on deposits | 514.8 | 452.2 | 418.9 | 390.4 | 344.6 |
| Interest paid | - | 0.0 | 1.2 | 2.6 | 3.7 |
| Administrative expenses | 4.8 | 5.2 | 5.1 | 4.7 | 5.1 |
| Interest on public bonds ³⁾ | 1,675.7 | 1,570.9 | 1,427.5 | 1,355.8 | 1,206.7 |
| Interest on Fiscal Loan Fund Financing Bills | - | 0.0 | - | - | - |
| Issuing costs of public bonds ⁴⁾ | 1.3 | 1.3 | 1.2 | 1.1 | 1.0 |
| Amortization of discounts on public bonds ⁵⁾ | 10.5 | 10.6 | 10.2 | 9.0 | 8.5 |
| Loss from redemption of government securities ¹⁾ | - | 4.1 | 13.1 | 19.7 | 30.5 |
| Surplus for current year | 1,030.2 | 904.2 | 631.4 | 461.9 | 377.6 |
| Total | 3,327.3 | 2,980.9 | 2,557.3 | 2,299.4 | 2,012.8 |

- (Notes) 1. Profit on redemption of government securities / loss from redemption of government securities = Difference between redemption prices and the amount of total receipts accruing from Buy-backs of FILP bonds.
 2. Commissions paid to Bank of Japan for handling Fiscal Loan Funds.
 3. Interest on public bonds = amount with adjusted fluctuation due to revision of notional principal as of the end of the term of inflation-linked bonds deducting reversal for the term for the difference between face value of FILP bonds issued over par and revenues (long-term unearned revenue) from FILP bonds generated in the current term.
 4. Fees for underwriting, interest payments and redemption necessary in issuing FILP bonds and FILP financial bills.
 5. Amortization of the term under review for the difference between the face value of FILP bonds, issued under par, and total revenue (Discount on Public Bonds).

Profit calculations

(Unit: billion yen)

| Section | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 |
|---|----------------|--------------|--------------|--------------|--------------|
| ① Fund management income and expenditure ¹⁾ | 1,131.1 | 951.4 | 702.4 | 544.9 | 451.6 |
| Of which, interest received | 3,321.6 | 2,974.5 | 2,548.8 | 2,291.2 | 2,002.9 |
| Of which, interest paid | - 2,190.5 | - 2,023.1 | - 1,846.4 | - 1,746.2 | - 1,551.3 |
| ② Commissions ²⁾ | - 0.0 | - 0.0 | - 0.0 | - 0.0 | - 0.0 |
| ③ Profits and losses on securities sales and redemption ³⁾ | - 90.0 | - 32.4 | - 48.7 | - 48.5 | - 29.3 |
| Subtotal (① to ③) | 1,041.1 | 919.0 | 653.7 | 496.4 | 422.3 |
| ④ Administrative expenses | - 4.8 | - 5.2 | - 5.1 | - 4.7 | - 5.1 |
| ⑤ Miscellaneous ⁴⁾ | - 6.1 | - 9.6 | - 17.2 | - 29.8 | - 39.6 |
| Total | 1,030.2 | 904.2 | 631.4 | 461.9 | 377.6 |

- (Notes) 1. Fund management income and expenditure = fund management interest received - fund management interest paid
 2. Commissions = commissions received - commissions paid
 3. Profit and loss from securities sales and redemption = profits generated from securities sales and redemption - loss from securities sales and redemption
 4. Miscellaneous = profit on redemption of government securities + miscellaneous revenues - issuing costs of public bonds - amortization of discounts on public bonds - loss from redemption of government securities

Average outstanding amount fund management / fund procurement

(Unit: billion yen)

| Section | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| Fund management | 177,854.0 | 163,260.5 | 159,111.6 | 152,496.4 | 142,712.9 |
| Of which, loans | 166,603.4 | 156,116.6 | 148,290.1 | 142,485.9 | 137,020.0 |
| Of which, securities* | 11,058.7 | 6,634.0 | 10,598.8 | 9,895.8 | 5,448.8 |
| Procured funds | 172,720.1 | 161,746.9 | 157,827.2 | 151,616.8 | 142,006.7 |
| Of which, deposits | 49,742.1 | 46,450.5 | 45,853.7 | 45,069.9 | 41,233.7 |
| Of which, public bonds | 122,978.0 | 115,251.3 | 111,973.5 | 106,546.9 | 100,767.2 |

(Note) Securities include interest accrued from the coupon payment day to the purchase day.

Yields on fund management and procurement

(Unit: %)

| Section | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 |
|---|--------|--------|--------|--------|--------|
| ① Yield ¹⁾ | 1.87 | 1.83 | 1.61 | 1.51 | 1.41 |
| Of which, loans ²⁾ | 1.90 | 1.85 | 1.65 | 1.54 | 1.42 |
| Of which, securities ³⁾ | 1.37 | 1.30 | 1.00 | 1.04 | 1.06 |
| ② Costs ⁴⁾ | 1.33 | 1.28 | 1.22 | 1.21 | 1.15 |
| Of which, payable interest rate ⁵⁾ | 1.32 | 1.27 | 1.20 | 1.19 | 1.12 |
| Of which, cost of deposits ⁶⁾ | 1.03 | 0.97 | 0.91 | 0.87 | 0.84 |
| Of which, cost of FILP bonds ⁷⁾ | 1.36 | 1.36 | 1.27 | 1.27 | 1.20 |
| Of which, expense rate ⁸⁾ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ① - ② | 0.54 | 0.55 | 0.39 | 0.30 | 0.26 |

- (Notes) 1. Yield = Annual revenue / Average outstanding fund management amount × 100
 2. Yield on loans = Interest on loans / Average outstanding loan amount × 100
 3. Yield on securities = Interest on securities / Average outstanding amount of securities × 100
 4. Costs = Annual expenditures / Average outstanding amount of fund procured × 100
 5. Payable interest rate = Total of miscellaneous expenditures and interest on public bonds / Average outstanding amount of funds procured × 100
 6. Deposit costs = Interest on deposits / Average outstanding amount of deposit × 100
 7. FILP bond costs = Interest on FILP bonds / Average outstanding amount of FILP bonds × 100
 8. Expense rate = Business expenses / Average outstanding amount of funds procured × 100

Current Condition of Interest Rate Swaps in FILP Special Account

Swaps Concluded from October 2014 to March 2015

(billion yen)

| Term | Receive | | Pay | |
|---------------------|-----------|---------------------------|-----------|---------------------------|
| | Frequency | Notional principal amount | Frequency | Notional principal amount |
| Up to 3 years | - | - | 12 | 360.0 |
| 3 years to 7 years | - | - | - | - |
| 7 years to 10 years | - | - | - | - |
| Beyond 10 years | - | - | - | - |
| Total | - | - | 12 | 360.0 |

Outstanding Notional Principal Amount in FILP Special Account (as of March 31, 2015)

(billion yen)

| Receive or Pay | Receive | Pay |
|-----------------------------|---------|----------------|
| Remaining years to maturity | | |
| Up to 3 years | - | 1,590.0 |
| 3 years to 7 years | - | - |
| 7 years to 10 years | - | - |
| Beyond 10 years | - | - |
| Total | - | 1,590.0 |

Fiscal Loan Fund

Deposits

Outstanding deposits amount by accounts

(Unit: billion yen, %)

| Section | End of FY2010 | End of FY2011 | End of FY2012 | End of FY2013 | End of FY2014 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Labor Insurance Special Account | 12,475.2 [25.2] | 13,034.4 [27.7] | 13,362.5 [29.7] | 13,420.3 [32.4] | 13,323.0 [32.4] |
| Special Account for Pension | 6,713.5 [13.6] | 7,046.3 [15.0] | 6,545.2 [14.5] | 6,211.3 [15.0] | 9,069.6 [22.0] |
| Foreign Exchange Fund | 20,726.3 [41.9] | 16,476.2 [35.0] | 14,756.6 [32.8] | 11,241.9 [27.2] | 8,077.4 [19.6] |
| Mutual Aid Cooperative | 4,307.1 [8.7] | 4,203.0 [8.9] | 4,166.8 [9.3] | 4,121.3 [10.0] | 3,981.3 [9.7] |
| Japan Finance Corporation | 1,771.5 [3.6] | 3,236.9 [6.9] | 3,073.0 [6.8] | 2,844.8 [6.9] | 2,547.8 [6.2] |
| Special Account for Earthquake Reinsurance | 1,316.7 [2.7] | 821.3 [1.7] | 927.9 [2.1] | 1,033.5 [2.5] | 1,148.6 [2.8] |
| Special Account for Trade Reinsurance | 743.6 [1.5] | 775.9 [1.6] | 815.2 [1.8] | 883.7 [2.1] | 917.2 [2.2] |
| FILP Special Account | 79.1 [0.2] | 203.9 [0.4] | 224.4 [0.5] | 232.4 [0.6] | 615.0 [1.5] |
| Employment Stabilization Fund | 504.8 [1.0] | 389.5 [0.8] | 295.9 [0.7] | 473.1 [1.1] | 604.5 [1.5] |
| Special Account for Safety of Motor Vehicle | 309.8 [0.6] | 298.5 [0.6] | 292.8 [0.7] | 285.4 [0.7] | 276.1 [0.7] |
| Miscellaneous | 532.4 [1.1] | 555.6 [1.2] | 582.7 [1.3] | 633.9 [1.5] | 620.6 [1.5] |
| Total | 49,479.9 [100.0] | 47,041.4 [100.0] | 45,042.9 [100.0] | 41,381.6 [100.0] | 41,181.0 [100.0] |

(Note) As the reserve system for the Special Account for Foreign Exchange Fund was abolished with deposited reserves for the special account taken by the Foreign Exchange Fund upon the completion of disbursement in FY2013, the outstanding deposits amount for the Foreign Exchange Fund represents data for the Special Account for Foreign Exchange Fund until FY2013 and data for the Foreign Exchange Fund at the end of FY2014.

Outstanding deposits by term remaining

(Unit: billion yen)

| Section | End of FY2010 | End of FY2011 | End of FY2012 | End of FY2013 | End of FY2014 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Less than 1 yr | 18,425.9 | 20,984.8 | 21,724.2 | 21,066.1 | 22,603.3 |
| 1 yr or more, less than 2 yrs | 4,971.7 | 4,593.6 | 5,258.8 | 5,969.3 | 5,025.6 |
| 2 yrs or more, less than 3 yrs | 4,540.6 | 4,675.3 | 4,567.4 | 2,155.4 | 2,592.5 |
| 3 yrs or more, less than 4 yrs | 4,672.9 | 4,013.8 | 2,124.8 | 2,233.3 | 1,282.2 |
| 4 yrs or more, less than 5 yrs | 4,157.7 | 2,124.8 | 2,217.3 | 1,255.2 | 738.2 |
| 5 yrs or more, less than 6 yrs | 2,309.0 | 2,217.3 | 1,250.7 | 728.9 | 906.7 |
| 6 yrs or more, less than 7 yrs | 2,244.9 | 1,250.7 | 728.9 | 906.7 | 642.7 |
| 7 yrs or more | 8,157.1 | 7,181.2 | 7,170.8 | 7,066.6 | 7,389.8 |
| Total | 49,479.9 | 47,041.4 | 45,042.9 | 41,381.6 | 41,181.0 |

Fund Management

Outstanding loan amounts by borrower

(Unit: billion yen, %)

| Section | End of FY2010 | End of FY2011 | End of FY2012 | End of FY2013 | End of FY2014 |
|----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| General Account/Special Accounts | 31,913.4 [19.7] | 29,206.8 [19.3] | 28,017.9 [19.3] | 27,093.5 [19.3] | 26,086.6 [19.4] |
| Government-related agencies | 23,423.9 [14.5] | 23,247.9 [15.3] | 22,686.8 [15.7] | 22,156.4 [15.8] | 20,798.6 [15.5] |
| Local governments | 55,205.7 [34.1] | 54,053.9 [35.6] | 52,871.4 [36.5] | 52,117.1 [37.2] | 51,019.7 [37.9] |
| Special corporations | 51,176.0 [31.6] | 45,160.5 [29.8] | 41,327.3 [28.5] | 38,887.5 [27.7] | 36,659.6 [27.2] |
| Total | 161,719.0 [100.0] | 151,669.2 [100.0] | 144,903.5 [100.0] | 140,254.5 [100.0] | 134,564.4 [100.0] |

Outstanding loan amounts by term remaining

(Unit: billion yen)

| Section | End of FY2010 | End of FY2011 | End of FY2012 | End of FY2013 | End of FY2014 |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| 1 yr or less | 17,216.5 | 15,369.4 | 13,492.8 | 13,734.0 | 13,805.1 |
| More than 1 yr, 2 yrs or less | 4,430.9 | 2,685.8 | 3,173.0 | 3,723.8 | 3,752.4 |
| More than 2 yrs, 3 yrs or less | 3,863.8 | 4,490.8 | 5,269.2 | 5,563.5 | 4,099.9 |
| More than 3 yrs, 4 yrs or less | 6,575.8 | 6,848.8 | 7,310.0 | 5,170.1 | 4,984.2 |
| More than 4 yrs, 5 yrs or less | 9,151.0 | 9,077.7 | 6,398.5 | 6,088.9 | 6,484.4 |
| More than 5 yrs, 6 yrs or less | 8,111.0 | 4,693.3 | 4,354.3 | 5,353.5 | 4,442.6 |
| More than 6 yrs, 7 yrs or less | 5,378.1 | 5,049.0 | 6,196.4 | 5,162.1 | 5,316.8 |
| More than 7 yrs, 8 yrs or less | 5,490.4 | 7,106.9 | 5,840.6 | 5,912.7 | 7,662.8 |
| More than 8 yrs, 9 yrs or less | 8,073.4 | 6,493.0 | 6,527.7 | 8,511.0 | 8,381.2 |
| More than 9 yrs, 10 yrs or less | 6,653.6 | 6,823.6 | 8,726.1 | 8,532.7 | 5,041.2 |
| More than 10 yrs, 11 yrs or less | 6,265.9 | 8,157.4 | 7,918.2 | 4,545.2 | 4,156.9 |
| More than 11 yrs, 12 yrs or less | 8,786.6 | 8,502.5 | 4,809.6 | 4,385.3 | 4,459.7 |
| More than 12 yrs, 13 yrs or less | 8,944.4 | 4,951.6 | 4,494.4 | 4,584.7 | 4,105.0 |
| More than 13 yrs, 14 yrs or less | 5,181.5 | 4,663.1 | 4,811.8 | 4,354.7 | 4,138.0 |
| More than 14 yrs, 15 yrs or less | 4,553.0 | 4,873.6 | 4,497.1 | 4,230.9 | 5,038.9 |
| Over 15 yrs | 53,043.2 | 51,882.8 | 51,083.9 | 50,401.4 | 48,695.2 |
| Total | 161,719.0 | 151,669.2 | 144,903.5 | 140,254.5 | 134,564.4 |

Loan deposit ratio

(Unit: %)

| Section | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 |
|--------------------------------|--------|--------|--------|--------|--------|
| Average during the fiscal year | 96.46 | 96.52 | 93.96 | 93.98 | 96.49 |
| At the end of fiscal year | 96.33 | 95.95 | 93.85 | 96.28 | 95.96 |

(Note) Rate = Average outstanding loans amount / average outstanding procurement fund × 100

Risk management

Enhancement and improvement of the risk management system is one of the highest priority tasks in the management and operation of the Fiscal Loan Fund. The Fiscal Loan Fund has improved the risk management system that can appropriately respond to changes in the financial environment and system. The Asset-Liability Management Office monitors the overall market risk exposure of the Fiscal Loan Fund as well as general planning, survey and research services for assets and liabilities associated with the management and operation of the Fiscal Loan Fund.

Non-performing loans

There are no non-performing loans (loans to borrowers in legal bankruptcy, past-due loans in arrears by three months or more, or restructured loans) in the Fiscal Loan Fund. In addition, the Fiscal Loan Fund does not hold any credit defined as "bankruptcy or virtual bankruptcy," "high risk" or defined in the Financial Reconstruction Act as "close observation."

Outstanding balance in holding securities by term remaining

(Unit: billion yen)

| Section | End of FY2010 | End of FY2011 | End of FY2012 | End of FY2013 | End of FY2014 |
|---------------------------------|----------------|----------------|-----------------|----------------|----------------|
| 1 yr or less | 2,902.5 | 3,307.2 | 8,971.4 | 5,595.3 | 6,295.7 |
| More than 1 yr, 2 yrs or less | 10.0 | 2,173.3 | 1,003.7 | — | 40.0 |
| More than 2 yrs, 3 yrs or less | 2,173.3 | 1,003.7 | — | 40.0 | 25.0 |
| More than 3 yrs, 4 yrs or less | 1,003.7 | — | 40.0 | 25.0 | 196.6 |
| More than 4 yrs, 5 yrs or less | — | 40.0 | 25.0 | 196.6 | — |
| More than 5 yrs, 6 yrs or less | 40.0 | 25.0 | 196.6 | — | — |
| More than 6 yrs, 7 yrs or less | 25.0 | 196.6 | — | — | — |
| More than 7 yrs, 8 yrs or less | 196.6 | — | — | — | — |
| More than 8 yrs, 9 yrs or less | — | — | — | — | — |
| More than 9 yrs, 10 yrs or less | — | — | — | — | — |
| Over 10 yrs | — | — | — | — | — |
| Total | 6,351.1 | 6,745.8 | 10,236.7 | 5,857.0 | 6,557.3 |

Security deposit ratio

(Unit: %)

| Section | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 |
|--------------------------------|--------|--------|--------|--------|--------|
| Average during the fiscal year | 6.39 | 4.10 | 6.71 | 6.52 | 3.83 |
| At the end of fiscal year | 3.78 | 4.27 | 6.63 | 4.02 | 4.68 |

(Note) Rate = Average outstanding holding securities amount / average outstanding procurement fund × 100

Outstanding balance in holding securities

(Unit: billion yen, %)

| Section | End of FY2010 | End of FY2011 | End of FY2012 | End of FY2013 | End of FY2014 |
|--------------------------------|------------------------|------------------------|-------------------------|------------------------|------------------------|
| Government bonds | 3,620.3 [57.0] | 4,020.0 [59.6] | 7,520.9 [73.5] | 4,952.9 [84.6] | 6,295.7 [96.0] |
| Special corporation bonds | 2,454.2 [38.6] | 2,454.2 [36.4] | 2,454.2 [24.0] | 642.5 [11.0] | 0.0 [0.0] |
| Foreign bonds | 55.0 [0.9] | 50.0 [0.7] | 40.0 [0.4] | 40.0 [0.7] | 40.0 [0.6] |
| Trust beneficiary rights, etc. | 221.6 [3.5] | 221.6 [3.3] | 221.6 [2.2] | 221.6 [3.8] | 221.6 [3.4] |
| Total | 6,351.1 [100.0] | 6,745.8 [100.0] | 10,236.7 [100.0] | 5,857.0 [100.0] | 6,557.3 [100.0] |

Outstanding short-term investments

(Unit: billion yen)

| Section | End of FY2010 | End of FY2011 | End of FY2012 | End of FY2013 | End of FY2014 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Bonds | 2,897.5 | 3,297.2 | 6,798.1 | 4,591.6 | 6,295.7 |
| Japanese government bonds | 2,897.5 | 3,297.2 | 6,798.1 | 4,591.6 | 6,295.7 |
| Interest-bearing government bonds with a sell-back condition | 2,897.5 | 3,297.2 | 3,298.2 | 4,591.6 | 3,295.7 |
| Treasury Discount Bills | — | — | 3,499.9 | — | 3,000.0 |
| Loans | 13,164.7 | 11,965.1 | 11,799.2 | 11,699.3 | 11,499.7 |
| ① Central government | 13,164.0 | 11,964.0 | 11,796.5 | 11,696.5 | 11,496.5 |
| Special Account for the Allotment of Local Allocation Tax and Local Transfer Tax | 11,684.8 | 10,484.8 | 10,317.3 | 10,217.3 | 10,017.3 |
| Special Account for Pension (Health Account) | 1,479.2 | 1,479.2 | 1,479.2 | 1,479.2 | 1,479.2 |
| ② Local governments | 0.6 | 1.0 | 2.6 | 2.8 | 3.1 |
| Total | 16,062.1 | 15,262.3 | 18,597.2 | 16,290.9 | 17,795.3 |

(Note) As the Special Account for the Allotment of Local Allocation Tax and Local Transfer Tax (the Account for the Allotment of Local Allocation Tax and Local Transfer Tax) was abolished on April 1, 2014, data for the Special Account for the Allotment of Local Allocation Tax and Local Transfer Tax represent outstanding short-term investments for the Special Account for the Allotment of Local Allocation Tax and Local Transfer Tax (the Account for the Allotment of Local Allocation Tax and Local Transfer Tax) until the end of FY2013.

Investment Account of the FILP Special Account

Balance sheet

(Unit: billion yen)

| Debit | End of FY2010 | End of FY2011 | End of FY2012 | End of FY2013 | End of FY2014 |
|---|----------------|----------------|-----------------|-----------------|-----------------|
| Cash/deposits | 79.8 | 204.0 | 231.1 | 237.6 | 615.5 |
| Accrued income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Loans | 1.3 | 5.9 | 110.6 | 113.9 | 132.3 |
| Land ^{Note1} | 1.8 | 2.2 | 1.2 | 1.2 | 0.0 |
| Subscription ^{Note2} | 9,121.4 | 9,191.8 | 10,219.2 | 11,661.2 | 12,968.3 |
| Total | 9,204.3 | 9,403.9 | 10,562.1 | 12,013.9 | 13,716.1 |
| Credit | End of FY2010 | End of FY2011 | End of FY2012 | End of FY2013 | End of FY2014 |
| Capital | 2,465.2 | 2,465.2 | 2,827.2 | 2,827.2 | 2,827.2 |
| Accumulated profit | 1,596.9 | 1,546.6 | 2,048.3 | 2,001.7 | 2,334.9 |
| Profits | 119.9 | 501.7 | 153.7 | 333.2 | 477.4 |
| Gains on revaluation of fixed assets ^{Note3} | 5,022.4 | 4,890.5 | 5,532.9 | 6,851.9 | 8,076.6 |
| Total | 9,204.3 | 9,403.9 | 10,562.1 | 12,013.9 | 13,716.1 |

- (Notes) 1. Prices of land, buildings, etc., that have become unnecessary due to the reorganization of policy finance institutions and that are imputed to the account and listed in the national property ledger as of the end of each fiscal year.
 2. Subscriptions are national property prices that were revised at the end of each fiscal year in accordance with Article 23 of the Order for Enforcement of the National Property Act (Cabinet Order No. 246 of 1948).
 3. Gains on revaluation of fixed assets are the gains on valuation recorded due to revised prices of invested capital, etc.
 Gains on revaluation of fixed assets are mainly due to market valuation of shares of NTT and JT, which the government is obligated to hold.

Profit /Loss

(Unit: billion yen)

| Profit | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 |
|---|--------------|--------------|--------------|--------------|--------------|
| Profits on loans | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest on deposits | 0.2 | 0.3 | 0.3 | 0.2 | 0.1 |
| Payments | 16.3 | 29.2 | 375.8 | 681.4 | 45.5 |
| Japan Finance Corporation | 16.3 | 28.8 | - | - | 0.0 |
| Japan Bank for International Cooperation | - | - | 25.8 | 31.2 | 45.0 |
| National Institute of Information and Communications Technology (Incorporated Administrative Agency) | - | 0.1 | - | - | - |
| Japan Oil, Gas and Metals National Corporation (Incorporated Administrative Agency) | - | - | - | 0.0 | - |
| New Energy and Industrial Technology Development Organization (Incorporated Administrative Agency) | - | 0.1 | - | 0.2 | - |
| National Institute of Biomedical Innovation (Incorporated Administrative Agency) | - | 0.1 | - | - | - |
| Japan Housing Finance Agency (Incorporated Administrative Agency) | - | 0.1 | - | - | - |
| Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (Incorporated Administrative Agency) | - | - | - | - | 0.4 |
| Japan Finance Organization for Municipalities | - | - | 350.0 | 650.0 | - |
| Dividends on stocks | 103.7 | 156.0 | 143.0 | 161.2 | 213.1 |
| Japan Tobacco Inc. | 29.0 | 40.0 | 40.0 | 56.0 | 100.0 |
| Nippon Telegraph and Telephone Corporation | 63.6 | 64.9 | 64.7 | 69.0 | 72.9 |
| Development Bank of Japan Inc. | 10.0 | 50.0 | 37.3 | 35.3 | 30.8 |
| Shoko Chukin Bank, Ltd. | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Innovation Network Corporation of Japan | - | - | - | - | 8.4 |
| Profits on disposal of shares | - | 333.1 | - | 140.5 | 219.2 |
| Miscellaneous Revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Miscellaneous Gains | 0.1 | - | 0.0 | - | - |
| Total | 120.2 | 518.5 | 519.2 | 983.4 | 477.9 |
| Loss | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 |
| Administrative expenses | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Loss from the redemption of capital | - | - | 15.3 | 0.1 | - |
| Loss from the transfer of fixed assets into the Special Account for the National Debt Consolation Fund without compensation | - | 16.7 | - | - | - |
| Transfer of the payment revenues by the Japan Finance Organization for Municipalities into the Special Account for the Allotment of Local Allocation Tax and Local Transfer Tax | - | - | 350.0 | 650.0 | - |
| Miscellaneous | 0.3 | 0.0 | 0.0 | 0.0 | 0.3 |
| Profits | 119.9 | 501.7 | 153.7 | 333.2 | 477.4 |
| Total | 120.2 | 518.5 | 519.2 | 983.4 | 477.9 |

Policy Cost Analysis

1. FY2015 Policy Cost Analysis Table (Past year comparison)

(Unit: billion yen)

| Institutions | Policy Cost | Primary Cause of Real Fluctuation | Analysis period (year) |
|---|--------------------------------|-----------------------------------|--|
| Total ① (Simple addition) | FY2015 | -590.8 | |
| | FY2014 | 1,623.1 | |
| | Fluctuation | -2,213.9 | |
| Total ② (For FILP agencies [their accounts] for both FY2014 and FY2015) | FY2015 | -615.5 | Adjustment to calculate real fluctuation : +3,344.4 Impact of assumed interest : +3,280.0 Policy cost during FY2014 : +64.5 |
| | FY2014 | 1,611.2 | |
| | Fluctuation (Real fluctuation) | -2,226.6 (+1,117.8) | |
| <Government Financial Institutions, etc.> | | | |
| Japan Finance Corporation | FY2015 | 877.6 | |
| | FY2014 | 994.9 | |
| | Fluctuation (Real fluctuation) | -117.3 (+250.9) | |
| (Account for Micro Business and Individual Operations) | FY2015 | 81.3 | Adjustment to calculate real fluctuation: +18.3 Impact of assumed interest : -6.3 Policy cost during FY2014 : +24.7 |
| | FY2014 | 85.8 | |
| | Fluctuation (Real fluctuation) | -4.5 (+13.8) | New financing: -124.2 Bad debt write-off: +33.1 Advanced redemption: +7.5 Other e.g. (new loan administrative expenses): +97.4 |
| (Account for Agriculture, Forestry, Fisheries and Food Business Operations) | FY2015 | 67.4 | Adjustment to calculate real fluctuation: +27.3 Impact of assumed interest : +8.6 Policy cost during FY2014 : +18.6 |
| | FY2014 | 85.9 | |
| | Fluctuation (Real fluctuation) | -18.5 (+8.8) | New financing: -9.9 Bad debt write-off: -3.9 Advanced redemption: +4.5 Other e.g. (new loan administrative expenses): +18.2 |
| (Account for SME Loan Programs and Securitization Support Programs [Guarantee-type Operations]) | FY2015 | 23.6 | Adjustment to calculate real fluctuation: +201.3 Impact of assumed interest: +134.1 Policy cost during FY2014: +67.2 |
| | FY2014 | 128.4 | |
| | Fluctuation (Real fluctuation) | -104.8 (+96.5) | New financing: -109.7 Bad debt write-off: +1.9 Advanced redemption: +29.3 Other e.g. (new loan administrative expenses): +174.9 |
| (Account for Operations to Facilitate Crisis Responses) | FY2015 | 704.7 | Adjustment to calculate real fluctuation: +121.2 Impact of assumed interest: -0.2 Policy cost during FY2014: +121.3 |
| | FY2014 | 694.1 | |
| | Fluctuation (Real fluctuation) | +10.6 (+131.7) | Cost increase due to an increase in new project scale: +131.7 |
| (Account for Operations to Facilitate Specific Business Promotion, etc.) | FY2015 | 0.7 | Adjustment to calculate real fluctuation: +0.1 Impact of assumed interest: +0.0 Policy cost during FY2014: +0.1 |
| | FY2014 | 0.7 | |
| | Fluctuation (Real fluctuation) | +0.0 (+0.1) | Increase in clerical cost, etc.: +0.1 |
| The Okinawa Development Finance Corporation | FY2015 | -4.0 | Adjustment to calculate real fluctuation: +5.0 Impact of assumed interest: +4.0 Policy cost during FY2014: +1.0 |
| | FY2014 | -1.4 | |
| | Fluctuation (Real fluctuation) | -2.6 (+2.5) | Cost increase due to impact of Advanced redemption: +5.9 Other (e.g. impact of loan write-off): -3.4 |
| Japan Bank for International Cooperation | FY2015 | 21.8 | Adjustment to calculate real fluctuation: +25.0 Impact of assumed interest: +48.1 Policy cost during FY2014: -23.0 |
| | FY2014 | 73.8 | |
| | Fluctuation (Real fluctuation) | -51.9 (-26.9) | New financing: -27.4 Bad debt write-off: -4.0 Advanced redemption: -0.1 Other e.g. (increase in clerical costs): +4.6 |

(Notes) 1: Figures may not add up to the total because of rounding.

2: In the "Primary Cause of Real Fluctuation" column, "Adjustment to calculate real change" is the total of the impact of assumed interest rate plus Policy cost during FY2014.

1. FY2015 Policy Cost Analysis Table (Past year comparison)

(Unit: billion yen)

| Institutions | Policy Cost | Primary Cause of Real Fluctuation | Analysis period (year) |
|---|--------------------------------|--|------------------------|
| <Government Financial Institutions, etc.> | | | |
| Japan International Cooperation Agency (JICA) (Incorporated Administrative Agency) | FY2015 | 285.0 Adjustment to calculate real fluctuation: +384.7 Impact of assumed interest: +418.7 Policy cost during FY2014: -34.0 | 40 |
| | FY2014 | 545.2 New financing: +25.3 Cost reduction due to FY2014 & FY2015 expected revisions: -82.7 | 40 |
| | Fluctuation (Real fluctuation) | -260.3 (+124.5) Bad debt write-off: +12.6 Other e.g. (increase in clerical costs): +169.3 | |
| <Incorporated Administrative Agencies, etc.> | | | |
| The Promotion and Mutual Aid Corporation for Private Schools of Japan (Grant Account) | FY2015 | 14.1 Adjustment to calculate real fluctuation: +5.3 Impact of assumed interest: +5.3 Policy cost during FY2014: +0.0 | 26 |
| | FY2014 | 16.4 New financing: +6.1 FY2013, FY2014 assets under management: -0.7 | 26 |
| | Fluctuation (Real fluctuation) | -2.4 (+2.9) Bad debt write-off: -3.1 Other e.g. (increase in opportunity costs): +0.6 | |
| Japan Student Services Organization (Incorporated Administrative Agency) | FY2015 | 146.9 Adjustment to calculate real fluctuation: +18.4 Impact of assumed interest: -1.2 Policy cost during FY2014: +19.6 | 26 |
| | FY2014 | 198.7 New financing: +24.6 Impact of collection ratio: -12.6 Impact of FY2013 results: -71.5 | 26 |
| | Fluctuation (Real fluctuation) | -51.8 (-33.4) Other e.g. (impact of Advanced redemption): +26.1 | |
| Welfare And Medical Service Agency (Incorporated Administrative Agency) (General Account) | FY2015 | 2.4 Adjustment to calculate real fluctuation: +32.0 Impact of assumed interest: +21.8 Policy cost during FY2014: +10.2 | 38 |
| | FY2014 | 28.8 New financing: -4.8 Cost increase related to FILP agency bonds issuance FY2016 onwards: +10.8 | 40 |
| | Fluctuation (Real fluctuation) | -26.4 (+5.6) Bad debt write-off: +0.5 Other e.g. (decrease in expenditures covered by operating cost grants): -0.9 | |
| National Hospital Organization (Incorporated Administrative Agency) | FY2015 | 121.2 Adjustment to calculate real fluctuation: +66.0 Impact of assumed interest: +64.3 Policy cost during FY2014: +1.7 | 28 |
| | FY2014 | 171.9 Increase in operating cost grants related to policy medical care: +6.0 Increase in opportunity costs due to extension of analysis period: +9.3 | 25 |
| | Fluctuation (Real fluctuation) | -50.7 (+15.3) | |
| National Cancer Center (National Research and Development Agency) | FY2015 | 30.7 Adjustment to calculate real fluctuation: +15.2 Impact of assumed interest: +10.3 Policy cost during FY2014: +4.8 | 27 |
| | FY2014 | 36.6 Cost increase due to new projects: +2.6 Reduction in surplus: +6.7 | 26 |
| | Fluctuation (Real fluctuation) | -5.9 (+9.3) | |
| National Cerebral and Cardiovascular Center (National Research and Development Agency) | FY2015 | +12.1 Adjustment to calculate real fluctuation: - Impact of assumed interest: - Policy cost during FY2014: - | 29 |
| | FY2014 | - | |
| | Fluctuation (Real fluctuation) | +12.1 [Subject to analysis starting from FY2015] | |
| National Center for Global Health and Medicine (National Research and Development Agency) | FY2015 | - Adjustment to calculate real fluctuation: - Impact of assumed interest: - Policy cost during FY2014: - | |
| | FY2014 | 12.0 | |
| | Fluctuation (Real fluctuation) | -12.0 [Exempt from analysis in FY2015] | |
| National Center for Child Health and Development (National Research and Development Agency) | FY2015 | 8.9 Adjustment to calculate real fluctuation: - Impact of assumed interest: - Policy cost during FY2014: - | 15 |
| | FY2014 | - | |
| | Fluctuation (Real fluctuation) | +8.9 [Subject to analysis starting from FY2015] | |
| National Center for Geriatrics and Gerontology (National Research and Development Agency) | FY2015 | 3.6 Adjustment to calculate real fluctuation: - Impact of assumed interest: - Policy cost during FY2014: - | 33 |
| | FY2014 | - | |
| | Fluctuation (Real fluctuation) | +3.6 [Subject to analysis starting from FY2015] | |

(Notes) 1: Figures may not add up to the total because of rounding.

2: In the "Primary Cause of Real Fluctuation" column, "Adjustment to calculate real change" is the total of the Impact of assumed interest rate plus Policy cost during FY2014.

1. FY2015 Policy Cost Analysis Table (Past year comparison)

(Unit: billion yen)

| Institutions | Policy Cost | Primary Cause of Real Fluctuation | Analysis period (year) |
|---|--------------------------------|--|------------------------|
| <Incorporated Administrative Agencies, etc.> | | | |
| Center for National University Finance and Management (Incorporated Administrative Agency) (Facilities Improvement Account) | FY2015 | 0.5 Adjustment to calculate real fluctuation: +0.1 Impact of assumed interest: -0.0 Policy cost during FY2014: +0.1 | 30 |
| | FY2014 | 0.5 | 30 |
| | Fluctuation (Real fluctuation) | +0.0 (+0.1) Increase in clerical costs: +0.1 | |
| Japan Community Health care Organization (Incorporated Administrative Agency) | FY2015 | -108.1 Adjustment to calculate real fluctuation: +83.9 Impact of assumed interest: +83.8 Policy cost during FY2014: +0.1 | 26 |
| | FY2014 | -60.0 Cost increase due to additional new projects: +14.6 Other (cost increase due to an increase in beginning reserve balance): +21.2 | 25 |
| | Fluctuation (Real fluctuation) | -48.1 (+35.8) | |
| Japan Railway Construction, Transport and Technology Agency (Incorporated Administrative Agency) | FY2015 | -16.2 | |
| | FY2014 | -19.3 | |
| | Fluctuation (Real fluctuation) | +3.1 (+1.8) | |
| (Construction Account) | FY2015 | - | 29 |
| | FY2014 | - | 30 |
| | Fluctuation (Real fluctuation) | - | |
| (Maritime Affairs Account) | FY2015 | -16.2 Adjustment to calculate real fluctuation: -1.3 Impact of assumed interest: +2.9 Policy cost during FY2014: -4.2 | 16 |
| | FY2014 | -19.3 Decrease in interest received: +0.7 Increase in interest paid: +0.5 Other e.g. (increase in clerical costs): +0.6 | 16 |
| | Fluctuation (Real fluctuation) | +3.1 (+1.8) | |
| Japan Housing Finance Agency (Incorporated Administrative Agency) | FY2015 | 87.0 Adjustment to calculate real fluctuation: +5.3 Impact of assumed interest: -7.4 Policy cost during FY2014: +12.8 | 32 |
| | FY2014 | 76.1 New financing: +21.8 Bad debt write-off: +9.1 Other (cost decrease due to disuse of FY2013 new loans, etc.): -14.7 | 32 |
| | Fluctuation (Real fluctuation) | +10.9 (+16.2) | |
| Urban Renaissance Agency (Incorporated Administrative Agency) (Urban Renaissance Account) | FY2015 | -3,268.4 Adjustment to calculate real fluctuation: +1,165.1 Impact of assumed interest: +1,177.0 Policy cost during FY2014: -11.9 | 80 |
| | FY2014 | -2,225.7 Reduction in payments into treasury due to an increase in rental housing management costs: +95.6 Increase in subsidies due to progress of projects, etc.: +26.8 | 80 |
| | Fluctuation (Real fluctuation) | -1,042.7 (+122.4) | |
| Japan Expressway Holding and Debt Repayment Agency (Incorporated Administrative Agency) | FY2015 | 1,497.0 Adjustment to calculate real fluctuation: +587.0 Impact of assumed interest: +585.9 Policy cost during FY2014: +1.1 | 38 |
| | FY2014 | 1,865.0 Increase in opportunity costs due to extension of analysis period, etc.: +218.9 | 35 |
| | Fluctuation (Real fluctuation) | -368.1 (+218.9) | |
| Japan Water Agency (Incorporated Administrative Agency) | FY2015 | 97.4 Adjustment to calculate real fluctuation: +30.7 Impact of assumed interest: +9.1 Policy cost during FY2014: +21.6 | 33 |
| | FY2014 | 84.6 Increase in subsidies due to addition of new reconstruction projects, etc.: +36.0 Reduction in subsidies due to project cost reduction (excluding new project costs) during the analysis period: -3.5 Retained earnings reduction, etc.: +11.0 | 31 |
| | Fluctuation (Real fluctuation) | +12.8 (+43.5) | |
| Japan Finance Organization for Municipalities | FY2015 | -604.7 Adjustment to calculate real fluctuation: +90.3 Impact of assumed interest: +230.6 Policy cost during FY2014: -140.4 | 22 |
| | FY2014 | -332.0 Implementation of payments into treasury during the period, etc.: -182.4 | 23 |
| | Fluctuation (Real fluctuation) | -272.6 (-182.4) | |
| Forestry and Forest Products Research Institute (National Research and Development Agency) (Forestation for Water Conservation) | FY2015 | 653.8 Adjustment to calculate real fluctuation: +14.1 Impact of assumed interest: +11.9 Policy cost during FY2014: +2.2 | 89 |
| | FY2014 | 663.1 Increase due to an increase in injected governmental costs during the period: +4.5 Cost increase due to FY2014 & FY2015 expected revisions: +0.2 | 89 |
| | Fluctuation (Real fluctuation) | -9.3 (+4.7) | |

(Notes) 1: Figures may not add up to the total because of rounding.

2: In the "Primary Cause of Real Fluctuation" column, "Adjustment to calculate real change" is the total of the Impact of assumed interest rate plus Policy cost during FY2014.

1. FY2015 Policy Cost Analysis Table (Past year comparison)

(Unit: billion yen)

| Institutions | Policy Cost | Primary Cause of Real Fluctuation | Analysis period (year) |
|--|--------------------------------|-----------------------------------|------------------------|
| <Incorporated Administrative Agencies, etc.> | | | |
| Japan Oil, Gas and Metals National Corporation (Incorporated Administrative Agency) | FY2015 | 0.5 | |
| | FY2014 | 0.5 | |
| | Fluctuation (Real fluctuation) | +0.0 (+0.1) | |
| (General Account for Metal Mining) | FY2015 | 0.5 | 16 ↑ 16 |
| | FY2014 | 0.5 | |
| | Fluctuation (Real fluctuation) | +0.0 (+0.1) | |
| (Account for Oil and Natural Gas) | FY2015 | 0.0 | 14 ↑ 14 |
| | FY2014 | 0.0 | |
| | Fluctuation (Real fluctuation) | -0.0 (+0.0) | |
| <Special Corporations, etc.> | | | |
| Development Bank of Japan Inc. | FY2015 | -263.8 | 26 ↑ 26 |
| | FY2014 | -434.0 | |
| | Fluctuation (Real fluctuation) | +170.2 (+530.7) | |
| New Kansai International Airport Co., Ltd. | FY2015 | -125.6 | 44 ↑ 45 |
| | FY2014 | -29.2 | |
| | Fluctuation (Real fluctuation) | -96.4 (-21.9) | |
| Organization for Promoting Urban Development | FY2015 | -6.1 | 21 ↑ 21 |
| | FY2014 | -4.8 | |
| | Fluctuation (Real fluctuation) | -1.4 (-1.3) | |
| Central Japan International Airport Co., Ltd. | FY2015 | -54.4 | 20 ↑ 21 |
| | FY2014 | -38.4 | |
| | Fluctuation (Real fluctuation) | -16.0 (-1.4) | |

(Notes) 1: Figures may not add up to the total because of rounding.

2: In the "Primary Cause of Real Fluctuation" column, "Adjustment to calculate real change" is the total of the Impact of assumed interest rate plus Policy cost during FY2014.

2. FY2015 Policy Cost Analysis Table (breakdown & sensitivity)

(Unit: billion yen)

| Institutions | | Policy cost ①+②+③ | Subsidies from government ① | Payments to the treasury/corporate tax, etc. ② | Opportunity cost =a+b+c ③ | Funds provided before the beginning of the analysis period a | Policy costs expected to be newly incurred during the analysis period | | Sensitivity analysis Assumed interest rate +1% |
|---|-------------|----------------------|--------------------------------|---|---------------------------------|---|---|---------------------------|--|
| | | | | | | | Change in surplus, etc. b | Change in investment c | |
| Total | FY2015 | -590.8 | 735.1 | -5,547.1 | 4,221.2 | 7,541.3 | -3,466.0 | 145.9 | 4,057.2 |
| | FY2014 | 1,623.1 | 743.2 | -4,958.6 | 5,838.5 | 9,104.0 | -3,454.8 | 189.2 | 5,135.1 |
| | Fluctuation | -2,213.9 | -8.1 | -588.5 | -1,617.3 | -1,562.7 | -11.3 | -43.4 | |
| <Government Financial Institutions, etc.> | | | | | | | | | |
| Japan Finance Corporation | FY2015 | 877.6 | 164.2 | -201.2 | 914.6 | 977.8 | -74.9 | 11.7 | 1,132.1 |
| | FY2014 | 994.9 | 162.2 | -218.7 | 1,051.3 | 1,328.4 | -296.6 | 19.4 | 1,167.2 |
| | Fluctuation | -117.3 | +2.0 | +17.4 | -136.7 | -350.6 | +221.7 | -7.8 | |
| (Account for Micro Business and Individual Operations) | FY2015 | 81.3 | 57.4 | - | 23.9 | 325.3 | -304.9 | 3.5 | 96.4 |
| | FY2014 | 85.8 | 55.1 | - | 30.7 | 432.4 | -403.9 | 2.2 | 92.9 |
| | Fluctuation | -4.5 | +2.3 | - | -6.8 | -107.1 | +99.0 | +1.3 | |
| (Account for Agriculture, Forestry, Fisheries and Food Business Operations) | FY2015 | 67.4 | 37.8 | -201.2 | 230.8 | 226.1 | 1.6 | 3.0 | 193.4 |
| | FY2014 | 85.9 | 42.4 | -218.7 | 262.1 | 256.3 | 1.8 | 4.0 | 186.9 |
| | Fluctuation | -18.5 | -4.6 | +17.4 | -31.3 | -30.1 | -0.2 | -1.0 | |
| (Account for SME Loan Programs and Securitization Support Programs (Guarantee-type Operations)) | FY2015 | 23.6 | 65.4 | - | -41.8 | 265.0 | -312.0 | 5.2 | 154.0 |
| | FY2014 | 128.4 | 60.9 | - | 67.5 | 390.1 | -335.7 | 13.0 | 207.7 |
| | Fluctuation | -104.8 | +4.5 | - | -109.3 | -125.2 | +23.7 | -7.8 | |
| (Account for Operations to Facilitate Crisis Responses) | FY2015 | 704.7 | 3.1 | - | 701.6 | 161.3 | 540.3 | 0.0 | 687.7 |
| | FY2014 | 694.1 | 3.3 | - | 690.8 | 249.5 | 441.1 | 0.2 | 679.0 |
| | Fluctuation | +10.6 | -0.2 | - | +10.8 | -88.2 | +99.2 | -0.2 | |
| (Account for Operations to Facilitate Specific Business Promotion, etc.) | FY2015 | 0.7 | 0.6 | - | 0.1 | 0.0 | 0.1 | - | 0.6 |
| | FY2014 | 0.7 | 0.6 | - | 0.1 | 0.1 | 0.0 | - | 0.7 |
| | Fluctuation | +0.0 | +0.0 | - | -0.0 | -0.0 | +0.0 | - | |
| The Okinawa Development Finance Corporation | FY2015 | -4.0 | 1.7 | -34.9 | 29.2 | 28.3 | -0.1 | 1.0 | 4.2 |
| | FY2014 | -1.4 | 1.5 | -40.3 | 37.3 | 36.2 | -0.1 | 1.2 | 7.8 |
| | Fluctuation | -2.6 | +0.2 | +5.3 | -8.1 | -7.9 | +0.0 | -0.2 | |
| Japan Bank of International Cooperation | FY2015 | 21.8 | - | -310.9 | 332.7 | 347.6 | -15.0 | - | 106.0 |
| | FY2014 | 73.8 | - | -434.1 | 507.9 | 503.5 | -7.0 | 11.5 | 155.3 |
| | Fluctuation | -51.9 | - | +123.3 | -175.2 | -155.8 | -7.9 | -11.5 | |
| Japan International Cooperation Agency (JICA) (Incorporated Administrative Agency) | FY2015 | 285.0 | - | - | 285.0 | 3,166.1 | -2,900.7 | 19.6 | 927.8 |
| | FY2014 | 545.2 | - | -923.3 | 1,468.5 | 4,021.5 | -2,578.1 | 25.1 | 1,094.5 |
| | Fluctuation | -260.3 | - | +923.3 | -1,183.5 | -855.5 | -322.5 | -5.6 | |
| <Incorporated Administrative Agencies, etc.> | | | | | | | | | |
| The Promotion and Mutual Aid Corporation for Private Schools of Japan (Grant Account) | FY2015 | 14.1 | - | -10.6 | 24.6 | 27.2 | -2.5 | - | 38.2 |
| | FY2014 | 16.4 | - | -17.9 | 34.3 | 35.9 | -1.6 | - | 37.2 |
| | Fluctuation | -2.4 | - | +7.3 | -9.7 | -8.8 | -0.9 | - | |
| Japan Student Services Organization (Incorporated Administrative Agency) | FY2015 | 146.9 | 151.4 | - | -4.5 | 0.0 | -4.5 | - | 200.3 |
| | FY2014 | 198.7 | 208.0 | - | -9.3 | 0.0 | -9.4 | - | 277.6 |
| | Fluctuation | -51.8 | -56.6 | - | +4.8 | -0.0 | +4.8 | - | |
| Welfare And Medical Service Agency (Incorporated Administrative Agency) (General Account) | FY2015 | 2.4 | 9.7 | - | -7.4 | 9.1 | -16.4 | - | 13.7 |
| | FY2014 | 28.8 | 15.6 | - | 13.2 | 12.3 | 0.9 | - | 42.5 |
| | Fluctuation | -26.4 | -5.9 | - | -20.6 | -3.3 | -17.3 | - | |
| National Hospital Organization (Incorporated Administrative Agency) | FY2015 | 121.2 | 152.0 | - | -30.8 | 56.6 | -87.4 | - | 218.3 |
| | FY2014 | 171.9 | 151.1 | - | 20.8 | 71.6 | -50.8 | - | 244.4 |
| | Fluctuation | -50.7 | +0.9 | - | -51.7 | -15.0 | -36.7 | - | |
| National Cancer Center (National Research and Development Agency) | FY2015 | 30.7 | 10.2 | - | 20.5 | 23.9 | -3.4 | - | 46.6 |
| | FY2014 | 36.6 | 9.4 | - | 27.2 | 32.8 | -5.6 | - | 50.9 |
| | Fluctuation | -5.9 | +0.9 | - | -6.7 | -8.9 | +2.2 | - | |
| National Cerebral and Cardiovascular Center (National Research and Development Agency) | FY2015 | 12.1 | 10.7 | - | 1.4 | 8.2 | -6.8 | - | 20.3 |
| | FY2014 | | | | | | | | |
| | Fluctuation | +12.1 | +10.7 | - | +1.4 | +8.2 | -6.8 | - | |

(Note) Figures may not add up to the total because of rounding.

2. FY2015 Policy Cost Analysis Table (breakdown & sensitivity)

(Unit: billion yen)

| Institutions | Policy cost ①+②+③ | Subsidies from government ① | Payments to the treasury/ corporate tax, etc. ② | Opportunity cost =a+b+c ③ | Funds provided before the beginning of the analysis period a | Policy costs expected to be newly incurred during the analysis period | | Sensitivity analysis Assumed interest rate +1% |
|---|----------------------|--------------------------------------|---|------------------------------------|--|---|------------------------------|--|
| | | | | | | Change in surplus, etc. b | Change in investment c | |
| | | | | | | | | |
| <Incorporated Administrative Agencies, etc.> | | | | | | | | |
| National Center for Global Health and Medicine (National Research and Development Agency) | FY2015 | | | | | | | |
| | FY2014 | 12.0 | 11.4 | - | 0.6 | 24.3 | -23.7 | 24.9 |
| | Fluctuation | -12.0 | -11.4 | - | -0.6 | -24.3 | +23.7 | - |
| National Center for Child Health and Development (National Research and Development Agency) | FY2015 | 8.9 | 4.1 | - | 4.9 | 2.8 | 2.0 | 13.4 |
| | FY2014 | | | | | | | |
| | Fluctuation | +8.9 | +4.1 | - | +4.9 | +2.8 | +2.0 | - |
| National Center for Geriatrics and Gerontology (National Research and Development Agency) | FY2015 | 3.6 | 4.0 | - | -0.4 | 3.4 | -3.7 | 6.7 |
| | FY2014 | | | | | | | |
| | Fluctuation | +3.6 | +4.0 | - | -0.4 | +3.4 | -3.7 | - |
| Center for National University Finance and Management (Incorporated Administrative Agency) (Facilities Development Account) | FY2015 | 0.5 | 0.5 | - | - | - | - | 0.5 |
| | FY2014 | 0.5 | 0.5 | - | - | - | - | 0.5 |
| | Fluctuation | +0.0 | +0.0 | - | - | - | - | - |
| Japan Community Health care Organization (Incorporated Administrative Agency) | FY2015 | -108.1 | - | - | -108.1 | 21.4 | -129.5 | 18.5 |
| | FY2014 | -60.0 | - | - | -60.0 | 29.8 | -89.8 | 26.7 |
| | Fluctuation | -48.1 | - | - | -48.1 | -8.4 | -39.7 | - |
| Japan Railway Construction, Transport and Technology Agency (Incorporated Administrative Agency) | FY2015 | -16.2 | - | - | -16.2 | 5.9 | -22.1 | -8.0 |
| | FY2014 | -19.3 | - | - | -19.3 | 10.5 | -29.8 | -11.4 |
| | Fluctuation | +3.1 | - | - | +3.1 | -4.6 | +7.7 | - |
| (Construction Account) | FY2015 | - | - | - | - | - | - | - |
| | FY2014 | - | - | - | - | - | - | - |
| | Fluctuation | - | - | - | - | - | - | - |
| (Maritime Affairs Account) | FY2015 | -16.2 | - | - | -16.2 | 5.9 | -22.1 | -8.0 |
| | FY2014 | -19.3 | - | - | -19.3 | 10.5 | -29.8 | -11.4 |
| | Fluctuation | +3.1 | - | - | +3.1 | -4.6 | +7.7 | - |
| Japan Housing Finance Agency (Incorporated Administrative Agency) | FY2015 | 87.0 | - | - | -61.9 | 148.9 | 2.8 | 86.1 |
| | FY2014 | 76.1 | - | - | -63.0 | 139.1 | 3.8 | 78.9 |
| | Fluctuation | +10.9 | - | - | +1.0 | +9.8 | -1.0 | +10.8 |
| Urban Renaissance Agency (Incorporated Administrative Agency) (Urban Development Account) | FY2015 | -3,268.4 | 104.1 | - | -3,759.8 | 387.3 | 471.1 | -1,420.0 |
| | FY2014 | -2,225.7 | 97.4 | - | -2,732.7 | 409.5 | 505.1 | -736.4 |
| | Fluctuation | -1,042.7 | +6.7 | - | -1,027.1 | -22.3 | -34.0 | +2.1 |
| Japan Expressway Holding and Debt Repayment Agency (Incorporated Administrative Agency) | FY2015 | 1,497.0 | 16.0 | - | 1,480.9 | 1,457.0 | - | 2,568.0 |
| | FY2014 | 1,865.0 | - | - | 1,865.0 | 1,830.3 | - | 2,725.3 |
| | Fluctuation | -368.1 | +16.0 | - | -384.1 | -373.4 | - | -10.7 |
| Japan Water Agency (Incorporated Administrative Agency) | FY2015 | 97.4 | 89.9 | - | 7.5 | 2.8 | 4.7 | 99.1 |
| | FY2014 | 84.6 | 65.0 | - | 19.5 | 3.8 | 15.8 | 96.3 |
| | Fluctuation | +12.8 | +24.9 | - | -12.0 | -1.0 | -11.0 | - |
| Japan Finance Organization for Municipalities | FY2015 | -604.7 | - | - | -600.0 | -4.7 | -4.7 | -261.1 |
| | FY2014 | -332.0 | - | - | -332.0 | - | -332.0 | 41.4 |
| | Fluctuation | -272.6 | - | - | -600.0 | +327.4 | - | -327.4 |
| Forestry and Forest Products Research Institute (National Research and Development Agency) (Forestation for Water Conservation) | FY2015 | 653.8 | 15.7 | - | 638.1 | 513.6 | 39.5 | 85.0 |
| | FY2014 | 663.1 | 19.7 | - | 643.4 | 530.6 | 18.1 | 94.7 |
| | Fluctuation | -9.3 | -4.0 | - | -5.3 | -16.9 | +21.4 | -9.7 |
| Japan Oil, Gas and Metals National Corporation (Incorporated Administrative Agency) | FY2015 | 0.5 | 0.6 | -0.1 | 0.0 | - | 0.0 | 0.5 |
| | FY2014 | 0.5 | 0.6 | -0.1 | 0.0 | - | 0.0 | 0.5 |
| | Fluctuation | +0.0 | +0.0 | -0.0 | +0.0 | - | +0.0 | - |
| (General Account for Metal Mining) | FY2015 | 0.5 | 0.6 | -0.1 | 0.0 | - | 0.0 | 0.5 |
| | FY2014 | 0.5 | 0.5 | -0.1 | 0.0 | - | 0.0 | 0.5 |
| | Fluctuation | +0.0 | +0.0 | -0.0 | +0.0 | - | +0.0 | - |
| (Account for Oil and Natural Gas) | FY2015 | 0.0 | 0.0 | - | - | - | - | 0.0 |
| | FY2014 | 0.0 | 0.0 | - | - | - | - | 0.0 |
| | Fluctuation | -0.0 | -0.0 | - | - | - | - | - |

(Note) Figures may not add up to the total because of rounding.

2. FY2015 Policy Cost Analysis Table (breakdown & sensitivity)

(Unit: billion yen)

| Institutions | Policy cost ①+②+③ | Subsidies from government ① | Payments to the treasury/ corporate tax, etc. ② | Opportunity cost =a+b+c ③ | Funds provided before the beginning of the analysis period a | Policy costs expected to be newly incurred during the analysis period | | Sensitivity analysis Assumed interest rate +1% | |
|---|----------------------|--------------------------------------|---|------------------------------------|--|---|------------------------------|--|--------|
| | | | | | | Change in surplus, etc. b | Change in investment c | | |
| | | | | | | | | | |
| <Special Corporations, etc.> | | | | | | | | | |
| Development Bank of Japan Inc. | FY2015 | -263.8 | 0.1 | -501.8 | 237.9 | 363.4 | -125.5 | - | 278.7 |
| | FY2014 | -434.0 | 0.1 | -458.1 | 24.0 | 50.4 | -26.4 | - | -242.4 |
| | Fluctuation | +170.2 | -0.0 | -43.6 | +213.9 | +313.0 | -99.0 | - | - |
| New Kansai International Airport Co., Ltd. | FY2015 | -125.6 | - | -42.5 | -83.1 | 41.2 | -124.3 | - | 2.3 |
| | FY2014 | -29.2 | 0.6 | -40.6 | 10.8 | 52.2 | -41.5 | - | 71.3 |
| | Fluctuation | -96.4 | -0.6 | -1.8 | -93.9 | -11.0 | -82.9 | - | - |
| Organization for Promoting Urban Development | FY2015 | -6.1 | - | -7.1 | 0.9 | - | 0.9 | - | -6.2 |
| | FY2014 | -4.8 | - | -6.2 | 1.5 | - | 1.5 | - | -5.0 |
| | Fluctuation | -1.4 | - | -0.8 | -0.5 | - | -0.5 | - | - |
| Central Japan International Airport Co., Ltd. | FY2015 | -54.4 | - | -16.4 | -38.1 | 11.2 | -49.3 | - | -28.6 |
| | FY2014 | -38.4 | - | -23.6 | -14.8 | 20.9 | -35.7 | - | -12.9 |
| | Fluctuation | -16.0 | - | +7.3 | -23.2 | -9.7 | -13.6 | - | - |

(Note) Figures may not add up to the total because of rounding.

(Reference 1) Preconditions of policy cost analysis

In the policy cost analysis process, future cash flow and other such factors are estimated based on certain preconditions. The common preconditions used for all FILP agencies are as follows.

[Analysis period]

The analysis period for policy cost analysis is the period from the analyzed fiscal year until the fiscal year when the FILP agency ends the FILP-target project. Specific numbers of years differ depending on the FILP agency and the project. However, periods of analysis are set under the following principles.

[Financing institutions (including government affiliated financing institutions)]

The analysis period is until the FILP agency finishes collection of its loan receivables, in principle assuming that new loans will not be provided from the next fiscal year onwards.

[Business institutions]

The analysis period is until the time of finishing repayment of the Fiscal Loan funds, etc. the FILP agency raised, following the end of a project, assuming that it will only implement projects being implemented or continued, and projects for which their new launch is already planned in the interim plan, etc.

[FILP interest rate in the future, discount factor, and so on]

The future FILP interest rate and the discount factor for converting future cash flow into the discounted present value are set as common assumptions by calculating them using theoretical equations, based on actual market yields on government bonds on the base date on which the budget and FILP Plan for the fiscal year under analysis are adopted.

(Reference 2) Calculation of social and economic benefits

(Unit: billion yen: year)

Policy cost should be assessed comprehensively together with the social and economic benefits from implementation of the project. However, it is difficult to uniformly and quantitatively understand the social and economic benefits of different individual projects. Consequently, for business institutions, quantitative trial calculations of social and economic benefits are made under generally uniform standards by making use of material such as the Cost-Benefit Analysis Manual established by the related government ministries for public projects.

Quantitative trial calculations cannot be done for some business institutions and projects, because a manual is not prepared which is the basis for trial calculation, or because one cannot obtain suitable data for trial calculation of social and economic benefits, etc. Also, there are no techniques established for financing institutions, so uniform trial calculations are not being done.

| Name of agency (work) | Discount rate | | | |
|---|-------------------------------|--------------------|---------------------------------|--------------------|
| | Social discount rate 4% | Analysis period | Rate of policy cost analysis | Analysis period |
| Japan Railway Construction, Transport, and Technology Agency (Incorporated Administrative Agency) | | | | |
| Construction Account (private railway project) | 1,247.1 | 30 | 1,870.2 | 29 |
| Urban Renaissance Agency (Incorporated Administrative Agency) | 876.1 | | 1,817.3 | |
| Projects to renew urban functions (land readjustment) | 193.4 | 50 | 427.7 | 50 |
| Projects to renew urban functions (urban renewal) | 443.8 | 50 | 916.5 | 50 |
| Residential environment development project | 238.9 | 47 | 473.1 | 47 |
| Japan Expressway Holding and Debt Repayment Agency (Incorporated Administrative Agency) | | | | |
| Expressway Project | 12,102.2 | 32 | 21,239.1 | 32 |
| Japan Water Agency (Incorporated Administrative Agency) | | | | |
| Construction of canals | 16,132.3 | 52 | 23,889.5 | 33 |
| Forestry and Forest Products Research Institute (National Research and Development Agency) | | | | |
| Forestation for Water Conservation | 1,562.2 | 66 | 2,331.6 | 66 |
| Central Japan International Airport Co., Ltd. | | | | |
| Airport Construction Project | 1,931.5 | 40 | 1,775.7 | 20 |

Glossary

A

Accrual basis (P33, 56, 75)

The accrual basis is the basis on which income or expense is recognized and booked at the time of the occurrence of an increase or decrease in the economic value of a good or service, regardless of receipt or payment of cash.

With regard to the FILP Special Account, since FY2001 an income statement and balance sheet have been prepared based on the accrual basis from the viewpoint of clarifying financial conditions.

(Ref.) "Cash basis"

Advanced redemption (P38, 63, 64)

See P38

ALM (Asset-Liability Management) (P10, 31, 34, etc.)

ALM means the "integrated management of assets and liabilities," and is one of the business management methods used to secure financial soundness in financial institutions, etc.

(Ref.) "Interest rate swap" "interest rate fluctuation risk," "duration gap," "maturity gap"

Analysis of financial conditions (analysis of financial conditions of local governments) (P10, 28 to 30, 37, 71)

See P30

(Ref.) "Diagnosis report"

Asset-backed securities (ABS) (P19, 27, 44, 55, 72)

Asset-backed securities are financial products that are issued by corporations and the like for fundraising purposes, with their redemption backed by the creditworthiness of their issuers' assets (including monetary claims, movable assets and real estate) instead of the issuers.

Among FILP agencies, the Japan Housing Finance Agency buys housing loans from private sector financial institutions, entrusts these loans to trust banks, etc. and issues bonds backed by these loans to raise funds.

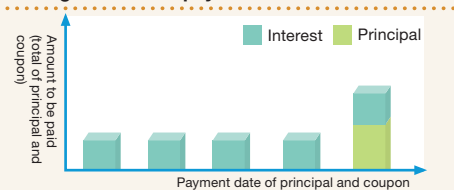
(Ref.) "FILP agencies," "FILP agency bonds"

B

Bullet repayment (P14, 22, 31, 35, 36, 71, 73)

This is the method of repaying the entire principal on the last repayment date. FILP bonds and many other coupon-bearing bonds use the bullet repayment method.

Image of bullet repayment



(Ref.) "Equal principal repayment," "equal principal and interest repayment"

C

Carry-forward amount (P39, 40, 43, 75)

The carry - forward amount represents loans and investment carried forward to the next fiscal year in line with progress in target projects.

(Ref.) "Undisbursed amount"

Cash basis (P75)

The cash basis[†] is the basis on which accounting and calculation are processed by identifying the times for receipts or payments of cash and the occurrence of income or expense. The recognition and booking of profits and losses are linked to the time.

(Ref.) "Accrual basis"

Collaboration among the primary, secondary and tertiary industries (P9, 21, 22, 24)

The cooperation is designed to integrate agriculture, forestry and fisheries as the primary industry with the secondary industry for processing and other operations, and the tertiary industry for services and sales, to expand the potential of agriculture, forestry and fisheries.

Complementing the private sector (P17, 22)

This is one of the key points for the screening of FILP projects. Projects undertaken by FILP agencies must be those that are difficult for the private sector alone to undertake.

(Ref.) "Redemption certainty"

Cool Japan (P10, 22, 24, etc.)

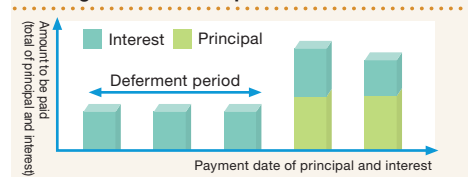
The Cool Japan campaign aims to convert Japanese culture and lifestyle, including fashion, food and housing practices, and contents (including animation, TV and film, and music), into added value.

D

Deferment period (P36)

The deferment period is a period commencing on the execution date of a loan wherein only interest is paid without principal repayment.

Image of deferment period



Deposits (P5, 6, 18, 31, 32, 36, 41, 42, 44, 56 to 60, 62, 75)

Deposits are funds left from the special accounts, and so forth, to the Fiscal Loan Fund. Reserves (see Note) and surpluses (cash generated as surpluses for the payment) in each special account are deposited to the Fiscal Loan Fund and managed in an integrated manner.

Interest is imposed on deposits based on yields on government bonds, depending on deposit periods specified in contracts.

E

(Note) Excluding reserves pertaining to the national pension account and employee's pension account of the pension special account.

(Ref.) "Fiscal Loan Fund"

Diagnosis report (analysis of financial conditions of local governments) (P30)

The diagnosis report describes financial conditions in an easy-to-understand manner with respect to all local governments interviewed in the process of analyzing financial conditions. Local Finance Bureaus began to provide the reports to relevant local governments in FY2010.

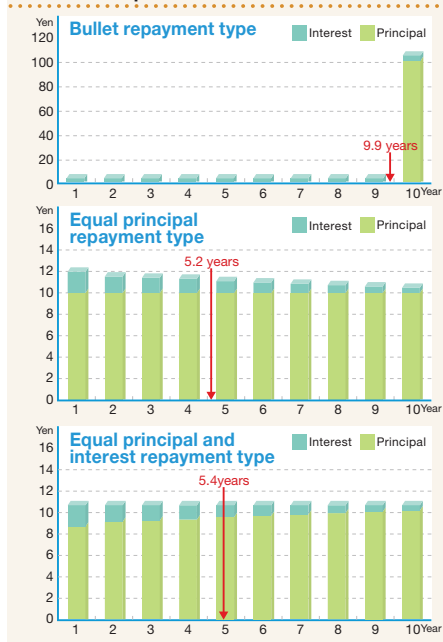
(Ref.) "Analysis of financial conditions"

Duration gap (P10, 35)

A duration is a figure obtained by discounting future cash flows generated by assets (collections on loans, etc.) or liabilities (redemptions of FILP bonds, etc.) to their present values and then calculating the period of time until the cash flows are generated by the weighted average method based on the present value. It represents the average remaining period of the assets or liabilities.

A duration gap represents the mismatch between the duration of assets and that of liabilities. When this gap exists, an interest rate fluctuation risk may emerge because changes in the present value through interest rate fluctuations for assets differ from those for liabilities.

Conceptual rendering of relations between cash flow patterns and duration

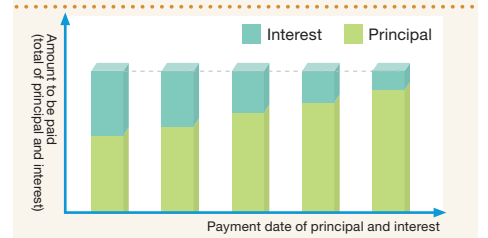


(Ref.) "ALM," "interest rate swap" "interest rate fluctuation risk," "maturity gap"

Equal principal and interest repayment (P11, 20, 36, 73)

This is the repayment method where the total amount of interest and principal is repaid in equal installments.

Image of equal principal and interest repayment

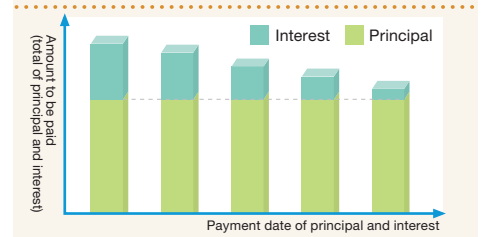


(Ref.) "Equal principal repayment," "bullet repayment"

Equal principal repayment (P11, 20, 36, 73)

Of the total principal and interest repayment amount, the principal may be repaid in equal installments under the equal principal repayment system.

Image of equal principal repayment



(Ref.) "Equal principal and interest repayment," "bullet repayment"

Extraordinary financial countermeasures bonds (P10, 18)

In principle, Local Government Bonds are allowed to be issued in the cases provided in Article 5 of the Local Government Finance Act, such as the case of raising capital for the funding source of expenses of municipal enterprises (transportation, gas, water, etc.) or construction expenses. As an exception to this, extraordinary financial countermeasures bonds are issued to compensate for the shortage in the ordinary balance of the Local Public Finance Program. They have been issued since FY2001.

(Ref.) "Local Government Bonds"

F

FILP agencies (P2 to 4, 6, 7, 17, 19, 26, 27, 29, 32, 33, 37, 63, 69, etc.)

FILP agencies are institutions that utilize FILP in the relevant fiscal year. FILP consists of three fund provision means -- Fiscal loan, Industrial Investment and Government Guarantee -- for their respective targets.

The Fiscal Loan is provided to the national government's special accounts, local governments, government-affiliated institutions, and incorporated administrative agencies/government-backed corporations and the like (institutions established based on special laws, which do not receive capital injection from the private sector).

The Industrial Investment is provided to government-affiliated institutions, incorporated administrative agencies, etc. that have the purpose of "developing industries and promoting trade" and rules for receiving capital subscription from and returning profit to the national government.

The Government Guarantee is basically provided to government-affiliated institutions and incorporated administrative agencies, etc. whose establishment laws have provisions allowing them to receive the Government Guarantee.

FILP agency bonds (P6, 10, 19, 26, 27, 51, 55, 64)

Among the bonds issued by each FILP agency in the private-sector financial markets, FILP agency bonds are those with no governmental guarantee for repayment of principal and interest. These FILP agency bonds were introduced by the FILP reform in FY2001, and today they function as a means of fundraising for FILP agencies. They are divided into two categories: straight bonds that depend on the creditworthiness of their issuers, and asset-backed securities that depend on the creditworthiness of assets provided as security. (Ref.) “FILP agencies,” “asset-backed securities (ABS)”

FILP bonds (Fiscal Investment and Loan Program bonds)

(P3, 4, 6, 7, 10, 12, etc.)

FILP bonds are bonds issued by the national government (government bonds) as a funding source for management of the Fiscal Loan Fund. Funds procured by issuing FILP bonds constitute a part of revenue in the FILP Special Account Fiscal Loan Fund Account and are transferred to the Fiscal Loan Fund as expenditures.

Since they have the same merchantability as ordinary government bonds and are issued together with the latter, we can observe no difference between them as financial instruments. Both bonds are also the same in the sense that the maximum issuance amount is determined by a Diet resolution. FILP bonds are classified as one sort of government bonds in each fiscal year's government bond issuance plan.

Still, FILP bonds are different from ordinary government bonds in the sense that FILP bonds provide financial resources for loans from the Fiscal Loan Fund and are redeemed with returns from these loans while ordinary government bonds provide financial resources for the General Account and are redeemed with tax and other revenues. FILP bonds are not classified as debt of the government in the System of National Accounts (SNA) (see Note 1), based on the unified standards of economic indicators established by the United Nations. They are not included in “long-term debt outstanding of central and local governments” (see Note 2).

(Note 1) The System of National Accounts (SNA) represents common standards created by the United Nations for member countries' preparation of economic statistics. The three sectors of households, industry and government that constitute the national economy engage in economic operations while interacting with each other through economic transactions. The national economy also has links with overseas economic operations through international trade and capital transactions. The SNA is designed to grasp the structure and cycle of such national economy. Under the SNA, the public sector is divided into the general government and public corporations. Debt of public corporations is not included in general government debt.

At present, the Fiscal Loan Fund is classified as a public corporation so that FILP bonds are not included in general government debt.

(Note 2) “Long-term debt outstanding of central and local governments” represents the total of long-term central and local government debt serviced mainly with tax revenues.

(Ref.) “Fiscal Loan,” “Fiscal Loan Fund”

FILP Plan (P7, 8, 10 to 12, 17 to 21, 28, 29, etc.)

See P17

FILP reform (P4 to 7, 10, 11, 26, 29, 31, 36, 73, 75)

See P6

FILP Special Account (P4, 10, 17, 31 to 35, 42 to 44, 46, 47, etc.)

See P32

(Ref.) “Fiscal Loan Fund Special Account (defunct),” “Industrial Investment Special Account (defunct)”

FILP Subcommittee of the Fiscal System Council

(P7, 10, 14, 16, 29, 38)

The Fiscal System Council, an advisory panel to the Minister of Finance to deliberate on the ideal form of overall government finance, has set up the FILP subcommittee that takes charge of deliberations on key matters regarding the Fiscal Loan system, FILP Plan and the Fiscal Loan Fund. The subcommittee composed of academic experts is legally prescribed to state opinions concerning the FILP Plan and Fiscal Loan Fund Management Plan[†] for each year in advance and receive a Fiscal Loan Fund Management Report for a fiscal year within four months after the end of the fiscal year.

(Ref.) “FILP Plan,” “Fiscal Loan Fund Management Plan”

Fiscal Loan (P2 to 5, 8, 9 to 12, 15, 17, 18, 21 to 23, 30 to 33, etc.)

See P4

(Ref.) “FILP Special Account,” “Fiscal Loan Fund,” “Fiscal Loan Fund Management Plan,” “Fiscal Loan Fund Special Account (defunct)”

Fiscal Loan Fund (P4, 5, 6, 10, 11, 17, 18, 30 to 33, 35 to 39, etc.)

The Fiscal Loan Fund is a funding source (financial resources) for providing fiscal loans.

The Fiscal Loan Fund has been set up under the Fiscal Loan Fund Act to integrally manage funds procured by FILP bonds (government bonds) and special account reserves (see Note) and other funds collected based on government credit and invest these funds securely and advantageously in order to contribute to promoting the public interest. Its predecessor, the Trust Fund Bureau Fund, was created in FY1951 and renamed the Fiscal Loan Fund under the FY2001 FILP reform.

Management of the Fiscal Loan Fund is accounted for in the FILP Special Account Fiscal Loan Fund Account, which is managed independently without transfers from the General Account (= tax revenues).

(Note) Excluding reserves pertaining to the national pension account and employee's pension account of the pension special account.

(Ref.) “Fiscal Loan,” “Fiscal Loan Fund Management Plan”

Fiscal Loan Fund Financing Bills (P10, 18, 58)

Fiscal Loan Fund Financing Bills are Financing Bills which can be issued at the expense of the FILP Special Account Fiscal Loan Fund Account when cash that belongs to the Fiscal Loan Fund is short, so as to temporarily supplement the shortage.

The maximum issuance amount must be determined by a Diet resolution as part of a budget, and the bills must be redeemed within one year.

Fiscal Loan Fund Management Plan

The Fiscal Loan Fund Management Plan describes the planned amount for the management of the Fiscal Loan Fund for the relevant fiscal year. The Minister of Finance decides it after hearing opinions from the FILP Subcommittee of the Fiscal System Council in accordance with the Fiscal Loan Fund Act.

(Ref.) “Fiscal Loan,” “Fiscal Loan Fund”

Fiscal Loan Fund Special Account (defunct) (P32, 45)

This is a special account which was set up to clarify the accounting related to the management of the Fiscal Loan Fund by distinguishing it from the General Account.

Its predecessor was the Trust Fund Bureau Special Account, which was set up in FY1951 to process accounting transactions by distinguishing revenues and expenditures related to the Trust Fund Bureau Fund from the General Account. The Trust Fund Bureau Special Account was renamed as the Fiscal Loan Fund Special Account under the FILP Reform in FY2001.

As a result of the reform of special accounts in FY2008, the Industrial Investment Account of the Industrial Investment Special Account was transferred to the Fiscal Loan Fund Special Account and renamed as the FILP Special Account, and the Fiscal Loan Fund Special Account became the FILP Special Account Fiscal Loan Fund Account.

(Ref.) “FILP Special Account,” “Fiscal Loan,” “Fiscal Loan Fund”

Fixed-interest system (P11)

The fixed-interest system is a system to apply the same interest from the borrowing date to the redemption date.

Flexible management clause (P7, 19)

Based on the provisions of the Act on Special Accounts, the flexible management clause allows an increase in expenditures to the extent that the revenue increase is secured, when the need to increase the expenses of any special account has arisen within the scope decided by the Diet in the budgetary provisions during a fiscal year.

The planned long-term investment amount of the Fiscal Loan Fund and the limit on Government Guarantee in the FILP Plan may be increased within the scope given in the budgetary provisions to respond swiftly and flexibly to changes in economic conditions.

Fund year (P48 to 50, 54)

This refers to a year for a FILP Plan decided by the Diet as part of a budget.

When data are classified based on fund years, a fund year's results include loans, investment and other disbursements in the year as well as those carried forward to the next fund year.

(Ref.) “Total amount”

G

Government Guarantee (P2, 4, 8, 10, 15, 17, 24, 37, 39, 40, 42, 43, etc.)

See P4

I

Industrial Investment (P2, 4, 10, 17, 21 to 24, 32, 33, 39, 40, 42, 43, etc.)

See P4

(Ref.) “FILP Special Account,” “Industrial Investment Special Account (defunct)”

Industrial Investment Special Account (defunct) (P32, 45)

This is a special account which was set up in FY1953 to conduct investment (Industrial Investment) for the purposes of the reconstruction of the economy, the industrial development and the promotion of international trade, and the clarification of its accounting by distinguishing it from the General Account (see Note).

With the utilization of income from the sale of NTT shares in FY1987, an interest-free loan system was established to promote

social infrastructure improvement. The account was subdivided into the Industrial Investment Account and the Social Infrastructure Development Account. Moreover, as a result of the reform of special accounts in FY2008, the Industrial Investment Account was transferred to the Fiscal Loan Fund Special Account and renamed as the FILP Special Account representing the investment account.

The Social Infrastructure Development Account was abolished and transferred to the General Account.

(Note) The reconstruction of the economy, which had been prescribed as one of the initial objectives, was deleted under a revision in FY1985.

(Ref.) “FILP Special Account,” “Industrial Investment”

Interest rate fluctuation risk (P11, 31, 35, 71, 74, 75)

The interest rate fluctuation risk is the risk of the fluctuations in profits and losses caused by interest rate volatility. For example, in the case of raising capital to refinance debt with higher interest rates than before, the funding rate may exceed the loan interest rate (negative margin), resulting in losses.

In the FILP Special Account, the ALM has been carried out since the FILP reform, reducing the interest rate fluctuation risks. But most of loans represent equal principal repayment cash flow or equal principal and interest repayment cash flow while funds for the loans are raised through FILP bond issues for bullet repayment. Therefore, it is difficult to completely eliminate maturity gaps, and a certain level of interest rate fluctuation risk still exists.

(Ref.) “ALM,” “interest rate swap” “reserves for interest variance,” “duration gap,” “maturity gap”

Interest rate review (P11)

The interest rate review is a system to apply a new interest rate that is current at the end of each predetermined interval starting from the borrowing date.

Interest rate swap (P10, 35, 59)

See P35

(Ref.) “ALM,” “interest rate fluctuation risk,” “duration gap”

J

Japan Finance Organization for Municipalities funds (P11)

See P11

(Ref.) “Local Government Bonds”

L

Local Government Bond Program (P11, 18, 21)

The Local Government Bond Program is an annual plan that describes such information as the total planned issuance amount of Local Government Bonds. It is formulated and published every fiscal year after the consultation by the Minister for Internal Affairs and Communications with the Minister of Finance.

As for the Local Government Bond Program, please refer to the website of the Ministry for Internal Affairs and Communications (<http://www.soumu.go.jp/>).

Local Government Bonds (P11, 44, 71, 74)

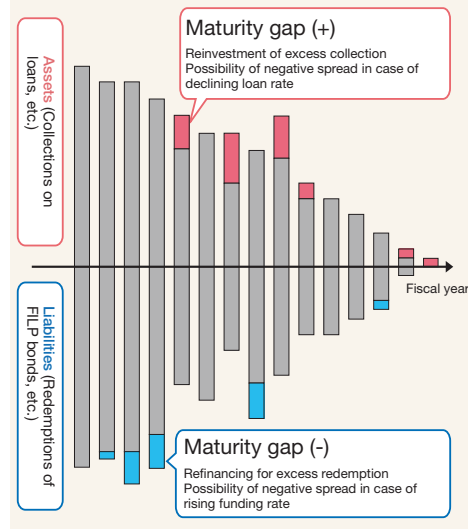
See P11

M

Maturity gap (P10, 35, 73, 75)

A maturity gap is the difference between the values of the assets (collections on loans, etc.) and liabilities (redemptions of FILP bonds, etc.) that mature in a given term. When this gap exists, there is a time lag between the period of asset reinvestment and that of liability refinancing, creating an interest rate fluctuation risk.

Conceptual rendering of maturity ladder



(Ref.) "ALM," "interest rate fluctuation risk," "duration gap"

Municipal enterprises (P2, 11, 29, 71)

Municipal enterprises are run under special accounts by local governments to promote citizens' welfare. Japan had 8,703 municipal enterprises at the end of FY2013, undertaking water and sewerage, hospital, transportation and other projects.

Municipal enterprises are run under the principle of self-support accounting, using fees and other income from beneficiaries of their services as financial resources for continuing their services.

O

On-site monitoring (P10, 28 to 30, 37)

See P29

Open innovation (P24)

Open innovation means combining technologies, ideas, funds, human resources and other business resources across industries or companies.

P

PFI (Private Finance Initiative) (P10, 22, 24, 43)

The PFI is a means that takes advantage of funds, management capabilities and know-how in the private sector for the construction, maintenance and management of public facilities (including airports,

schools and libraries) to provide unchanged services at lower cost or better services at unchanged cost.

PFI are implemented under the Act on Promotion of Private Finance Initiative (PFI Act).

Policy cost analysis (P5, 6, 10, 17, 26, 37, 63 to 69)

See P26

Private placement funds (P11)

Private placement funds are funds borrowed from financial institutions, etc. or raised through their purchases of local government bonds.

(Ref.) "Local Government Bonds"

Public offering funds (P11)

Among funds raised through Local Government Bonds, Public offering funds are those raised through bonds offered to a wide range of investors. For Nationwide Public Offering Local Government Bonds, in addition to bonds issued individually by local governments, those for the joint issuance by multiple local governments were introduced in FY2003 to reduce issuance costs and ensure stable financing by expanding issue sizes. Furthermore, so as to diversify the financing methods through the promotion of the purchase of Local Government Bonds by retail investors and public offerings, and to enhance the residents' sense of participation in local administration, the issuance of "Citizen Participatory-type Public Offering Local Government Bonds" started in March 2002.

Public Offering Local Government Bonds

Nationwide Public Offering Local Government Bonds

(Bonds issued by soliciting a wide range of individual investors nationwide)

- Independent-type
- Joint-type

(Bonds issued by the method of joint and several obligation by multiple local governments)

Citizen Participatory-type Public Offering Local Government Bonds

(Bonds issued by soliciting mainly local residents)

(Ref.) "Local Government Bonds"

R

Redemption certainty (P4, 6, 10, 17, 26, 29, 37)

The redemption certainty is one of the important points for screening FILP projects. FILP agencies are required to have the ability to redeem their obligations without fail.

(Ref.) "Complementing the private sector"

Reserves (reserves in the FILP Special Account Fiscal Loan Fund Account)

(P4 to 6, 10, 30 to 32, 34 to 36, 42, 44 to 47, 59, etc.)

In the Fiscal Loan Fund Account, in cases wherein a surplus arises in a fiscal year as a result of the settlement of account, the surplus is reserved (Article 58, Paragraph 1 of the Act on Special Accounts) to prepare for any deficiency which may arise from interest volatility in the future. The purpose of this is to secure financial soundness in the Fiscal Loan Fund Account.

The Act on Special Accounts provides that if the amount of reserves

exceeds the level required to secure the financial soundness (Article 45 of the Enforcement Ordinance of the Act on Special Accounts), the excess amount can be transferred to the Special Account for the Government Debt Consolidation Fund if provided in a budget (Article 58, Paragraph 3 of the same Act).

It must be noted that, since "reserves" are based on a cash basis, they do not equal "Reserves for Interest Variance" on an accrual basis.

(Ref.) "Reserves for interest variance," "interest rate fluctuation risk," "cash basis," "surplus"

Reserves for Interest Variance (P42, 46, 57)

Reserves for interest variance are reserved from profits (calculated on an "accrual basis" in accordance with business accounting principles) generated in the FILP Special Account Fiscal Loan Fund Account in order to prepare for any loss which may arise from interest volatility in the future.

In the balance sheet, (1) the portion of the profit carried forward, which corresponds to the amount of 50/1000 of the total assets of the Fiscal Loan Fund Account or less, shall be presented separately as "Reserves for Interest Variance;" and (2) in cases where the profit carried forward exceeds such amount, the excess amount shall be presented separately as "other reserves."

Returning deposits to postal savings and pension reserves was mostly completed by the end of FY2007. It became easier to match the investment and fundraising periods as the funds got to be raised for a broad range of periods by FILP bonds. As a result, interest volatility risks of the Fiscal Loan Fund were reduced, and the upper limit of the reserves for interest variance was thus reduced in FY2008 from 100/1000 to 50/1000 of total assets of the Fiscal Loan Fund Account.

It must be noted that, since "reserves" are based on a cash basis, they are not equal to the profit carried forward (reserves for interest variance) on an accrual basis. The amount of reserves is stated in the "Detailed List of Reserves" from the Statement of the Final Revenue and Expenditures.

(Ref.) "Interest rate fluctuation risk," "reserves," "accrual basis"

S

Securitization (securitization of loans of the Fiscal Loan Fund) (P10, 16, 45, etc.)

Generally, securitization means a financial method by which the holder of the assets raises capital through the issuance of securities backed by the assets that generate cash flows, such as real estate and claims, and the sale of such securities to investors.

As the Act on the Promotion of Administrative Reform to Realize Simple and Efficient Government calls for halving government assets as a percentage of gross domestic product at the end of FY2015, Basic Policies for Economic and Fiscal Management and Structural Reform 2006 urged that existing loans and securities holdings be sold or securitized and written off from the government balance sheet under an additional initiative along with the FILP reform to reduce government assets by about 140 trillion yen (including more than 130 trillion yen in outstanding Fiscal Loan). The securitization started in FY2007 and generated substantial costs including credit risk premiums and fee payments to securities companies. Since FY2009, however, the government has suspended the securitization for the reasons of financial market turmoil and a securitization market slump

through the so-called Lehman Shock. Given that the securitization generates substantial costs, that there is no sign of recovery in the securitization market and that the reduction of maturity gaps, an advantageous result of the securitization, can be secured through the adjustment of FILP bond maturities and the buy-back of FILP bonds, the government plans to basically refrain from implementing the securitization of loans (under any initial annual budget) unless the securitization is particularly required to reduce the Fiscal Loan balance or interest rate fluctuation risks.

Subordinated capital loans (P20 to 22)

The subordinated capital loans are deemed by financial institutions as capital instead of debt when they check financial conditions of borrowers.

Surplus (surplus in the FILP Special Account Fiscal Loan Fund Account)

(P32 to 34, 42, 43, 45, 46, 64, 67 to 69, 74)

Generally, a surplus means a remaining amount obtained by subtracting expenditure (the amount of expenditure disbursed) from revenue (the amount of revenue collected) at the end of a fiscal year in the national finance scheme (annual surplus).

A surplus in the Fiscal Loan Fund Account is the amount obtained by subtracting interest payment, etc. of FILP bonds from interest income, etc. of loans. Although currently the funding rate has remained low due to the continued historically low interest rates in recent years, loans with comparatively higher past interest rates still remain, generating a surplus. However, such loans have been on the decreasing trend in recent years, and there is a future risk that deficiencies may arise out of the conditions of interest rates.

A surplus is required to be reserved pursuant to the provision of Article 58, Paragraph 1 of the Act on Special Accounts. In Paragraph 4 of the same Article, the application of the provision of transferring a surplus to the General Account (Article 8, Paragraph 2 of the same Act) is exempted.

T

Total amount (P39, 40, 43)

The current figure is the amount obtained by adding the FILP plan amount (covering revisions under supplementary budgets) for a fiscal year and the carry-forward amount from the previous fiscal year.

(Ref.) "Fund year"

U

Undisbursed amount (P39, 40, 43)

The undisbursed amount is the total FILP plan amount's portion that was not disbursed for loan or investment (Note).

As FILP bonds corresponding to the undisbursed amount have not been issued, the carry-forward amount does not indicate any surplus funds left untouched.

(Note) Since some part of the total FILP Plan amount can be carried forward to the next fiscal year, the undisbursed amount excludes the carry-forward amount.

(Ref.) "Carry-forward amount"

Information Directory

| Section | Inquiry Office | Address | TEL/FAX | URL (Lower line is the URL for FILP) |
|---|---|---|--------------------------------------|---|
| <Special Accounts> | | | | |
| Special Account for Stable Supply of Food | Land Improvement Special Account Group, Land Improvement Planning and Management Division, Rural Infrastructure Department, Ministry of Agriculture, Forestry and Fisheries | 1-2-1, Kasumigaseki, Chiyoda-ku, Tokyo 100-8950 | TEL.03-6744-2189 FAX.03-3501-4950 | http://www.maff.go.jp/e/index.html |
| Special Account for Energy Policy | Petroleum Refining and Reserve Division, Natural Resources and Fuel Department, Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry | 1-3-1, Kasumigaseki, Chiyoda-ku, Tokyo 100-8931 | TEL.03-3501-1993 FAX.03-3580-8467 | http://www.enecho.meti.go.jp/en/ |

| <Government Financial Institutions/Banks> | | | | |
|---|--|---|--------------------------------------|---|
| Japan Finance Corporation | Public Relations Department | Otemachi Financial City North Tower, 1-9-4, Otemachi, Chiyoda-ku, Tokyo 100-0004 | TEL.03-3270-0631 FAX.03-3270-1643 | http://www.jfc.go.jp/n/english/ http://www.jfc.go.jp/n/company/sikin.html (Japanese) |
| The Okinawa Development Finance Corporation | General Coordination Division, General Coordination and Planning Department (Tokyo Office) | Kowa Nishi-Shinbashi Bldg, 10F, 2-1-1, Nishi-Shinbashi, Minato-ku, Tokyo 105-0003 | TEL.03-3581-3241 FAX.03-5511-8233 | http://www.okinawakouko.go.jp/english/ |
| Japan Bank for International Cooperation | Public Relations Division, Corporate Planning Department | 1-4-1, Otemachi, Chiyoda-ku, Tokyo 100-8144 | TEL.03-5218-3100 FAX.03-5218-3955 | http://www.jbic.go.jp/en/ |
| Japan International Cooperation Agency (Incorporated Administrative Agency) | Public Relations Division | Nibancho Center Building, 5-25, Niban-cho, Chiyoda-ku, Tokyo 102-8012 | TEL.03-5226-9781 FAX.03-5226-6396 | http://www.jica.go.jp/english/index.html http://www.jica.go.jp/disc/budget/finance_filp.html (Japanese) |

| <Incorporated Administrative Agencies, etc.> | | | | |
|--|--|--|--------------------------------------|---|
| Fund for the Promotion and Development of the Amami Islands (Incorporated Administrative Agency) | General Affairs and Planning Section | 1-5, Nazeminato-machi, Amami-shi, Kagoshima 894-0026 | TEL.0997-52-4511 FAX.0997-52-4514 | http://www.amami.go.jp/ (Japanese) http://www.amami.go.jp/joho-teikyozaitou.html (Japanese) |
| The Promotion and Mutual Aid Corporation for Private Schools of Japan | General Affairs Division, General Affairs Department | 1-10-12, Fujimi, Chiyoda-ku, Tokyo 102-8145 | TEL.03-3230-7813 FAX.03-3230-1325 | http://www.shigaku.go.jp/ (Japanese) http://www.shigaku.go.jp/g_zaitou.html (Japanese) |
| Japan Student Services Organization (Incorporated Administrative Agency) | External Relations Division, Policy, Planning and External Relations Department | 10-7, Ichigayahonmura-cho, Shinjuku-ku, Tokyo 162-8412 | TEL.03-6743-6011 FAX.03-6743-6662 | http://www.jasso.go.jp/index_e.html http://www.jasso.go.jp/jyohoukoukaizaitou.html (Japanese) |
| Welfare and Medical Service Agency (Incorporated Administrative Agency) | General Affairs Section, General Affairs Department | Hulic Kamiyacho Building, 4-3-13, Toranomon, Minato-ku, Tokyo 105-8486 | TEL.03-3438-0211 FAX.03-3438-9949 | http://hp.wam.go.jp/english/tabid/90/Default.aspx http://hp.wam.go.jp/koukaikatsuyou/tabid/119/Default.aspx (Japanese) |
| National Hospital Organization (Incorporated Administrative Agency) | Corporate Planning Division, Corporate Planning Department | 2-5-21, Higashigaoka, Meguro-ku, Tokyo 152-8621 | TEL.03-5712-5066 FAX.03-5712-5082 | http://www.hosp.go.jp/ (Japanese) http://www.hosp.go.jp/disclosure/cnt1-0_000049.html (Japanese) |
| National Cancer Center (National Research and Development Agency) | Finance and Accounting Division, Finance and Accounting Department | 5-1-1, Tsukiji, Chuo-ku, Tokyo 104-0045 | TEL.03-3542-2511 FAX.03-3542-2544 | http://www.ncc.go.jp/en/index.html http://www.ncc.go.jp/about/hojin/index.html (Japanese) |
| National Cerebral and Cardiovascular Center (National Research and Development Agency) | Financial affairs and Accounting Division, Financial affairs and Accounting Department | 5-7-1 Fujishiro-dai, Suita-shi, Osaka 565-8565 | TEL.06-6833-5012 FAX.06-6833-9865 | http://www.ncvc.go.jp/english/overview/jyohokoukaifinancial-update.html (Japanese) |
| National Center for Child Health and Development (National Research and Development Agency) | Division of Financial Affairs, Department of Financial Affairs | 2-10-1, Okura, Setagaya-ku, Tokyo 157-8535 | TEL.03-3416-0181 FAX.03-3416-2222 | http://www.ncchd.go.jp/en/index.html |
| National Center for Geriatrics and Gerontology (National Research and Development Agency) | Finance and Accounting Division, Finance and Accounting Department | 7-430, Morioka-cho, Obu-shi, Aichi 474-8511 | TEL.0562-46-2311 FAX.0562-48-2373 | http://www.ncgg.go.jp/english/index.html |
| Center for National University Finance and Management (Incorporated Administrative Agency) | Building and Equipment Aid Division, General Affairs Department | Gakujutsu-Sogo Center, 2-1-2, Hitotsubashi, Chiyoda-ku, Tokyo 101-0003 | TEL.03-4212-6302 FAX.03-4212-6600 | http://www.zam.go.jp/ (Japanese) http://jigyuzam.go.jp/hojinbunsho/info_5.html (Japanese) |

| Section | Inquiry Office | Address | TEL/FAX | URL (Lower line is the URL for FILP) |
|--|---|--|--------------------------------------|---|
| <Incorporated Administrative Agencies, etc.> | | | | |
| Japan Community Health care Organization (Incorporated Administrative Agency) | Fund Coordination Division, Corporate Planning Department | 3-22-12, Takanawa, Minato-ku, Tokyo 108-0074 | TEL.03-3445-0825 FAX.03-5791-8256 | http://www.jcho.go.jp/ (Japanese) |
| Japan Railway Construction, Transport and Technology Agency (Incorporated Administrative Agency) | Public Relations Division, General Affairs Department | Yokohama I-Land Tower, 6-50-1, Hon-cho, Naka-ku, Yokohama-shi, Kanagawa 231-8315 | TEL.045-222-9101 FAX.045-222-9089 | http://www.jrtt.go.jp/11English/English-index.html http://www.jrtt.go.jp/01Organization/org/org_zaisei.html (Japanese) |
| Japan Housing Finance Agency (Incorporated Administrative Agency) | Management Planning Group, Corporate Strategy Department | 1-4-10, Kouraku, Bunkyo-ku, Tokyo 112-8570 | TEL.03-5800-8014 FAX.03-5800-8182 | http://www.jhf.go.jp/english/index.html http://www.jhf.go.jp/teikyou/index.html (Japanese) |
| Urban Renaissance Agency (Incorporated Administrative Agency) | General Affairs Team, General Affairs Department | Yokohama I-Land Tower, 6-50-1, Honcho, Naka-ku, Yokohama-city, Kanagawa 231-8315 | TEL.045-650-0111 FAX.045-650-0177 | http://www.ur-net.go.jp/sitemap/english.html http://www.ur-net.go.jp/ir/ur_mokuhyo_keikaku.html (Japanese) |
| Japan Expressway Holding and Debt Repayment Agency (Incorporated Administrative Agency) | General Affairs Division, General Affairs Department | Yokohama Mitsui Bldg. 5F, 1-1-2, Takashima, Nishi-ku, Yokohama-shi, Kanagawa 220-0011 | TEL.045-228-5977 FAX.045-228-5969 | http://www.jehdra.go.jp/english/president.html http://www.jehdra.go.jp/irseihu.html (Japanese) |
| Japan Water Agency (Incorporated Administrative Agency) | Public Relations Division, General Affairs Department | Land Axis Tower, 11-2, Shintoshin, Chuo-ku, Saitama-shi, Saitama 330-6008 | TEL.048-600-6513 FAX.048-600-6510 | http://www.water.go.jp/honsya/honsya/english/index.html http://www.water.go.jp/honsya/honsya/zaimu/zaitou_katsuyou.html (Japanese) |
| Japan Finance Organization for Municipalities | Corporate Planning Division, Corporate Planning Department | Shisei Kaikan (Municipal Research Building), 1-3, Hibiya koen, Chiyoda-ku, Tokyo 100-0012 | TEL.03-3539-2674 FAX.03-3539-2614 | http://www.jfm.go.jp/en/ (Japanese) |
| Forestry and Forest Products Research Institute (National Research and Development Agency) | Planning and Administration Division, Administration Department | Kowa Kawasaki Nishiguchi Bldg., 66-2, Horikawa-cho, Saiwai-ku, Kawasaki-shi, Kanagawa 212-0013 | TEL.044-543-2500 FAX.044-533-7277 | http://www.green.go.jp/ (Japanese) http://www.green.go.jp/annai/zaitou.html (Japanese) |
| Japan Oil, Gas and Metals National Corporation (Incorporated Administrative Agency) | General Coordination Department | Toranomon Twin Building, 2-10-1 Toranomon, Minato-ku, Tokyo 105-0001 | TEL.03-6758-8000 FAX.03-6758-8008 | http://www.jogmec.go.jp/english/index.html http://www.jogmec.go.jp/disclosure/regulation_corporation_003.html (Japanese) |

| <Special Corporations> | | | | |
|--|---|--|--------------------------------------|---|
| Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan | General Affairs Department | Otemachi First Square West, 1-5-1, Otemachi, Chiyoda-ku, Tokyo 100-0004 | TEL.03-5220-5885 | http://www.a-five-j.co.jp/ (Japanese) http://www.a-five-j.co.jp/corporate/outline.html (Japanese) |
| Regional Economy Vitalization Corporation of Japan | Corporate Planning Group, General Affairs Department | Otemachi Building, 1-6-1, Otemachi, Chiyoda-ku, Tokyo 100-0004 | TEL.03-6266-0304 FAX.03-6213-0070 | http://www.revic.co.jp/ (Japanese) |
| Development Bank of Japan Inc. | Public relations & Corporate Social Responsibility Office, Corporate Planning & Coordination Department | South Tower, Otemachi Financial City, 9-6, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8178 | TEL.03-3244-1180 FAX.03-3271-8472 | http://www.dbj.jp/en/ http://www.dbj.jp/co/info/our_business.html (Japanese) |
| New Kansai International Airport Company, Ltd. | Public Relations Group, Corporate Communication Department | New Kansai International Airport Company Building, 1-banchi, Senshu-Kuko Kita, Izumisano-shi, Osaka 549-8501 | TEL.072-455-2201 FAX.072-455-2052 | http://www.nkiac.co.jp/en/ http://www.nkiac.co.jp/company/ir/invest1/index.html (Japanese) |
| Organization for Promoting Urban Development | General Affairs Division, General Affairs Department | Toyosu Center Building, 3-3-3, Toyosu, Koto-ku, Tokyo 135-6008 | TEL.03-5546-0781 FAX.03-5546-0796 | http://www.minto.or.jp/ (Japanese) http://www.minto.or.jp/products/mezzanine.html (Japanese) |
| Central Japan International Airport Co., Ltd. | General Affairs Group, General Affairs Division | Centrair Building 1, 1-1, Centrair, Tokoname-shi, Aichi 479-8701 | TEL.0569-38-7777 FAX.0569-38-7773 | http://www.centrair.jp/en/ http://www.centrair.jp/corporate/ir/seifu/ (Japanese) |
| Private Finance Initiative Promotion Corporation of Japan | Business Administration Department | Otemachi Building, 1-6-1, Otemachi, Chiyoda-ku, Tokyo 100-0004 | TEL.03-6256-0071 | http://www.pfipci.co.jp/ (Japanese) http://www.pfipci.co.jp/about/overview.html (Japanese) |
| The Shoko Chukin Bank, Ltd. | General Co-ordinating Division | 2-10-17, Yaesu, Chuo-ku, Tokyo 104-0028 | TEL.03-3272-6111 FAX.03-3273-2968 | http://www.shokochukin.co.jp/english/index.html |
| Cool Japan Fund Inc. | Corporate Planning Group | Roppongi Hills Mori Tower, 6-10-1, Roppongi, Minato-ku, Tokyo 106-6117 | TEL.03-6406-7500 FAX.03-6406-7501 | http://www.cj-fund.co.jp/en/ http://www.cj-fund.co.jp/about/scheme.html (Japanese) |
| Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development | Planning and Administration Department | Marunouchi-Nakadori Building, 2-2-3 Marunouchi, Chiyoda-ku, Tokyo 100-0005 | TEL.03-5293-6700 FAX.03-3218-5561 | http://www.join-future.co.jp/english/index.html http://www.join-future.co.jp/about/outline/index.html (Japanese) |