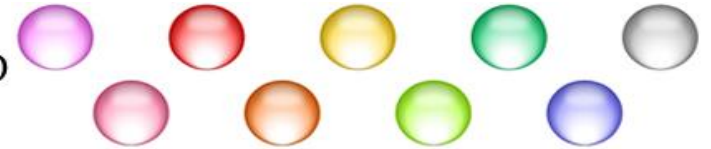




Public Offering Joint Local Government Bond

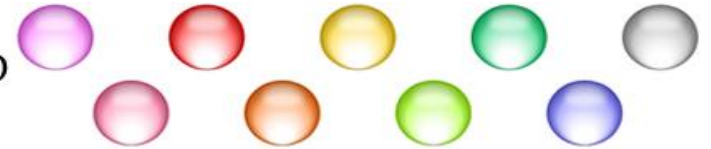
Japan Local Government Bond Association

September 2017



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- II. Planned and Past Issuance
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I. Attractiveness



Public Offering Joint LGB

- First issued in April 2003.
- Joint Local Government Bond (Joint LGB) is a joint issuance of 36 local governments (LGs) throughout Japan, with joint obligation which is based on Article 5 - 7 of the Local Finance Law.
- Local Governments consisting the joint issuance, each individually is responsible for the whole repayment of every joint issuance.

Article 5 - 7 (Joint Issuance of Local Government Bonds), Local Finance Law

- When local debts are raised by issuing bonds two or more local public bodies may, on approval of their respective assemblies, issue bonds jointly. Such local public bodies shall be collectively responsible for the redemption of the local debts and the interest payment.



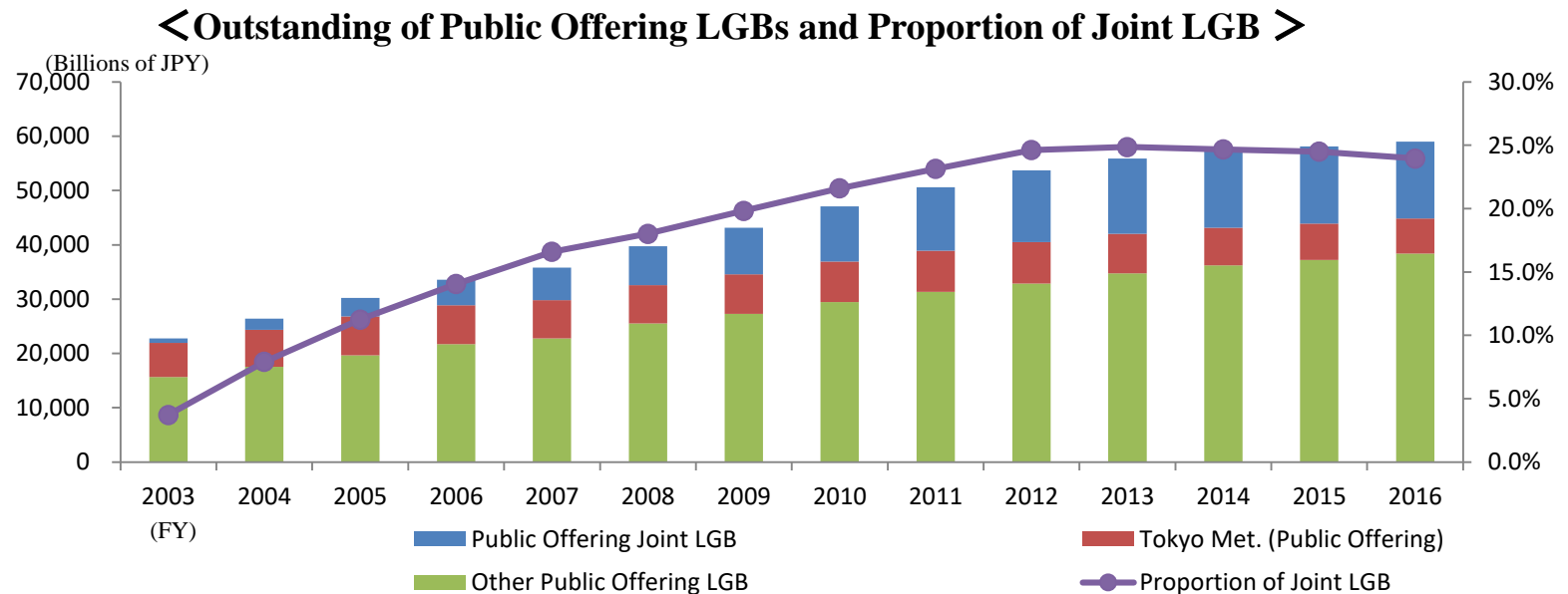
Outline Information of Joint LGB

Issuance Terms	
FY2017 Yearly Issuance Plan	Total of JPY 1.21 trillion (USD 11.0Billion) →Monthly Ave. JPY 100 billion (USD 0.9 Billion) *one of the largest size among Japanese non-JGB bonds (*JPY110.42/USD)
Redemption method / Maturity	Bullet / 10 years
Amount of Minimum Unit	100,000 yen
Issuing Date	25 th of every month
Coupon	Fixed Rate (Rate differs every month)
Coupon Payment	25 th of February and August of each year, not regarding the issuing date
Pricing date	2 business days after auction of 10yrs JGB *If the pricing date falls on a bank's non-business day, the pricing will be advanced to the next business day.
Announcement of pricing date	3 months prior to issuance month
Planned procurement of each LGs consisting joint issuance	No later than 1 week prior to pricing date



Benchmark Bond: High Liquidity

- Total outstanding of Joint LGB was nearly JPY 14.1 trillion (USD 128 billion*) at the end of FY 2016. (*JPY110.42/USD)
- Joint LGB has become one of the leading benchmark bonds among non-JGB bonds. In addition, many more local governments plan to participate in the joint issuance, therefore the outstanding will keep growing.
- Joint LGB will increase its presence in the bond market much more.



Source: Japan Local Government Bond Association

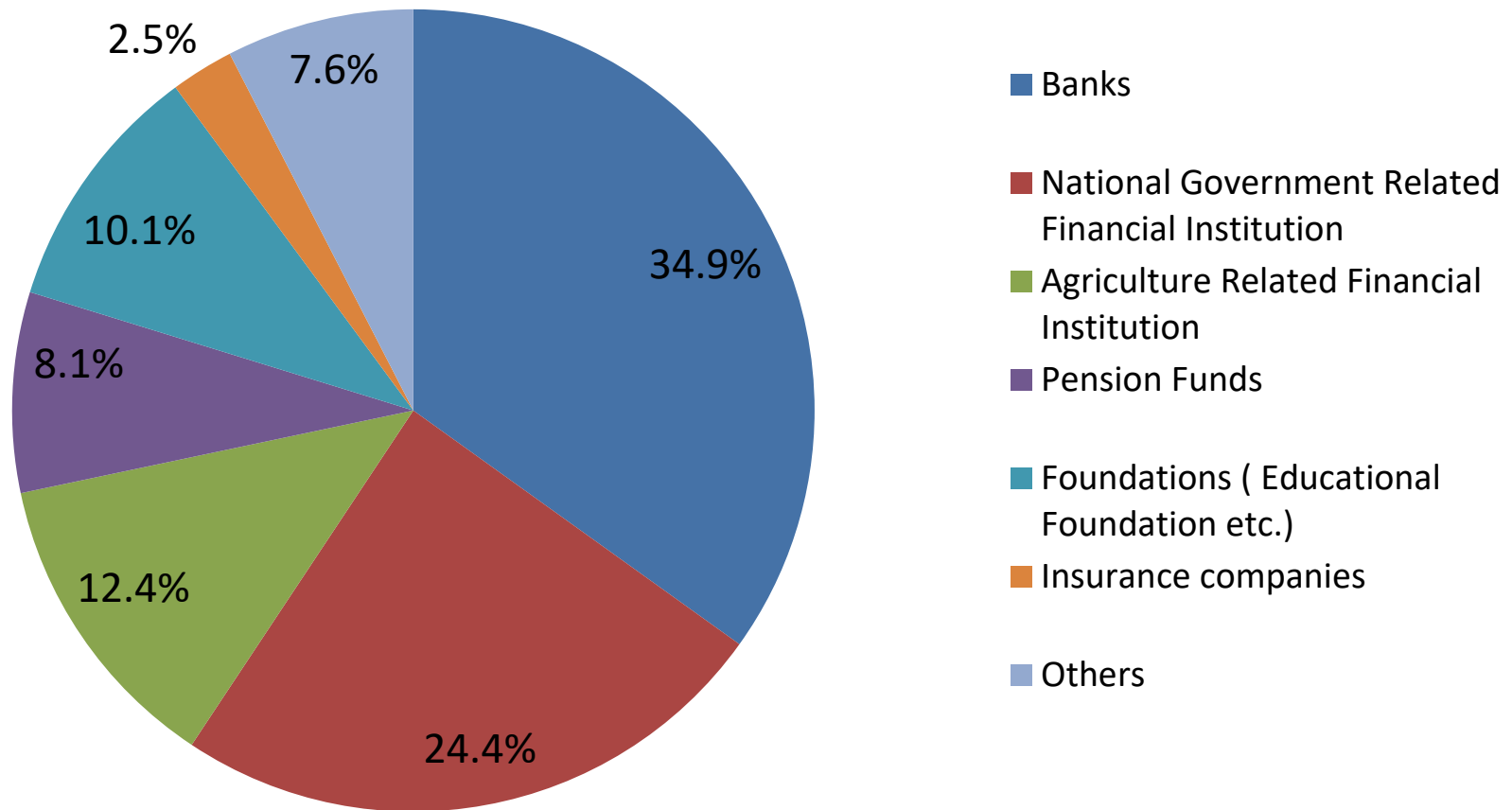


The 36 Local Governments consisting the joint issuance

Prefectures		Designated Cities	
Hokkaido	Aichi	Sapporo	
Miyagi	Mie	Sendai	
Fukushima	Kyoto	Chiba	
Ibaraki	Osaka	Kawasaki	
Saitama	Hyogo	Niigata	
Chiba	Nara	Shizuoka	
Kanagawa	Okayama	Kyoto	
Niigata	Hiroshima	Osaka	
Fukui	Tokushima	Kobe	
Nagano	Kumamoto	Hiroshima	
Gifu	Oita	Kita-Kyushu	
Shizuoka	Kagoshima	Fukuoka	
Total	24	Total	12



Composition of Joint LGB initial subscribers



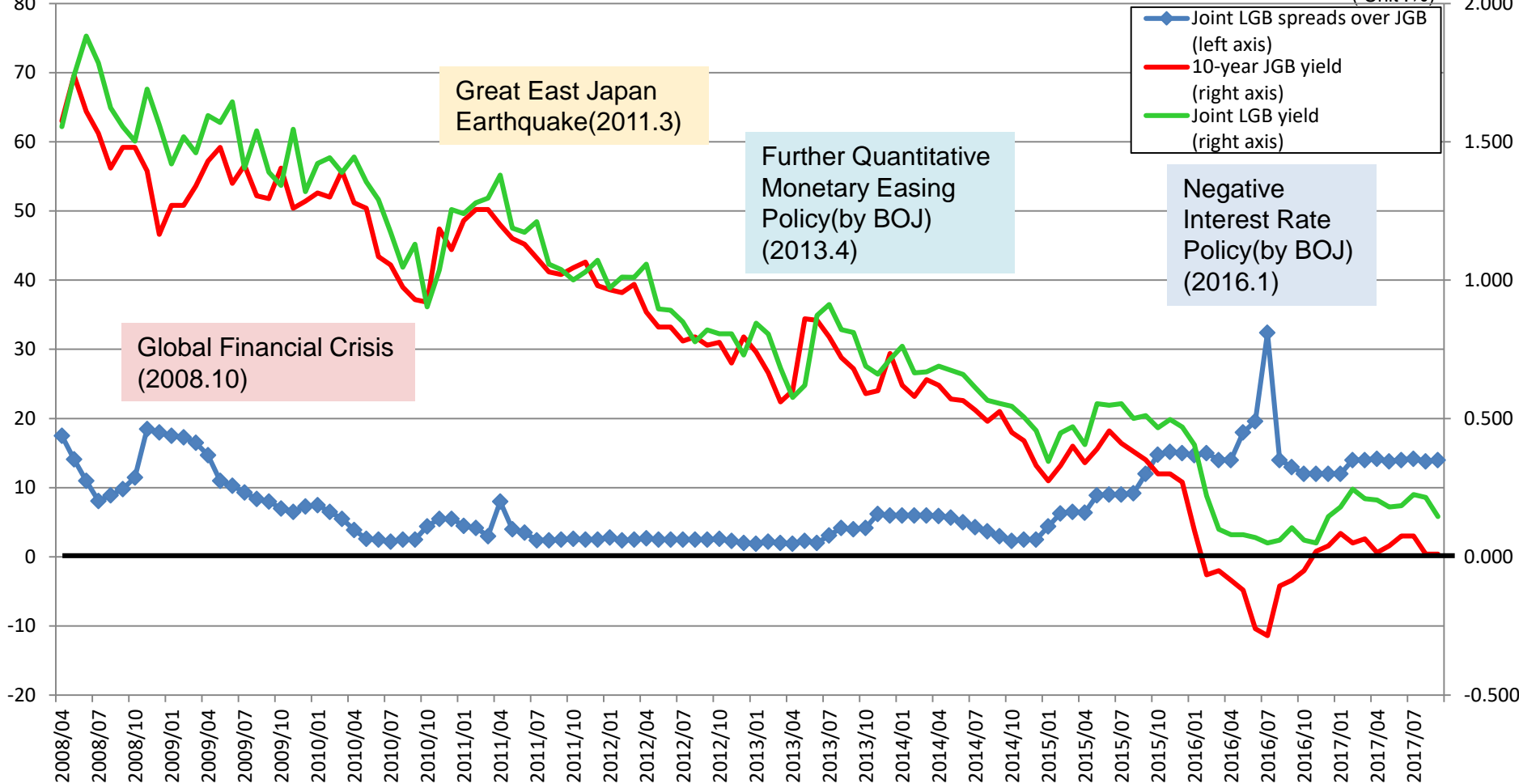
* Figure as of end of July 2017
Source : Japan Local Government Bond Association



Spread Over JGB

(Unit : Basis Points)

(Unit : %)

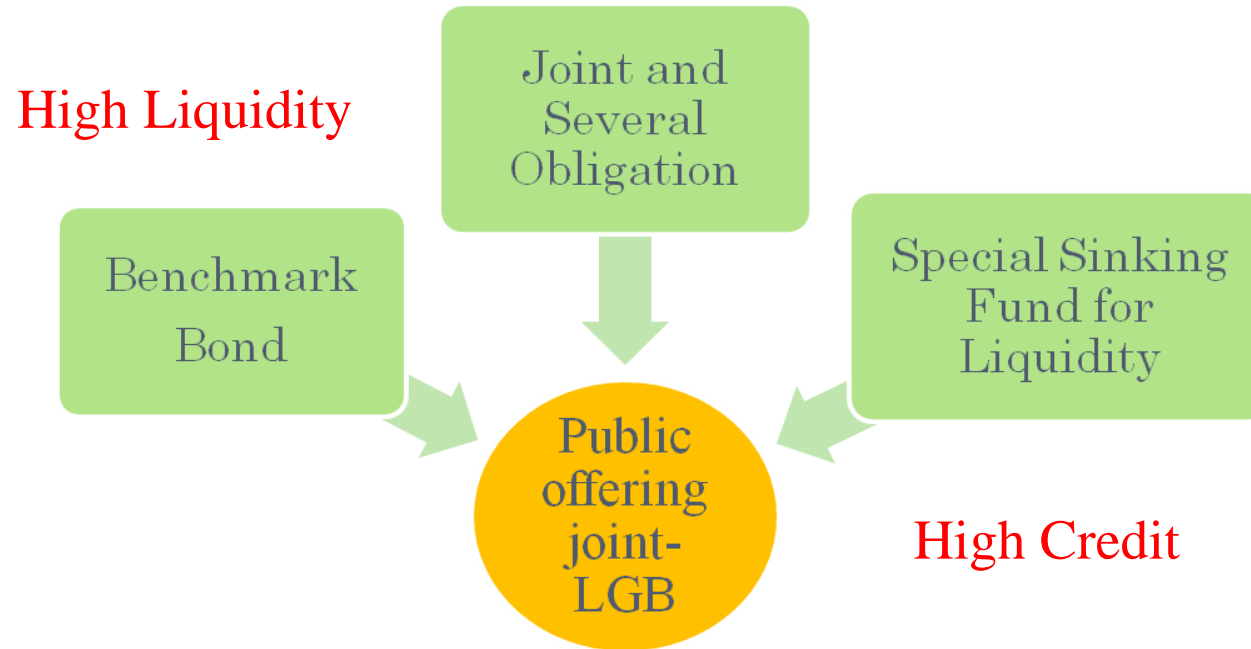


※ Issuance Yield(Apr.2008-Sept.2017)

Source: Japan Local Government Bond Association



Characteristic of Joint LGB



Article 5-7 of the
Local Finance Law

- Public offering Joint LGB is joint and several obligation based on Article 5-7 of the Local Finance Law.

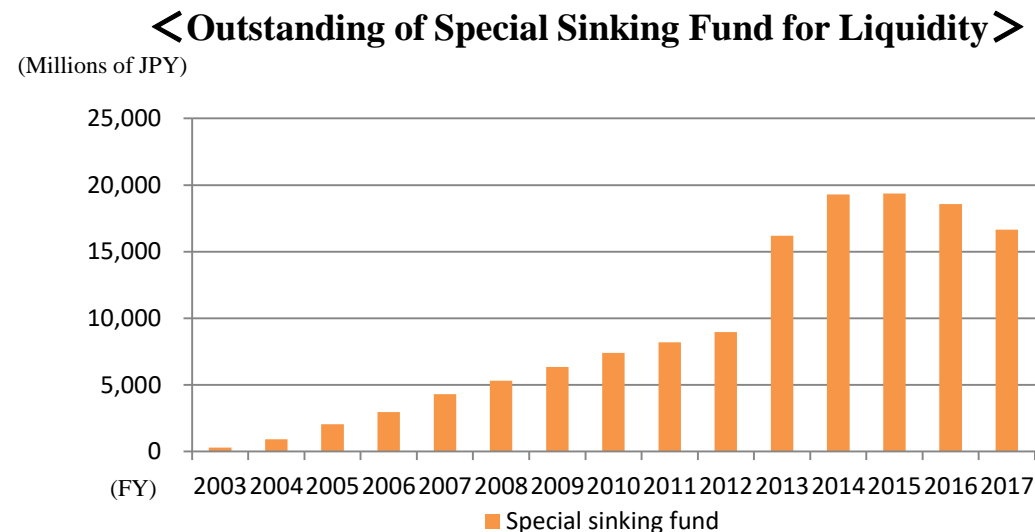
Article 432 of the
Civil Law

- Each joint debtor is responsible for redemption of the entire amount.



Special Sinking Fund for Liquidity

- Aside from the Joint Obligation, “Special Sinking Fund for liquidity” has been established in order to fully ensure timely payment of principal and interest, even in the event of unforeseen emergency.
- The Fund is being accumulated by each of the 36 LGs depositing a portion of their own sinking fund to the commissioned bank of the Joint LGB, and the total amount yearly accumulated is equivalent to about 1/10 of the installment for the entire Joint LGB, which is in individual the highest amount in that fiscal year.



Source: Japan Local Government Bond Association



II. Planned and Past Issuance



Planned Issuance FY2017

Unit : Billion of JPY

Issuer	Hokkaido	Miyagi	Fukushima	Ibaraki	Saitama	Chiba	Kanagawa	Niigata	Fukui	Nagano	Gifu	Shizuoka	Aichi	Mie	Kyoto	Osaka	Hyogo	Nara
Apr	10	5		6	10		5	5		6		3			10		5	
May	10		3	6	5	5		7			2		10		10		10	1
Jun				6				7	2	9				1	5	10	10	
July	10			6	10			9		9	2				9		5	
Aug	10	5			10		5	4		6			10		5		5	
Sep	10		3			10		4	2	9	4	3	5	4	5	10	5	1
Oct		10	5		5			4		6			10	1		10	5	4
Nov	10			3	5		10	4	2		4					10	10	
Dec			5			5		4				8			6	10	5	
Jan	10	10	4	3			10	4		6	4	8				10	5	4
Feb		5	5		5			4				8	5	4	5	10	5	
Mar	10					10		4	4		4				5	10	10	
Total	80	35	25	30	50	30	30	60	10	51	20	30	40	10	60	80	80	10

Issuer	Okayama	Hiroshima	Tokushima	Kumamoto	Oita	Kagoshima	Sapporo (City)	Sendai (City)	Chiba (City)	Kawasaki (City)	Niigata (City)	Shizuoka (City)	Kyoto (City)	Osaka (City)	Kobe (City)	Hiroshima (City)	Kita-Kyushu (City)	Fukuoka (City)	GRAND TOTAL
Apr				5		5	9	3	5					5			5	7	109
May						5	8	3	4	5			5		8		5		112
Jun	1	10	3	5	5	5		3		5	4	3	5			3			102
July				5		10	8	3	4		4				1		5	2	102
Aug		10	3	5		6		3		4			5				5		101
Sep	3				3	6			4			4		5	1	2			103
Oct		10				6	5		4		1								86
Nov						6		3		3			5		2	3	5	2	87
Dec	3	10	7	5	5	2		3				3		5					86
Jan						6	5				1		5	5	2				102
Feb	3	10		5	2	6		3	4	3			5			2	5	4	108
Mar			7			7		6	5			5	5	10	6				108
Total	10	50	20	30	15	70	35	30	30	20	10	15	35	30	20	10	30	15	1,206



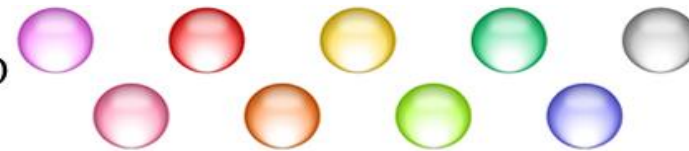
Past Issuance

FY2014

Month	Issuance (Bln JPY)	Coupon	Issue Price	Subscription yield	C-Spread (bps)
April	130	0.689%	100.00	0.689%	5.9
May	124	0.674%	100.00	0.674%	5.7
June	124	0.659%	100.00	0.659%	5.0
July	124	0.611%	100.00	0.611%	4.3
Aug	124	0.566%	100.00	0.566%	3.7
Sep	124	0.554%	100.00	0.554%	3.0
Oct	117	0.544%	100.00	0.544%	2.3
Nov	117	0.505%	100.00	0.505%	2.5
Dec	117	0.456%	100.00	0.456%	2.5
Jan	124	0.345%	100.00	0.345%	4.4
Feb	124	0.448%	100.00	0.448%	6.3
Mar	125	0.470%	100.00	0.470%	6.5

FY2015

Month	Issuance (Bln JPY)	Coupon	Issue Price	Subscription yield	C-Spread (bps)
April	130	0.406%	100.00	0.406%	6.4
May	131	0.553%	100.00	0.553%	8.9
June	117	0.548%	100.00	0.548%	9.0
July	119	0.553%	100.00	0.553%	9.0
Aug	117	0.500%	100.00	0.500%	9.2
Sep	118	0.510%	100.00	0.510%	12.0
Oct	111	0.466%	100.00	0.466%	14.8
Nov	110	0.496%	100.00	0.496%	15.2
Dec	111	0.469%	100.00	0.469%	15.0
Jan	119	0.405%	100.00	0.405%	14.7
Feb	120	0.220%	100.00	0.220%	15.0
Mar	118	0.100%	100.00	0.100%	14.0



Past Issuance

FY2016

Month	Issuance (Bln JPY)	Coupon	Issue Price	Subscription yield	C-Spread (bps)
April	110	0.080%	100.00	0.080%	14.0
May	109	0.080%	100.00	0.080%	18
June	101	0.070%	100.00	0.070%	19.6
July	104	0.050%	100.00	0.050%	32.4
Aug	100	0.060%	100.00	0.060%	14.0
Sep	100	0.105%	100.00	0.105%	13.0
Oct	90	0.060%	100.00	0.060%	12.0
0Nov	90	0.050%	100.00	0.050%	12.0
Dec	91	0.145%	100.00	0.145%	12.0
Jan	101	0.180%	100.00	0.180%	12.0
Feb	104	0.245%	100.00	0.245%	14.0
Mar	104	0.210%	100.00	0.210%	14.0

FY2017

Month	Issuance (Bln JPY)	Coupon	Issue Price	Subscription yield	C-Spread (bps)
April	109	0.205%	100.00	0.205%	14.2
May	112	0.180%	100.00	0.180%	13.8
June	102	0.185%	100.00	0.185%	14.0
July	102	0.225%	100.00	0.225%	14.2
Aug	101	0.215%	100.00	0.215%	13.8
Sep	103	0.145%	100.00	0.145%	14.0
Oct					
Nov					
Dec					
Jan					
Feb					
Mar					



III. Frequently Asked Questions



Q1) What is the purpose for the 36 LGs to participate in the joint issuance of Joint LGB ?

A1)

- The purpose is to realize superior character and stable fund procurement by enlarging the size of the issuance to enhance liquidity, issuance with joint obligation, establishment of the Special Sinking Fund for Liquidity, obtainment of favorable fundamentals (volume of finance, population, economic strength, etc) by large-size LGs participation and etc.
- Joint LGB is expected to be a benchmark for LGBs, and to make contribution to expand the whole LGB market.



Q2) What is “Joint Obligation” ?

A2)

- Joint LGB is issued with Joint Obligation which is based on article 5 - 7 of the Local Finance Law. Joint Obligation means that each joint debtor bears the whole responsibility to fulfill obligation of each debt (article 432 of the Civil Law).
- Under Joint LGB, the 36 LGs each individually bears responsibility to fulfill obligation to redeem the total amount of issuance, therefore Joint LGB has a very strong mechanism in terms of redemption.



Q3) How and in what kind of specific case would the Special Sinking Fund for Liquidity be used ?

A3)

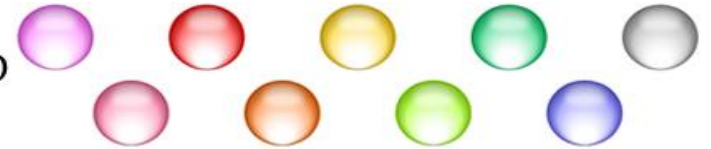
- The fund has been established by accumulating a certain amount of deposit to the commissioned bank of the Joint LGB, in order to explicitly show that timely payment of principal and interest would be fully ensured.
- The actual usage of the fund would occur for example in a nature disaster. In such case, the LGs consisting the joint issuance may withdraw the deposit for repayment.



Q4) Since procurement of each LGs consisting the joint issuance varies in each issuance, do you think that credit evaluation of Joint LGB would be difficult ?

A4)

- Though the procurement of each LGs consisting the joint issuance varies in each issuance, regardless of whether the LG actually did or did not procure under the joint issuance, all the 36 LGs each individually bears responsibility to fulfill obligation to redeem the total amount of issuance of Joint LGB, due to Joint obligation.
- Therefore, each issuance of Joint LGB is equalized in terms of credit quality.



IV. Appendix



Release of Japanese Joint Local Government Bond Trading Indication (JBI)

■ Bloomberg (Screen Sample)

Date	Issue No.	Simple Ask	Simple Bid	Simple Mid	Comp. Ask	Comp. Bid	Comp. Mid	Spread Ask	Spread Bid	Spread Mid
20110909	102	1.031	1.038	1.035	1.031	1.038	1.035	2.7	3.4	3.1
20110909	101	1.022	1.032	1.027	1.024	1.032	1.028	2.8	3.7	3.3
20110909	100	1.008	1.015	1.012	1.016	1.023	1.02	3.3	4	3.7
20110909	99	1.001	1.009	1.005	1.008	1.016	1.012	3.3	4.1	3.7
20110909	98	0.991	0.999	0.995	0.998	1.006	1.002	3.4	4.3	3.9
20110909	97	0.969	0.977	0.973	0.985	0.993	0.989	3.4	4.3	3.9

■ Reuters (Screen Sample)

Quote: 0#JNTLGB1=JLBA

0#JNTLGB1=JLBA JNT LOCAL GB 1

共同発行債 1

Name	Coupon	Mat. Dat	Latest Spreads			Mid Net.Chng	Latest Compound Yields			Mid Net.Chng	Time	Date
			Bid	Ask	Mid		Bid	Ask	Mid			
JNT86 COMPOSITE	1.35	25MAY20	12.1	11.1	11.6	+0.8	1.121	1.111	1.116	-0.008	15:00	01OCT08

- JBI aims to provide a greater reflection of actual market conditions.
- Features
 - ✓ Price quotes provided every trading day by around 6pm via data vendors and JLGBA.
 - ✓ The 6 most recent issuance will be the subject of the disclosure.
 - ✓ The price will be as of the close of the day's session base.
 - ✓ Average price for yields (Simple and Compound), spreads over JGB (Ask, Bid, Mid) will be disclosed for each issuance.



Offer-Bid Spreads (LGBs)

Issuance Number

Coupon (%)

Maturity Date

Public Offered
bond of TMG

AAA Securities LTD.

銘柄	回数	利率	償還日	単利		複利(年2回)		スプレッド [※] (bp)	回数
				Offer	Bid	Offer	Bid		
東京都公債	5	0.270	13/03/19	0.180	- 0.190	0.180	- 0.190	+4	249G
東京都公債	1	0.700	17/08/20	0.530	- 0.540	0.533	- 0.543	+3	288G
共同発行地	84	1.380	20/03/25	1.010	- 1.015	1.024	- 1.029	+4	308G
共同発行地	85	1.440	20/04/24	1.005	- 1.010	1.024	- 1.029	+4	308G
共同発行地	86	1.350	20/05/25	1.010	- 1.015	1.025	- 1.030	+4	307G
共同発行地	87	1.290	20/06/25	1.050	- 1.055	1.060	- 1.065	+4	308G
共同発行地	88	1.170	20/07/24	1.055	- 1.060	1.061	- 1.066	+4	309G
共同発行地	89	1.040	20/08/25	1.060	- 1.065	1.061	- 1.066	+4	309G
神奈川県公	8	2.190	27/09/21	1.670	- 1.680	1.722	- 1.732	+8	97L
神奈川県公	9	2.310	28/08/20	1.695	- 1.705	1.756	- 1.766	+8	02L
神奈川県公	10	2.290	28/09/21	1.710	- 1.720	1.770	- 1.780	+8	05L
神奈川県公	12	2.190	29/09/20	1.775	- 1.785	1.823	- 1.833	+8	13L
地方公共団	11	1.400	20/04/17	0.985	- 0.990	1.004	- 1.009	+2	306G
地方公共団	12	1.300	20/05/22	0.990	- 0.995	1.005	- 1.010	+2	307G
地方公共団	13	1.300	20/06/12	1.030	- 1.035	1.040	- 1.045	+2	308G
地方公共団	14	1.100	20/07/17	1.035	- 1.045	1.041	- 1.046	+2	309G

Public Offered
bond of Kanagawa
Pref.

Example

Simple Interest (%)

Compound Interest (%)

Screen copy of indication provided by QUICK Corp.



Bid-Ask Spreads (LGBs)

Issuance Number	Coupon (%)	Maturity Date	Simple Interest (%)		Compound Interest (%)	
Public Offered bond of Hokkaido	21.4	19/06/26	1.050	1.030	1.076	1.056
Public Offered bond of TMG	21.5	14/07/31	0.420	0.400	0.424	0.404
Public Offered bond of Shizuoka Pref.	2.230	38/09/17	1.955	1.940	1.995	1.985
Public Offered bond of Osaka-fu	2.310	39/09/20	1.945	1.930	2.000	1.990
Public Offered bond of Hyogo Pref.	2.320	30/06/20	1.830	1.820	1.840	1.830
Public Offered bond of Fukuoka Pref.	2.320	28/09/20	1.700	1.685	1.761	1.751
Example	0.270	13/03/19	0.190	0.180	0.191	0.181
	0.680	12/03/19	0.185	0.175	0.186	0.176
	2.320	28/09/21	1.710	1.700	1.771	1.761
	1.880	19/04/26	0.975	0.955	1.000	0.980
	1.080	14/04/28	0.365	0.345	0.368	0.348
	2.110	29/03/19	1.880	1.860	1.907	1.887
	20.11	14/03/19	0.260	0.250	0.263	0.253
Joint LGB	1.570	19/05/24	0.865	0.855	0.885	0.875
	1.640	19/06/25	0.905	0.895	0.931	0.921
	1.400	19/07/25	0.915	0.905	0.932	0.922



For More Information

Japan Local Government Bond Association Website:

<http://www.chihousai.or.jp/english>

JAPAN LOCAL GOVERNMENT BOND ASSOCIATION
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