
Investor Presentation

Japan Finance Organization for Municipalities

October, 2009

Shinichiro Misono

Senior Executive Director



Outline of JFM

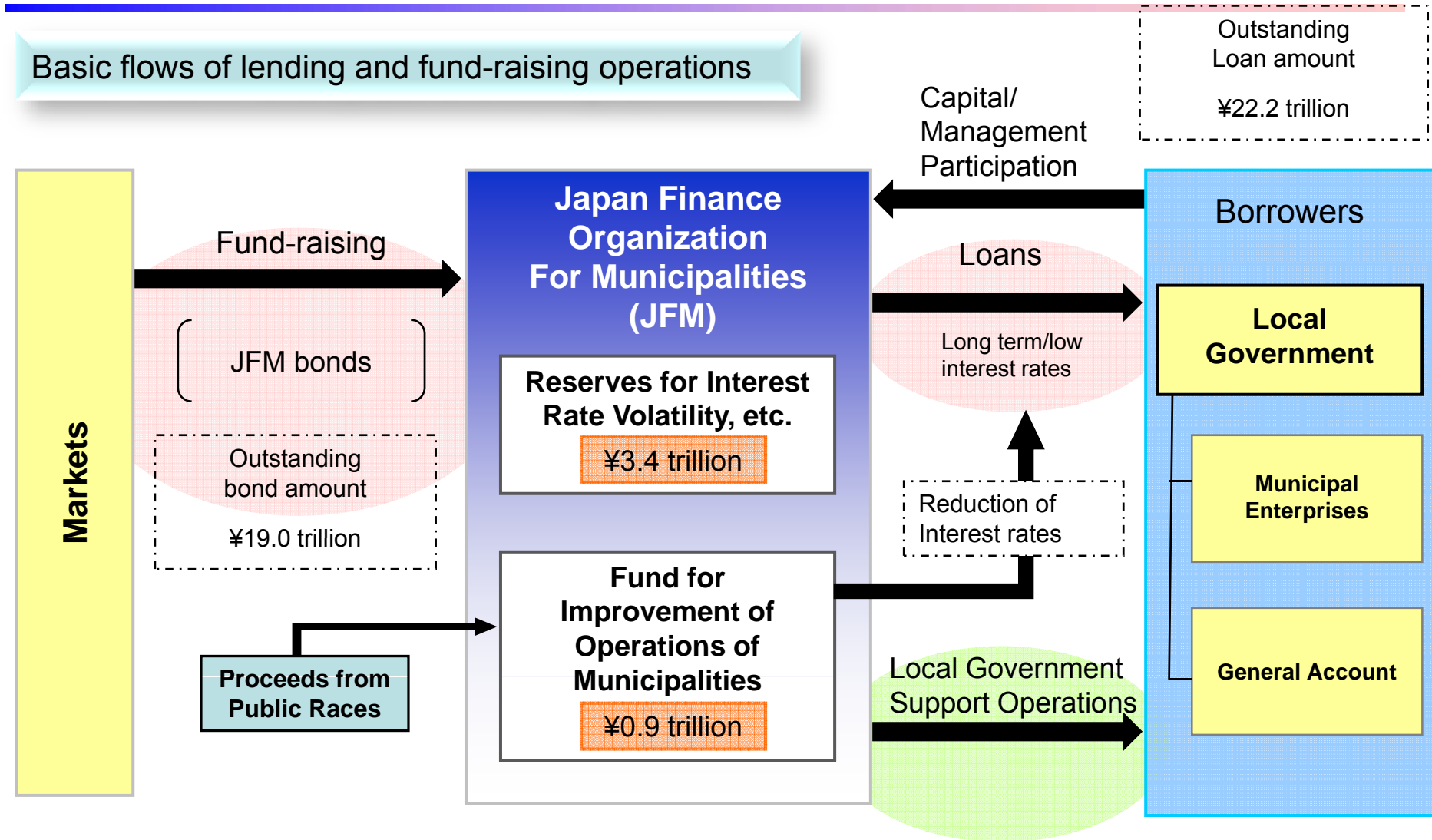
~ a joint fund-raising organization for local governments ~

Governing Law	Japan Finance Organization for Municipalities Law
Objectives	<ul style="list-style-type: none">• Provide local governments with long-term, low-interest rate funds• Provide support for the fund-raising of local governments on the capital markets
Capital	¥16.6 billion (contributed by all local governments in Japan)
Outstanding Loan Balance	¥22.2 trillion (as of March 31, 2009)
Outstanding Bond Balance	¥19.0 trillion (as of March 31, 2009)

History of JFM

Date		Capital Supplier
1957. 6.1	Foundation of Japan <u>Finance Corporation</u> for Municipal Enterprises	Government of Japan
2008.10.1	Start-up of operation of Japan <u>Finance Organization</u> for <u>Municipal Enterprises</u> (which has succeeded to the rights and duty of Japan Finance Corporation for Municipal Enterprises)	All Local Governments of Japan
2009. 6.1	Reorganization to Japan Finance Organization for <u>Municipalities</u>	All Local Governments of Japan

Basic Framework of Business Operations



(as of FY end of 2008)



Features of JFM Bonds

■ Bonds regarded as creditworthy, backed by a strong financial base

▶ **Public Status**

▶ **Joint issuer for local governments**

▶ **High credit standing**

▶ **Healthy Financial Base and Certainty of Redemption**

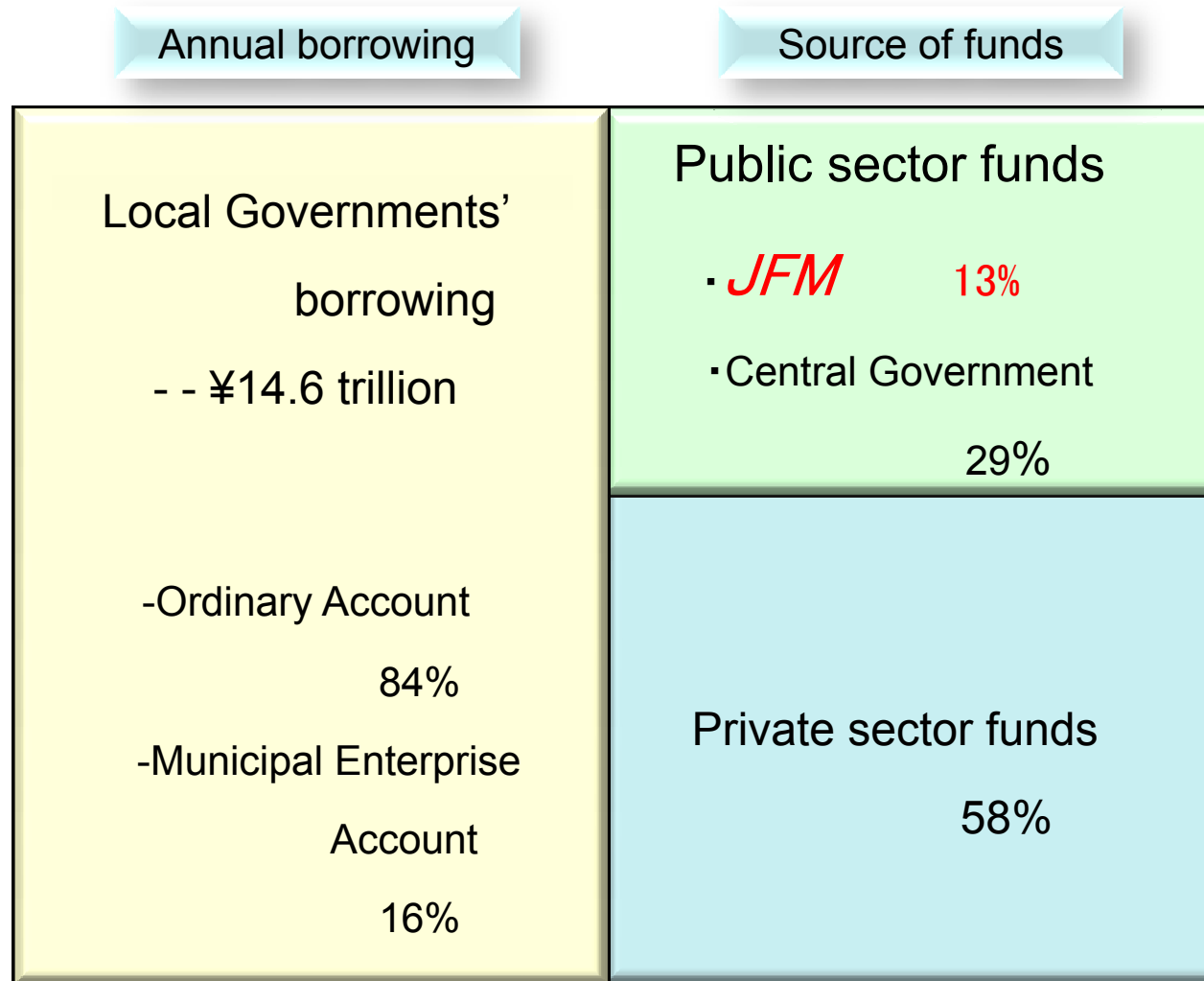
▶ **Bonds with High Liquidity and Investor-Oriented Issuance Stance**



Highest grade credit rating in Japanese public sector bonds

→ S&P:AA, Moody's:Aa2, R&I:AAA ※Risk weight 10%

Lending Operation – Overview of local governments' borrowing



(source; "Local Government Bond / Loan Program" for fiscal 2009)

Top Quality Portfolio

- ◇ 100% Local Government Credit

No default on JFM loan since establishment

Credit Support

- Local Government Finance Program and Local Allocation Tax
- Prior Consultation System
- Reconstruction Measures

- ◇ Risk weight of loans to Local Governments is 0% in Japan
- ◇ Local Governments are responsible for debt repayment in case of JFM's dissolution.

JFM Bond Issue Plan for FY 2009

- JFM plans to issue bonds in FY 2009 as shown in the table below

Non-government guaranteed bonds

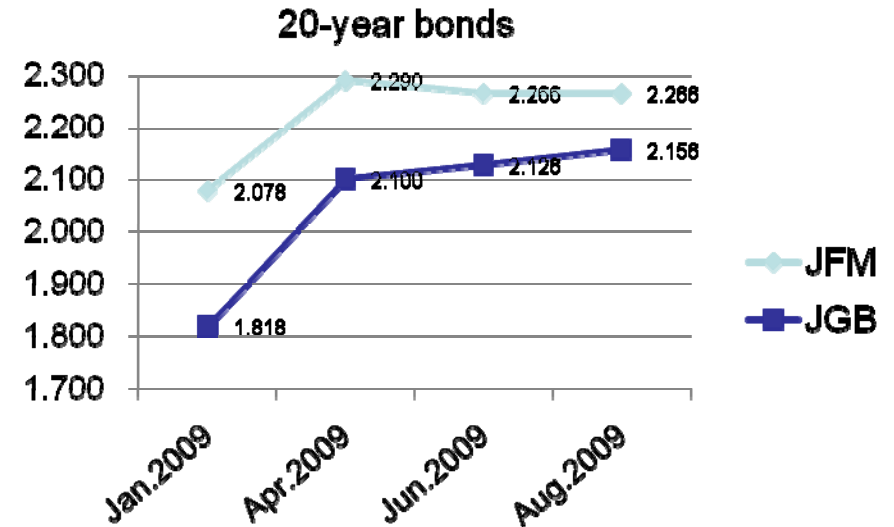
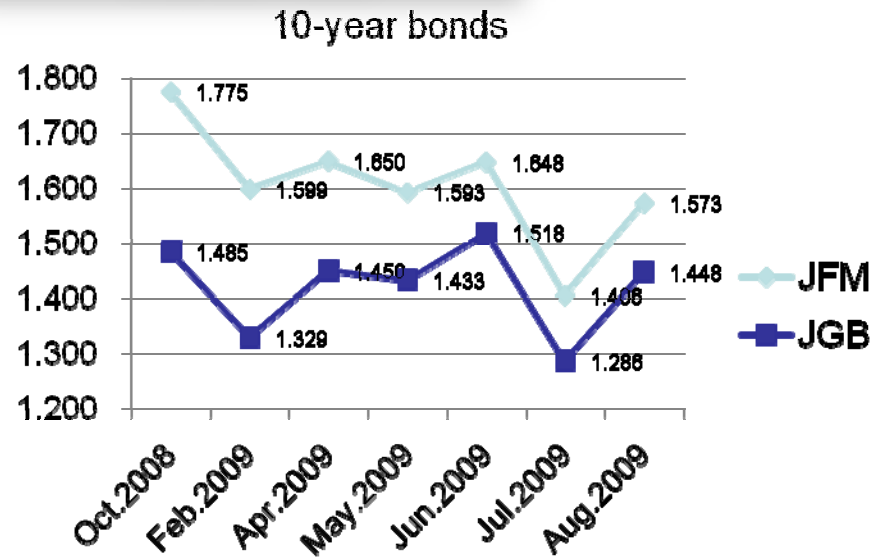
Type	Issue amount of first half year	Issue amount of full year
10yr bond	¥150 billion	¥300 billion
20yr bond	¥100 billion	¥200 billion
others	¥50 billion	¥100 billion
Total	¥300 billion	¥600 billion

Government-guaranteed bonds

Type	Issue amount of full year
10yr bonds	¥820 billion

Interest Rates and Spreads over JGBs of JFM bonds

Interest Rate



Spread

10-year bonds

Issue	Oct. 2008	Feb. 2009	Apr. 2009	May. 2009	Jun. 2009	Jul. 2009	Aug. 2009	Sep. 2009
Spread	+29.0bp	+27.0bp	+20.0bp	+16.0bp	+13.0bp	+12.0bp	+12.5bp	+10.0bp

20-year bonds

issue	Jan. 2009	Apr. 2009	Jun. 2009	Aug. 2009
Spread	+26.0bp	+19.0bp	+14.0bp	+11.0bp

International Bond Issues by Currency

Currency	Number of Issues	Amount (Millions of Respective Currency)	Amount (Millions of Yen)
Swiss Franc	14	1,820	162,674
Deutsche Mark	11	1,750	132,340
U.S. Dollar	23	7,470	892,455
Canadian Dollar	1	170	16,679
New Zealand Dollar	1	100	7,825
Pound Sterling	4	530	90,212
Dutch Guilder	1	300	19,680
French Franc	1	1,000	21,919
Euro	2	1,400	187,867
Yen	5	525,000	525,000
Total	63		¥2,056,651

Note: The Yen amounts are calculated at the exchange rate as of the date of issue

Disclaimer

Forward-looking statements including JFM's plan in this presentation material are based on information available for JFM at this time and involve potential risks and uncertainties. Actual results, therefore, may differ from those described in this presentation material due to changes in a variety of factors, such as market trends, economic conditions and regulations. Accordingly, investors are advised to use their own discretion and exercise great caution when making investment decisions.