

January 23, 2018

Bank of Japan

Amendment to "Principal Terms and Conditions for the Loan Support Program"

At the Monetary Policy Meeting held on January 22 and 23, 2018, the Policy Board of the Bank of Japan made the following decisions. The Bank will continue to encourage financial institutions', firms' and households' actions, with a view to stimulating bank lending and strengthening the foundations for economic growth, and to support financial institutions in disaster areas affected by the Great East Japan Earthquake and the 2016 Kumamoto Earthquake in their efforts in meeting the demand for funds for rebuilding.

With regard to the Loan Support Program, the Bank revised the framework in March 2014 ^(Note). As there will be no outstanding amount of loans initially disbursed under the previous framework by the end of March 2018, relevant provisions are deleted accordingly.

(Note) See "Amendment to 'Principal Terms and Conditions for the Loan Support Program'" released on March 11, 2014.

1. The Bank shall amend the "Principal Terms and Conditions for the Loan Support Program" (see Attachment 1).
2. The Bank shall amend the "Principal Terms and Conditions for the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth Conducted through the Loan Support Program" (see Attachment 2).

3. The Bank shall amend the "Special Rules for Equity Investments and Asset-Based Lending to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth Conducted through the Loan Support Program" (see Attachment 3).
4. The Bank shall amend the "Special Rules for Small-Lot Investments and Loans to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth Conducted through the Loan Support Program" (see Attachment 4).
5. The Bank shall amend the "Special Rules for the U.S. Dollar Lending Arrangement to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth Conducted through the Loan Support Program" (see Attachment 5).
6. The Bank shall amend the "Principal Terms and Conditions for the Fund-Provisioning Measure to Stimulate Bank Lending Conducted through the Loan Support Program" (see Attachment 6).
7. The Bank shall amend the "Special Rules for Member Financial Institutions of Central Organizations of Financial Cooperatives to Use the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth and the Fund-Provisioning Measure to Stimulate Bank Lending" (see Attachment 7).
8. The Bank shall amend the "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas" (see Attachment 8).
9. The Bank shall amend the "Temporary Rules regarding the Eligibility Standards for Debt of Companies in Disaster Areas" (see Attachment 9).
10. The Bank shall amend the "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in

Disaster Areas of the 2016 Kumamoto Earthquake" (see Attachment 10).

11. The Bank shall amend the "Temporary Rules regarding the Eligibility Standards for Debt of Companies in Disaster Areas of the 2016 Kumamoto Earthquake" (see Attachment 11).
12. The Bank shall amend the "Temporary Rules regarding Funds-Supplying Operations against Pooled Collateral" (see Attachment 12).

Amendment to "Principal Terms and Conditions for the Loan Support Program"

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

These terms and conditions shall become effective today and shall be valid through June 30, ~~2022~~2023.

(Supplementary Provision)

This amendment shall become effective today.

Amendment to "Principal Terms and Conditions for the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth Conducted through the Loan Support Program"

- Paragraph 5. shall be amended as follows.

5. Duration of Loans

The duration of loans to financial institutions shall be set as within four years. ~~Nevertheless, the duration of rollover loans pursuant to 7. (2) shall be set as within one year.~~

- Paragraph 6. shall be amended as follows.

6. Loan Rates

~~The interest rate on loans shall be as follows.~~

~~(1) The interest rate on loans shall be 0.1 percent per annum.~~

~~(2) Notwithstanding (1), the interest rate on rollover loans pursuant to 7.(2) shall be determined by the method applied as of the date of first disbursement of respective loans. However, the interest rate on such loans shall be 0.1 percent per annum for the time being.~~

- Paragraph 7. shall be amended as follows.

7. Date of Each Loan Disbursement and Rollover of Loans

~~(1) The date of each loan disbursement shall be specified by the Bank.~~

~~No loan shall be disbursed on or after July 1, 2018 except for the rollover of loans as described in (2) June 30, 2019.~~

~~(2) If the counterparty requests, the Bank shall allow loans to be rolled over on the maturity date within the maximum amount of loan prescribed in 9. However, the overall duration of loans -- adding the duration at the first disbursement and the ones at subsequent rollovers -- shall not exceed 4 years.~~

- Paragraph 9. shall be amended as follows.

9. Maximum Amount of Loans, etc.

(1) (No change)

(2) The maximum amount of loan to each counterparty at each loan disbursement

The maximum amount of loan to each counterparty at each loan disbursement shall be the amount of new lending or investment with a maturity of one year or more, carried out within a certain period specified by the Bank, under the plan to support strengthening the foundation for economic growth described in 12. submitted to the Bank. ~~However, if the counterparty wishes to rollover a loan, the maximum amount of rollover loan shall be the smaller of the following two: (i) the outstanding amount of lending or investment with a residual maturity of one year or more out of the outstanding amount of lending or investment at the first disbursement, which was the basis for calculating the maximum amount of loan, or (ii) the amount of the existing loan to be rolled over.~~

- Paragraph 10. shall be amended as follows.

10. Prepayment

- (1) The counterparty may prepay all or a part of the outstanding amount of loans ~~initially disbursed on or after April 1, 2014~~, on an annual basis, on a day specified by the Bank.
- (2) In case the amount in (a) falls short of the amount in (b) ~~for loans initially disbursed on or after April 1, 2014~~ on a day specified by the Bank, the counterparty shall repay the amount equivalent to the shortfall, pursuant to the Bank's relevant rules.
 - (a) (No change)
 - (b) (No change)

- Paragraph 11. shall be amended as follows.

11. Deadline for New Applications for Loans

The period for calculating the amount of loans prescribed in 9.(2) shall end on or before March 31, ~~2018~~2019.

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

These terms and conditions shall become effective today and shall be valid through June 30, ~~2022~~2023.

(Supplementary Provision)

These amendments shall become effective today. With regard to the application of terms and conditions to loans initially disbursed on or before March 31, 2014, the provisions prior to these amendments shall remain applicable.

Amendment to "Special Rules for Equity Investments and Asset-Based Lending to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth Conducted through the Loan Support Program"

- Paragraph 2. shall be deleted.
- Paragraph 3. shall be amended as follows.

3.2. Amount of Each Loan

The amount extended to each counterparty for each loan is the amount the counterparty wishes to borrow. Notwithstanding 8. of the Principal Terms and Conditions, such amount shall not exceed the maximum amount of loans prescribed in 4.3. and the unused value of the total standing pool of eligible collateral pledged to the Bank.

- Paragraph 4. shall be amended as follows.

4.3. Maximum Amount of Loans, etc.

(1) (No change)

(2) Notwithstanding 9.(2) of the Principal Terms and Conditions, the maximum amount to be lent to each counterparty at each loan disbursement pursuant to the special rules shall be the amount calculated by subtracting the amount in (b) and (c) below from the amount in (a), on a date specified by the Bank. ~~However, if the~~

~~counterparty wishes to rollover a loan, the maximum amount of rollover loan shall be the smaller of the following two: (i) the amount specified above, or (ii) the amount of the existing loan to be rolled over.~~

(a) The amount outstanding of equity investments and asset-based lending made by the counterparty on and after April 1, 2010, pursuant to the plan to support strengthening the foundations for economic growth stipulated in 7.6.

(b) Of the amount outstanding of equity investments and asset-based lending that is specified in (a),

i) (No change)

ii) (No change)

iii) the amount outstanding that is used as the basis for calculating the maximum amount to be lent to each counterparty at each loan disbursement in 7.8.(2) of the "Special Rules for the U.S. Dollar Lending Arrangement to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth Conducted through the Loan Support Program" (Policy Board Decision on April 10, 2012).

(c) (No change)

- Paragraph 5. shall be amended as follows.

5.4. Prepayment

Notwithstanding 10.(2) of the Principal Terms and Conditions, in case the

amount calculated by subtracting the amount in 4.3.(2)(b) from the amount in the 4.3.(2)(a) falls short of the amount in 4.3.(2)(c) for loans disbursed pursuant to these special rules on a day specified by the Bank, the counterparty shall repay the amount equivalent to the shortfall, pursuant to the Bank's relevant rules.

- Paragraph 6. shall be amended as follows.

6.5. Deadline for Applications for New Loans

The date stipulated in 4.3.(2) shall be, ~~except for the rollover of loans stipulated in 7.(2) of the Principal Terms and Conditions,~~ not later than March 31, ~~2018~~2019.

- Paragraph 7. shall be renamed to paragraph 6.
- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

The special rules shall become effective today and shall be valid through June 30, ~~2022~~2023.

(Supplementary Provision)

These amendments shall become effective today. With regard to the application of terms and conditions as well as these special rules to loans

initially disbursed on or before March 31, 2014, the provisions prior to these amendments shall remain applicable.

Amendment to "Special Rules for Small-Lot Investments and Loans to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth Conducted through the Loan Support Program"

- Paragraph 3. shall be amended as follows.

3. Maximum Amount of Loans, etc.

(1) (No change)

(2) Notwithstanding 9.(2) of the Principal Terms and Conditions, the maximum amount to be lent to each counterparty at each loan disbursement pursuant to the special rules shall be the amount calculated by subtracting the amount in (b) and (c) below from the amount in (a), on a date specified by the Bank. ~~However, if the counterparty wishes to rollover a loan, the maximum amount of rollover loan shall be the smaller of the following two: (i) the amount specified above, or (ii) the amount of the existing loan to be rolled over.~~

(a) (No change)

(b) Of the amount outstanding of small-lot investments and loans that is specified in (a),

i) the amount outstanding that is used as the basis for calculating the maximum amount to be lent to each counterparty at each loan disbursement in ~~4.3.~~(2) of the "Special Rules for Equity Investments and Asset-Based Lending to Enhance the

Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth Conducted through the Loan Support Program" (Policy Board Decision on June 14, 2011).

ii) the amount outstanding that is used as the basis for calculating the maximum amount to be lent to each counterparty at each loan disbursement in ~~7-8.~~(2) of the "Special Rules for the U.S. Dollar Lending Arrangement to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth Conducted through the Loan Support Program" (Policy Board Decision on April 10, 2012).

(c) (No change)

- Paragraph 5. shall be amended as follows.

5. Deadline for Applications for New Loans

The date stipulated in 3.(2) shall be, ~~except for the rollover of loans,~~ not later than March 31, ~~2018~~2019.

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

The special rules shall become effective today and shall be valid through June 30, ~~2022~~2023.

(Supplementary Provision)

These amendments shall become effective today. With regard to the application of terms and conditions as well as these special rules to loans initially disbursed on or before March 31, 2014, the provisions prior to these amendments shall remain applicable.

Amendment to "Special Rules for the U.S. Dollar Lending Arrangement to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth Conducted through the Loan Support Program"

- Paragraph 6. shall be amended as follows.

6. Amount of Each Loan

The amount extended to each counterparty for each loan is the amount the counterparty wishes to borrow. Notwithstanding 8. of the Principal Terms and Conditions, however, such amount shall not exceed the maximum amount of loans prescribed in ~~7.8.~~ and the unused value of the total standing pool of eligible collateral pledged to the Bank.

- Paragraph 11. shall be renamed to paragraph 12.
- Paragraph 10. shall be renamed to paragraph 11. and paragraph 9. shall be amended as follows.

~~9.10.~~ Deadline for Applications for New Loans

The date stipulated in ~~7.8.~~(2) shall be, except for the rollover of loans, not later than March 31, ~~2018~~2019.

- Paragraph 8. shall be amended as follows.

8-9. Prepayment

Notwithstanding 10. of the Principal Terms and Conditions, in case the amount calculated by subtracting the amount in 7-8.(2)(b) from the amount in the 7-8.(2)(a) falls short of the amount in 7-8.(2)(c) for the loans disbursed pursuant to the special rules on a day specified by the Bank, the counterparty shall repay the amount equivalent to the shortfall, pursuant to the Bank's relevant rules.

- Paragraph 7. shall be amended as follows.

7-8. Maximum Amount of Loans

(1) (No change)

(2) Notwithstanding 9.(2) of the Principal Terms and Conditions, the maximum amount to be lent to each counterparty at each loan disbursement pursuant to the special rules shall be the amount calculated by subtracting the amount in (b) and (c) below from the amount in (a), on a date specified by the Bank. However, if the counterparty wishes to rollover a loan, the maximum amount of rollover loan shall be the smaller of the following two: (i) the amount specified above, or (ii) the amount of the existing loan to be rolled over.

(a) The amount outstanding of foreign currency-denominated investments and loans with a maturity of one year or more made by the counterparty on and after April 1, 2012, based on a plan to support strengthening the foundations for Japan's economic growth stipulated in 40-11.

(b) Of the amount outstanding of foreign currency-denominated investments and loans that is specified in (a),

i) (No change)

ii) the amount outstanding that is used as the basis for calculating the maximum amount to be lent to each counterparty at each loan disbursement in ~~4.3~~(2) of the "Special Rules for Equity Investments and Asset-Based Lending to Enhance the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth Conducted through the Loan Support Program" (Policy Board Decision on June 14, 2011).

iii) (No change)

(c) (No change)

- The following paragraph 7. shall be added after paragraph 6.

7. Rollover of Loans

If the counterparty requests, the Bank shall allow loans to be rolled over on the maturity date within the maximum amount of loan prescribed in 8. However, the overall duration of loans -- adding the duration at the first disbursement and the ones at subsequent rollovers -- shall not exceed 4 years.

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

The special rules shall become effective today and shall be valid through June 30, ~~2022~~2023.

(Supplementary Provision)

These amendments shall become effective today.

Amendment to "Principal Terms and Conditions for the Fund-Provisioning Measure to Stimulate Bank Lending Conducted through the Loan Support Program"

- Paragraph 5. shall be deleted.
- Paragraph 7. shall be renamed to paragraph 11. and paragraph 6. shall be amended as follows.

~~6. Loans Initially Disbursed on or after April 1, 2014~~

~~(1)~~5. Duration of Loans

The duration of loans to financial institutions shall be set as within four years.

~~(2)~~6. Interest Rate on Loans

The interest rate on loans shall be 0.1 percent per annum.

~~(3)~~7. Date of Each Loan Disbursement

The date of each loan disbursement shall be specified by the Bank. No loan shall be disbursed after June 30, ~~2018~~2019.

~~(4)~~8. Amount of Each Loan

The amount of each loan shall be the amount the counterparty wishes to borrow, provided that it shall not exceed the maximum amount of loans prescribed in ~~(5)~~9. and the unused value of the total standing

pool of eligible collateral pledged to the Bank.

~~(5)~~9. Maximum Amount of Loans

The maximum amount of loans to each counterparty at each loan disbursement shall be twice as much as the amount calculated by subtracting the amount in ~~(b)~~(2) from the amount in ~~(a)~~(1). Housing loans in the trust property of eligible beneficial interest of a trust in housing loans submitted to the Bank as collateral pursuant to the "Collateral Guidelines on Eligible Beneficial Interest of a Trust in Housing Loans" shall be regarded as the counterparty's lending.

~~(a)~~(1) Average of the month-end amounts outstanding of lending of each counterparty during a quarter specified by the Bank for each loan disbursement.

~~(b)~~(2) Maximum of the quarterly averages of the month-end amounts outstanding of lending, from the quarter of October-December of 2012 to the last quarter before the one stipulated in ~~(a)~~(1).

~~(6)~~10. Prepayment

The counterparty may prepay all or a part of the outstanding amount of loans on an annual basis on a day specified by the Bank.

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

These terms and conditions shall become effective today and shall be valid through June 30, ~~2022~~2023.

(Supplementary Provision)

These amendments shall become effective today. With regard to the application of terms and conditions to loans initially disbursed on or before March 31, 2014, the provisions prior to these amendments shall remain applicable.

Amendment to "Special Rules for Member Financial Institutions of Central Organizations of Financial Cooperatives to Use the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth and the Fund-Provisioning Measure to Stimulate Bank Lending"

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

The special rules shall become effective today and shall be valid through June 30, ~~2022~~2023.

(Supplementary Provision)

This amendment shall become effective today.

Amendment to "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas"

- Paragraph 9. shall be amended as follows.

9. Deadline for New Application for Loans

The period for new application for loans shall end on April 30, ~~2018~~2019.

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

1. These terms and conditions shall become effective today and shall be valid through April 30, ~~2018~~2019. To the loans that are disbursed on or before April 30, ~~2018~~2019, these terms and conditions shall be applied until the maturity of the loans.

2. (No change)

(Supplementary Provision)

These amendments shall become effective today.

Amendment to "Temporary Rules regarding the Eligibility Standards for Debt of Companies in Disaster Areas"

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

The temporary rules shall become effective on the date designated by the Governor, which shall be no later than May 31, 2011, and shall be valid through April 30, ~~2019~~2020.

(Supplementary Provision)

This amendment shall become effective today.

Amendment to "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas of the 2016 Kumamoto Earthquake"

- Paragraph 9. shall be amended as follows.

9. Deadline for New Application for Loans

The period for new application for loans shall end on April 30, ~~2018~~2019.

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

1. (No change)

2. These terms and conditions shall be valid through April 30, ~~2018~~2019.

To the loans that are disbursed on or before April 30, ~~2018~~2019, these terms and conditions shall be applied until the maturity of the loans.

3. (No change)

(Supplementary Provision)

These amendments shall become effective today.

Amendment to "Temporary Rules regarding the Eligibility Standards for Debt of Companies in Disaster Areas of the 2016 Kumamoto Earthquake"

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

1. (No change)

2. The temporary rules shall be valid through April 30, ~~2019~~2020.

(Supplementary Provision)

This amendment shall become effective today.

Amendment to "Temporary Rules regarding Funds-Supplying Operations against Pooled Collateral"

- Sub-paragraph shall be amended as follows.

1. }
2. } (No change)
3. }

4. The interest rate stipulated in ~~5. (3) and 6. (2)~~ 6. of the "Principal Terms and Conditions for the Fund-Provisioning Measure to Stimulate Bank Lending Conducted through the Loan Support Program" (Policy Board Decision on December 20, 2012).

(Supplementary Provision)

This amendment shall become effective today. With regard to the application of these temporary rules to loans initially disbursed on or before March 31, 2014 pursuant to the "Principal Terms and Conditions for the Fund-Provisioning Measure to Stimulate Bank Lending Conducted through the Loan Support Program," the provisions prior to these amendments shall remain applicable.