

Outline of Outright Purchases of Japanese Government Bonds

The Bank of Japan decided to conduct the outright purchases of Japanese government bonds as follows, effective from May 2, 2016. The next announcement will be on May 31, 2016 at 5 p.m.

1. Amount to be Purchased

Approximately 8-12 trillion yen per month in principle. The Bank takes account of market conditions and conducts purchases in a flexible manner in order to ensure that the effects of monetary policy permeate the economy.

2. Bonds to be Purchased

Japanese government bonds with coupons (2-year bonds, 5-year bonds, 10-year bonds, 20-year bonds, 30-year bonds, 40-year bonds, floating-rate bonds, and inflation-indexed bonds).

3. Amounts to be Purchased from Specific Brackets Classified by Bond Type and Residual Maturity

Stated in the attachment.

4. Frequency of Purchases

Approximately 8-10 times (business days) per month. The Bank may increase it as needed.

5. Method of Auctions

A multiple-price competitive auction.

Bonds with coupons (excluding floating-rate bonds and inflation-indexed bonds): counterparties bid "yield spreads," which are calculated by subtracting the benchmark yields from the yields at which counterparties desire to sell bonds to the Bank.

Floating-rate bonds and inflation-indexed bonds: counterparties bid "price spreads," which are calculated by subtracting the benchmark prices from the prices at which counterparties desire to sell bonds to the Bank.

<Monthly schedule>

(billion yen)

| | Residual maturity | Number of auctions | Purchase size per auction | Purchase size in total |
|--|--------------------------------------|--------------------|---------------------------|------------------------|
| Bonds with coupons (excluding floating-rate bonds and inflation-indexed bonds) | Up to 1 year | About 2 | About 50-150 | About 100-300 |
| | More than 1 year and up to 5 years | About 6 | About 600-1,000 | About 3,600-6,000 |
| | More than 5 years and up to 10 years | About 6 | About 300-600 | About 1,800-3,600 |
| | More than 10 years | About 5 | About 300-600 | About 1,500-3,000 |
| Floating-rate bonds (in the even months) | | 1 (bimonthly) | About 100 | About 100 |
| Inflation-indexed bonds (in the odd months) | | 1 (bimonthly) | About 60 | About 60 |

Note 1: The Bank announces two or three operations with different maturity segments (floating-rate bonds and inflation-indexed bonds are counted as one maturity segment respectively) at the same time.

Note 2: In principle, on the day of the JGB auctions (including enhanced-liquidity auctions) by the Ministry of Finance, the Bank refrains from announcing operations with the corresponding maturity segments. The Bank conducts operations for floating-rate bonds and inflation-indexed bonds in the latter half of months.

Note 3: With regard to the auctions with residual maturity of more than 1 year and up to 5 years, and ones with residual maturity of more than 10 years, the Bank may set sub-segments of the residual maturity and announce separate auctions at the same time.

Note 4: The purchase sizes for each of the first auctions to be conducted from May 2, 2016 will be 70 billion yen for residual maturity of up to 1 year, 350 billion yen for residual maturity of more than 1 year and up to 3 years, 440 billion yen for residual maturity of more than 3 years and up to 5 years, 450 billion yen for residual maturity of more than 5 years and up to 10 years, 240 billion yen for residual maturity of more than 10 years and up to 25 years, 160 billion yen for residual maturity of more than 25 years, 100 billion yen for floating-rate bonds, and 60 billion yen for inflation-indexed bonds.