

March 16, 2020

Bank of Japan

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

At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan made the following decisions with the aim of continuing in a more stable manner to support efforts toward restoration and reconstruction made by financial institutions in disaster areas.

Regarding these decisions, please refer to "(Reference) Amendment to the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas" as well.

1. The Bank shall amend the "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas" (see Attachment 1).
2. 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 2).
3. The Bank shall newly establish the "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas" (see Attachment 3).
4. The Bank shall amend the "Principal Terms and Conditions of Complementary Deposit Facility" (see Attachment 4).
5. The Bank shall amend the "Temporary Rules regarding Funds-Supplying Operations against Pooled Collateral" (see Attachment 5).

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~~June 30, 2020.

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

1. These terms and conditions shall become effective today and shall be valid through ~~April~~June 30, 2020. To the loans that are disbursed on or before ~~April~~June 30, 2020, 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 "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~~June 30, 2020.

- Supplementary Provision shall be amended as follows.

(Supplementary Provision)

1. (No change)

2. These terms and conditions shall be valid through ~~April~~June 30, 2020.

To the loans that are disbursed on or before ~~April~~June 30, 2020, these terms and conditions shall be applied until the maturity of the loans.

3. (No change)

(Supplementary Provision)

These amendments shall become effective today.

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

1. Purpose

The terms and conditions prescribe the principles for the Bank of Japan's funds-supplying operation to support financial institutions in disaster areas affected by large-scale disasters (i.e., an open market operation through which the Bank provides fixed-rate loans to financial institutions in disaster areas that are made against eligible collateral within the maximum amount determined by the Bank). This operation aims at supporting financial institutions in disaster areas affected by large-scale disasters in their initial response efforts to meet the demand for funds for restoration and reconstruction through appropriate market operations.

*Definitions in the terms and conditions

· Financial institutions:

Financial institutions prescribed in Article 37, paragraph 1 of the Bank of Japan Act (Act No. 89, 1997)

· Disaster areas:

Areas designated under the Disaster Relief Act (Act No. 118, 1947), excluding those designated for the purpose of coping with people having difficulties returning home

2. Designated Disasters

The Great East Japan Earthquake and the 2016 Kumamoto Earthquake

3. Location of Operations

The Bank's Head Office (Operations Department) or its branches

4. Eligible Counterparties

(1) Eligible counterparties shall, pursuant to the relevant rules of the Bank, be selected from those satisfying the following requirements:

(a) To satisfy either of the following requirements.

i) Financial institutions with business offices that conduct lending in disaster areas affected by the disasters prescribed in 2.

ii) Central organizations of financial cooperatives (i.e., the Shinkin Central Bank, the Shinkumi Federation Bank, the Rokinren Bank, and the Norinchukin Bank, hereinafter the same) whose member financial institutions have business offices that conduct lending in disaster areas affected by the disasters prescribed in 2.

(b) To have a current account at the Bank.

(c) To be deemed sufficiently creditworthy in light of its capital condition and other relevant information obtained through the Bank's on-site examinations and so forth.

(2) If the Bank specifically deems it necessary in order to conduct market operations smoothly, it can implement such measures as an exclusion of the institution in question from eligible counterparties.

5. Form of Loans

Loans shall be provided in the form of electronic lending.

6. Duration of Loans

The duration of each loan shall be within 2 years.

7. Loan Rates

The interest rate on loans shall be 0 percent per annum.

8. Counterparties and Amount of Each Loan

Counterparties of each loan are eligible counterparties selected pursuant to 4. that wish to be counterparties. The amount extended to each counterparty of each loan is the one that the counterparty wishes to borrow, provided that it shall not exceed the sum of the maximum amount of loans for each disaster prescribed in 9. (2) and the unused value of the total standing pool of eligible collateral pledged to the Bank.

9. Maximum Amount of Loans

(1) The maximum amount of loans for each disaster prescribed in 2. shall be as follows.

- Great East Japan Earthquake: 1 trillion yen
- 2016 Kumamoto Earthquake: 300 billion yen

(2) For each disaster prescribed in 2., the Bank shall determine the maximum amount of loans to each eligible counterparty, taking into account (a) and (b) below.

(a) Each counterparty's total amount outstanding of lending at business offices in disaster areas affected by the disasters prescribed in 2. (for central organizations of financial cooperatives, the amounts outstanding of the central organization and its member financial institutions shall be aggregated)

(b) The demand for funds for restoration and reconstruction in disaster areas affected by the disasters prescribed in 2.

(3) In principle, the Bank shall review annually the maximum amount of loans to each counterparty prescribed in 9. (2).

10. Date of Loan Disbursement, etc.

Taking account of conditions in financial markets, the Bank shall determine specifics necessary for lending such as dates of loan disbursement.

11. Collateral

(1) The Bank shall accept eligible collateral from counterparties in advance.

(2) The "Guidelines on Eligible Collateral" (Policy Board Decision on October 13, 2000) and the "Collateral Guidelines on Eligible Foreign Bonds" (Policy Board Decision on May 22, 2009) shall apply to the collateral for the loans.

(Supplementary Provision)

1. These terms and conditions shall become effective on July 1, 2020. The Bank shall not apply paragraph 9. (3) until the maturity of all the loans disbursed to the counterparties based on the "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas" (Policy Board Decision on April 28, 2011) or the "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas of the 2016 Kumamoto Earthquake" (Policy Board Decision on April 28, 2016), both of which are to be abolished (hereinafter jointly referred to as the "Former Principal Terms and Conditions").

2. Eligible counterparties selected under the Former Principal Terms and Conditions as of June 30, 2020 shall be deemed to be selected based on paragraph 4. (1), and their maximum amount of loans determined under the Former Principal Terms and Conditions shall be deemed to be determined based on paragraph 9. (2).
3. When the Bank revises the list of eligible counterparties, it shall not apply paragraph 9. (1) until the maturity of all the loans disbursed to the counterparties on the previous list.

Amendment to "Principal Terms and Conditions of Complementary Deposit Facility"

- The description ", the 'Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas' (Policy Board Decision on April 28, 2011) and the 'Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas of the 2016 Kumamoto Earthquake' (Policy Board Decision on April 28, 2016)" in 4. (3) (b) shall be replaced with "and the 'Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas' (Policy Board Decision on March 16, 2020)."
- The description "the 'Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas'" in 4. (3) (c) shall be replaced with "the 'Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas' (Policy Board Decision on April 28, 2011) to be abolished."

(Supplementary Provision)

These amendments shall become effective on July 1, 2020. The amended paragraph 4. shall be applied to the calculation of interest on and after the reserve maintenance period starting from July 16, 2020. The loans based on the "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas" (Policy Board Decision on April 28, 2011) or the "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas of the 2016 Kumamoto Earthquake" (Policy Board Decision on April 28, 2016), both

of which are to be abolished, shall be deemed to be disbursed based on the "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas" (Policy Board Decision on March 16, 2020) to calculate the interest rate stipulated in paragraph 4. until the maturity of all the loans disbursed to the counterparties.

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

- Paragraph 2. shall be amended as follows.

~~2. The interest rate stipulated in Paragraph 6. of the "Principal Terms and Conditions for the Fund-Supplying Operation to Support Financial Institutions in Disaster Areas" (Policy Board Decision on April 28, 2011).~~

Deletion

(Supplementary Provision)

This amendment shall become effective on July 1, 2020. To the loans that are disbursed based on the "Principal Terms and Conditions for the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas" (Policy Board Decision on April 28, 2011) to be abolished, these terms and conditions shall be applied until their maturities.