

(Provisional Translation)

July 30, 2007

Financial Bureau, Ministry of Finance

Summary of the Fiscal Loan Fund Management Report for FY 2006

1. Allocation of FILP Funds in FY 2006

The total amount of FILP funds was 18,505.4 billion yen (initial budgetary allocation [15,004.6 billion yen] with carry-over from FY 2005 [3,500.8 billion yen]). Of this, 13,595.0 billion yen were actually allocated, 2,489.4 billion yen were carried over (compared to 3,500.8 billion yen in FY 2005), and 2,421.0 billion yen were unused (2,468.8 billion yen in FY 2005).

Reference: Classification of funding status

(in billions of yen)

Classification	Initial Budget	Total Amount following revision	Actual Allocation	Amount Carried Over	Unused Amount
FILP Plan	15,004.6	18,505.4	13,595.0	2,489.4	2,421.0
Fiscal Loan	10,361.5	13,860.6	9,563.8	2,487.3	1,809.5
Fiscal Loan Fund	9,881.5	12,639.6	8,725.4	2,203.0	1,711.2
Industrial Investment	44.2	46.0	31.9	2.1	12.0
Government Guarantee	4,598.9	4,598.9	3,999.4	—	599.5

As a result, the total amount of FILP plan outstanding balances was 275,498.6 billion yen as of the end of FY 2006 (a decrease of 24,086.3 billion yen from the end of FY 2005 [299,584.9 billion yen]).

Reference: Classification of FILP plan outstanding balance

(in billions of yen)

FY	FILP Plan	Fiscal Loan		Industrial Investment	Government Guarantee
			Fiscal Loan Fund		
End 2006	275,498.6	240,549.4	211,086.7	3,310.5	31,638.7
End 2005	299,584.9	265,240.5	232,656.4	3,290.5	31,053.8

2. Allocation of the Fiscal Loan Fund in FY 2006

(1) Plan and Results of Long-Term Fund Allocation

The total planned amount for long-term fund allocation was 12,639.6 billion yen (budgetary allocation [9,881.5 billion yen] with carry-over from FY 2005 [2,758.1 billion yen]). Of this, 8,725.4 billion yen were actually allocated, 2,203.0 billion yen were carried over (compared to 2,758.1 billion yen in FY 2005), and 1,711.2 billion yen were unused (1,592.0 billion yen in FY 2005).

Reference 1: Total Planned Amount and Actual Performance for Long-Term Fund Allocation in the FILP Plan

(in billions of yen)

Budgetary Amount for Long-Term Fund Allocation (A)	Amount carried over from FY 2005 (B)	Follow-Up Funding by the Flexible Management Clause (C)	Total Planned Amount for Long-Term Fund Allocation (A+B+C)
9,881.5	2,758.1	—	12,639.6

(in billions of yen)

Total Planned Amount for Long-Term Fund Allocation	Actual Allocation	Amount Carried Over	Unused Amount
12,639.6	8,725.4	2,203.0	1,711.2

Reference 2: Institutions with Large Amounts of Unused Funds (100 billion yen or more)

(in billions of yen)

Institution	Amount of Unused Funds	(Reference) Unused Amount in 2005
Local Governments	638.8	281.9
National Life Finance Corporation	354.0	460.0
Japan Finance Corporation for Small and Medium Enterprise	280.4	292.2
Japan Bank for International Cooperation	146.9	103.2
Urban Renaissance Agency	144.0	91.0
Others	147.2	363.7
Total	1,711.2	1,592.0

(2) Results of Short-Term Fund Allocation

The outstanding amount of short-term assets was 55,873.8 billion yen as of the end of FY 2006 (73,272.8 billion yen for FY 2005). Of this, bonds accounted for

24,387.2 billion yen (compared to 41,787.0 billion yen in FY 2005), and loans accounted for 31,486.6 billion yen (31,485.8 billion yen in FY 2005).

References:

1. The bonds mentioned above (24,387.2 billion yen) consist of all government bonds.
2. The two major borrowers of loans (31,486.6 billion yen) are as below

(in billions of yen)

Special Account	Outstanding Amount of Loans at the End of FY 2006	Outstanding Amount of Loans at the End of FY 2005
Special Account for the Allotment of Local Allocation Tax and Local Transfer Tax	29,999.6	29,998.5
Special Account for Employees' Insurance	1,479.2	1,479.2

3. Change in Fiscal Loan Fund Assets in FY 2006

The outstanding amount of bonds and loans (excluding portfolio investments) was 252,512.1 billion yen as of the end of FY 2006 (a decrease of 42,350.5 billion yen from the end of FY 2005 [294,862.6 billion yen]). Of this, bonds accounted for 51,283.9 billion yen (a decrease of 29,536.1 billion yen from the end of FY 2005 [80,820.0 billion yen]), and loans accounted for 201,228.2 billion yen (a decrease of 12,814.4 billion yen from the end of FY 2005 [214,042.5 billion yen]).

References:

1. The bonds mentioned above (51,283.9 billion yen) consist of government bonds (43,699.2 billion yen) and special corporation bonds (7,076.8 billion yen).
2. The five major borrowers of loans (201,228.2 billion yen) are as below (eligible for FILP)

(in billions of yen)

Institution	Outstanding Amount of Loans at the End of FY 2006	Outstanding Amount of Loans at the End of FY 2005
Local Governments	67,212.8	69,407.8
The Government Housing Loan Corporation	39,034.4	45,338.0
Urban Renaissance Agency	9,898.3	9,694.2
Japan Expressway Holding and Debt Repayment Agency	8,196.1	8,242.0
Japan Bank for International Cooperation	8,030.2	8,822.9

4. Fiscal Loan Fund Special Account Bonds (FILP Bonds) in FY 2006

The outstanding amount of FILP bonds was 138,906.1 billion yen as of the end of FY 2006 (a decrease of 447.1 billion yen from the end of FY 2005 [139,353.2 billion yen]).

Although the planned amount of FILP bonds to be issued in FY 2006 was 27,200.0 billion yen, the actual amount issued was 25,558.9 billion yen, reflecting issuance in accordance with allocation of the Fiscal Loan Fund. Of this, bonds issued in open market accounted for 10,365.3 billion yen, bonds underwritten by the Postal Savings fund accounted for 10,995.8 billion yen, bonds underwritten by the Pension Reserves accounted for 3,198.6 billion yen, and bonds underwritten by the Postal Life Insurance fund accounted for 999.2 billion yen.

FILP bonds redeemed in FY 2006 totaled 26,006.3 billion yen. Of this total, two-year bonds accounted for 11,774.8 billion yen and five-year bonds accounted for 14,231.6 billion yen.

Reference: Amount of Issue Classified by Maturity

(in billions of yen)

Bond Type	Issuance in FY 2006	(Reference) Issuance in FY 2005
2-year Bonds	8,038.3	6,963.6
5-year Bonds	4,371.3	7,736.6
10-year Bonds	10,405.4	10,714.1
10-year Bonds(Inflation-Indexed)	302.7	301.3
15-year Bonds (Variable)	499.5	701.3
20-year Bonds	1,637.9	1,516.9
30-year Bonds	303.9	302.0
Total	25,558.9	28,235.8

5. Deposits into the Fiscal Loan Fund in FY 2006

The outstanding amount of deposits into the Fiscal Loan Fund was 132,154.7 billion yen as of the end of FY 2006 (a decrease of 41,419.0 billion yen from the end of FY 2005 [173,573.7 billion yen]). Of this, Postal Savings and Postal Book-Transfer Savings accounted for 52,243.5 billion yen (a decrease of 27,653.4 billion yen from the end of FY 2005 [79,896.9 billion yen]) and the Special Account for Employees' Insurance accounted for 35,135.9 billion yen (a decrease of 16,485.9 billion yen from the end of FY 2005 [51,621.8 billion yen]).

Reference: Trends surrounding Outstanding Amount of Deposits at End of Fiscal Year

(in billions of yen)

FY	Amount	Increase/Decrease from the Previous Fiscal Year
End 2002	320,521.7	△50,508.7
End 2003	276,438.6	△44,083.1
End 2004	226,772.4	△49,666.2
End 2005	173,573.7	△53,198.8
End 2006	132,154.7	△41,419.0

6. Profit and Loss Statement and Balance Sheet of the Fiscal Loan Fund Special Account for FY 2006

The profit side of the profit and loss statement totaled 2,569.5 billion yen for FY 2006 (compared to 3,610.7 billion yen for FY 2005). This profit is brought forward to the next fiscal year in accordance with Supplementary Provision 222-1 of the Act on Special Accounts.

Also, 12 trillion yen is transferred to the Special Account for the Government Debt Consolidation Fund based on Article 4 of the Special Law enacted to allow special deficit-financing bonds in 2006 after reducing profit carried forward.

The surplus on account was 2,840.0 billion yen (compared to 3,950.8 billion yen for FY 2005)

For FY 2006, advance redemptions of 2 trillion yen were accepted from the Government Housing Loan Corporation based on Article 27-2-3 of the Government Housing Loan Corporation Law. The amount equivalent to abandonment of profit that should be obtained in the future (amount equivalent to exemption of compensation) is 330.9 billion yen

7. Chart of Utilization Categories of Projects Funded by the FILP in FY 2006

Looking at allocation of the FILP in 2006 by utilization type, of actual allocation [13,595.0 billion yen], 8,565.4 billion yen were mainly allocated to areas that directly contribute to improvement of people's living.

Annex 1

Changes of Unused Funds in the FILP Plan

(in billions of yen)

FY	Amount of Unused Funds	
		Increase/Decrease From the Previous Fiscal Year
1997	6,085.1	2,830.5
1998	6,269.3	184.2
1999	8,505.0	2,235.7
2000	9,306.0	801.0
2001	8,703.7	▲602.3
2002	7,257.2	▲1,446.5
2003	4,445.8	▲2,811.4
2004	2,185.0	▲2,260.8
2005	2,468.8	283.7
2006	2,421.0	▲47.7

Reference: The largest unused amount on record is 10,128.9 billion yen in FY 1995.

Annex 2

Major Institutions with Large Amounts of Unused Funds in the FILP Plan for FY 2006

(in billions of yen)

Institution	Budgetary Amount	Unused Amount	(Reference) Unused Amount in FY 2005
Local Governments	3,850.0	737.0	414.9
Japan Finance Corporation for Small and Medium Enterprise	1,185.8	393.6	394.0
National Life Finance Corporation	2,274.0	374.1	485.3
Japan Bank for International Cooperation	1,089.0	299.2	105.1
Urban Renaissance Agency	739.8	144.0	91.0
Japan Finance Corporation for Municipal Enterprises	1,000.0	141.2	90.4
Welfare and Medical Service Agency	357.1	81.5	75.5
Central Nippon Expressway Company Limited	216.0	76.6	163.0
East Nippon Expressway Company Limited	133.6	53.9	111.3
West Nippon Expressway Company Limited	113.4	28.7	94.3
Others	4,045.9	91.1	444.0
Total	15,004.6	2,421.0	2,468.8
Excluding Local Governments	11,154.6	1,684.0	2,053.9

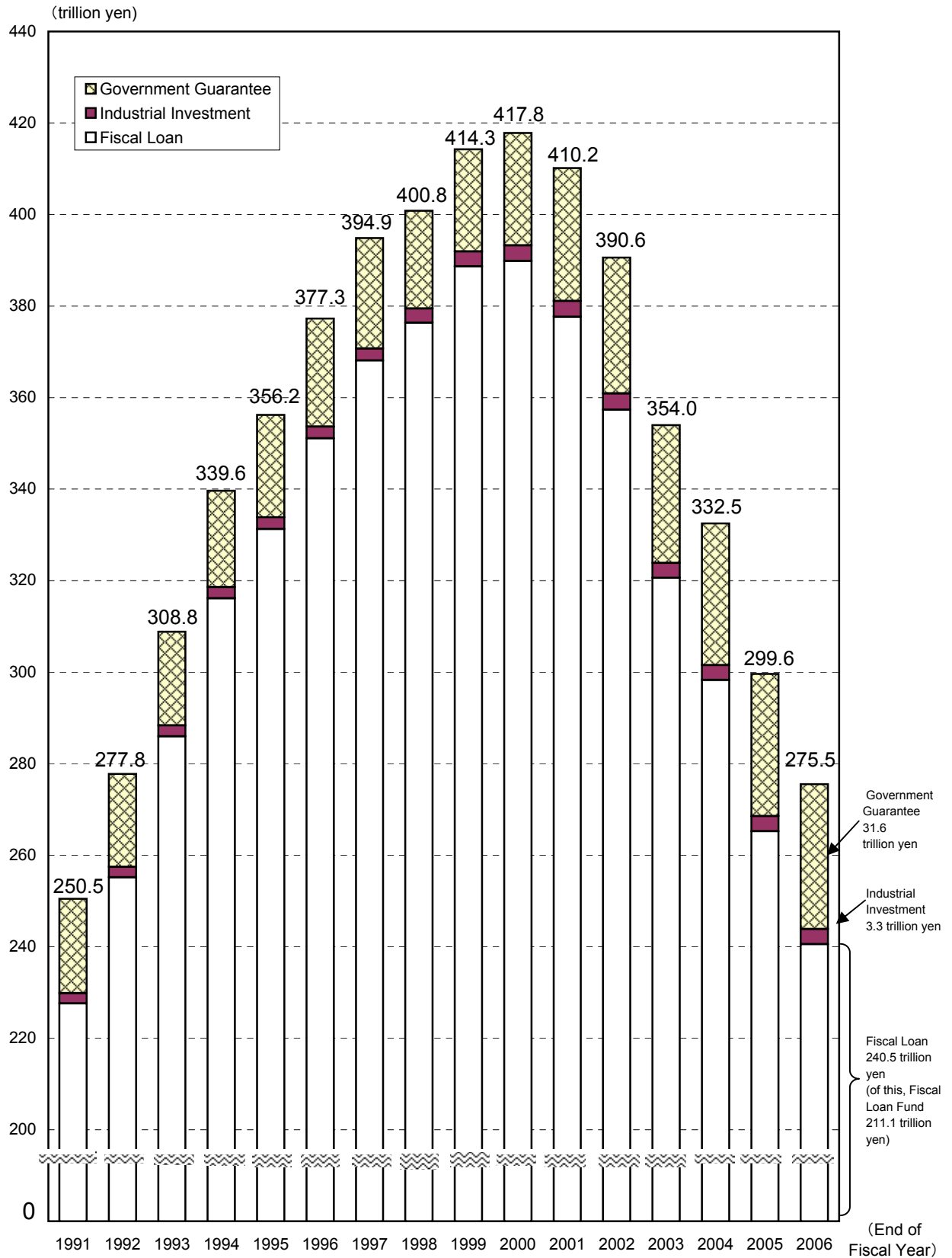
Note:

The unused amount (2,421.0 billion yen) consists of Fiscal Loans (1,809.5 billion yen), Industrial Investment (12.0 billion yen), and Government Guarantee (599.5 billion yen).

Reference: The largest unused amount on record is 10,128.9 billion yen in FY 1995.

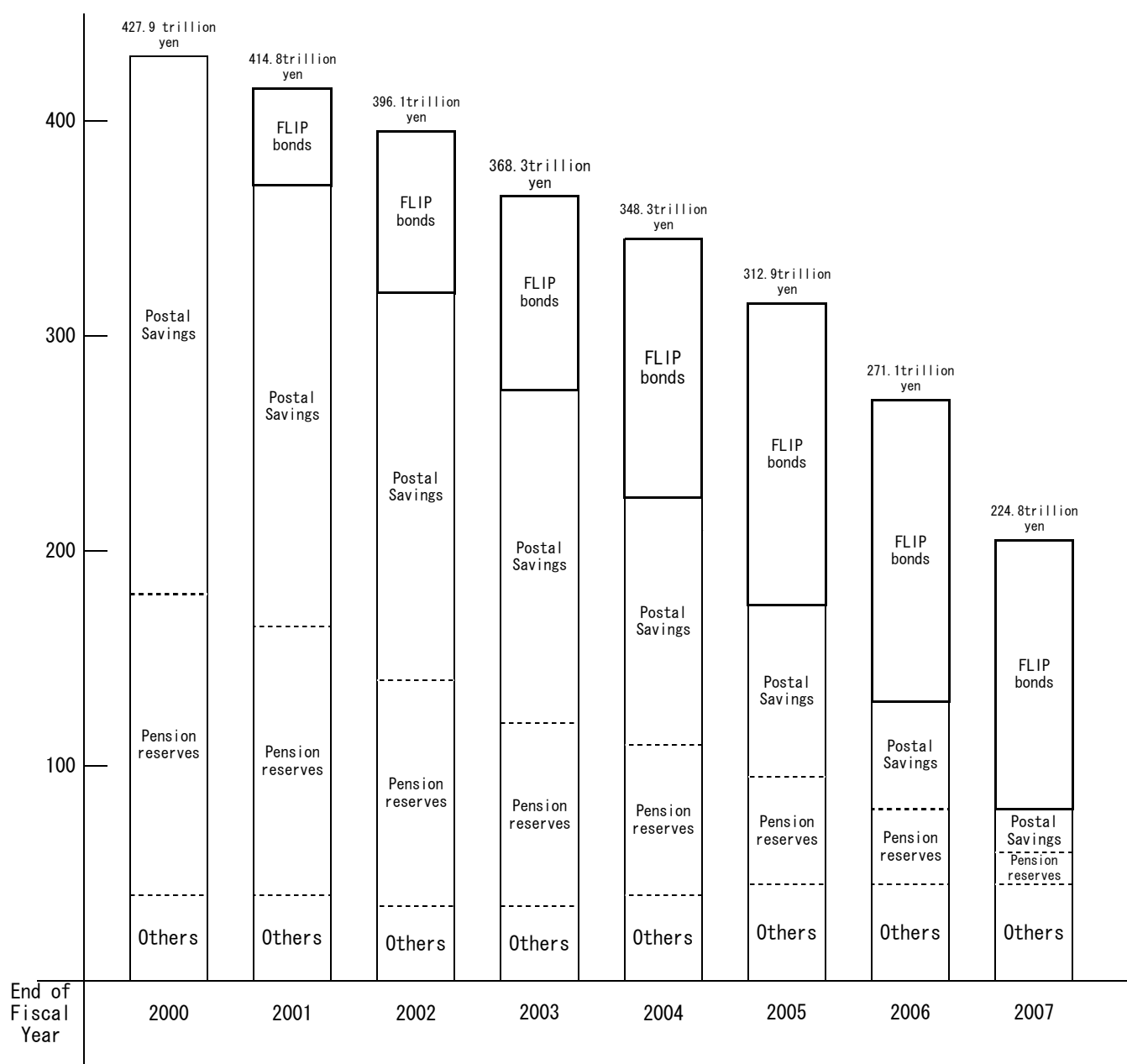
Annex 3

Changes in the Outstanding Amount of the FILP Plan Balance



Annex 4

Changes in the Outstanding Amount of Deposits to the Fiscal Loan Fund



(Reference)

(in trillions of yen)

	End of FY 2000	End of FY 2001	End of FY 2002	End of FY 2003	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007		Total Increase/Decrease (FY 2007-2000)	
	Results	Results	Results	Results	Results	Results	Results	Increase/Decrease	Plan		
FILP Bonds	-	43.8	75.6	91.8	121.6	139.4	138.9	Δ 0.4	141.6	2.7	141.6
Deposits	427.9	371.0	320.5	276.4	226.8	173.6	132.2	Δ41.4	83.2	Δ49.0	Δ344.7
Total	427.9	414.8	396.1	368.3	348.3	312.9	271.1	Δ41.9	224.8	Δ46.3	Δ203.1