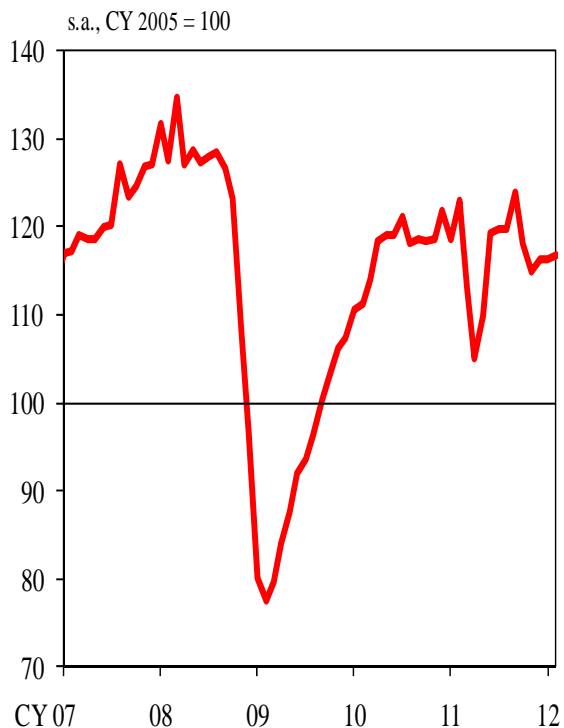
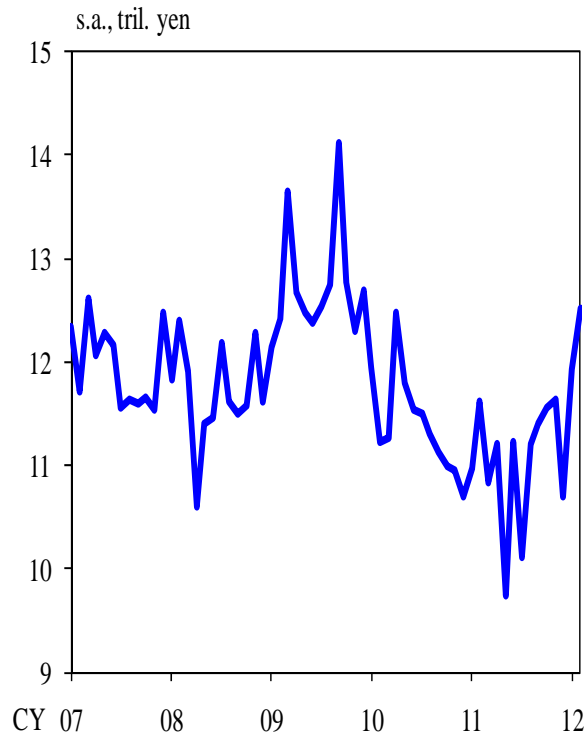


Recent Developments in Japan's Economy

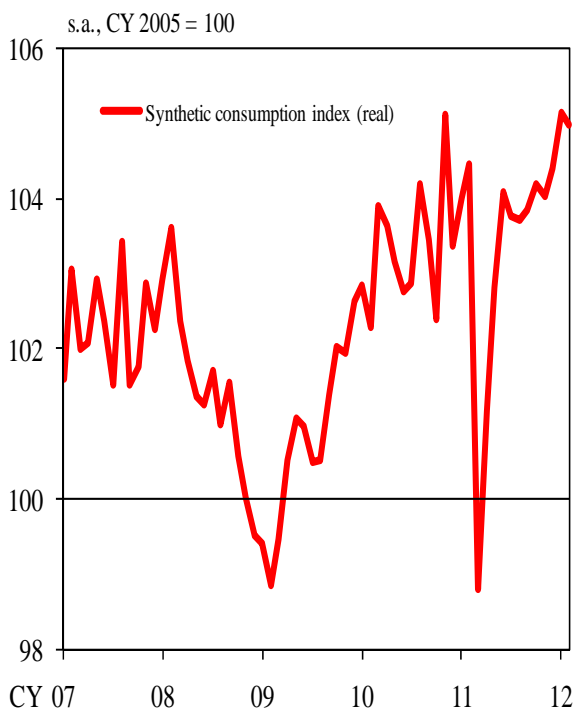
(1) Real Exports



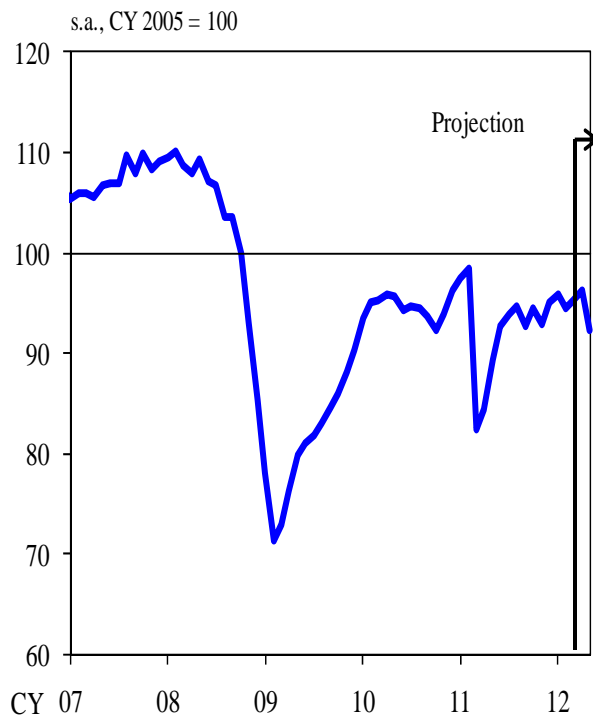
(2) Value of Public Works Contracted



(3) Private Consumption



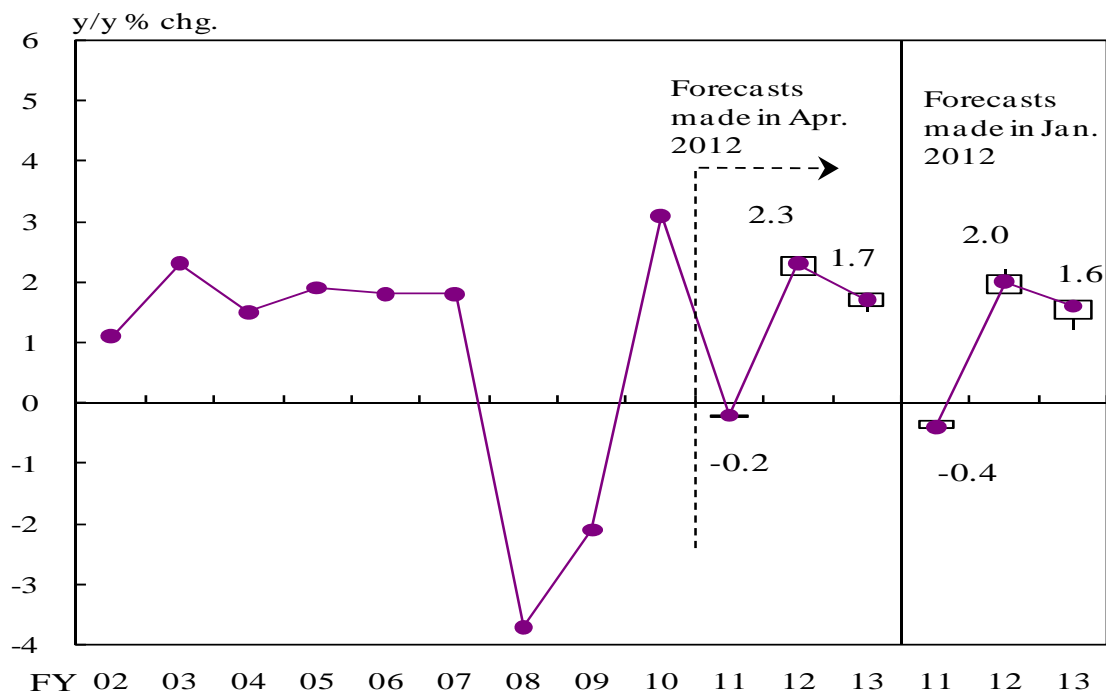
(4) Industrial Production



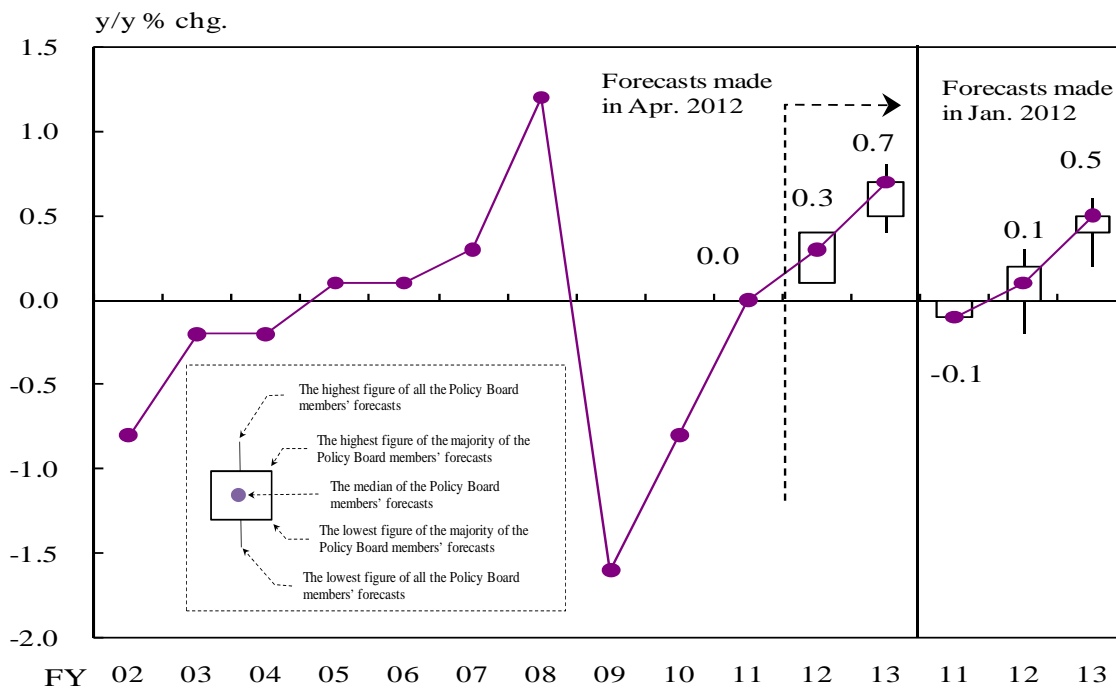
Sources: Cabinet Office; Ministry of Economy, Trade and Industry; East Japan Construction Survey; Bank of Japan.

The Bank of Japan's Economic and Price Forecasts

(1) Real GDP



(2) CPI (all items less fresh food)



Note: The figures for real GDP for fiscal 2011, 2012, 2013, and the CPI (all items less fresh food) for fiscal 2012 and 2013 are the Policy Board members' estimates.

Source: Bank of Japan, "Outlook for Economic Activity and Prices."

The Bank of Japan's Conduct of Monetary Policy

1. Introduction of “the Price Stability Goal in the Medium to Long Term”

- ✓ The inflation rate consistent with price stability sustainable in the medium to long term.
- ✓ A positive range of 2 percent or lower in terms of the year-on-year rate of change in the consumer price index (CPI). A goal of 1 percent is set for the time being.

2. Clarification of the Bank's Determination to Pursue Monetary Easing

- ✓ Aiming at achieving the goal of 1 percent in terms of the year-on-year rate of increase in the CPI.
- ✓ Pursuing powerful monetary easing by conducting the Bank's virtually zero interest rate policy and by implementing the Asset Purchase Program mainly through the purchase of financial assets until the Bank judges that the 1 percent goal is in sight.
 - On condition that the Bank identifies no significant risk to the sustainability of economic growth, including from the accumulation of financial imbalances.

3. Increase in the Asset Purchase Program

- ✓ About 55 trillion yen → about 65 trillion yen (Feb. 2012) → about 70 trillion yen (April 2012)
- In addition to purchases under the Program, the Bank regularly purchases Japanese government bonds at the pace of 21.6 trillion yen per year.

Enhancement of Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth

The Bank decided to substantially enhance the fund-provisioning measure to support strengthening the foundations for economic growth both in terms of the yen and a foreign currency.

Provision of funds to financial institutions, equivalent to the actual amount of lending and investment carried out with a view to strengthening the foundations for economic growth, over a long term (maximum duration of four years) and at a low rate (currently 0.1 percent)

1. Main Rules

- ✓ 3.0 trillion yen ⇒ 3.5 trillion yen (eligible investments and loans: 10 million yen or more)

2. Special Rules for Small-Lot Investments and Loans

- ✓ 0.5 trillion yen newly added (eligible investments and loans: 1 million yen or more but less than 10 million yen)

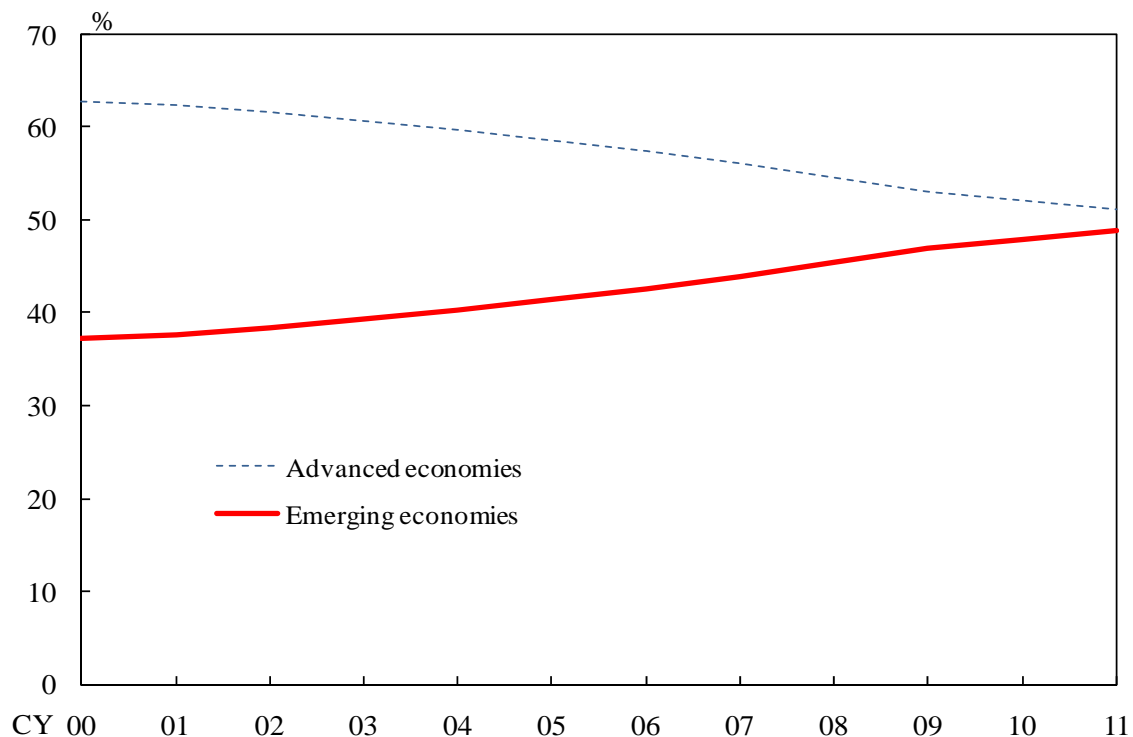
3. Special Rules for a New U.S. Dollar Lending Arrangement (April 2012)

- ✓ 1.0 trillion yen (12 billion U.S. dollars) newly added (eligible investments and loans: denominated in foreign currencies)

With special rules for asset-based lending (ABL) (eligible investments and loans: equity investments and ABL), the total amount is 5.5 trillion yen. The deadline for applications for new loans is March 2014.

Chart 5

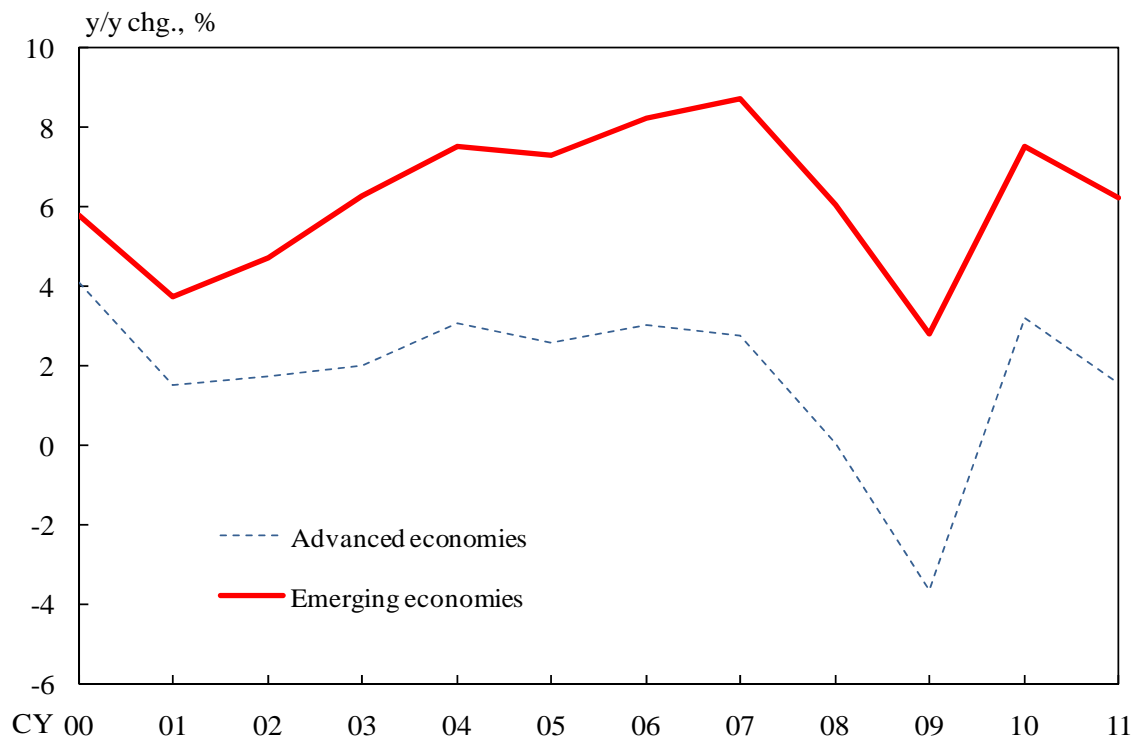
Share of Global GDP



Source: IMF, "World Economic Outlook."

Chart 6

GDP Growth Rates



Source: IMF, "World Economic Outlook."

Chart 7

Fiscal Balance

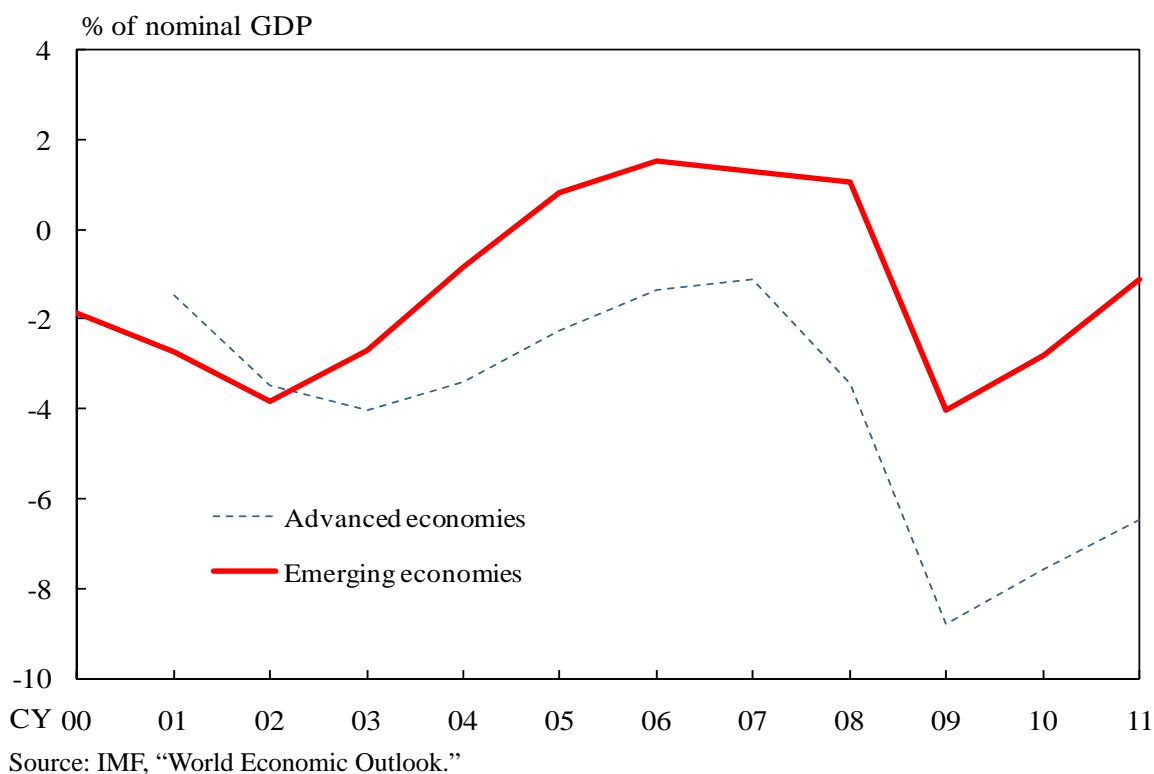
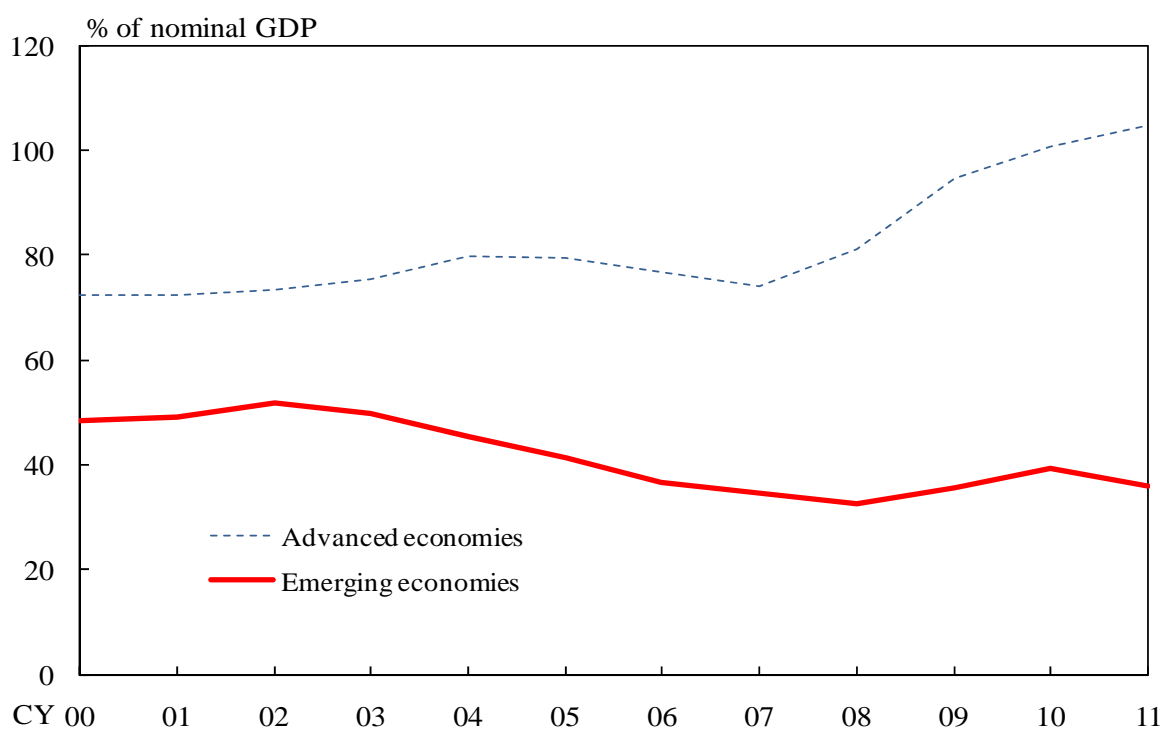
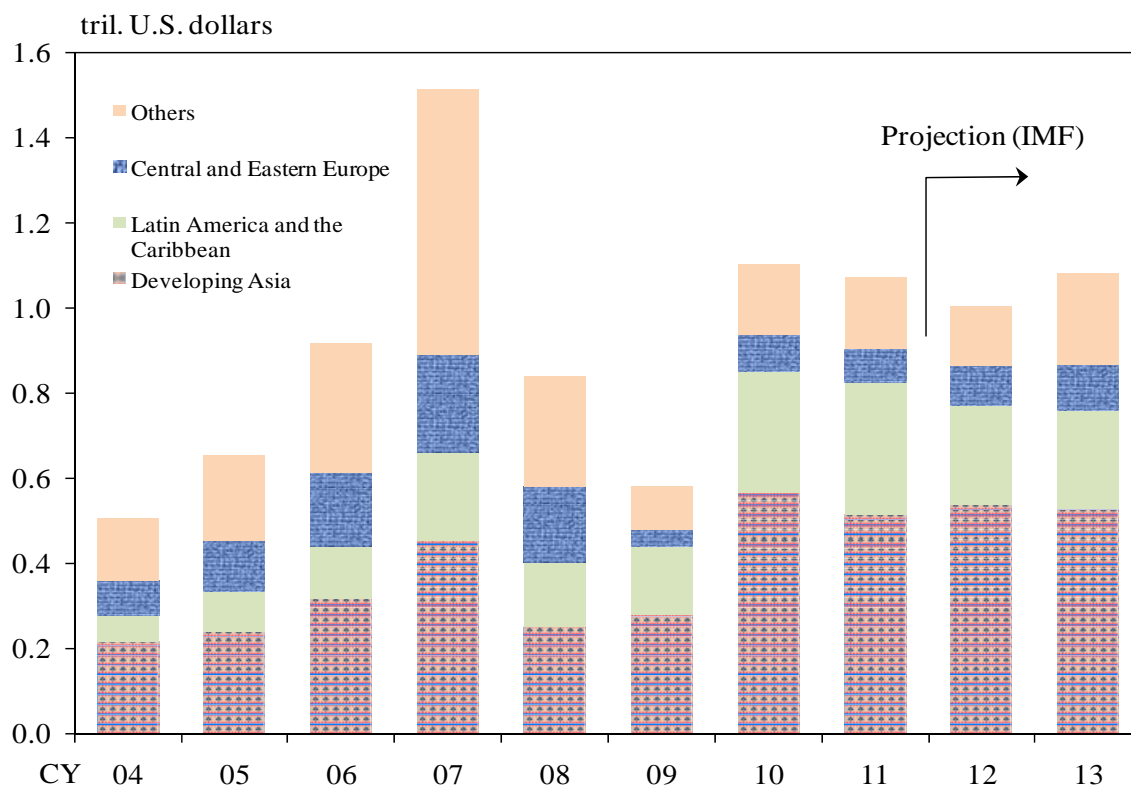


Chart 8

Government Debt



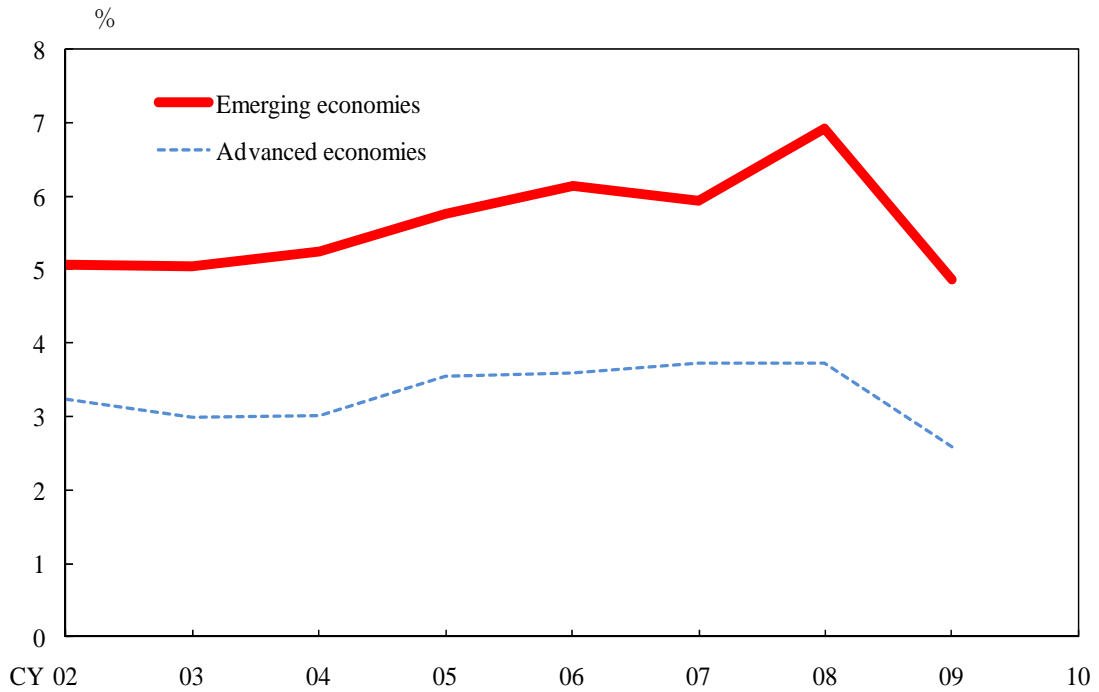
Net Financial Flows of Emerging Economies



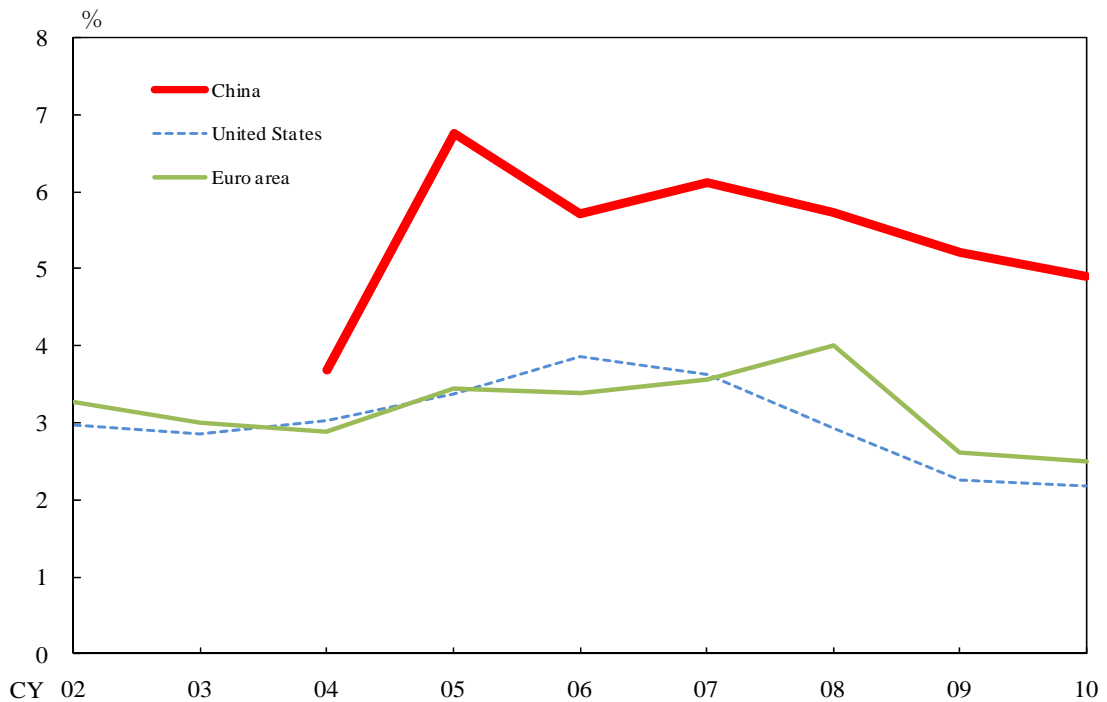
Source: IMF, "World Economic Outlook."

Rates of Return

(1) Advanced Economies and Emerging Economies



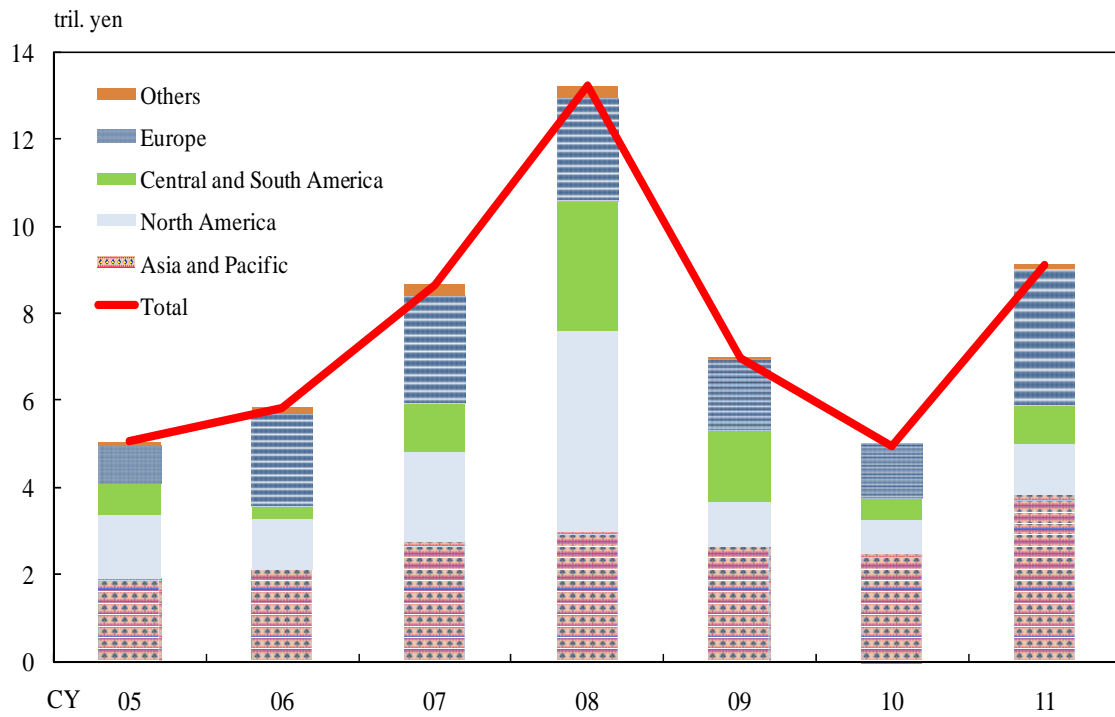
(2) Major Economies



Note: Rate of return = financial outflows/external liabilities

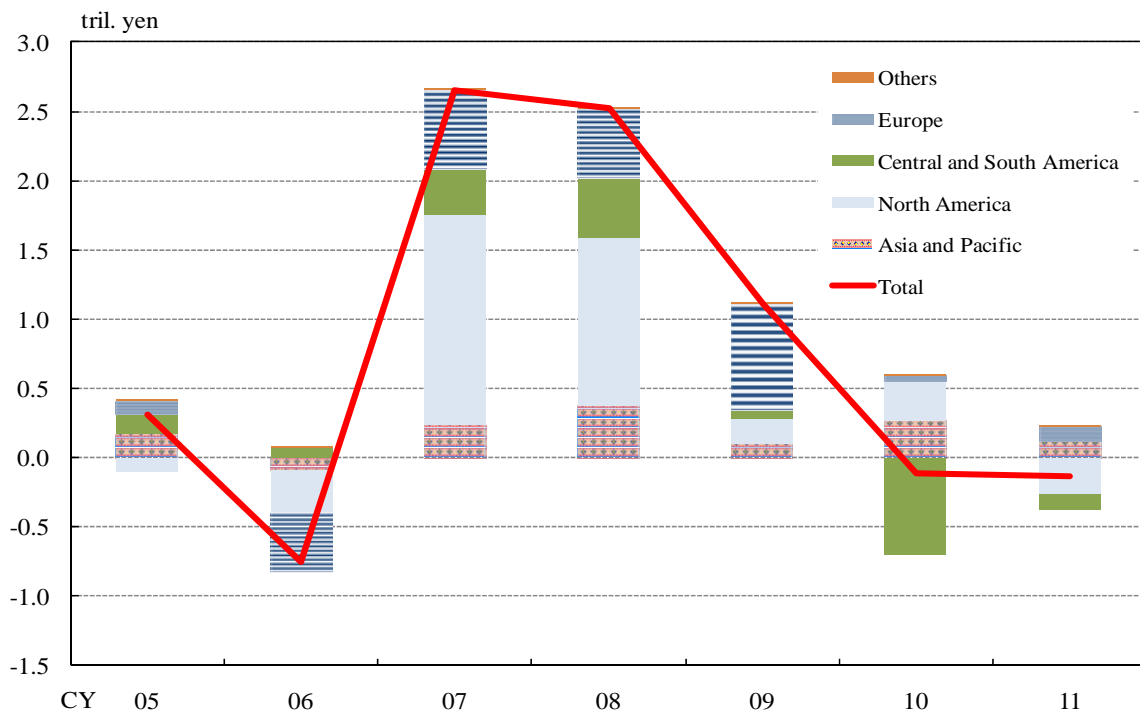
Source: IMF, "International Financial Statistics."

Japan's Direct Investment Abroad



Source: Ministry of Finance, "Balance of Payments."

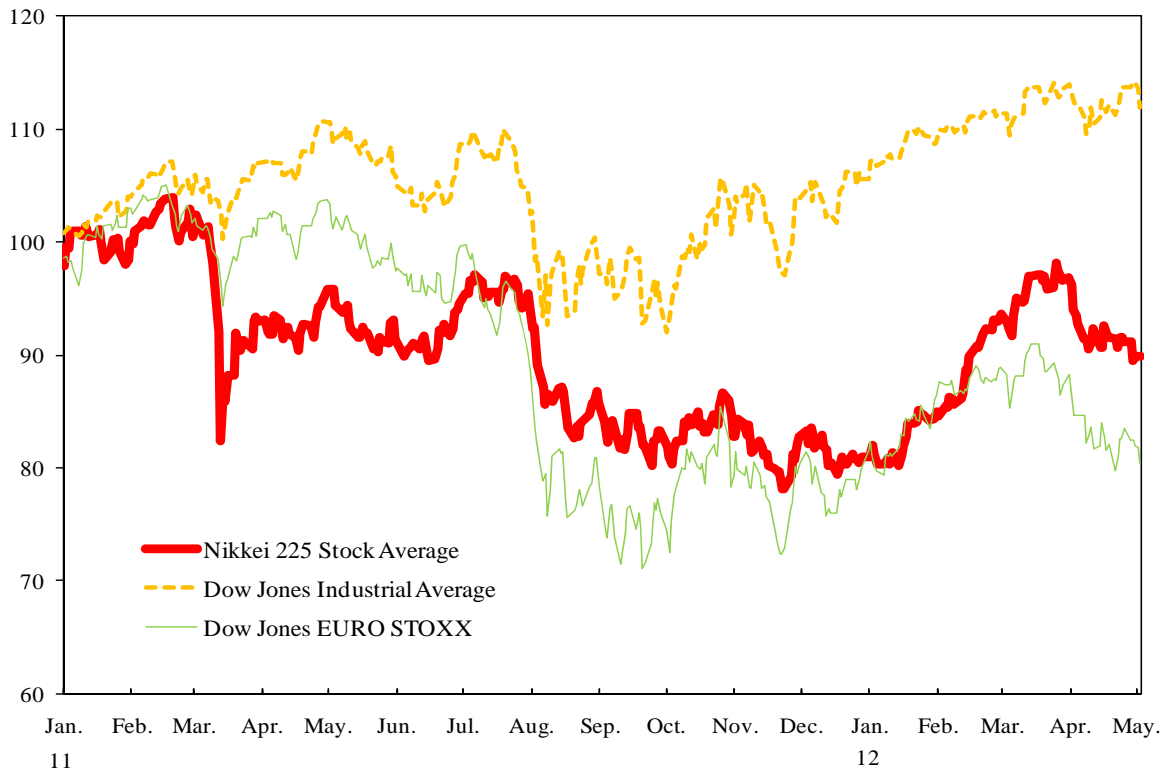
Direct Investment in Japan



Source: Ministry of Finance, "Balance of Payments."

Stock Prices

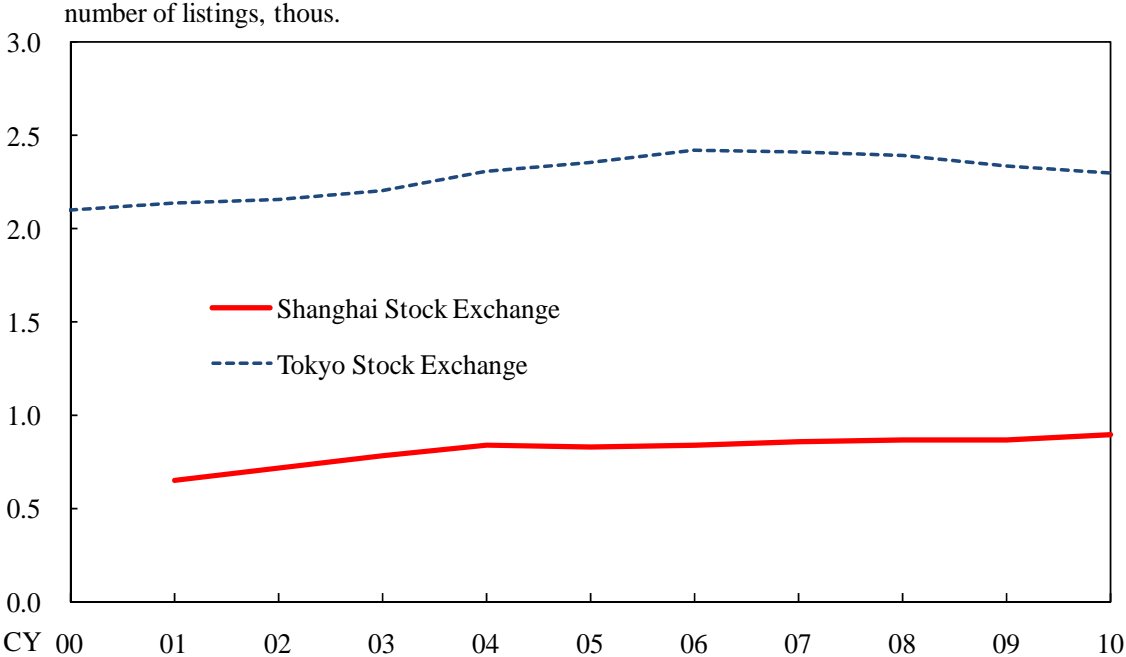
Jan. 2011 = 100



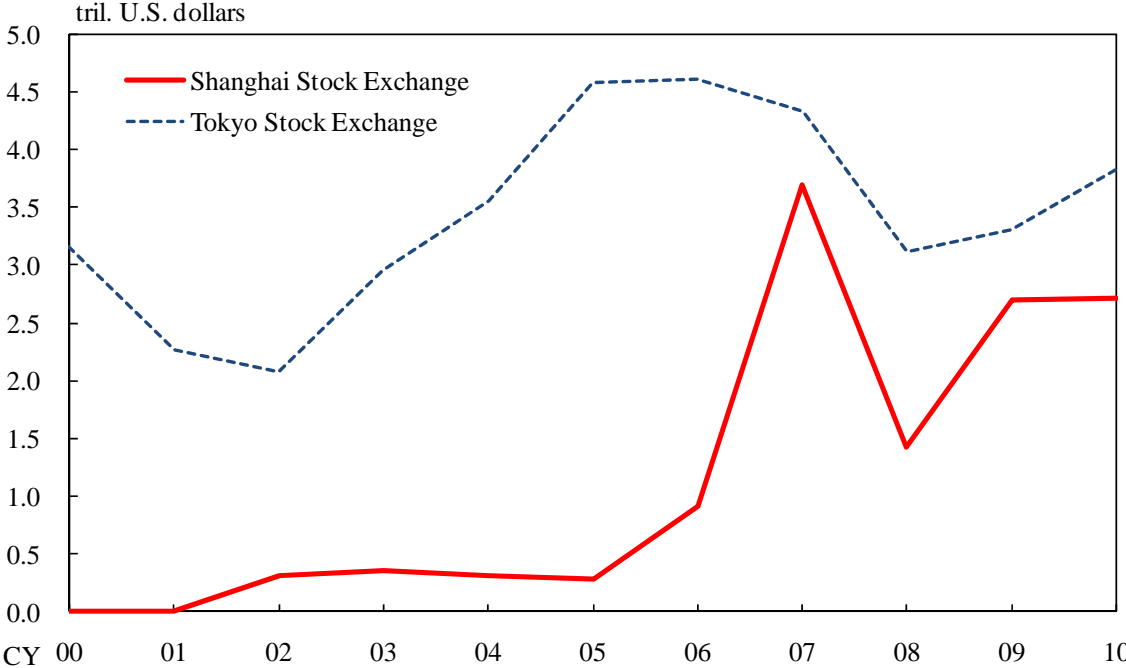
Source: Bloomberg.

Stock Exchange Listings and Market Capitalization

(1) Number of Companies Listed



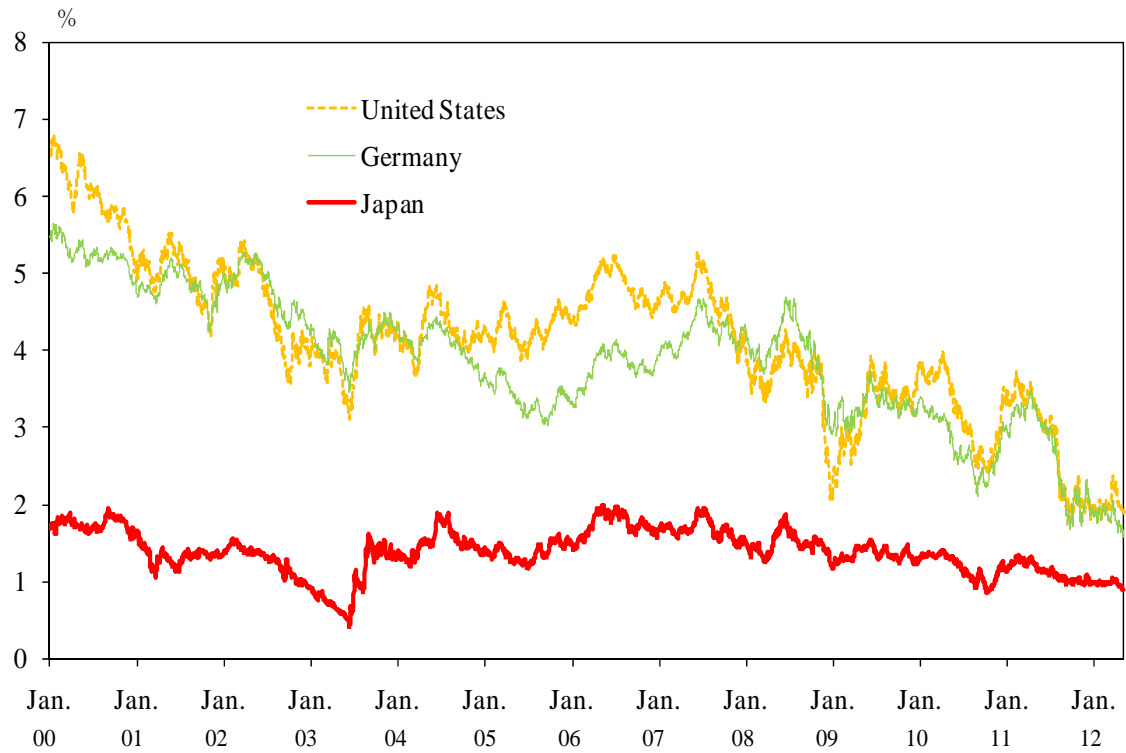
(2) Market Capitalization



Note: The data are as of the year-end.

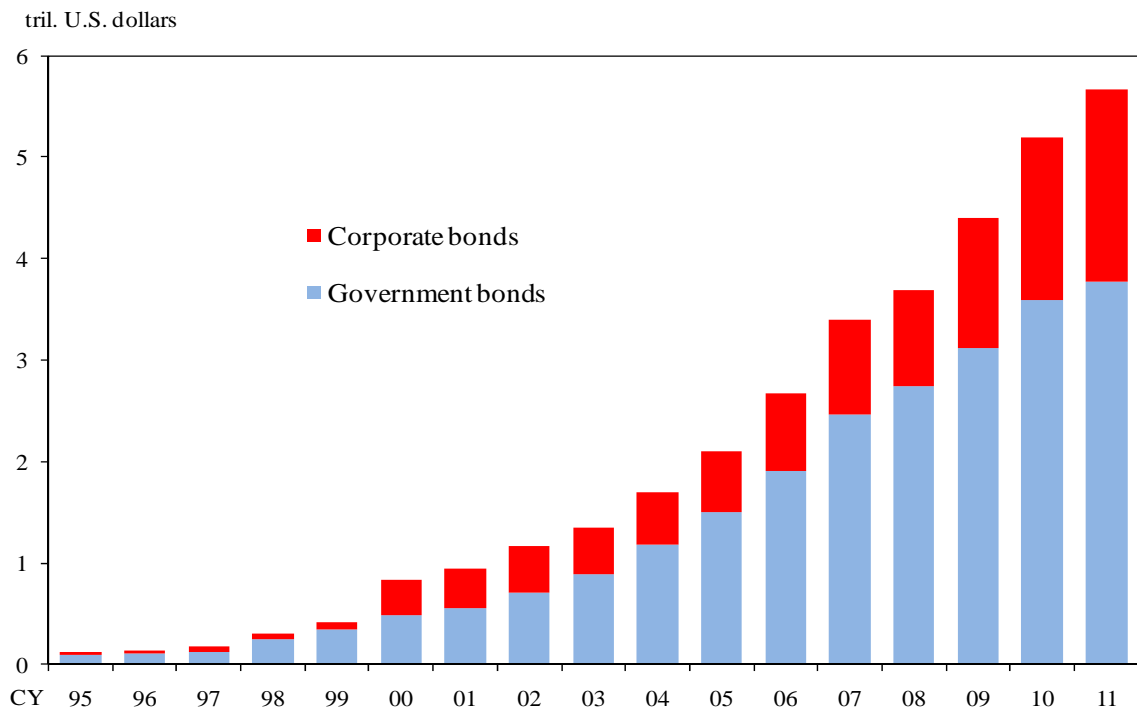
Source: World Federation of Exchanges.

Long-Term Interest Rates



Source: Bloomberg.

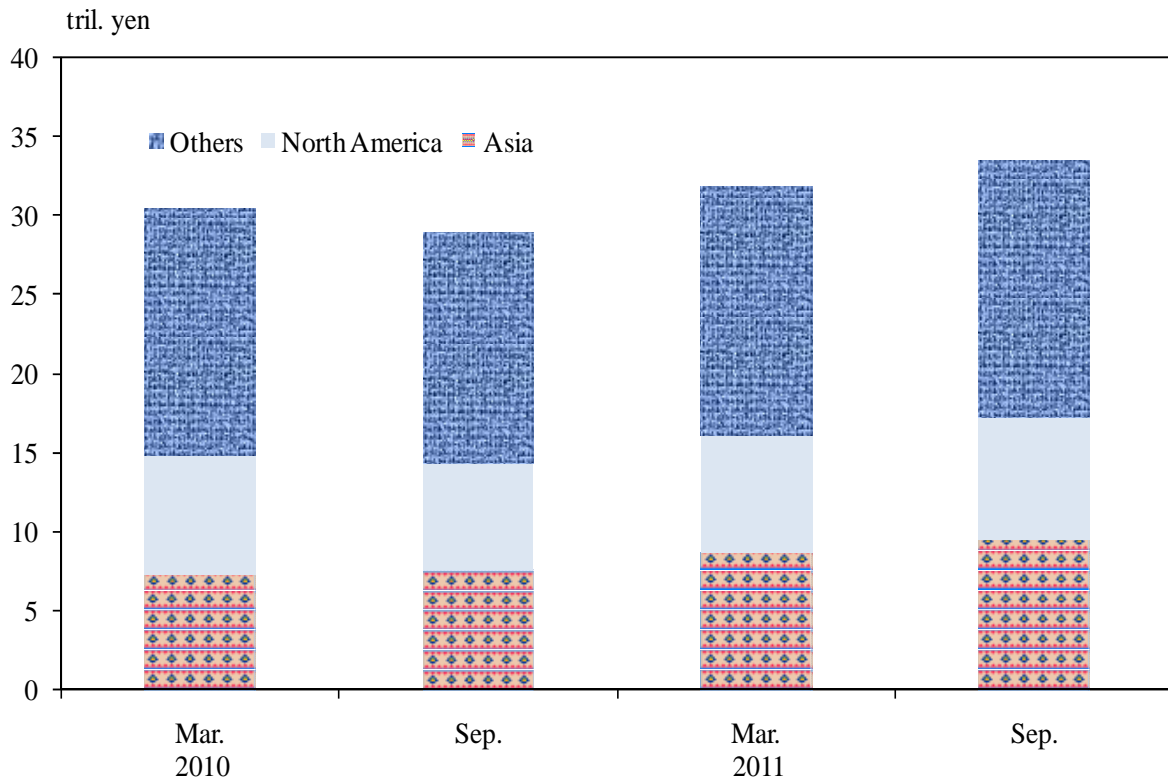
Outstanding Amount of Local Currency Bonds in Asia



Note: The data are as of the year-end.

Source: Asian Development Bank.

Overseas Loans of the Major Japanese Banks



Notes: 1. Figures are the sum of the three major financial groups (non-consolidated basis).

2. The data are as of the month-end.

Sources: Published accounts of each group.