

**Issuance Conditions of the Bonds Pertaining to
the Initial Listing Application**

Japan Finance Organization for Municipalities

**ISSUANCE CONDITIONS OF THE BONDS PERTAINING TO
THE INITIAL LISTING APPLICATION**

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| Type of Information: | Issuance Conditions of the Bonds Pertaining to the Initial Listing Application |
| Date of Announcement: | 15 May 2020 |
| Issuer Name: | Japan Finance Organization for Municipalities |
| Name and Title of Representative: | Kinya Takino, President and Chief Executive Officer |
| Address of Head Office: | Shisei Kaikan 1-3, Hibiya Koen Chiyoda-ku, Tokyo 100-0012 Japan |
| Telephone: | +81-3-3539-2697 |
| Contact Person: | Yuko Ibaraki, Manager, Finance, Finance Department |
| Type of Securities: | Unsecured and unsubordinated notes |
| Total Issuance Value of Securities: | U.S.\$1,500,000,000 |
| Contents of Programme Information: | |
| Date of Announcement: | 31 January 2020 |
| Scheduled Issuance Period: | 3 February 2020 to 2 February 2021 |
| Maximum Outstanding Issuance Amount: | ¥3,000,000,000,000 |
| Matters related to Financial Instruments Exchange Market, etc.: | Not Applicable |
| Address of Website for Announcement: | https://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html |
| Status of Submission of Annual Securities Reports: | Not Applicable |
| Names of the Joint Lead Managers (the " Joint Lead Managers "): | Barclays Bank PLC Citigroup Global Markets Limited Morgan Stanley & Co. International plc Nomura International plc |

Notes to Investors:

1. TOKYO PRO-BOND Market is a market principally for professional investors and bonds listed on the market ("**TOKYO PRO-BOND Market Listed Bonds**") may involve high risk. Investors should act with responsibility and be aware of the listing qualification, timely disclosure requirements that apply to issuers of TOKYO PRO-BOND Market Listed Bonds and associated risks such as the fluctuation in market prices. Prospective investors should make an investment judgement only after having carefully considered the contents of these Issuance Conditions of the Bonds Pertaining to the Initial Listing Application.
2. The regulatory framework for TOKYO PRO-BOND Market is different in certain fundamental respects from the regulatory framework applicable to existing exchange markets in Japan. Investors should be aware of the rules and regulations of the TOKYO PRO-BOND Market, which are available on the website of Tokyo Stock Exchange, Inc.
3. The notes issued pursuant to these Issuance Conditions of the Bonds Pertaining to the Initial Listing Application fall within disclosure exempt securities under Article 3, item 2 of the Financial

Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "FIEA"), and as such, no "specified securities information" (*tokutei shouken jouhou*) specified in Article 27-31, Paragraph 1 of the FIEA is required to be delivered or made public in respect of the offering of such notes in Japan under the FIEA. These Issuance Conditions of the Bonds Pertaining to the Initial Listing Application therefore do not comprise a "specified securities information" (*tokutei shouken jouhou*) specified in Article 27-31, Paragraph 1 of the FIEA or any amendment thereto specified in Article 27-31, Paragraph 4 of the FIEA.

4. The Tokyo Stock Exchange, Inc. does not make any representations or warranties with regard to any part of these Issuance Conditions of the Bonds Pertaining to the Initial Listing Application (including, but not limited to, whether these Issuance Conditions of the Bonds Pertaining to the Initial Listing Application (a) contain a false statement on important matters or (b) lack a statement on: (i) important matters that should be stated or (ii) a material fact that is necessary for avoiding misunderstanding), and will not be liable to any damages or any other liabilities.
5. These Issuance Conditions of the Bonds Pertaining to the Initial Listing Application have been prepared solely by, and is the sole responsibility of, the Issuer, and its contents have not been independently verified by the Joint Lead Managers. To the fullest extent permitted by law, none of the Joint Lead Managers accepts any responsibility for the contents of these Issuance Conditions of the Bonds Pertaining to the Initial Listing Application or for any other statement, made or purported to be made by any Joint Lead Manager or on its behalf in connection with the Issuer or the issue and offering of the notes described herein. The Joint Lead Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of these Issuance Conditions of the Bonds Pertaining to the Initial Listing Application or any such statement.

14 May 2020

FINAL TERMS

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation.

MIFID II product governance / Professional investors and ECPs only target market: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), JFM has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

Japan Finance Organization for Municipalities
Issue of Series 73
U.S.\$1,500,000,000
1.000 per cent. Notes due 2025
under the ¥3,000,000,000,000
Global Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for JFM or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 1 August 2019 and the supplement to it dated 19 December 2019 (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Base Prospectus. In order to get the full information on JFM and the offer of the Notes, both the Base Prospectus and this Final Terms must be read in conjunction. The Base Prospectus is available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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| 1. | (i) | Series Number: | 73 |
| | (ii) | Tranche Number: | 1 |

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| (iii) Date on which the Notes become fungible: | Not Applicable |
| 2. Specified Currency or Currencies: | U.S. Dollars ("U.S.\$") |
| 3. Aggregate Nominal Amount: | U.S.\$1,500,000,000 |
| (i) Series: | U.S.\$1,500,000,000 |
| (ii) Tranche: | U.S.\$1,500,000,000 |
| 4. Issue Price: | 99.888 per cent. of the Aggregate Nominal Amount plus accrued interest, if any, from 21 May 2020 |
| 5. (i) Specified Denominations: | U.S.\$200,000 and integral multiples of U.S.\$2,000 in excess thereof |
| (ii) Calculation Amount: | U.S.\$2,000 |
| 6. (i) Issue Date: | 21 May 2020 |
| (ii) Interest Commencement Date: | Issue Date |
| 7. Maturity Date: | 21 May 2025 |
| 8. Interest Basis: | 1.000 per cent. Fixed Rate |
| 9. Redemption Basis: | Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount |
| 10. Put/Call Options: | Not Applicable |
| 11. Date President's approval for issuance of Notes obtained: | 14 May 2020 |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 12. Fixed Rate Note Provisions: | Applicable |
| (i) Rate of Interest: | 1.000 per cent. per annum payable semi-annually in arrear on each Interest Payment Date |
| (ii) Interest Payment Date(s): | 21 May and 21 November in each year subject to the Following Business Day Convention (Unadjusted) with Additional Business Centre being Tokyo |
| (iii) Fixed Coupon Amount: | U.S.\$10.00 per Calculation Amount |
| (iv) Broken Amount(s): | Not Applicable |
| (v) Day Count Fraction: | 30/360 |
| (vi) Determination Dates: | Not Applicable |
| 13. Floating Rate Note Provisions: | Not Applicable |
| 14. Zero Coupon Note Provisions: | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

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| 15. Call Option: | Not Applicable |
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| 16. | Put Option: | Not Applicable |
| 17. | Final Redemption Amount of each Note: | U.S.\$2,000 per Calculation Amount |
| 18. | Early Redemption Amount | Par (being U.S.\$2,000 per Calculation Amount) |
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 19. | Form of Notes: | Registered Notes, evidenced by: <ul style="list-style-type: none"> <li style="margin-left: 2em;">(i) In the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S, Unrestricted Global Registered Note; and <li style="margin-left: 2em;">(ii) In the case of Registered Notes sold in the United States to QIBs in reliance on Rule 144A, Restricted Global Registered Note(s), <p style="margin-left: 4em;">exchangeable in each case for Individual Note Certificates in the limited circumstances described in the relevant Global Registered Note. Each Note evidenced by an Unrestricted Global Registered Note will be registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the Unrestricted Global Registered Note will be deposited on or about the Issue Date with the common depository. Each Note evidenced by a Restricted Global Registered Note will be registered in the name of Cede & Co. as nominee for DTC and the Restricted Global Registered Note(s) will be deposited on or about the Issue Date with the DTC Custodian.</p> |
| 20. | New Global Note: | No |
| 21. | Additional Financial Centre(s): | London and Tokyo |
| 22. | Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): | No |
| 23. | Reserved Matters Quorum: | 100 per cent. Quorum |

LISTING AND ADMISSION TO TRADING APPLICATION

This Final Terms comprises the final terms required to have the Notes admitted to the Official List of the Luxembourg Stock Exchange and admitted to trading to the Euro MTF Market of the Luxembourg Stock Exchange pursuant to JFM's Medium Term Note Programme.

Signed on behalf of Japan Finance Organization for Municipalities:

By: 黒田夏子
Duly authorised

Date: 14 May 2020

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING** Application has been made for the Notes to be admitted to listing on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange. Application has been made for the Notes to be listed and admitted to trading on the TOKYO PRO-BOND Market of the Tokyo Stock Exchange with effect from the first business day in Tokyo following the Issue Date.
2. **RATINGS**

Ratings: The Notes to be issued are expected to be rated:

S&P: A+
Moody's: A1
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Save as discussed in "Subscription and Sale", so far as JFM is aware, no person involved in the offer of the Notes has an interest material to the offer.
4. **TOTAL EXPENSES**

Estimated total expenses: Estimated total expenses related to admission to trading is EUR6,000
5. **YIELD**

Indication of yield: Calculated as 1.023 per cent. on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
6. **OPERATIONAL INFORMATION**

ISIN: Restricted Global Registered Note(s): US471068AR76
Unrestricted Global Registered Note: XS2176713613

Common Code: Restricted Global Registered Note(s): 217747961
Unrestricted Global Registered Note: 217671361

FISN: Restricted Global Registered Note(s):
JAPAN FIN ORGAN/NT 2025 UNSEC 144A
Unrestricted Global Registered Note:
JAPAN FINANCE O/1EMTN 20250521

CFI Code: Restricted Global Registered Note(s): DBFUGR
Unrestricted Global Registered Note: DTFNFB

CUSIP: Restricted Global Registered Note(s): 471068 AR7

Legal Entity Identifier 5493007YYYNZ4NMEOD64

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and/or DTC and the relevant identification number(s): Not Applicable

Names and addresses of additional Paying Agent(s) (if any): MUFG Bank, Ltd., London Branch
Ropemaker Place
25 Ropemaker Street
London EC2Y 9AN

Intended to be held in a manner which would allow Eurosystem eligibility: No.

7. **DISTRIBUTION**

(i) Method of distribution: Syndicated

(ii) If syndicated:

(A) Names of Managers: Barclays Bank PLC
Citigroup Global Markets Limited
Morgan Stanley & Co. International plc
Nomura International plc

(B) Date of Subscription Agreement: 14 May 2020

(C) Stabilising Managers (if any): Nomura International plc

(iii) If non-syndicated, name of Dealer: Not Applicable

(iv) Indication of the overall amount of the underwriting commission and of the placing commission: 0.125 per cent. of the Aggregate Nominal Amount

(v) U.S. Selling Restrictions (Categories of potential investors to which the Notes are offered): Reg. S Compliance Category 2; TEFRA not applicable ; 144A

APPENDIX
ADDITIONAL RISK FACTORS

Additional Risks Relating to JFM

The worldwide economic effects of the spread of COVID-19 could adversely affect JFM's business, results of operations and financial condition.

The ongoing and widespread outbreak of the 2019 Novel Coronavirus ("COVID-19"), which was declared by The World Health Organization as a public health emergency of international concern on January 30, 2020 and characterized as a pandemic on March 11, 2020, has significantly and adversely affected economic systems, global supply chains, and financial markets worldwide, causing diminished investment sentiment, sporadic volatility in global capital markets and a precipitous decline of value in stock markets around the globe. Governments around the world, including the Japanese government, are making efforts to contain the COVID-19 outbreak. In Japan, for example, on April 7, 2020, Prime Minister Shinzo Abe initially declared a state of emergency in relation to COVID-19 for seven prefectures, including Tokyo and Osaka, which, among other things, enabled those local governments to request school and business closures and encourage residents to stay at home except for essential tasks. The state of emergency was subsequently extended to apply nationwide on April 16, 2020 and has not ended as of the date of this Final Terms. Despite the various measures undertaken by governments, the global economy has experienced, and continues to experience, severe adverse consequences. In particular, the travel, tourism, hospitality, food service and retail industries around the world, including in Japan, are experiencing immediate, direct and adverse impact due to a significant reduction in travel, daily movement and large gatherings of people (through border closures and other voluntary and involuntary containment measures) as well as prolonged closures of workplaces and public buildings in an effort to mitigate the further spread of COVID-19. These developments have also contributed to significant volatility in global financial, foreign exchange, commodity and energy markets, including major fluctuations of the yen against the U.S. dollar. According to preliminary economic reports published by the Cabinet Office of Japan for March and April 2020, the Japanese economy is in an "extremely severe situation" due to COVID-19, citing decreases in private consumption, exports, industrial production, corporate profits and firms' business sentiment. Governments and central banks around the world, including the Bank of Japan are in the process of taking, or are considering taking, significant financial stimulus measures, including but not limited to delaying, reducing or eliminating tax payments, increasing purchases of securities and undertaking other forms of direct fiscal support or public subsidies for businesses and/or individuals, in an effort to mitigate the adverse effects of the COVID-19 outbreak. However, it is as of yet unclear whether or when any of these measures will have the intended effects of mitigating the adverse impact of COVID-19. In the medium to long term, if the spread of COVID-19 is not contained, adverse effects on the economies and financial markets of Japan and of many other countries may transform into a prolonged economic downturn or global economic or financial crisis or recession. Japan's economy had already been showing signs of a slowdown prior to the COVID-19 outbreak in January/February 2020, with nominal GDP declining for the three months ended 31 December 2019 compared to the previous quarter. If there is a sustained material deterioration in financial markets or economic conditions as a result of these events or developments, particularly in Japan, the national government policy with respect to JFM or the local governments to which JFM regularly lends may change and such change may adversely affect JFM's business, results of operations and financial condition. In addition, JFM could experience a deterioration in the credit quality of its loan portfolio and a related increase in its credit costs, as well as an increase in funding costs, which could adversely affect its results of operations and financial condition. Any of these factors could have a material adverse effect on JFM's business, results of operations and financial condition.