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JFC's (JBIC) US\$3 Billion Guaranteed Global Bonds Rated 'AA'

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SINGAPORE (Standard & Poor's) Oct. 28, 2009--Standard & Poor's Ratings Services said today it has assigned its 'AA' long-term foreign currency debt rating to the US\$3 billion, 2.125%, Series 2 bond, due Nov. 5, 2012, launched by Japan Bank for International Cooperation (JBIC), the international arm of Japan Finance Corp. (JFC; AA/Stable/A-1+). The bond carries the irrevocable and unconditional guarantee of the government of Japan.

"Standard & Poor's issuer credit ratings on JBIC are based on its public-policy role as the primary governmental financial institution that extends financial facilities to promote and support the Japanese government's external policy objectives," said Standard & Poor's credit analyst Takahira Ogawa. "The bank is an integral part of the government's overall mechanism for advancing Japan's relations with foreign countries." JBIC is now one of seven accounts administered by JFC.

Standard & Poor's equalizes its ratings on JFC with the sovereign ratings on Japan (AA/Stable/A-1+) as it takes into account the bank's robust policy role and the strong direct government support that it receives. This support includes capital contributions, low-cost funding from the Fiscal Investment and Loan Program, guarantees for debt issuance, and managerial support. In addition, the Japanese government (the bank's main creditor) has subordinated its lending to JFC to below the corporation's bonds.

JFC was established on Oct. 1, 2008, through the merger of National Life Finance Corporation (NLFC); the Japan Finance Corporation of Small and Medium

Enterprises (JASME); the Agriculture, Forestry, and Fisheries Finance Corporation of Japan (AFC); and the international financial operations of the Japan Bank for International Cooperation (JBIC). This was the result of the government's public financial institution restructuring, following a cabinet decision in 2005.

The JFC Law stipulates that each of the seven accounts is to be administered separately. There will be no transfer of funds internally among these accounts.

The outlook on the issuer credit ratings on JFC reflects that on the long-term sovereign credit ratings on Japan. This is due to the clearer public-policy role that will be achieved through the formation of JFC. "Though unlikely, if the government changes its policy and reduces the public policy role of JFC and withdraws some of its support to the corporation, the ratings on JFC will be reviewed based on the strength of its remaining policy role and government support," Mr. Ogawa said.

A Japanese-language version of this media release is available on Standard & Poor's Research Online at www.researchonline.jp, or via CreditWire Japan on Bloomberg Professional at SPCJ <GO>. Complete ratings information is available to RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Ratings in the left navigation bar, select Find a Rating.

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