Preface

1 About “Debt Management Report” ................................................................. 2
2 What is Debt Management Policy? ................................................................. 3
   (1) Overview .................................................................................................. 3
   (2) Framework of “Government Funding Activities” ...................................... 4
   (3) Debts with Public Characteristics ......................................................... 5

Column1 JGB Yields .......................................................................................... 7
Column2 Demand for JGBs with negative yields .............................................. 9

I FY2021 Debt Management Policies

1 Trends of JGB Market in FY2020 ................................................................. 12
   (1) Review .................................................................................................. 12
   (2) Investor Trends .................................................................................... 14

2 JGB Issuance Plan for FY2021 ................................................................. 18
   (1) Announcement of JGB Issuance Plan for FY2021 ............................... 18
   (2) Overview of Discussions at Various Panels ......................................... 18
   (3) Scheduled Issuance Amount of JGBs .................................................. 19
   (4) JGB Issuance Plan Based on Market Trends and Needs ...................... 22

Column3 Increases in FY2020 JGB Issuance and Future Outlook .......... 24
Column4 Front-loading Refunding Bonds to level calendar-base market issuance ...... 28

3 Diversification of JGB Investor Base ......................................................... 29
   (1) JGB Holdings by Retail Investors ....................................................... 30
   (2) JGB Holdings by Foreign Investors ..................................................... 32
II Framework of Debt Management

◆ Chapter 1 Government Bonds (JGBs)

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Primary Market for Government Bonds</td>
<td>38</td>
</tr>
<tr>
<td>(1)</td>
<td>JGBs by Legal Grounds of Issuance</td>
<td>38</td>
</tr>
<tr>
<td>(2)</td>
<td>Types of JGBs</td>
<td>41</td>
</tr>
<tr>
<td>(3)</td>
<td>Methods of Issuance</td>
<td>43</td>
</tr>
<tr>
<td>(4)</td>
<td>JGB Market Special Participants Scheme</td>
<td>48</td>
</tr>
<tr>
<td>(5)</td>
<td>Government Bond Administration</td>
<td>50</td>
</tr>
<tr>
<td>Column5</td>
<td>Debt Management Policies in Foreign Countries</td>
<td>53</td>
</tr>
<tr>
<td>2</td>
<td>Secondary Market for Government Bonds</td>
<td>64</td>
</tr>
<tr>
<td>(1)</td>
<td>JGB Market Liquidity Maintenance and Enhancement</td>
<td>64</td>
</tr>
<tr>
<td>(2)</td>
<td>OTC Transactions and Transactions on the Stock Exchange</td>
<td>64</td>
</tr>
<tr>
<td>(3)</td>
<td>Improvements to the JGB Transaction Settlement System</td>
<td>66</td>
</tr>
<tr>
<td>(4)</td>
<td>WI Transaction</td>
<td>68</td>
</tr>
<tr>
<td>(5)</td>
<td>Bond Gensaki and Bond-Lending Transactions</td>
<td>69</td>
</tr>
<tr>
<td>(6)</td>
<td>STRIPS</td>
<td>73</td>
</tr>
<tr>
<td>(7)</td>
<td>JGB Futures Trading</td>
<td>74</td>
</tr>
<tr>
<td>Column6</td>
<td>Investors in JGB futures</td>
<td>76</td>
</tr>
<tr>
<td>3</td>
<td>Debt Management Systems</td>
<td>79</td>
</tr>
<tr>
<td>(1)</td>
<td>Redemption System</td>
<td>79</td>
</tr>
<tr>
<td>(2)</td>
<td>Liquidity Enhancement Auctions</td>
<td>86</td>
</tr>
<tr>
<td>(3)</td>
<td>Buy-back Program</td>
<td>87</td>
</tr>
<tr>
<td>(4)</td>
<td>Interest Rate Swap Transaction</td>
<td>90</td>
</tr>
<tr>
<td>(5)</td>
<td>Dialogue with Market Participants</td>
<td>90</td>
</tr>
<tr>
<td>Column7</td>
<td>Debt management authorities’ business operations under COVID-19</td>
<td>92</td>
</tr>
<tr>
<td>4</td>
<td>Taxation of Government Bonds</td>
<td>93</td>
</tr>
<tr>
<td>(1)</td>
<td>Individuals (Residents)</td>
<td>93</td>
</tr>
<tr>
<td>(2)</td>
<td>Domestic Corporations</td>
<td>94</td>
</tr>
<tr>
<td>(3)</td>
<td>Nonresident Individuals and Foreign Corporations</td>
<td>95</td>
</tr>
<tr>
<td>(4)</td>
<td>Tax Exemption Scheme for Nonresident Individuals and Foreign Corporations</td>
<td>95</td>
</tr>
<tr>
<td>Column8</td>
<td>Response to digitalization of JGB-related procedures</td>
<td>98</td>
</tr>
</tbody>
</table>

◆ Chapter 2 Financing Bills, Borrowings, Government-Guaranteed Debt and Subsidy Bonds

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Financing Bills</td>
<td>99</td>
</tr>
<tr>
<td>(1)</td>
<td>Legal Grounds of Financing Bills</td>
<td>99</td>
</tr>
<tr>
<td>(2)</td>
<td>Status of Financing Bills in the Budget</td>
<td>99</td>
</tr>
<tr>
<td>(3)</td>
<td>Auction Methods, etc.</td>
<td>100</td>
</tr>
<tr>
<td>(4)</td>
<td>Outline of Cash Management of the National Treasury</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Borrowings</td>
<td>101</td>
</tr>
<tr>
<td>(1)</td>
<td>Legal Grounds of Borrowings</td>
<td>101</td>
</tr>
<tr>
<td>(2)</td>
<td>Status of Borrowings in the Budget</td>
<td>101</td>
</tr>
<tr>
<td>(3)</td>
<td>Source of Borrowings</td>
<td>101</td>
</tr>
<tr>
<td>(4)</td>
<td>Borrowings from the Private Sector</td>
<td>102</td>
</tr>
</tbody>
</table>
(5) Borrowing through Public Auction on Private-sector Borrowings .................................. 103

3 Government-Guaranteed Debt .................................................................................. 104
   (1) Legal Ground of Government Guarantee ...................................................... 104
   (2) Features of Government-Guaranteed Debt .................................................. 104
   (3) Treatment in the Budget and Examination Process .................................. 104

4 Subsidy Bonds ........................................................................................................ 107
   (1) Subsidy Bonds (narrowly defined) ............................................................... 107
   (2) Subscription/Contribution Bonds ............................................................... 107
   (3) Others .......................................................................................................... 107

◆ Chapter 3 Other Public Debt

1 Local Government Bonds (LGBs) ........................................................................ 109
   (1) Basic Scheme of LGBs ............................................................................. 109
   (2) LGB Program ............................................................................................ 111

2 Debt of Incorporated Administrative Agencies, etc. ..................................... 113
   (1) Debt of Incorporated Administrative Agencies, etc. .................................. 113
   (2) Financial Conditions of Incorporated Administrative Agencies, etc. ........ 114

◆ Chapter 1 Government Bonds (JGBs)

1 Primary Market for Government Bonds .............................................................. 116
   (1) Issuance Amount of Government Bonds .................................................. 116
   (2) Historical Changes in JGB Market Issuance by JGB Types ..................... 117
   (3) Auction Results for JGBs and T-Bills in FY2020 ....................................... 118
   (4) Issuance Amount of JGBs and T-Bills Offered to the Market at Each Auction .. 121
   (5) Principal/Coupon Payment Corresponding to Days of Issuance in FY2021 ... 122
   (6) Successful Bids Share for JGBs by Investor Type in FY2020 .................... 123
   (7) Issuance of JGBs for Retail Investors ....................................................... 124
   (8) Issuance by the Bank of Japan Rollover .................................................... 125
   (9) Front-Loading Issuance of Refunding Bonds .......................................... 125
   (10) List of Commissions for Issuing JGBs, etc. ............................................... 126

2 Secondary Market for Government Bonds ............................................................ 127
   (1) 10-Year JGB Yield .................................................................................... 127
   (2) 10-Year Government Bonds Yields .......................................................... 127
   (3) Yields of JGBs in FY2020 ........................................................................ 128
   (4) JGB Yield Curves ...................................................................................... 128
   (5) Various Rates in the Short-term Financial Market in FY2020 .................... 129
   (6) Break-Even-Inflation (BEI) Rate .............................................................. 129
   (7) Market Price of 15-Year Floating-Rate Bonds ........................................ 130
   (8) JGB Share in Total Trading Volume of Yen Bonds .................................. 130
   (9) JGB Share in Total Issuance Amount of Yen Bonds ............................... 131
   (10) Portfolio Investment Assets in FY2020 ..................................................... 132
   (11) Portfolio Investment Liabilities in FY2020 .............................................. 132
   (12) Trends in JGB Transactions (by investor type) in FY2020 ..................... 133
(4) Issuance Calendar of Government-Guaranteed Domestic Bonds by Agencies in FY2020 … 159
(5) Outstanding Amount of Government-Guaranteed Foreign Bonds-Breakdown by Denomination and by Agencies (as of the end of FY2020) ………………… 161
(6) Yields of 10-Year Government-Guaranteed Bonds in FY2020 ………………… 161

◆ Chapter 3 Other Public Debt

■ 1 Local Government Bonds (LGBs) ………………………………………………… 162
  (1) Overview of LGB Program in FY2021 ……………………………………… 162
  (2) LGB Program-Breakdown by Funding Resources …………………… 162
  (3) Outstanding Amount of LGB Program-Breakdown by Funding Resources …… 163
  (4) Issuance Conditions of Public Offering LGBs in FY2020 ………………… 164
  (5) Issuance Amount of Public Offering LGBs …………………………… 164
■ 2 Debt of Incorporated Administrative Agencies, etc. …………………………… 165
  (1) FY2021 FILP Plan …………………………………………………………… 165
  (2) Planned and Actual Issuance Amount of FILP Agency Bonds …………… 166
  (3) Yields of 10-Year FILP Agency Bonds in FY2020 …………………… 167

◆ [Supplement] Fiscal Conditions and Debt Outstandings

  (1) Trend in General Account Tax Revenues, Total Expenditures and Government Bond Issuances … 168
  (2) Government Bond Issuance and Bond Dependency Ratio ………………… 168
  (3) Changes in Ratio of Primary Balance to GDP ……………………………… 169
  (4) Projections in Primary Balance (Central and Local government basis; percentage of GDP) … 169
  (5) Government Debt-related Expenditures in the General Account-Breakdown by Categories (FY2021) … 170
  (6) Historical Changes in Government Debt-related Expenditures …………… 170
  (7) Projection of the FY2021 Budget Impact on Following Year’s Expenditure and Revenue … 171
  (8) Cash-flow Projections of the GDCF ……………………………………… 172
  (9) Changes in the Outstanding Amount of JGBs, Financing Bills, Borrowings and Government-Guaranteed Debt ……………………………………… 173
  (10) Long-term Debt Outstanding of Central and Local Governments ……… 174
  (11) Breakdown of the Outstanding Amount of General Bonds by Remaining Years to Maturity … 175
  (12) Term-to-maturity Structure of General Bonds (FY2021 Initial Budget Basis) … 175
  (13) Breakdown of the Outstanding Amount of General Bonds by Maturity Types and Their Average Interest Rate at the end of FY2020 ………………… 176
  (14) Outstanding Interest Rate Weighted Average, Interest Payment of General Bonds and Average Years to Maturity ……………………………………… 176
  (15) Outstanding Amount of JGB and T-Bill -Breakdown by Holders- ………… 177
  (16) Balance Sheet of Japanese Government (General Account and Special Accounts) (as of the end of FY2019) ……………………………………… 179
  (17) International Comparison of General Government Financial Balance to GDP … 180
  (18) International Comparison of General Government Gross Debt to GDP …… 181
  (19) International Comparison of General Government Net Debt to GDP …… 181
[Reference] JGB-related Advertisements and Publications …………………………… 182
The tabs located in the same positions indicate that the chapters are relevant to each other across the parts they belong to.

(Body Text)