Debt Management Report

The Government Debt
Management and
the State of Public Debts

2025

Financial Bureau, Ministry of Finance, JAPAN

2025

Debt Management Report

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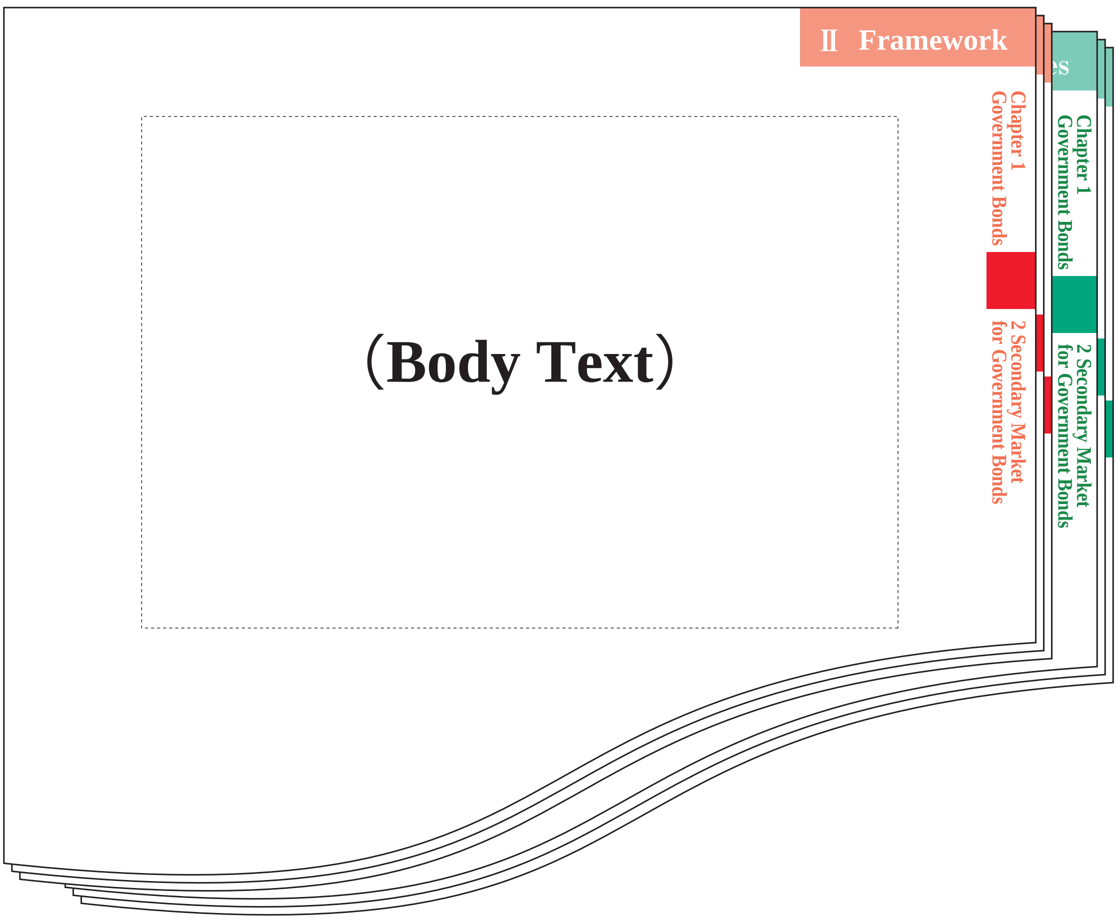


Preface

1 About "Debt Management Report"

The objective of the "Debt Management Report," which has been published since 2004, is to provide readers across a wide spectrum spanning domestic and foreign markets, government affairs, and research, etc., with the opportunity to gain a deeper understanding of Japan's debt management policy. While this report focuses on Japanese Government Bond (JGB) management policy as a debt management policy, it covers issues involving public debts in general.

To begin with, Part I, titled "State of Debt Management Policies," discusses the recent trends in the JGB market, as well as various recent policies, specifically in relation to the JGB Issuance Plan for this fiscal year.
Part II, titled "Framework," concerns itself with the fundamental mechanisms of public debt and debt management policy in general.
Lastly, Part III, the "Appendices," lists those materials that did not fit into the previous areas; this section should be used with reference to Part II "Framework."

In this latest report as well, we provide several cross-references including some that link Part II "Framework" with Part III "Appendices" so that readers are able to quickly access the information that they require. Your comments are highly appreciated for further improvements of this report.

2 What is Debt Management Policy?

(1) Overview

Under the FY2025 budget (April-March), the central government plans to issue JGBs equivalent to 176.9 trillion yen, posting a decrease of 5.1 trillion yen from the initial level for FY2024, but still at an extremely high level. Construction Bonds and Special Deficit-Financing Bonds to provide General Account revenues decrease by 6.8 trillion yen from the initial level for the previous year to 28.6 trillion yen. On the other hand, JGBs outstanding at the end of FY2024 totaled up to 1,171.1 trillion yen.

The government raises funds from Financing Bills and Borrowings as well as JGBs. If Financing Bills and Borrowings are included, outstanding government debts excluding government-guaranteed debt came to 1,323.7 trillion yen. Moreover, the government gives guarantees to Incorporated Administrative Agencies in order for them to carry out funding to implement public projects, with this government-guaranteed debt totaling 28.7 trillion yen (Figures are as of the end of FY2024).

The government's fundraising amount or flow has become enormous. Outstanding debts on a stock basis have been increasing continuously. Government debt management affects not only choices of financial assets for economic entities such as corporations and households, but also the flow of funds on a macro-scale, which would eventually influence interest rates. In turn, changes to market interest rates influence government funding activities and the activities of all economic entities.

Based on these points, the government, while trying to mitigate fiscal burden, implements JGB issuance, absorption, distribution and redemption measures to allow government debts (JGBs, Financing Bills, Borrowings, Government-Guaranteed Debt and Subsidy Bonds) to be smoothly accepted at each stage of the national economy. These measures represent "debt management policy." In Japan, based on the following basic goals for the JGB Management Policy, the government carefully implements "communications with the market" through various meetings for the formulation and operation of the JGB Issuance Plan, tries to base JGB issuance fully on market needs, and tackles the diversification of JGB holders by:

(1) To ensure the smooth and secure issuance of Japanese Government Bonds

(2) To minimize medium- to long-term fundraising costs

Meanwhile, any excessive response to temporary or short-term changes in market demand could affect market transparency and predictability for market participants, leading to a rise in medium- to long-term fundraising costs. While a massive government debt issuance is expected in future, the government will try to issue JGBs in a more stable and transparent manner by identifying medium- to long-term demand trends.

The "Guidelines for Public Debt Management," published by the International Monetary Fund and the World Bank in 2001, describes sovereign debt management as "the process of establishing and executing a strategy for managing the government's debt in order to raise the required amount of funding" and the objective of sovereign debt management as being "to raise the required amount of funding at the lowest possible cost over the medium to long term, consistent with a prudent degree of risk."

(2) Dialogue with Market Participants

In order to secure stable financing and to implement appropriate policies to enhance market liquidity of JGBs, the MOF Financial Bureau engage in close dialogue with markets and ensure confidence in Debt Management Policy through various forums including the following:

A. Study Group on Government Debt Management

The Ministry has hosted the Study Group on Government Debt Management having a discussion of technical aspect to receive opinions and advice from experts with a high degree of insight on public debt management from the medium- to long-term perspective.

B. The Meeting of JGB Market Special Participants

Since the introduction of the JGB Market Special Participants (☞) scheme in October 2004, the MOF also has hosted the Meeting of JGB Market Special Participants to exchange opinions between members and the MOF concerning important topics relating to the bond market.

The MOF hosts the meeting every quarter to deal mainly with methods for implementing Liquidity Enhancement Auctions and Buy-backs, and JGB market trends. In addition, the MOF calls the meeting to receive opinions from market participants for formulating and revising an annual JGB Issuance Plan.

☞ Auction participants who carry out responsibilities essential to debt management policies, such as active participation in JGB auctions are called The Meeting of JGB Market Special Participants (Primary Dealer).

C. The Meeting of JGB Investors

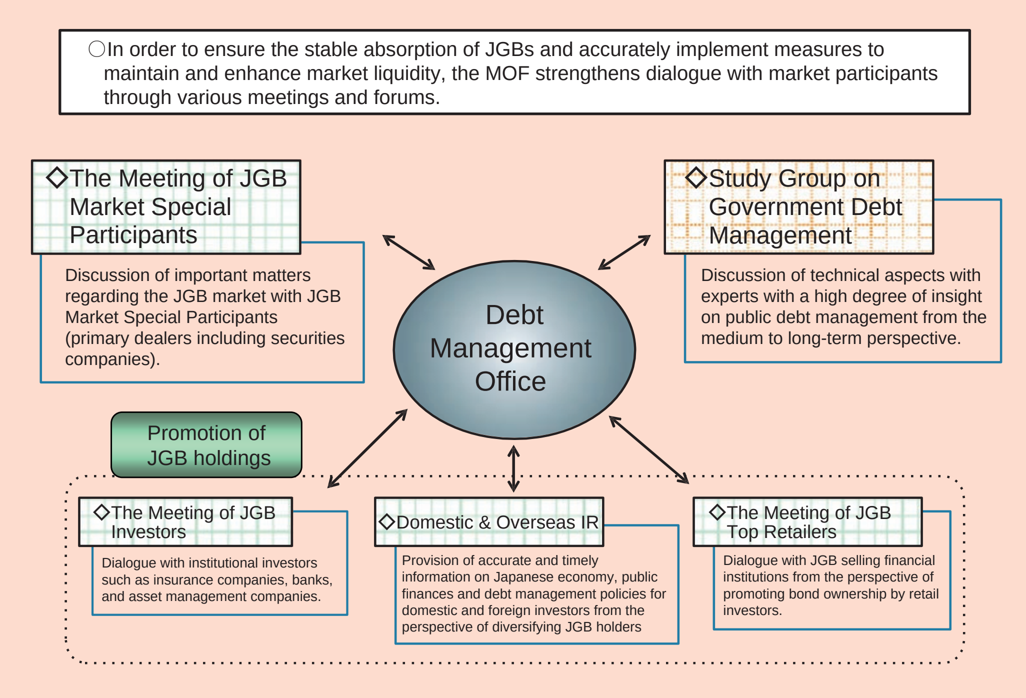
The MOF has hosted the Meeting of JGB Investors since April 2002, to directly and continually share ideas with JGB investors. This meeting consists of major institutional investors such as banks, life insurance companies and asset management companies.

Usually, the MOF convenes the meeting to receive opinions from investors for formulating and revising the annual JGB Issuance Plan.

D. The Meeting of JGB Top Retailers

From the perspective of promoting bond ownership by retail investors, since June 2007 the MOF has convened the meetings once or twice a year with top JGB retail brokers to evaluate the performance and efforts of financial institutions that are actively offering JGBs for retail investors. The meetings also allow for a mutual exchange of views and opinions between JGB selling agencies and the MOF on the further promotion of JGB sales to retail investors.

Fig. 1 Dialogue with the Markets

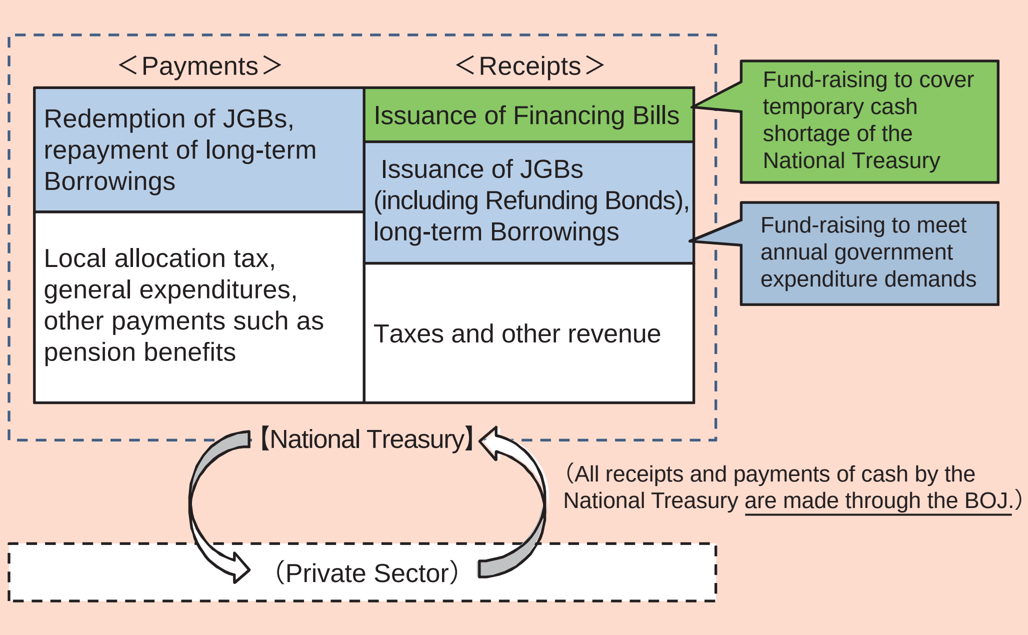


(3) Framework of "Government Funding Activities"

Government expenditures should fundamentally be covered by tax and other revenues for the year incurred. To satisfy expenditure demands that cannot be covered by these revenues, the government issues JGBs or carries out Borrowings (☞). The government also issues Financing Bills to cover temporary cash shortages for daily cash management of the National Treasury. The following discusses the framework of these government fundraising activities.

☞ Unlike JGBs, Borrowings are a form of funding that does not involve the issuing of securities.

Fig. 2 National Treasury Receipts and Payments



The central government budget consists of the General Account and 14 Special Accounts (as of April 1, 2025), and all receipts and payments in these accounts are managed through the Bank of Japan (BOJ). The government smoothly implements spending within the budget by using JGBs and Borrowings to meet expenditure demand that cannot be covered by tax and other revenues and by issuing Financing Bills to cover temporary cash shortages of the National Treasury as follows.

A. JGBs and Borrowings to meet annual government expenditure demand

The government issues JGBs or carries out Borrowings to satisfy expenditure demand that cannot be covered by tax and other revenues and records funds raised through JGBs and Borrowings as revenues. The government smoothly implements budget spending as needed, by raising funds in this manner.

In addition to planning the government debt management policy, the Financial Bureau of the Ministry of Finance implements the policy by conducting auctions, issuance and redemption of JGBs, and auctions for Borrowings.

B. Financing Bills to cover temporary cash shortages for the National Treasury

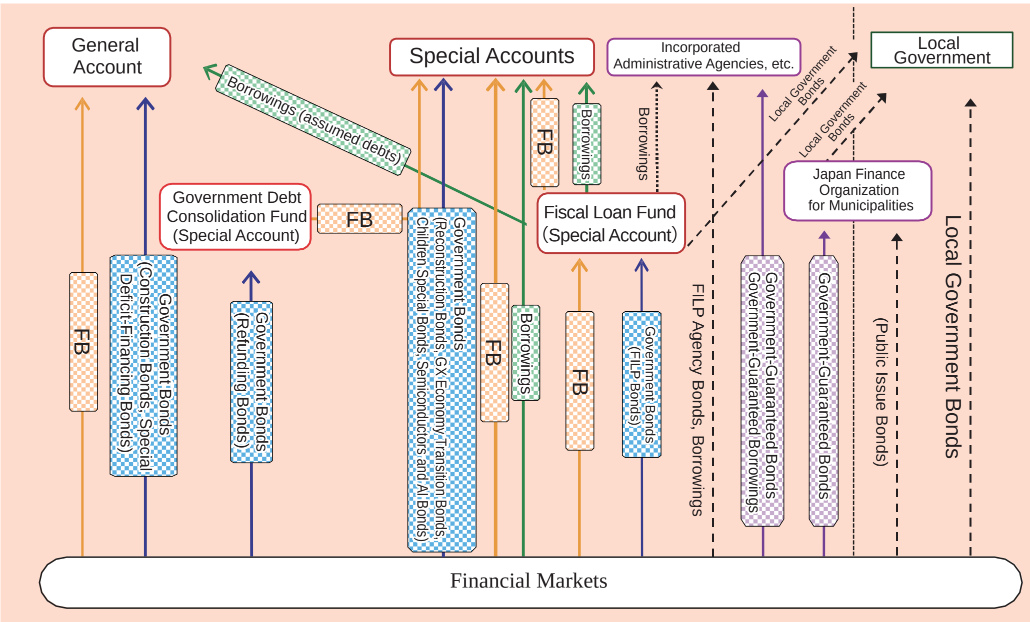
Government ministries, agencies or special accounts carry out large quantities of fiscal activities each day. All receipts and payments are made through the BOJ, for integrated handling in the National Treasury. As explained in section A, the government raises funds with JGBs and Borrowings to meet expenditure demand that cannot be covered by tax and other revenues. However, the government encounters temporary cash shortages and surpluses due to lags for day-to-day receipts and payments of National Treasury funds. The Financial Bureau of the Ministry of Finance makes adjustments through the issuance of Financing Bills in the case of shortage, and through the temporary use of treasury surplus in the case of surplus ("Cash Management in the National Treasury") (☞).

☞ Due to the fact that Financing Bills, which are issued to manage the National Treasury, are not meant to meet the demands arising from the various levels of the State, and are redeemed with the revenue of the same fiscal year, they are consequently not counted as revenue.

(4) Debts with Public Characteristics

Besides government debt, there are several forms of public debt including local government bonds and the debts of Incorporated Administrative Agencies, etc. This public debt affects government debt management through the market interest rate formation mechanism.

Fig. 3 Public Debts (Conceptual Diagram)



Note 1: The highlighted area represents government debts.
Note 2: In addition to these debts, there are government bonds that are held by the Bank of Japan as a means of open market operations.
Note 3: The Government-Guaranteed Bonds issued by the Japan Finance Organization for Municipalities, are issued only for refunding of Government-Guaranteed Bonds converted from the former Japan Finance Corporation for Municipal Enterprises.

Based on the above, the chart below provides an overview of various elements of public debt and lists the relevant reference points in this report.

Fig. 4 Various Elements of Public Debts and Relevant Reference Points in This Report

Topics inside this report (for details, see Contents)

			Ⅰ	Ⅱ (Framework)	Ⅲ (Appendices)
Public Debts	Government Debts	General Bonds	■1 Trends of JGB Market in FY2024 P14 ■2 JGB Issuance Plan P18 ■3 Diversification of JGB Investor Base P30	◆Chapter 1 ■1 Debt Management Policy Frameworks P42 ■2 Primary Market for Government Bonds P55 ■3 Secondary Market for Government Bonds P67 ■4 Taxation of Government Bonds P82	◆Chapter 1 ■1 Debt Management Policy Frameworks P112 ■2 Primary Market for Government Bonds P126 ■3 Secondary Market for Government Bonds P136
		FILP Bonds			
		Financing Bills		◆Chapter 2 ■1 Financing Bills P86	◆Chapter 2 ■1 Financing Bills P147
		Borrowings		◆Chapter 2 ■2 Borrowings P88	◆Chapter 2 ■2 Borrowings P149
		Government-Guaranteed Debt		◆Chapter 2 ■3 Government-Guaranteed Debt P91	◆Chapter 2 ■3 Government-Guaranteed Debt P153
		Subsidy Bonds		◆Chapter 2 ■4 Subsidy Bonds P93	
	Other Public Debts	Local Government Bonds		◆Chapter 3 ■1 Local Government Bonds P95	◆Chapter 3 ■1 Local Government Bonds P158
		Debt of Incorporated Administrative Agencies, etc.		◆Chapter 3 ■2 Debt of Incorporated Administrative Agencies, etc. P99	◆Chapter 3 ■2 Debt of Incorporated Administrative Agencies, etc. P161

Box 1 JGB Yields

Japanese government bond is a bond the government issues by promising to pay a certain amount of money after a certain period of time. The MOF presets a coupon and maturity for a JGB issuance. While the JGB par value (an amount that a JGB holder will receive upon redemption) remains unchanged, a JGB price at which market participants buy fluctuates depending on the conditions, including supply and demand. For example, a JGB with a par value of 100 yen may be priced at 95 yen, below the par value, or at 105 yen, above the par value. JGB yield is an annual percentage rate of return on the purchase price.

In the case a market participant buys a JGB with the par value of 100 yen, for example, the investment return includes the following:

(1) An annual interest income (an income gain represented by a coupon), and

(2) A gap between the par value and the purchase price (capital gain or loss) that is annualized.

The JGB yield is represented by the following equation.

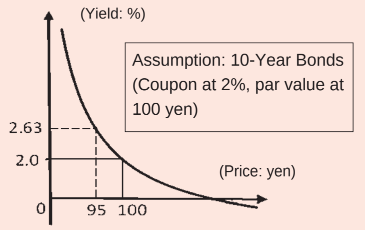
Fig. B1-1 Calculating Yield

$$\text{Yield} = \frac{\underbrace{\text{Annual interest income (yen)}}_{(1)} + \underbrace{\dfrac{\text{Par value (100 yen)} - \text{Purchase price (yen)}}{\text{Maturity (years)}}}_{(2)}}{\text{Purchase price (yen)}} \times 100$$

(Yield to maturity, simple interest, before tax, %)

The annual interest income in (1) is fixed by the coupon determined upon issuance and will remain unchanged until redemption. However, the purchase price in (2) fluctuates depending on the purchase timing. Therefore, the Bonds yield fluctuates. The graph on the right (Fig. B1-2) indicates the relationship between the Bonds price and yield in the above equation for a 10-Year Bonds that has a 2% coupon and a par value of 100 yen. As the purchase price falls (from 100 yen to 95 yen), the yield rises (from 2.0% to 2.63%). Conversely, as the price rises (from 95 yen to 100 yen), the yield declines (from 2.63% to 2.0%).

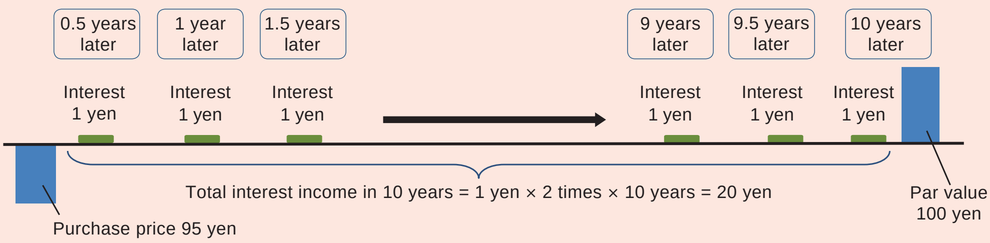
Fig. B1-2 Relationship Between Yield and Price



Note: The figure is for illustrative purposes only.

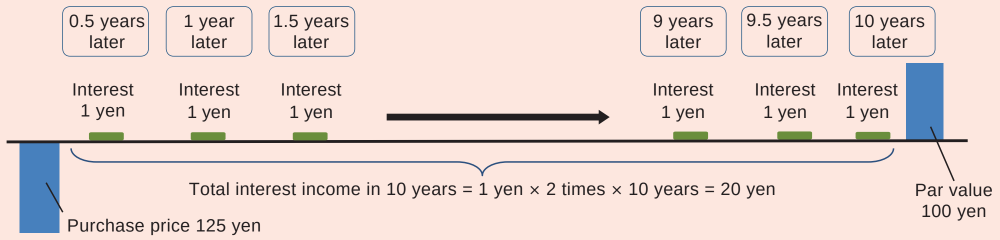
The figure below (Fig. B1-3) shows a cash flow indicating fund receipts and payments from purchasing to redemption for a 10-Year Bonds that has a 2% coupon and a par value of 100 yen. If an investor buys the 10-Year Bonds at a price of 95 yen and holds it until its redemption, for example, the investor will get a total investment return of 25 yen including the interest income of 20 yen and the gap of 5 yen between the par value and the purchase price. The annual yield (simple interest) comes to approx. 2.63% with the annual interest income of 2 yen and the annual capital gain of 0.5 yen.

Fig. B1-3 Bond Investment Cash Flow (10-Year Bonds priced at 95 yen that has a 2% coupon and a par value of 100 yen)



In recent years, JGB yields had been negative at times. If an investor buys a 10-Year Bonds that has a 2% coupon and a par value of 100 yen at a price of 125 yen and holds it until its redemption, for example, the combination of the interest income (20 yen) and the gap (-25 yen) between the par value and the purchase price will bring about a loss (-5 yen) (Fig. B1-4). The combination of the annual interest income (2 yen) and the annual capital loss (-2.5 yen) brings a yield (simple interest) of minus 0.40%.

Fig. B1-4 Bond Investment Cash Flow
(10-Year Bonds priced at 125 yen that has a 2% coupon and a par value of 100 yen)



If an investor buys a JGB with a negative yield and holds it until its redemption, the sum of the interest income and the par value will slip below the purchase price, bringing about a loss. However, if the investor sells the JGB before its redemption and the sum of its sale price and the interest income received up until the time of the sale exceeds its initial purchase price, then the investor will net a gain.
Besides the "simple interest" as described above, the yield calculation method may take the form of "compound interest" reflecting the reinvestment of the interest income.

Box 2 "Simple Interest" and "Compound Interest"

There are two methods of calculating "yield": "simple interest" method and "compound interest" method, and which method is used varies depending on the country and product. Simple interest is a method in which interest is calculated only on the principal that is deposited, whereas compound interest is a method in which the accrued interest is added to the principal, which is then used as the new principal for calculating interest. Normally, for the same interest rate, the total amount of interest income would be greater if compound interest method is used.

In Box 1 "JGB Yields," the explanation is based on simple interest. In the JGB market, yields are generally expressed as "simple interest yields," while in general, they are expressed as "compound interest yields" in the U.S. and European government bonds market.

For example, if you purchase a JGB with the par value of 100 yen, then the relationship between price and compound interest yield can be represented by the following equation.

Fig. B2-1 Relationship between compound interest yield (yield to maturity, before tax, %) and price

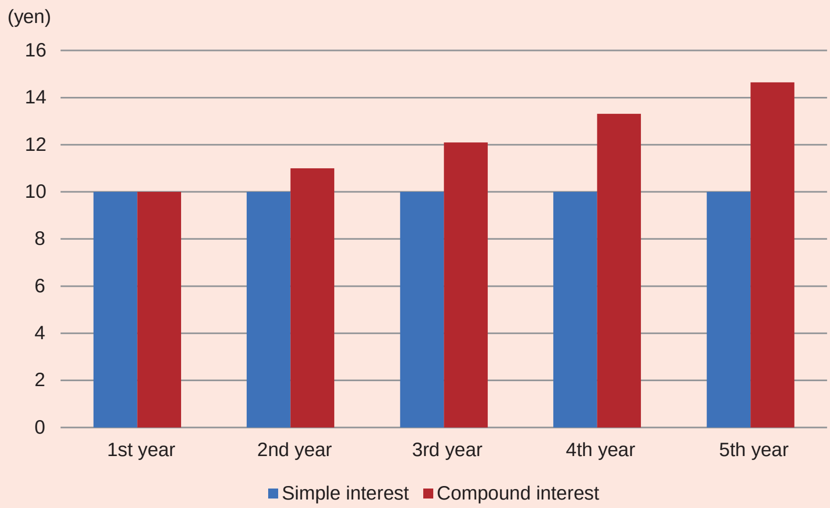
$$\text{Purchase price} = \sum_{t=1}^{\substack{\text{Maturity}\\\text{(years)}}} \frac{\text{Interest income at time t (yen)}}{(1 + \text{compound interest yield})^{t}} + \frac{\text{Par value (100 yen)}}{(1 + \text{compound interest yield})^{\text{Maturity (years)}}}$$

(Reference) Relationship between simple interest yield (yield to maturity, before tax, %) and price

$$\text{Purchase price} = \frac{\text{Annual interest income (yen)} \times \text{Maturity (years)} + \text{Par value (100 yen)}}{\text{Simple interest yield} \times \text{Maturity (years)} + 100} \times 100$$

The figure below (Fig. B2-2) is a cash flow diagram of investment return (interest income) for a 5-Year Bond (par value of 100 yen) with a 10% coupon (assuming annual interest payments).

Fig. B2-2 Comparison of investment returns between simple interest and compound interest



For a simple interest investment, interest income of 10 yen will accrue as a fixed amount each year, which is calculated from the par value (100 yen) × the coupon rate (10%). For a compound interest investment, the interest income for each year is as follows:

1st year : Par value (100 yen) × coupon rate (10%) = 10 yen

2nd year: Par value (100 yen + 10 yen) × coupon rate (10%) = 11 yen

3rd year : Par value (100 yen + 10 yen + 11 yen) × coupon rate (10%) = 12.1 yen

4th year : Par value (100 yen + 10 yen + 11 yen + 12.1 yen) × coupon rate (10%) = 13.31 yen

5th year : Par value (100 yen + 10 yen + 11 yen + 12.1 yen + 13.31 yen) × coupon rate (10%) = 14.641 yen

There is a large difference in investment return (interest income): 50 yen from simple interest, or 61.051 yen from compound interest. The "compound effect," in which the profits obtained from investment funds grow as they are then reinvested, is characterized by the fact that, the higher the interest rate and the longer the investment period, the greater the effect becomes. Compound interest investment is recognized as one of the methods of asset formation for the future.

Note 1: Compound interest yields are also used in Japan for STRIPS and, in principle, for WI transactions (When-Issued transactions) for bonds with fixed-rate coupons.

Note 2: The "Relationship between compound interest yield and price" is explained on the assumption that interest is paid once a year. If interest is paid twice a year, then the equation would be more complicated because it requires semiannually calculating the compound interest, with half a year as one interest period.

I

State of Debt Management Policies

This part provides the most recent updates on
Debt Management Policies.

1 Trends of JGB Market in FY2024

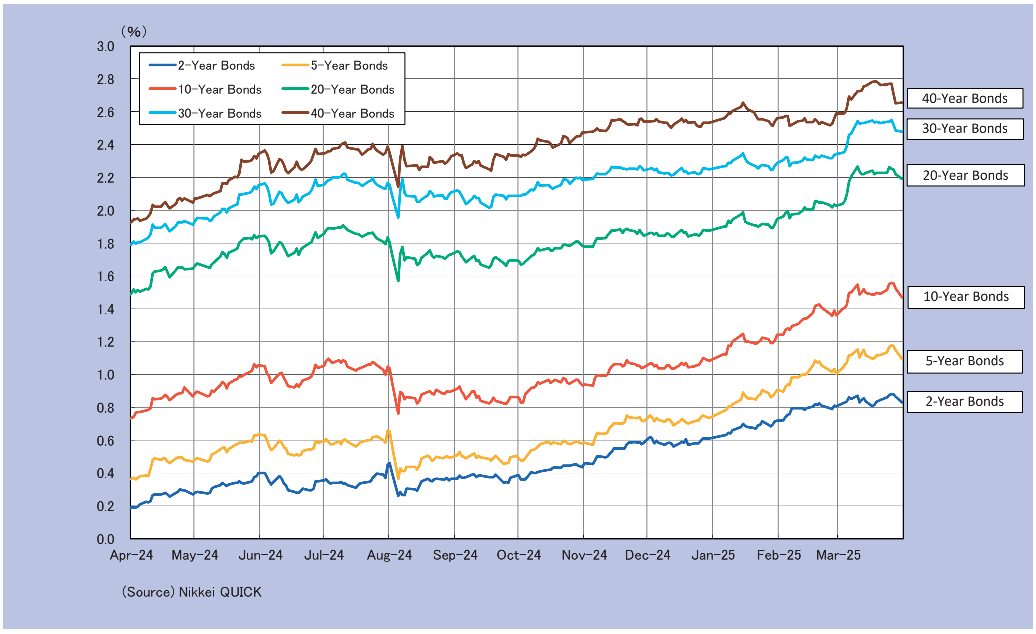
(1) Overview

In FY2024, JGB market saw an upward trend in interest rates amidst solid economic and price trends, alongside revisions to the BOJ's monetary policy.

In mid-March 2024, the BOJ decided to revise its monetary policy framework. The negative interest rate policy was lifted, and the policy interest rate target was set at around 0-0.1%. Additionally, yield curve control was abolished. However, since these changes in the BOJ's monetary policy framework had already been incorporated into the market to some extent, interest rates did not fluctuate significantly at the time of the policy announcement. Nonetheless, they trended upward through July.

In late July, the BOJ decided to raise the policy interest rate to around 0.25% and planned to reduce the long-term government bond purchases. In early August shortly thereafter, amidst global financial market turmoil, interest rates dropped significantly alongside historically low stock prices and a rapid appreciation of the yen.

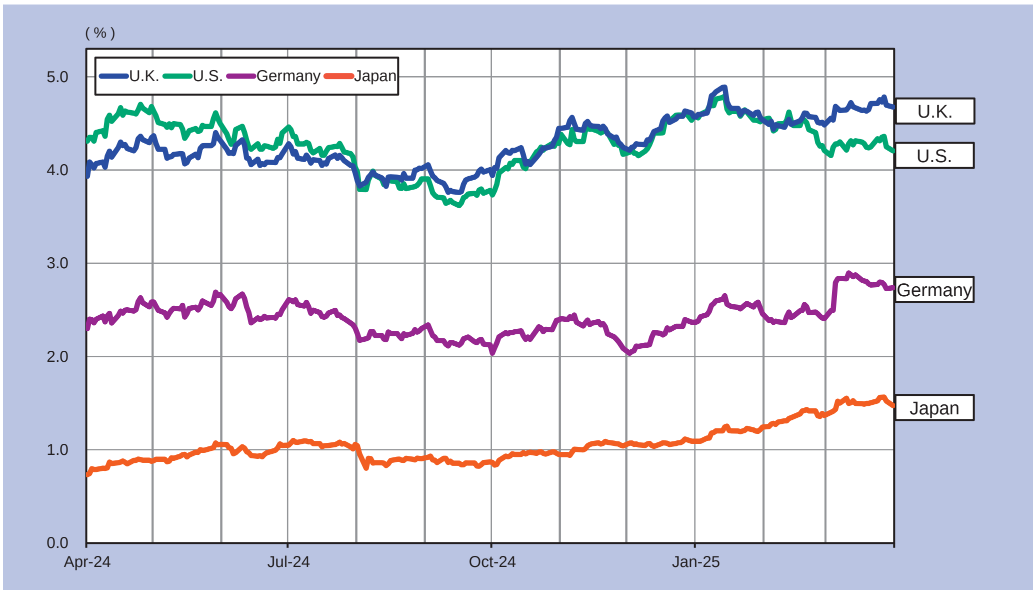
Fig. 1-1 JGB Yield Trends by Maturity



Approaching the end of the year, JGB yields exhibited an upward trend due to a rise in U.S. long-term interest rates amid political developments such as the U.S. presidential election, coupled with the steady economic and price trends in Japan.

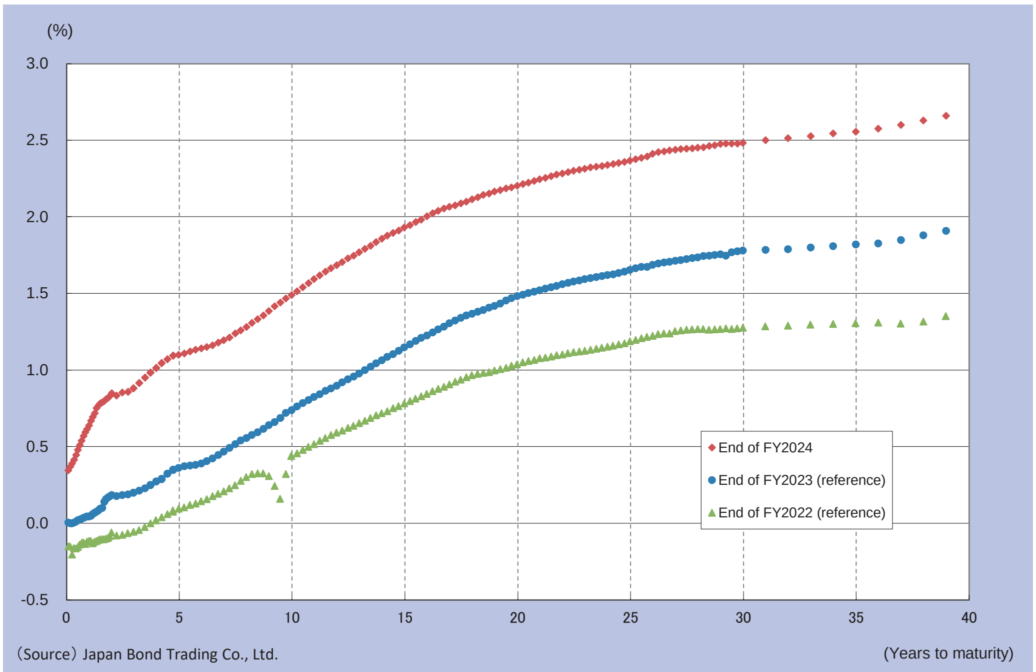
In late January of 2025, the BOJ decided to raise the policy interest rate to around 0.5%. Subsequently, the trend of rising interest rates intensified further, influenced by the anticipation of additional interest rate hikes in the market as well as the impact of increased European interest rates due to moves such as increased defense spending in Europe.

Fig. 1-2 Changes in 10-Year Government Bonds Yields



Note: Figures may not match other figures from different sources.
(Source) Bloomberg

Fig. 1-3 Changes in Yield Curve



(Source) Japan Bond Trading Co., Ltd.

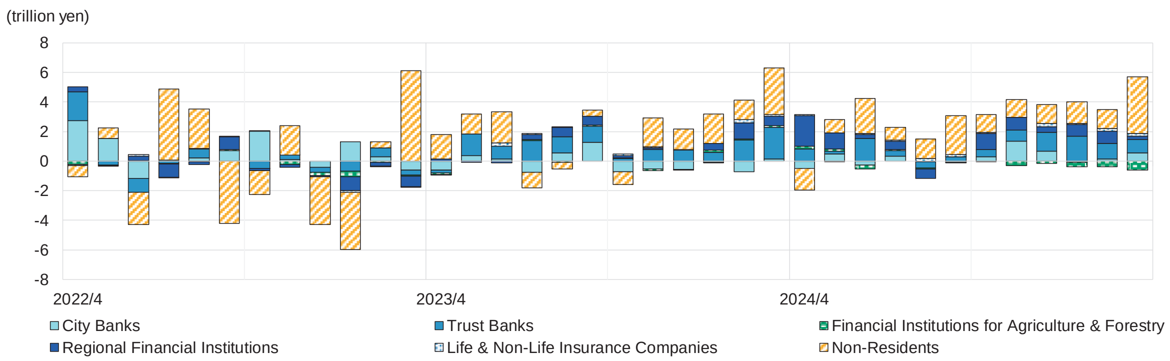
(2) Investor Trends

In FY2024, looking at investment trends in JGBs by investor category, a wide range of investors, including foreign investors, pension funds, city banks, and regional financial institutions, were net buyers of medium- to long-term government bonds (2-Year Bonds, 5-Year Bonds, and 10-Year Bonds (☞)). Following the BOJ's decision to revise its monetary policy framework in March 2024, foreign investors and city banks were net sellers in April. However, other domestic investors were net buyers in response. From May to July, the BOJ decided by the end of July to raise the policy interest rate to approximately 0.25% and to

☞5-Year Bonds include Japan Climate Transition Bonds, and 10-Year Bonds include Japan Climate Transition Bonds and Inflation-Indexed Bonds.

implement a plan to reduce its government bond purchasing. However, with expectations that the policy interest rate would be maintained, both foreign and domestic investors overall continued to be net buyers. In August, in response to global market fluctuations triggered by concerns over a slowdown in the U.S. economy, regional financial institutions were net sellers. Meanwhile, pension funds are presumed to have been sellers of JGBs as they bought domestic stocks and foreign assets to adjust the allocation ratios of their asset classes. This adjustment was prompted by declining stock prices and a stronger yen, leading to a decrease in the valuation of stocks and foreign assets. From September to December, as expectations for interest rate hikes increased and interest rates rose gradually, domestic and foreign investors are thought to have favored the high interest rate levels and consequently made net purchases. In January, amidst a surge in reports related to U.S. tariffs and rising U.S. interest rates driven by increasing inflation expectations, domestic interest rates also rose in tandem. Consequently, the BOJ raised the policy interest rate to approximately 0.5%. City banks were net sellers, while other investment entities were net buyers. From February to March, in response to continued reporting on U.S. tariffs, U.S. interest rates declined, whereas expectations for price and wage hikes led to increased expectations for interest rate hikes in Japan, resulting in a modest increase in domestic interest rates. As a result, both foreign and domestic investors (excluding Financial Institutions for Agriculture & Forestry) were net buyers.

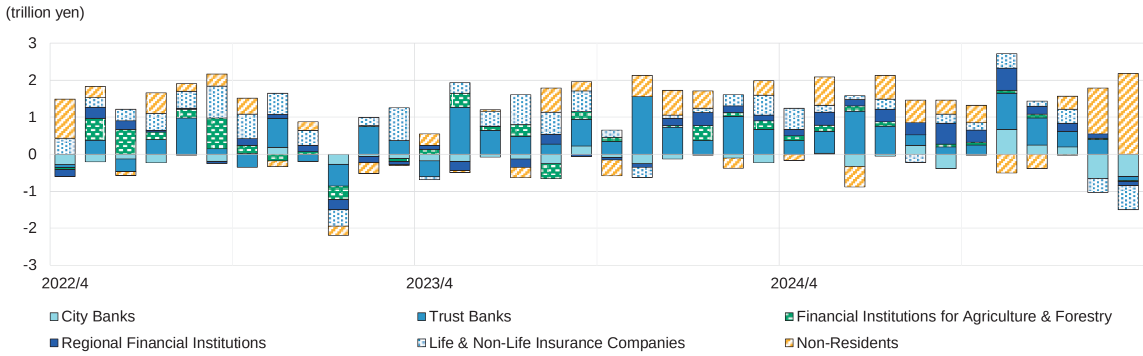
Fig. 1-4 Net Buying/Selling of Medium-to-Long-Term JGBs by Investor Category



Note: Medium-to-long-term JGBs are 2-Year, 5-Year and 10-Year JGBs. Investors' direct purchases through auctions are excluded. Trust Banks' trading covers their proprietary trading as well as transactions on behalf of pension funds, etc. "Regional Financial Institutions" includes Shinkin Banks.
(Source) Japan Securities Dealers Association

Next, ultra-long-term government bonds (20-Year Bonds, 30-Year Bonds, and 40-Year Bonds) were bought by investors, including pension funds, foreign investors, life insurance companies, and regional financial institutions. In particular, pension funds are presumed to have sold domestic and foreign stocks in response to rising stock prices, while they were likely large net buyers of ultra-long-term government bonds as well as medium- to long-term government bonds. Additionally, life insurance companies, although having almost completed their purchases of ultra-long-term government bonds for the purpose of complying with the new Insurance Capital Standard, are believed to have continued to be net buyers by selling previously acquired low-coupon bonds and replacing them with high-coupon bonds in response to rising interest rates. Furthermore, in March 2025, as market expectations for the final level of the BOJ's interest rate hikes increased, life insurance companies, city banks, and pension funds significantly were net sellers of ultra-long-term government bonds, while foreign investors purchased noticeably more of these bonds than those domestic investors.

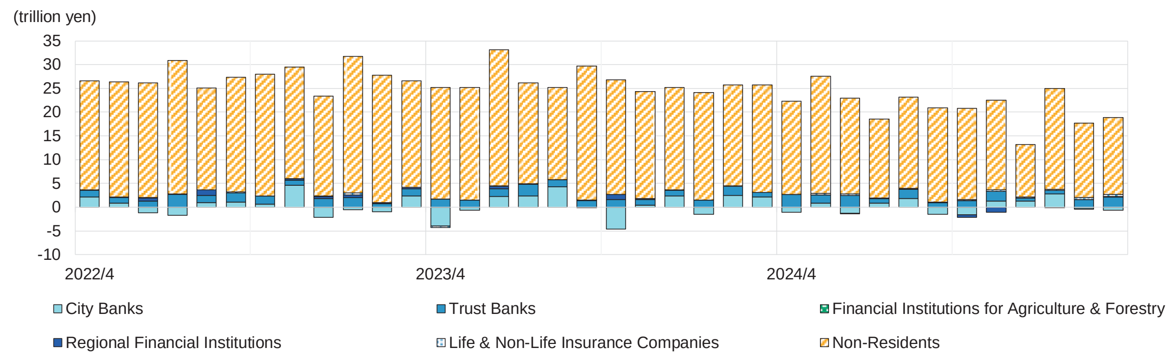
Fig. 1-5 Net Buying/Selling of Ultra-Long-Term JGBs by Investor Category



Note: Ultra-long-term JGBs are 20-Year, 30-Year and 40-Year JGBs. Investors' direct purchases through auctions are excluded. Trust Banks' trading covers their proprietary trading as well as transactions on behalf of pension funds, etc. "Regional Financial Institutions" includes Shinkin Banks.
(Source) Japan Securities Dealers Association

Foreign investors continued to be the largest buyers of short-term JGBs (Treasury Discount Bills). The high level of investment in short-term JGBs by foreign investors is mainly due to the continued availability of premiums to dollar providers in the currency basis swap market. Furthermore, following the lifting of the negative interest rate policy due to the changes in the monetary policy framework, the net purchase amounts by trust banks and life insurance companies increased.

Fig. 1-6 Net Buying/Selling of Short-Term JGBs by Investor Category



Note: Short-term JGBs are T-Bills. Investors' direct purchases through auctions are excluded. Trust Banks' trading covers their proprietary trading as well as transactions on behalf of pension funds, etc. "Regional Financial Institutions" includes Shinkin Banks.
(Source) Japan Securities Dealers Association

2 JGB Issuance Plan

Regarding the fiscal conditions in Japan, outstanding general JGBs estimated at about 1,128.5 trillion yen for the end of FY2025 and outstanding long-term central and local government debts at 1,330 trillion yen. It is getting more important for the Japanese government to adequately oparate Debt Management Policy to secure the market's stable absorption of JGBs.

Ref. III Supplement (10) Lon-term Debt Outstanding of Central and Local Governments (P170)

(1) JGB Issuance Plan for FY2024 (Revision under supplementary budget)

On November 29, 2024, the Japanese government revised the JGB Issuance Plan for FY2024 in line with a Cabinet decision on the draft FY2024 supplementary budget.

Due to the FY2024 supplementary budget, the issuance amount of Newly-issued Bonds in the JGB Issuance Plan for FY2024 was increased by 6.7 trillion yen. Besides, increasing amount of GX Economy Transition Bonds and decreasing amount of FLIP Bonds, Refunding Bonds, etc, the total issuance amount was increased by 5.5 trilion yen from the level of initial budget to 187.5 trillion yen.

In response to the increase in the total JGB issuance of 5.5 trillion yen, and given the extremely tight supply-demand conditions in the short-term bonds market, the issuance of short-term government bonds has been increased by 2.4 trillion yen under JGB Market Issuance (Calendar Base) (☞) . Additionally, the MOF have increased the amount by 3.1 trillion yen to reflect the higher-than-expected sales of JGBs for Retail Investors.

☞The JGB Market Issuance (Calendar Base) refers to the amount (par value) of JGBs planned to be regularly issued through scheduled auctions from April to next March.

Fig. 1-7 JGB Issuance Plan for FY2024

<Breakdown by Legal Authority> (Unit: billion yen)

	Initial	Supplementary Budget	
	(a)	(b)	(b) - (a)
Newly-issued Bonds	35,449.0	42,139.0	6,690.0
Construction Bonds	6,579.0	9,659.0	3,080.0
Special Deficit-Financing Bonds	28,870.0	32,480.0	3,610.0
Reconstruction Bonds	146.1	26.0	▲ 120.1
GX Economy Transition Bonds	663.3	1,401.2	737.9
Children Special Bonds	221.9	221.9	–
FILP Bonds	10,000.0	9,500.0	▲ 500.0
Refunding Bonds	135,515.4	134,181.4	▲ 1,333.9
Total	181,995.6	187,469.5	5,473.9

<Breakdown by Financing Methods> (Unit: billion yen)

	Initial	Supplementary Budget	
	(a)	(b)	(b) - (a)
JGB Market Issuance (Calendar Base)	171,000.0	173,400.0	2,400.0
Non-Price Competitive Auction II, etc.	5,265.0	7,133.8	1,868.8
Adjustment between fiscal years	530.6	796.1	265.5
Subtotal Financed in the Market	176,795.6	181,329.9	4,534.3
Sales for Households	3,500.0	4,439.6	939.6
BOJ Rollover	1,700.0	1,700.0	–
Total	181,995.6	187,469.5	5,473.9

Note 1: Figures may not sum up to the total because of rounding.
Note 2: Buy-back program in FY2024 is planned to be implemented based on market conditions and through discussions with market participants.
Note 3: The maximum amount of front-loading issuance of Refunding Bonds in FY2024 is 44.5 trillion yen.
Note 4: "Adjustment between fiscal years" refers to leveling-off of the issuance between fiscal years through front-loading issuance and deferred issuance during an accounting adjustment period. (Ref: II Chapter 1 1(1) "JGBs by Legal Grounds" (P43)).

Fig. 1-8 Market Issuance Plan by JGB Type for FY2024

(Unit: trillion yen)

	Initial (per time)	Initial (total ; a)	Supplementary Budget (per time)	Supplementary Budget (total ; b)	(b)-(a)
40-Year	0.7 × 6 times	4.2	0.7 × 6 times	4.2	—
30-Year	0.9 × 12 times	10.8	0.9 × 12 times	10.8	—
20-Year	1.0 × 12 times	12.0	1.0 × 12 times	12.0	—
10-Year	2.6 × 12 times	31.2	2.6 × 12 times	31.2	—
5-Year	2.3 × 12 times	27.6	2.3 × 12 times	27.6	—
2-Year	2.6 × 12 times	31.2	2.6 × 12 times	31.2	—
TBs		38.4		40.8	2.4
10-Year Inflation-Indexed	0.25 × 4 times	1.0	0.25 × 4 times	1.0	—
Japan Climate Transition Bonds		1.4		1.4	—
Liquidity Enhancement Auction		13.2		13.2	—
Total	171.0		173.4		2.4

Figure. 1 Issuance for TBs

	Initial (a)		Supplementary Budget (b)		(b)-(a)
TBs (1-Year)	3.2 × 12 times	38.4	3.2 × 12 times	38.4	–
TBs (6-Month)		–	0.8 × 3 times	2.4	2.4

Figure. 2 Issuance for Japan Climate Transition Bonds

	Initial (a)		Supplementary Budget (b)		(b)-(a)
10-Year	0.35 × 2 times	0.7	0.35 × 2 times	0.7	–
5-Year	0.35 × 2 times	0.7	0.35 × 2 times	0.7	–

Figure. 3 Issuance by Zones for Liquidity Enhancement Auctions

	Initial (a)	Supplementary Budget (b)	(b)-(a)
15.5-39 Year	3.0	2.6	▲ 0.4
5-15.5 Year	7.2	7.6	0.4
1-5 Year	3.0	3.0	–

Note 1: The issuance of the fiscal year can be changed based on discussions with market participants in response to market circumstances and issuance conditions.
Note 2: The 40-year bond will be issued in May, July, September, November, January and March.
Note 3: Treasury Bills (TBs) are jointly issued with Financing Bills (FBs), under unified names of Treasury Discount Bills (T-Bills).
The maturity of TBs, its issuance, and the number of auctions may be adjusted in a flexible manner in response to market circumstances and demands of investors, thus the maturity and the issuance on the table (Figure 1) be subject to an adjustment.
Note 4: The 10-year inflation-indexed bond is planned to be issued in May, August, November and February. The issuance may be adjusted in a flexible manner in response to market circumstances and demands of investors, which will be determined based on discussions with market participants.
Note 5: "Japan Climate Transition Bonds" means GX Economy Transition Bonds and its Refunding Bonds issued as financial instruments based on a framework regulating the Use of Proceeds.
The issuance amount in FY2024 showed on the table above takes account of the issuance as Refunding Bonds and deferred issuance during an accounting adjustment period of FY2023 and FY2024. 10-Year Japan Climate Transition Bonds will be issued in May and October, and 5-Year Japan Climate Transition Bonds will be issued in July and January. The issuance is assumed to be implemented according to the table (Figure.2), and adjusted in a flexible manner in response to market circumstances and demands of investors based on discussions with market participants.
Note 6: The issuance of liquidity enhancement auction and its allocation among each zone may be adjusted in a flexible manner in response to market circumstances and demands of investors, which will be determined based on discussions with market participants, thus the issuance and zones on the table (Figure 3) be subject to an adjustment.

(2) JGB Issuance Plan for FY2025

On December, 27, 2024, the Japanese government publicly announced the JGB Issuance Plan for FY2025 in line with a Cabinet decision on the draft FY2025 government budget.

When developing the JGB Issuance Plan for FY2025, where JGB issues including Refunding Bonds will total 176.9 trillion yen, the government held careful dialogues with market participants through the Meeting of JGB Market Special Participants, Meeting of JGB Investors and so on, and has formulated the JGB Issuance Plan for FY2025 considering investor needs and market trends. Moreover, initiatives to increase JGB holdings were announced along with FY2025 JGB Issuance Plan.

Ref. I Box4 “Challenges and Initiatives in Recent Government Debt Management Policy” (P28)

Subsequently, on March 5, 2025, the JGB Issuance Plan for FY2025 was changed based on resolution for revised FY2025 Budget in the Lower House (March 4, 2025).

A. Overview of Discussions at Various Meetings

The main opinions at the Meeting of JGB Market Special Participants (primary dealers) and the Meeting of JGB Investors held on November, December, 2024 were as follows:

- Considering the overall balance, it seems appropriate to reduce the issuance amount in the super long-term zone, where supply-demand is easing, and redistribute those amounts to the medium- to long-term zones.
- Investor demand in the 30-Year and 40-Year maturity zones has significantly decreased due to the progress of regulatory compliance by life insurance companies. The steepening trend of the yield curve is continuing, and it is appropriate to reduce the issuance amount by 100 to 200 billion yen per auction for both maturities.
- It is understood that, while there are varying responses within the life insurance industry to 40-Year Bonds, there are no issues with a certain level of reduction. The issuance amounts of 20-Year and 30-Year Bonds are thought to be determined in balance with other factors, but we hope to maintain these issuance levels from our point of view. From the perspective of Asset Liability Management (ALM), it is expected to become a central investment product, indicating potential demand.
- The 20-Year Bonds have already been reduced starting from January 2024, and there continues to be significant asset swap demand from the banking sector. Therefore, as long as the Bank of Japan's interest rate hikes continue, it is desirable to maintain current levels to sustain demand.
- The Bank of Japan is expected to continue its gradual interest rate hikes next fiscal year. If interest rate adjustments persist, it may be possible to invest mainly in 5-Year and 10-Year Bonds toward the latter half of the next fiscal year, while utilizing hedge positions to prepare for rising interest rates.
- The primary focus of the increase will essentially be on the 2-Year and 5-Year Bonds in the medium-term zone. An increase in demand from deposit-taking financial institutions is expected in the future during times of rising interest rates.
- There is significant room for increasing the issuance of T-Bill, particularly for the 3-Month. The interest rate level for 3-Month T-Bill, although somewhat improved from previous periods, is still considered significantly low relative to the policy rate.
- Liquidity Enhancement Auctions in the remaining maturity of 15.5-39 years have

consistently attracted a reasonable level of demand with each auction. Therefore, it is highly desirable to restore the issuance amount to 500 billion yen per auction, the amount prior to the reduction in August this year.

- Regarding Japan Climate Transition Bonds, it is considered favorable to slightly reduce the amount or, at most, maintain it at the same level as this fiscal year. Please consider flexible issuance methods, including consolidated issuance.
- Regarding the issuance plan, the most critical and important aspects are engaging in dialogue with the market, and conducting issuances that are regular and predictable. JGBs are the most creditworthy and liquid of all financial assets within a country, and they must remain so.

B. Breakdown by legal grounds

The JGB issuance amount in FY2025 declines by 5.1 trillion yen from the initial level for FY2024 to 176.9 trillion yen but is still high.

Ref: II Chapter 1 1(1) “JGBs by Legal Grounds” (P43)

A breakdown of the FY2025 JGB issuance plan shows that the amount of Construction Bonds and Special Deficit-Financing Bonds to provide revenues for the General Account Budget has been decreased by 6.8 trillion yen from the initial level for FY2024 to 28.6 trillion yen. Aiming at financing reconstruction projects for recovering from the Great East Japan Earthquake, Reconstruction Bonds are issued as bridging finance until Special Taxes for Reconstruction and other revenues are receivable to the government. In FY2025, the government is planning to issue Reconstruction Bonds worth 0.1 trillion yen. GX Economy Transition Bonds are issued as bridging finance for the government to carry out bold upfront investment support of 20 trillion yen in order to realize more than 150 trillion yen of GX investment over 10 years from FY2023 through public-private partnerships, and in FY2025 the government is planning to issue GX Economy Transition Bonds worth 0.7 trillion yen. Children Special Bonds are issued depending on the need as bridging finance in order not to be short of financial resources until stable financial resources will be secured until FY2028, and in FY2025 the government is planning to issue Children Special Bonds worth 1.1 trillion yen. The FILP Bonds issuance amount is determined not only by the scale of new lending under the Fiscal Loan Program but also by the financial position of the overall Fiscal Loan Fund. FILP Bonds are planned to be issued worth 10.0 trillion yen. Refunding Bonds are issued to refund the General Bonds that were issued in the past, and in FY2025, the Refunding Bonds are planned to be issued worth 136.2 trillion yen.

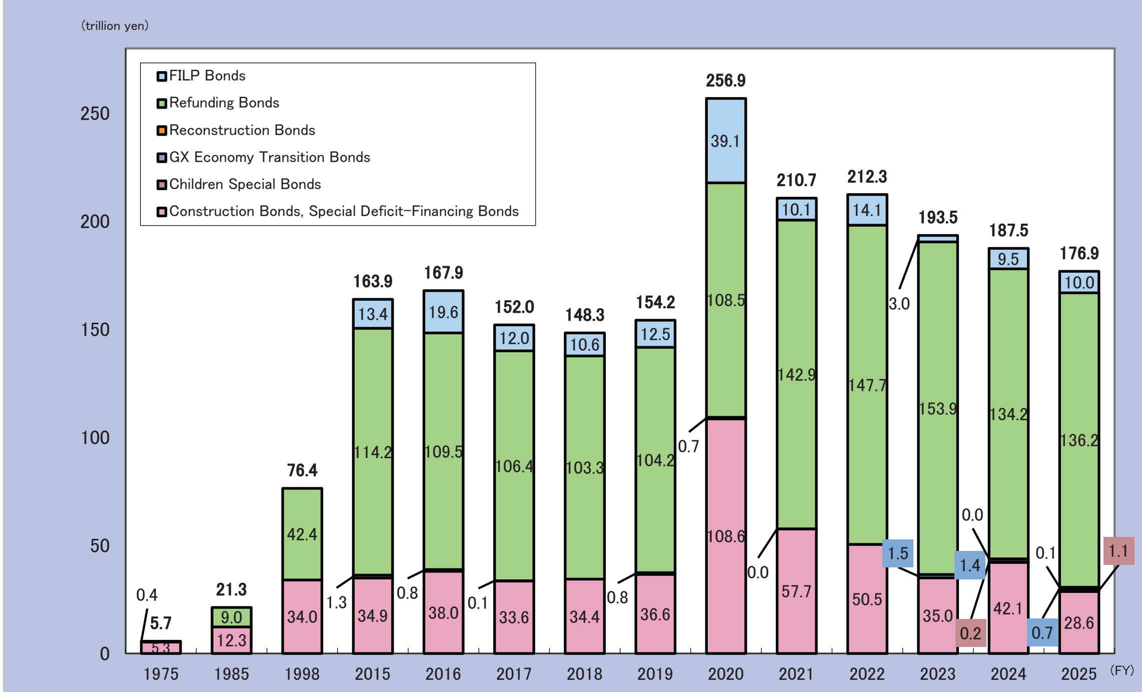
Fig. 1-9 JGB Issuance Plan for FY2025 (Breakdown by Legal Grounds)

(Unit: billion yen)

	FY2024	FY2025			
	Initial (a)	Initial (b)	Revised in March (c)	(c) - (a)	(c) - (b)
Newly-issued Bonds	35,449.0	28,649.0	28,647.1	▲ 6,801.9	▲ 1.9
Construction Bonds	6,579.0	6,791.0	6,791.0	212.0	—
Special Deficit-Financing Bonds	28,870.0	21,858.0	21,856.1	▲ 7,013.9	▲ 1.9
Reconstruction Bonds	146.1	121.1	121.1	▲ 25.0	—
GX Economy Transition Bonds	663.3	725.8	725.8	62.5	—
Children Special Bonds	221.9	1,139.7	1,139.7	917.8	—
FILP Bonds	10,000.0	10,000.0	10,000.0	—	—
Refunding Bonds	135,515.4	136,223.1	136,223.1	707.7	—
Total	181,995.6	176,858.7	176,856.8	▲ 5,138.9	▲ 1.9

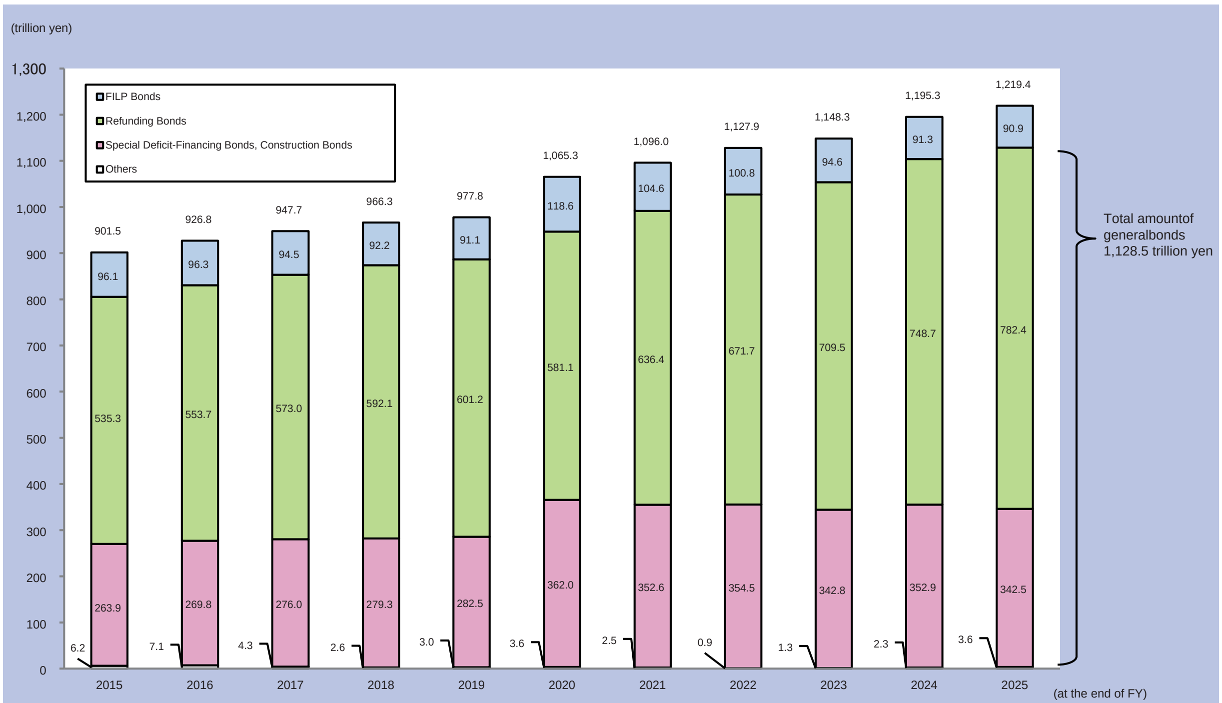
Note 1: Figures may not sum up to the total because of rounding.
Note 2: Buy-back program in FY2025 is planned to be implemented based on market conditions and through discussions with market participants.
Note 3: The maximum amount of front-loading issuance of Refunding Bonds in FY2025 is 55 trillion yen.

Fig. 1-10 Changes in JGB Issuance Amount



(Note1) Up to FY2023: Actual. FY2024: Supplementary budget basis. FY2025: Initial basis.
(Note2) Figures may not sum up to the total because of rounding.

Fig. 1-11 Changes in Outstanding Amount of JGB



Note 1: Up to FY2023: Actual
FY2024: Estimate based on the JGB Issuance Plan for FY2024(Supplementary Budget), including44.5trillion yen of front-loading refunding bonds.
FY2025: Estimate based on the JGB Issuance Plan for FY2025 (Initial), including55trillion yen of front-loading refunding bonds.
Note 2: Figures may not sum up to the total because of rounding.
Note 3: "Others" includes the following JGBs.
・"Reconstruction Bonds" (from the end of FY2015 to the end of FY2025)
・"Special Bonds for Covering Public Pension Funding" (from the end of FY2015 to the end of FY2022)
・"GX Economy Transition Bonds" (from the end of FY2023 to the end of FY2025)
・"Children Special Bonds" (from the end of FY2024 to the end of FY2025)

C. Breakdown by Financing Methods

Ref: II Chapter 1 1(2) "Methods of Issuance" (P58)

The FY2025 JGB issuance amount of 176.9 trillion yen required for the budget as mentioned in the previous section is categorized by following financing methods: "JGB market issuance," "Sales for Households".

Of the "JGB market issuance" accounting for most of the total JGB Issuance, the JGB Market Issuance (Calendar Base) (☞①) is set at 172.3 trillion yen, increasing 1.3 trillion yen from the initial level for FY2024.

The JGB issuance amount for Non-Price Competitive Auction II is put at 6.9 trillion yen for FY2025 as the planned amount for Non-Price Competitive Auction II (☞②, ③)

Sales for Households is set at 4.6 trillion yen, by increasing 1.1 trillion yen from the initial level for the previous year, with current sales conditions taken into account.

☞①The JGB Market Issuance (Calendar Base) refers to the amount (par value) of JGBs planned to be regularly issued through scheduled auctions from April to next March.

☞②Non-Price Competitive Auction II (Ref: II Chapter 1 2 (2) "Methods of Issuance" (P59).

☞③The issuance amount for Non-Price Competitive Auction II is put at 6.0% of the JGB Market Issuance (Calendar Base) amount for JGBs subject to the auction (40-Year, 30-Year, 20-Year, 10-Year, 5-Year and 2-Year Bonds).

Fig. 1-12 JGB Issuance Plan for FY2025 (Breakdown by Financing Methods)

< Breakdown by Financing Methods >

(Unit: billion yen)

	FY2024	FY2025			
	Initial (a)	Initial (b)	Revised in March (c)		
				(c) - (a)	(c) - (b)
JGB Market Issuance (Calendar Base)	171,000.0	172,300.0	172,300.0	1,300.0	—
Non-Price Competitive Auction Ⅱ	5,265.0	6,948.0	6,948.0	1,683.0	—
Adjustment between fiscal years	530.6	▲ 6,989.3	▲ 6,991.2	▲ 7,521.9	▲ 1.9
Subtotal Financed in the Market	176,795.6	172,258.7	172,256.8	▲ 4,538.9	▲ 1.9
Sales for Households	3,500.0	4,600.0	4,600.0	1,100.0	—
BOJ Rollover	1,700.0	—	—	▲ 1,700.0	—
Total	181,995.6	176,858.7	176,856.8	▲ 5,138.9	▲ 1.9

Note 1: Figures may not sum up to total because of rounding.
Note 2: “Adjustment between fiscal years” refers to leveling-off of the issuance between fiscal years through front-loading issuance and deferred issuance during an accounting adjustment period. (Ref: II Chapter 1 1(1) “JGBs by Legal Grounds” (P43)).

D. Market Issuance Plan by JGB Types

The maturity composition of the JGB Market Issuance (Calendar Base) is determined with market demands and trends taken into account, covering maturities from the short-term to the super long-term, based on government debt management policy requirements.

The FY2025 JGB Issuance Plan reduces the JGB Market Issuance (Calendar Base) to 172.3 trillion yen. Regarding the specific maturity structure, taking into account market needs, the issuance of short-term bonds, which are in extremely tight supply-demand conditions and 5-year bonds, for which demand from banks is expected were increased. Conversely, the issuance of 40-year and 30-year bonds were decreased, considering the declining demand from life insurance companies, which are the main investors.

Fig. 1-13 Market Issuance Plan by JGB Type for FY2025

(Unit: trillion yen)

	FY2024 (Initial) (per time)	FY2024 (Initial) (total ; a)	FY2024 (Supplementary Budget) (per time)	FY2024 (Supplementary Budget) (total ; b)	FY2025 (Initial) (per time)	FY2025 (Initial) (total ; c)	(c)-(a)	(c)-(b)
40-Year	0.7 × 6 times	4.2	0.7 × 6 times	4.2	0.5 × 6 times	3.0	▲ 1.2	▲ 1.2
30-Year	0.9 × 12 times	10.8	0.9 × 12 times	10.8	0.8 × 12 times	9.6	▲ 1.2	▲ 1.2
20-Year	1.0 × 12 times	12.0	1.0 × 12 times	12.0	1.0 × 12 times	12.0	—	—
10-Year	2.6 × 12 times	31.2	2.6 × 12 times	31.2	2.6 × 12 times	31.2	—	—
5-Year	2.3 × 12 times	27.6	2.3 × 12 times	27.6	2.4 × 12 times	28.8	1.2	1.2
2-Year	2.6 × 12 times	31.2	2.6 × 12 times	31.2	2.6 × 12 times	31.2	—	—
TBs		38.4		40.8		40.8	2.4	—
10-Year Inflation-Indexed	0.25 × 4 times	1.0	0.25 × 4 times	1.0	0.25 × 4 times	1.0	—	—
Japan Climate Transition Bonds		1.4		1.4		1.2	▲ 0.2	▲ 0.2
Liquidity Enhancement Auction		13.2		13.2		13.5	0.3	0.3
Total	171.0		173.4		172.3		1.3	▲ 1.1

Note 1: The issuance of the fiscal year can be changed based on discussions with market participants in response to market circumstances and issuance conditions.
Note 2: The 40-year bond will be issued in May, July, September, November, January and March.
Note 3: Treasury Bills (TBs) are jointly issued with Financing Bills (FBs), under unified names of Treasury Discount Bills (T-Bills).
The maturity of TBs, its issuance, and the number of auctions may be adjusted in a flexible manner in response to market circumstances and demands of investors, thus the maturity and the issuance on the table (Fig. 1-14) be subject to an adjustment.
Note 4: The 10-year inflation-indexed bond is planned to be issued in May, August, November and February. The issuance may be adjusted in a flexible manner in response to market circumstances and demands of investors, which will be determined based on discussions with market participants.
Note 5: "Japan Climate Transition Bonds" means GX Economy Transition Bonds and its Refunding Bonds issued as financial instruments based on a framework regulating the Use of Proceeds.
10-Year Japan Climate Transition Bonds will be issued in October and March, and 5-Year Japan Climate Transition Bonds will be issued in July and January.
The issuance is assumed to be implemented according to the table (Fig. 1-15), and adjusted in a flexible manner in response to market circumstances and demands of investors based on discussions with market participants.
Note 6: The issuance of liquidity enhancement auction and its allocation among each zone may be adjusted in a flexible manner in response to market circumstances and demands of investors, which will be determined based on discussions with market participants, thus the issuance and zones on the table (Fig. 1-16) be subject to an adjustment.

Fig. 1-14 Issuance for TBs

(Unit: trillion yen)

	FY2024 (Initial) (a)		FY2024 (Supplementary Budget) (b)		FY2025 (Initial) (c)		(c)-(a)	(c)-(b)
TBs (1-Year)	3.2 × 12 times	38.4	3.2 × 12 times	38.4	3.2 × 12 times	38.4	–	–
TBs (6-Month)		–	0.8 × 3 times	2.4	0.4 × 6 times	2.4	2.4	–

Fig. 1-15 Issuance for Japan Climate Transition Bonds

(Unit: trillion yen)

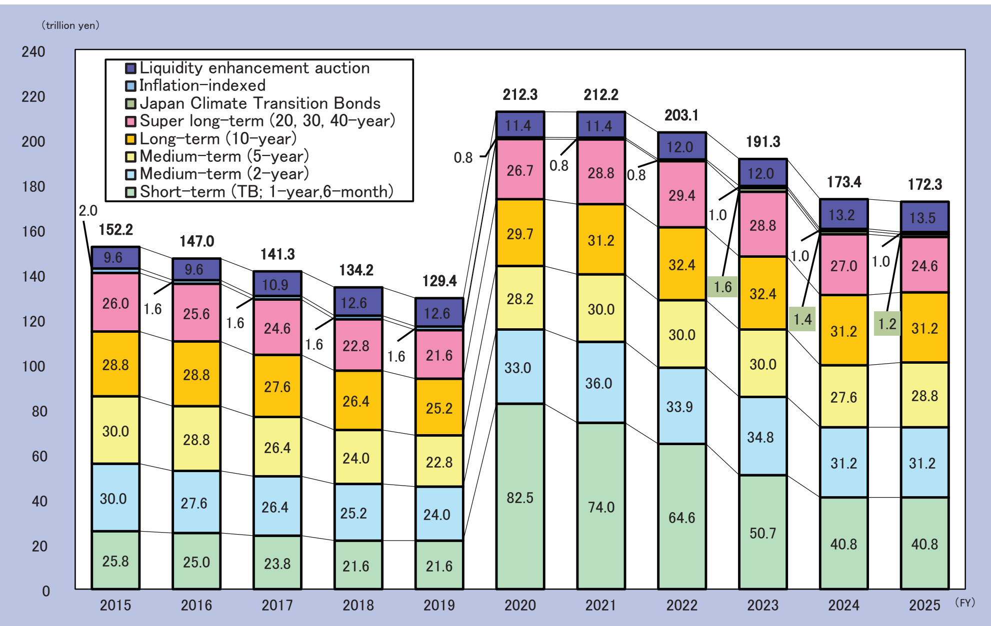
	FY2024 (Initial) (a)		FY2024 (Supplementary Budget) (b)		FY2025 (Initial) (c)		(c)-(a)	(c)-(b)
10-Year	0.35 × 2 times	0.7	0.35 × 2 times	0.7	0.3 × 2 times	0.6	▲ 0.1	▲ 0.1
5-Year	0.35 × 2 times	0.7	0.35 × 2 times	0.7	0.3 × 2 times	0.6	▲ 0.1	▲ 0.1

Fig. 1-16 Issuance by Zones for Liquidity Enhancement Auctions

(Unit: trillion yen)

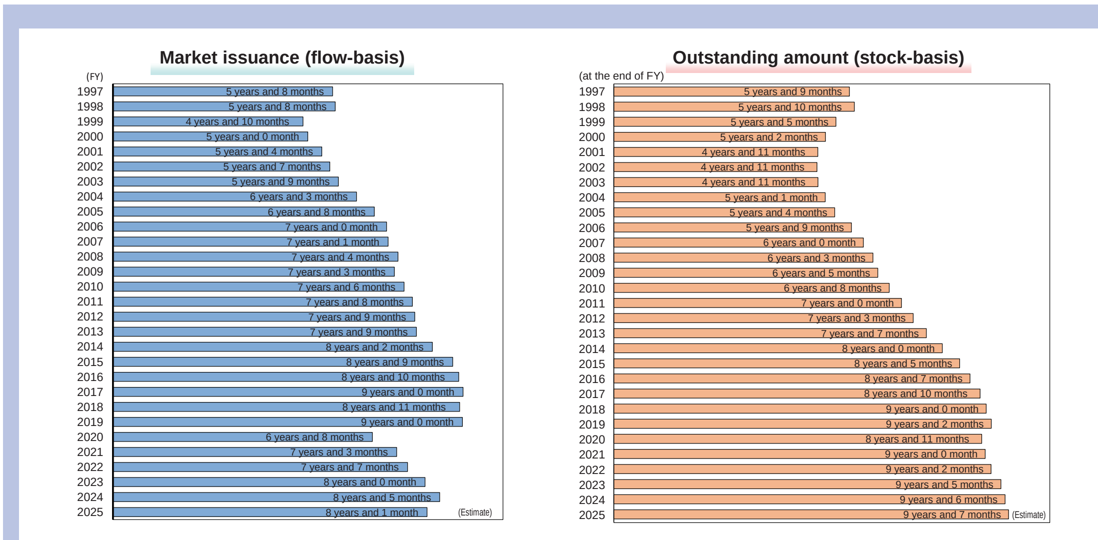
	FY2024 (Initial)	FY2024 (Supplementary Budget)	FY2025 (Initial)		
	(a)	(b)	(c)	(c)-(a)	(c)-(b)
15.5-39 Year	3.0	2.6	2.7	▲ 0.3	0.1
5-15.5 Year	7.2	7.6	7.8	0.6	0.2
1-5 Year	3.0	3.0	3.0	−	−

Fig. 1-17 Changes in JGB Market Issuance by JGB Type



Note: Up to FY2024: Last revised basis. FY2025: Initial basis.

Fig. 1-18 Average Maturity of JGBs



Note: Up to FY2024: Actual. FY2025: Initial basis

Note: Outstanding amount of general bonds.
Up to FY2024: Actual. FY2025: Initial basis.

Box 3 Cost-at-Risk Analysis

❶ Objective

Government debt management must deal with various future risks. It is important to properly assess and manage these risks in order to minimize fundraising costs in the medium-to-long term.
When drafting the annual JGB Issuance Plan, the Ministry of Finance engages in a dialogue with market participants and additionally uses the results of the Cost-at-Risk (“CaR”) analysis for quantitative examination purposes.
Drafting of the JGB Issuance Plan should not be based solely on CaR analysis and other quantitative analyses. It is vital that the JGB Issuance Plan is formulated from a basis of comprehensive judgment covering investor demand based on dialogue with market participants, the need for maintaining and enhancing market liquidity, and other factors.

❷ CaR Analysis

The CaR analysis simulates future chronological interest rate fluctuations using a probabilistic interest rate model and measures and assesses the distribution of future interest payments arising from JGB Issuance Plans and the outstanding amount of JGBs. The analysis estimates the average of interest payments (cost) over the next 10 years and the degree of their fluctuations (risk).

Fig. B3-1 Framework of CaR Analysis

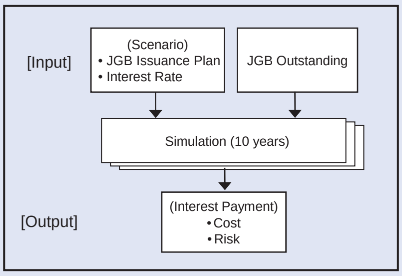
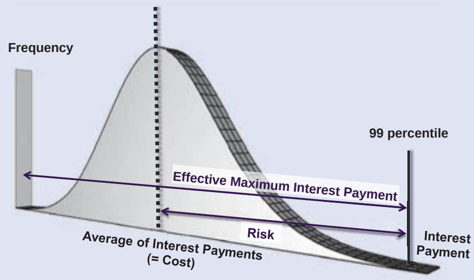


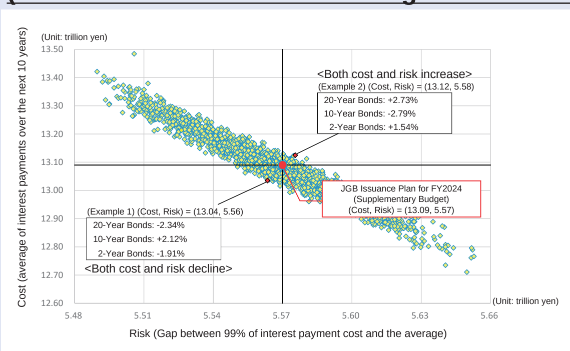
Fig. B3-2 Distribution of Interest Payments (Conceptual Diagram)



❸ Cost and Risk Trend

Fig. B3-3 is from a document the Ministry of Finance presented at the Meeting of JGB Market Special Participants on December 11, 2024.
Based on the maturity composition of the JGB Issuance Plan for FY2024 (Supplementary Budget), 2,000 patterns of the coupon-bearing JGB maturity composition have been randomly generated to analyze the cost-risk relationship. This indicates that both cost and risk decline for 20- and 2-Year JGB issues through a cut in their shares of the composition from the JGB Issuance Plan for FY2024 (Supplementary Budget) and for 10-Year issues through an increase in their share of the composition.

Fig. B3-3 Cost-at-Risk Analysis
(Document for the 112th Meeting of JGB Market Special Participants (December 11, 2024))



[Assumptions]
・Target bonds: General Bonds (excluding Special Bonds for Covering Public Pension Funding, Reconstruction Bonds, GX Economy Transition Bonds and Children Special Bonds)
・Analysis period: 10 years from FY2024
・Newly-Issued Bonds: Data for the Transferring to a New Economic Stage Case in the Cabinet Office’s Economic and Fiscal Projections for Medium to Long Term Analysis (July 2024)
・Interest rates: A total of 3,000 interest rate paths generated by the probabilistic interest rate model (the HJM model [Note 1]) are adjusted as follows for each case:
〔10-Year JGB Yield〕 The average at each time point is identical to the relevant nominal long-term interest rate level for the Transferring to a New Economic Stage Case in the Cabinet Office’s Economic and Fiscal Projections for Medium to Long Term Analysis.
〔Other JGB yields〕 The averages at each time point are identical to the relevant estimates based on a simple linear regression model [Note 2] and the relevant nominal long-term interest rate level for the Transferring to a New Economic Stage Case in the Cabinet Office’s Economic and Fiscal Projections for Medium to Long Term Analysis.
Note 1: The HJM model generates interest rate paths based on the current yield curve as the standard, and volatility over the past 20 years (the current yield curve is as of the end of March 2024).
Note 2: The simple linear regression model is estimated based on 10-year and other maturities’ JGB yields from the past 20 years.

Box 4 Challenges and Initiatives in Recent Government Debt Management Policy

❶ Current Situation of the JGB Market

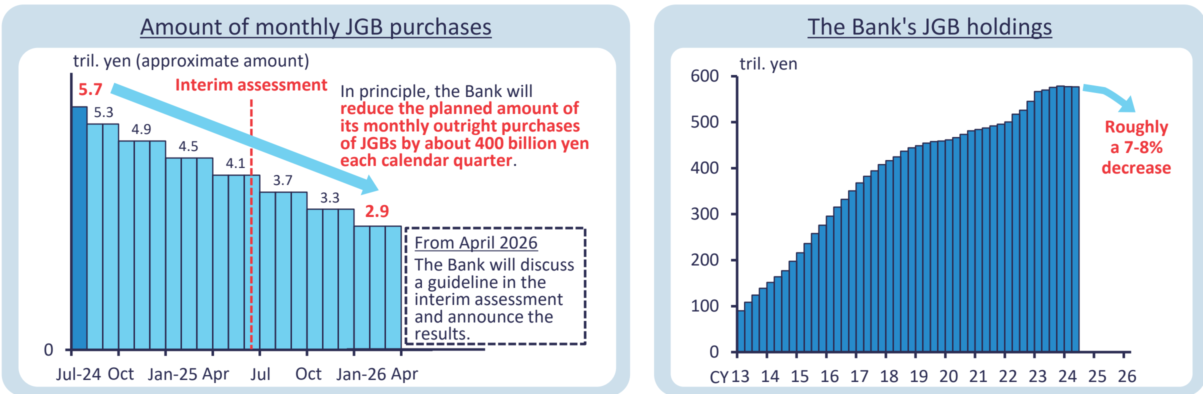
In March 2024, the Bank of Japan reviewed its monetary policy framework, and in July of the same year, it decided on a plan to reduce the purchase of long-term government bonds. These changes, along with shifts in domestic and international trends, are significantly altering the environment surrounding government bonds. Please refer to Part I, Section 1 (1) for further details.

Fig. B4-1 Plan for the Reduction of the Purchase Amount of JGBs (July 31, 2024, Bank of Japan)

The concept of the plan for the reduction until March 2026

1. Long-term interest rates: to be formed in financial markets in principle
2. JGB purchases: appropriate for the Bank to reduce its purchase amount of JGBs in a predictable manner, while allowing enough flexibility to support stability in the JGB markets

Reduction in a Predictable Manner



Allowing Enough Flexibility

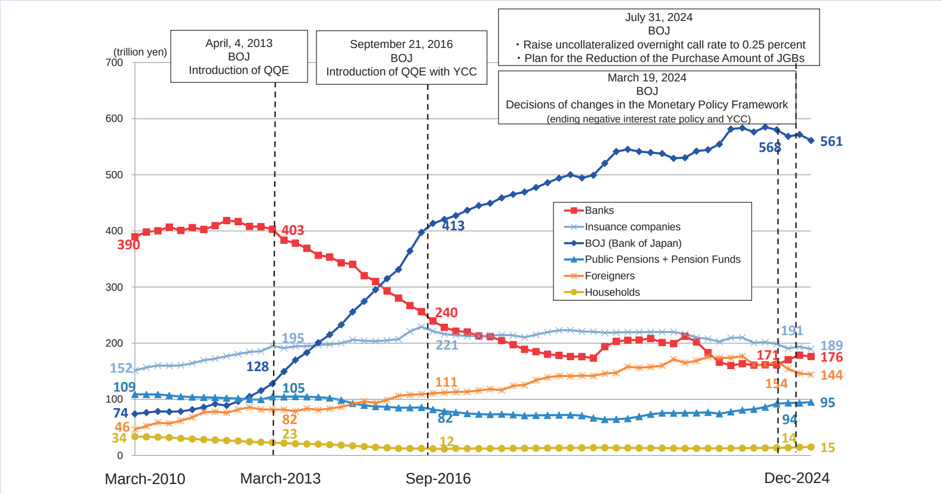
1. The Bank will **conduct an interim assessment of the plan at the June 2025 MPM**.
2. In the case of a rapid rise in long-term interest rates, the Bank will make nimble responses by, for example, increasing the amount of JGB purchases.
3. The Bank is prepared to amend the plan at the MPMs, if deemed necessary.

❷ Initiatives for Stable Issuance and Absorption of JGBs in the future (Discussions in the "Study Group on Government Debt Management")

Given this situation, as the debt management office, it becomes increasingly important to promote the holding of government bonds by a diverse range of investor classes to ensure the smooth and secure issuance while continuing to minimize medium- to long-term procurement costs (see reference chart: Figure 2). In May and June of 2024, the "Study Group on Government Debt Management" (hereinafter referred to as the "Study Group") was convened to discuss, from a mid-to-long-term perspective, how to ensure the stable issuance of government bonds. Experts engaged in these discussions and on June 21 of the previous year, they compiled a document titled "Initiatives for Stable Issuance and Absorption of JGBs in the future (Summary of Discussions)."

In the "Summary of Discussions", the Study Group noted that the JGB Issuance should be formulated taking into account changes in market conditions and investor demands, and also indicated initiatives for stable issuance and absorption of JGBs in the future, such as those listed in Chart 3.

Fig. B4-2 Outstanding Amount of JGBs and T-Bills (Breakdown by Holder)



(Source) Bank of Japan "Flow of Funds Accounts"
Note 1: "JGB" includes "FILP Bonds."
Note 2: "Banks" includes "Japan Post Bank," "Securities investment trusts," "Securities companies," etc.
Note 3: "Insurance companies" includes "Life insurance," "Nonlife insurance," and "Mutual aid insurance."

Fig. B4-3 Promotion of JGB holdings by various investors

	Mainpointsoffuturedirectionofefforts
Banks	・There is a certain opportunity for banks to increase their JGB holdings to a certain extent, and therefore they are anticipated to play an important role in the stable absorption of JGBs in the future. However, there are restrictions such as capital and other kinds of regulations and risk management frameworks, including the gradual implementation of Basel III regulations from 2013. ・From the viewpoint of promoting banks' holdings of JGBs, it is expected that measures will need to be taken in the future to mitigate the amount of interest rate risk to the market, such as shortening the maturity of issuance and issuing floating-rate bonds, taking into account market conditions and needs. ・However, since the shortening of the issuance maturity and introduction of floating rate bonds would mean that the government would bear refinancing and interest rate risks, there were also opinions suggesting that it might be important to expand new investors to hold JGBs as much as possible.
Life Insurance Companies / Pension Funds	・Given the progress of regulatory compliance and Japan's demographics and other structural constraints, it is unlikely that life insurance companies will significantly increase their holdings of JGBs in the medium to long term. The MOF has so far increased the issuance amount of ultra-long-term bonds in consideration of the needs of life insurance companies, but it is necessary to adjust the issuance amount of ultra-long-term bonds while closely monitoring actual investment trends.
Households and others	・Going forward, the "From Savings to Investment" trend could potentially affect JGBs investment by financial institutions through a decline in household savings. It is important to increase JGB holdings by households, who are expected to be stable holders of JGBs in the context of future debt management policies. ・In other countries, various purchase promotion strategies have been implemented, including JGBs for Retail Investors with tailored features and the application of tax incentives. To formulate future measures, it is essential to consider examples from these other countries. ・Entities such as non-profit corporations and privately managed unlisted are considered to have surplus funds available for investment, which are expected to hold JGBs in a stable manner. Among these entities, there are those that tend to avoid investing in financial instruments where the principal is not guaranteed, and therefore the availability of JGBs that meet their needs could encourage them to hold more JGBs.
Foreign Investors	・If Japan becomes more reliant on foreign investors to absorb JGBs in the future, it will be increasingly important to be aware of how Japan's economic and fiscal management is perceived by the market, including foreign investors. This will heighten the importance of maintaining the market's confidence in JGBs, including preserving or improving their credit ratings. ・Including the GX Economy Transition Bonds, future overseas IR efforts should not be limited to individual visits to foreign investors, which have been the main focus. Instead, it is necessary to conduct IR activities effectively and efficiently by also utilizing online seminars and implementing initiatives in collaboration between the public and private sectors.

❸ Initiatives to Increase JGB Holdings

Based on the discussions at these study meetings and subsequent reviews, on December 27, 2024, we announced initiatives to promote government bond holdings in conjunction with the formulation of the JGB Issuance Plan for FY2025, and reported on the progress at the study meeting held on May 8, 2025.

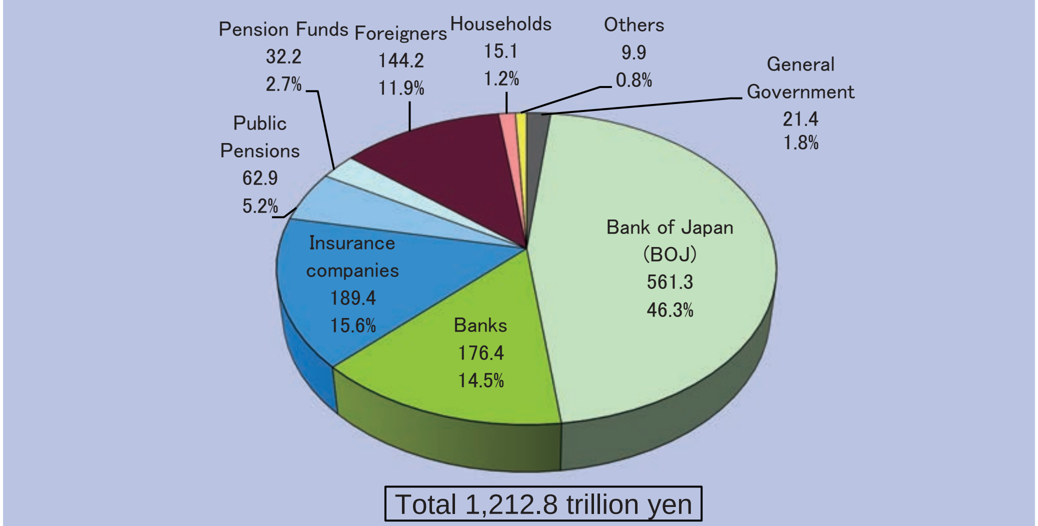
Taking into account the investment demand from banks and other financial institutions, we have announced the basic features of Floating-Rate JGBs linked to short-term interest rates. Given that it will take a certain period for authorities and market participants to update systems and establish frameworks, we anticipate that the earliest issuance could begin in January 2027. However, the actual timing of the issuance will be considered further, taking into account future market trends and the opinions of market participants.

Additionally, we have decided to consider including non-profit organizations and unlisted corporations as potential buyers of JGBs for Retail Investors, in order to expand the stable investor base. After exchanging opinions with financial institutions and related industry groups, we announced the specific scope and the expected start time for the expansion of sales, aiming for the issuance in January 2027.

3 Diversification of JGB Investor Base

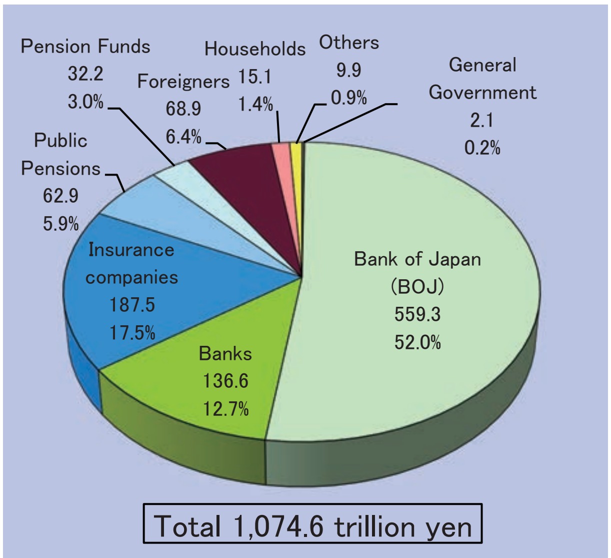
At present, the outstanding amount of JGBs is enormous. Therefore, the promotion of JGB holdings by a wide range of investors has become important for stabilizing the market's absorption of JGBs and their holdings. Diverse investors' JGB holdings based on various investment needs are expected to stabilize the market by preventing transactions from going in a single direction even if market conditions change. Therefore, the MOF has made efforts to encourage JGB market participation and JGB holdings not only by domestic institutional investors, such as banks and life insurance companies, but also by a wide range of investors, both domestic and foreign. This section explains the status of JGB holdings by both domestic and foreign investors, measures to promote holdings by domestic retail investors, and IR activities for both domestic and foreign investors.

Fig. 1-19 Breakdown by JGB and T-Bill Holders (December 2024, QE)



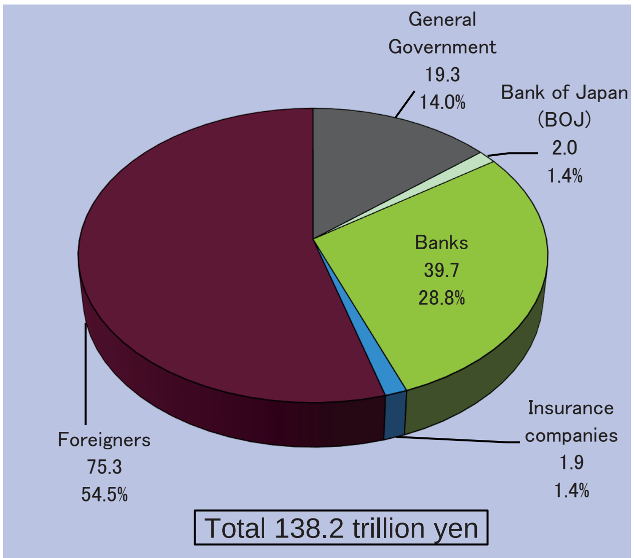
(Source) Bank of Japan "Flow of Funds Accounts" (Unit: trillion yen)

Fig. 1-20 Breakdown by JGB Holders (December 2024, QE)



(Source) Bank of Japan "Flow of Funds Accounts" (Unit: trillion yen)

Fig. 1-21 Breakdown by T-Bill Holders (December 2024, QE)



(Source) Bank of Japan "Flow of Funds Accounts" (Unit: trillion yen)

Note 1: "T-Bill" is the sum of "Treasury Bills (TBs)" and "Financial Bills (FBs)" with a maturity of 1 year or less. TBs and FBs have been jointly issued since February 2009.
Note 2: "JGB" in the figures represents the outstanding balance of JGBs (including FILP bonds) excluding TBs maturing within 1 year or less.
Note 3: "Banks" includes "Japan Post Bank," "Securities investment trusts," "Securities companies," etc
Note 4: "Insurance companies" includes "Life insurance," "Nonlife insurance," and "Mutual aid insurance."
Note 5: "General Government" excludes "Public Pensions."

(1) JGB Holdings by Retail Investors

Ref: II Chapter 1 2(2) “Methods of Issuance” (P58)

To promote JGB sales to retail investors, since the introduction of 10-Year Floating-Rate Bonds for Retail Investors in March 2003, we have introduced 5-Year Fixed-Rate Bonds for Retail Investors in January 2006, 3-Year Fixed-Rate Bonds for Retail Investors in July 2010, and launched the new Over-The-Counter(OTC) sales system in October 2007.

In FY 2024, due to the rise in market interest rates, the interest rates on JGBs for Retail Investors also increased, leading to a substantial increase in sales to approximately 4.5 trillion yen, and the outstanding balance of JGB holdings by households also increased.

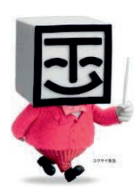
However, in the long term, the proportion of JGBs held by households remains at a low level.

In light of this situation, we are carrying out advertising campaigns aimed at expanding the medium- to long-term base of purchasers for JGBs for Retail Investors. In FY 2024, advertisements were implemented with the main target being the existing primary buyer demographic of those aged 50 and older, aimed at encouraging purchasing decisions. Additionally, advertising was rolled out to increase awareness and product understanding among the secondary target groups, which include the working generation and younger individuals.

Specifically, in addition to using the characters "Koko-chan for JGBs for Retail Investors” and "Kokusai Sensei" (JGB teacher), we employed celebrities for internet advertising (such as banner ads), social media and video advertisements, newspaper and magazine ads, transit advertising, and TV commercials. We also created and distributed posters and pamphlets and participated in events with booth displays. Additionally, we conducted region-specific advertising, seminars, and outreach classes in areas such as Aichi Prefecture and Okayama Prefecture.

In FY 2025, similar to FY 2024, we plan to emphasize the appeal of the product features of JGBs for Retail Investors and other related products in our advertising campaigns to encourage purchases.

<Kokusai Sensei>



<Kokochan>

Fig. 1-22 JGB Holdings by Households

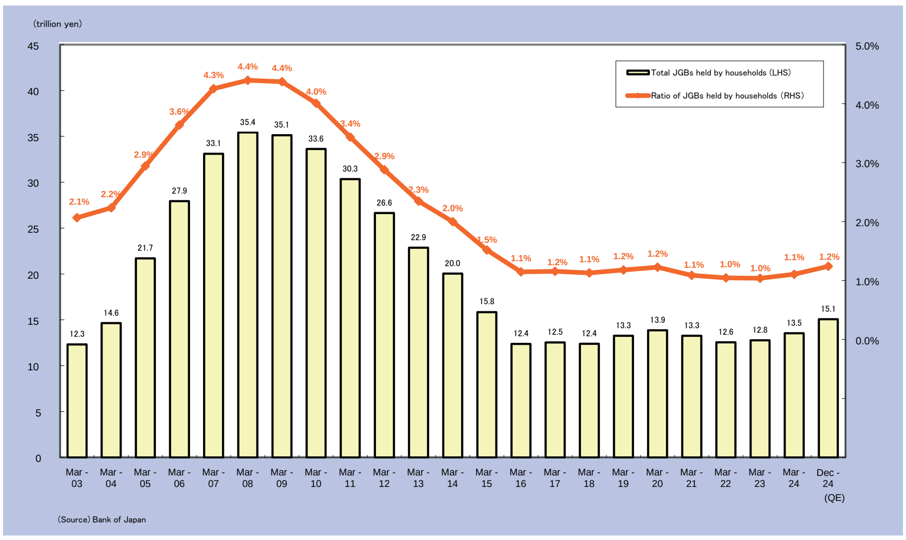


Fig. 1-23 Issuance and Redemption of JGBs for Retail Investors

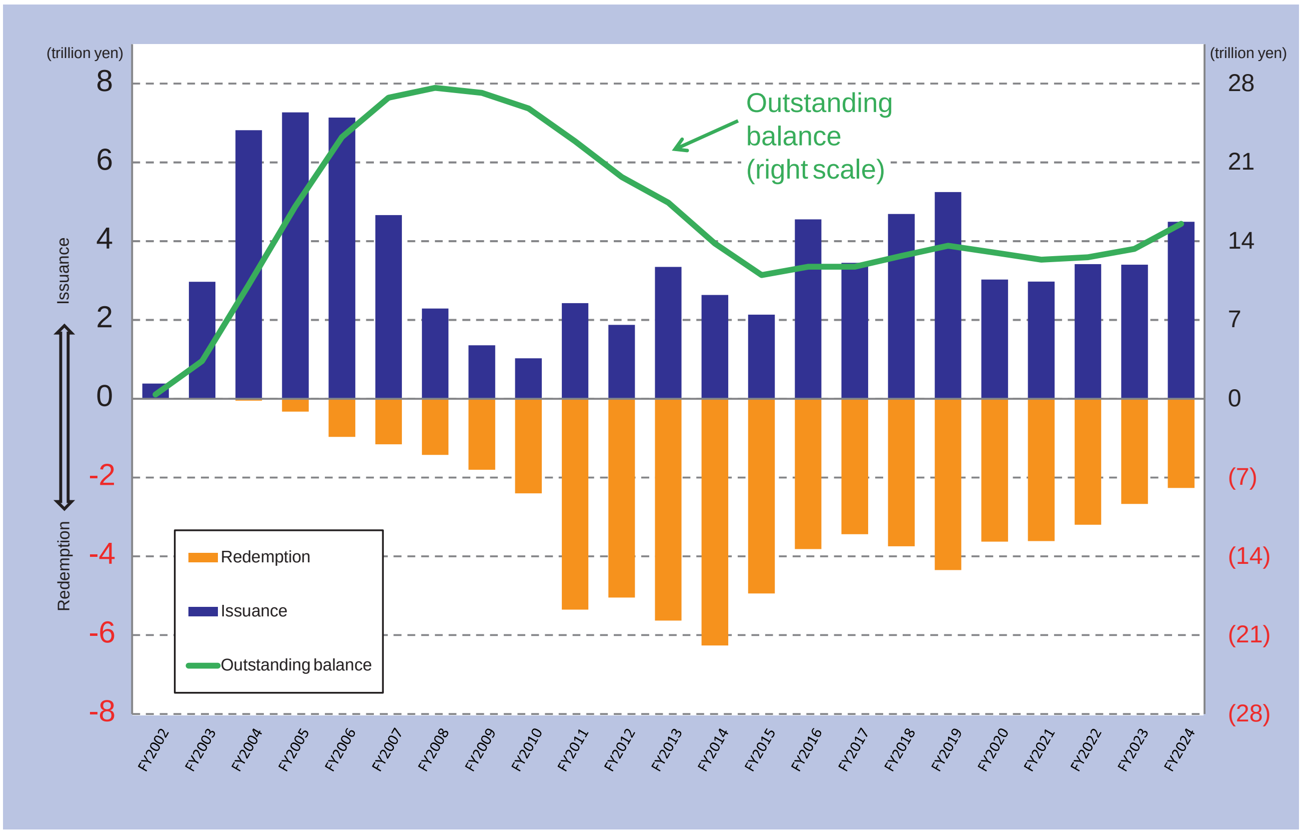
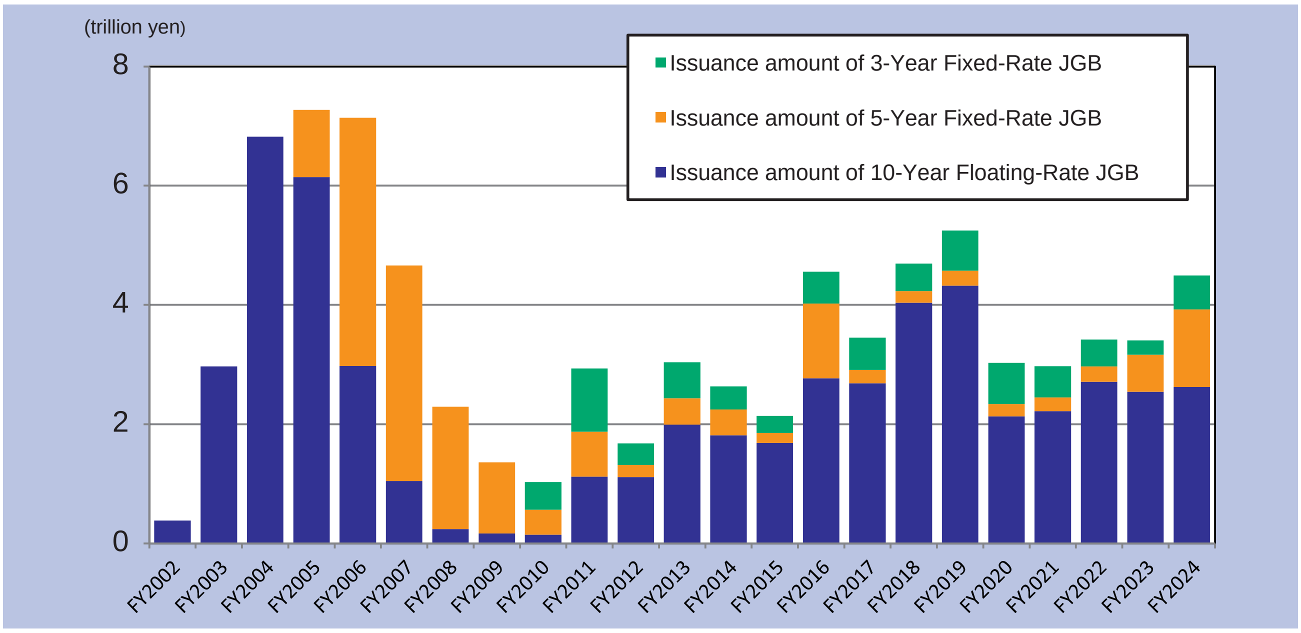


Fig. 1-24 Outstanding JGBs for Retail Investors



(2) JGB Holdings by Foreign Investors

A. Foreign Investors' Presence

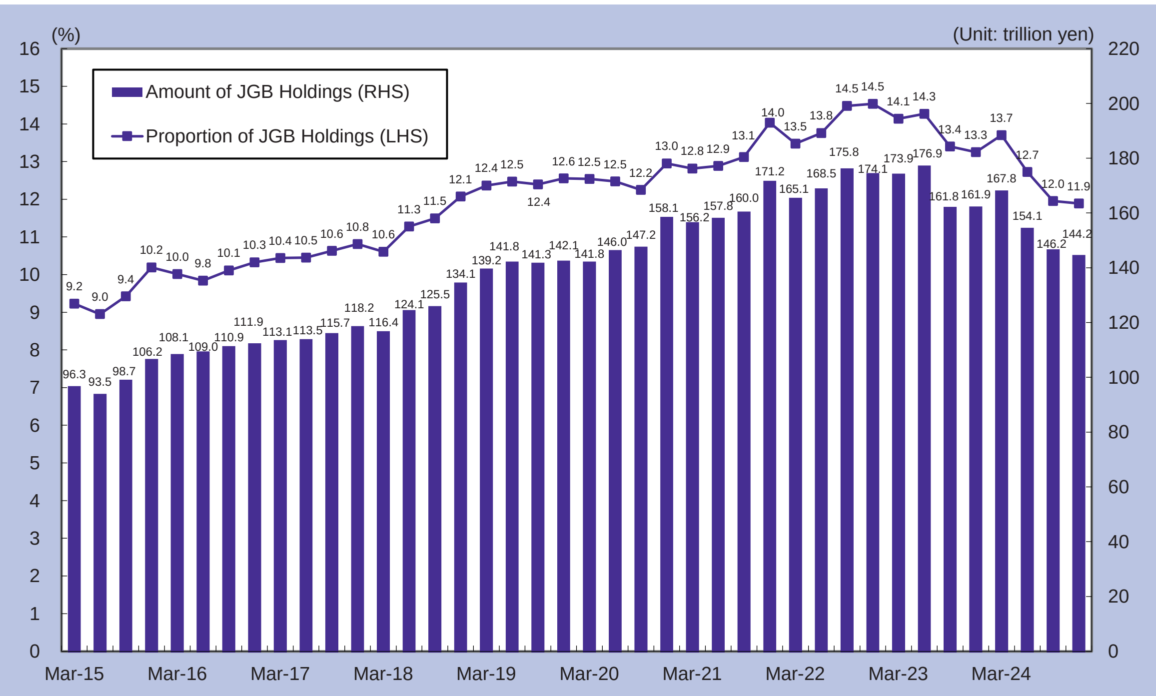
The status of JGB holdings by foreign investors can be found in the "Flow-of-Funds Accounts" published by the BOJ on a quarterly basis (Fig. 1-25).

Foreign investors temporarily reduced JGB holdings as JGB volatility headed higher just after the BOJ's decision at its Monetary Policy Meeting in April 2013 to introduce the Quantitative and Qualitative Monetary Easing policy. Nevertheless, foreign investors' JGB holdings turned upward as JGB yields remained stable at low levels due to destabilization factors in emerging and other foreign countries.

In CY 2024, the investment trends of foreign investors showed a sell-off in government bonds at times, partly due to the interest rate increase following the BOJ's revision of its monetary policy framework in March 2024. However, for most of the period, there was a continued net purchase of bonds. Factors cited include continued investment in short- and medium-term bonds utilizing currency basis swaps and the ongoing need for short covering of long-term bonds. In response to the BOJ's additional interest rate hike in July 2024, domestic investors who had refrained from investing under negative interest rates resumed operations using Treasury Discount Bills (T-Bills). Combined with the reduction in the issuance amount of T-Bills, these factors led to a tightening in supply and demand. Consequently, the percentage of T-Bills held by foreign investors declined, especially in 2024. On the other hand, looking at medium- to long-term trends, as JGBs have looked attractive to foreign investors due to the low yen fundraising costs on the back of the tightening dollar supply-demand balance in recent years, their JGB holdings have remained stable. Some foreign investors hold JGBs in favor of their stable yield trends compared to those of other countries. At the end of December 2024, foreign investors' share of outstanding JGBs totaled 144.2 trillion yen, or 11.9%.

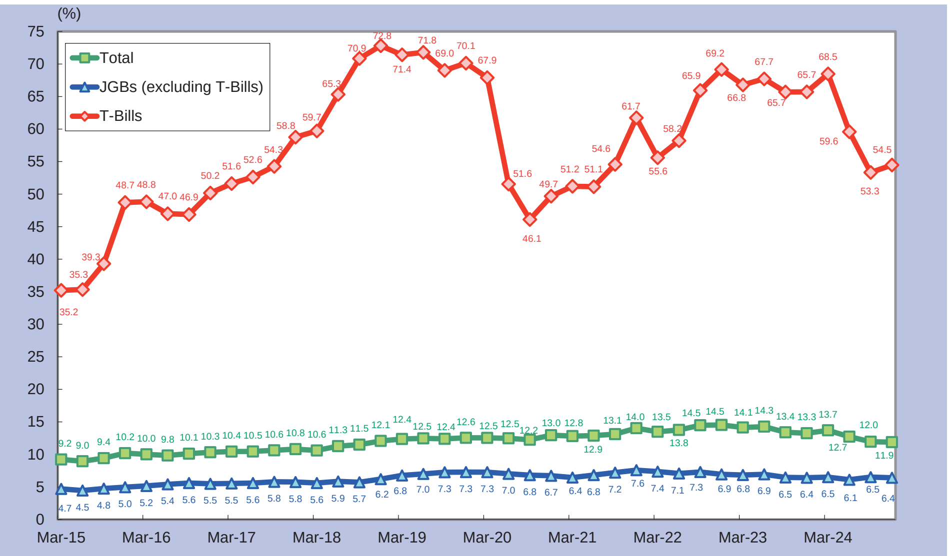
Foreign investors' JGB investment has featured a focus on T-Bills. At the end of December 2024, they held 6.4% of outstanding JGBs (excluding T-Bills) and 54.5% of T-Bills (Fig. 1-26). Foreign investors also feature their active trading on the secondary market. Their share of secondary market transactions at the end of December 2024 reached 48.2% for spot trading and 76.3% for futures trading (Fig. 1-27). Foreign investors' presence on the secondary market is greater than indicated by their JGB holdings. We should keep an eye on the presence of foreign investors.

Fig. 1-25 JGB Holdings by Foreign Investors



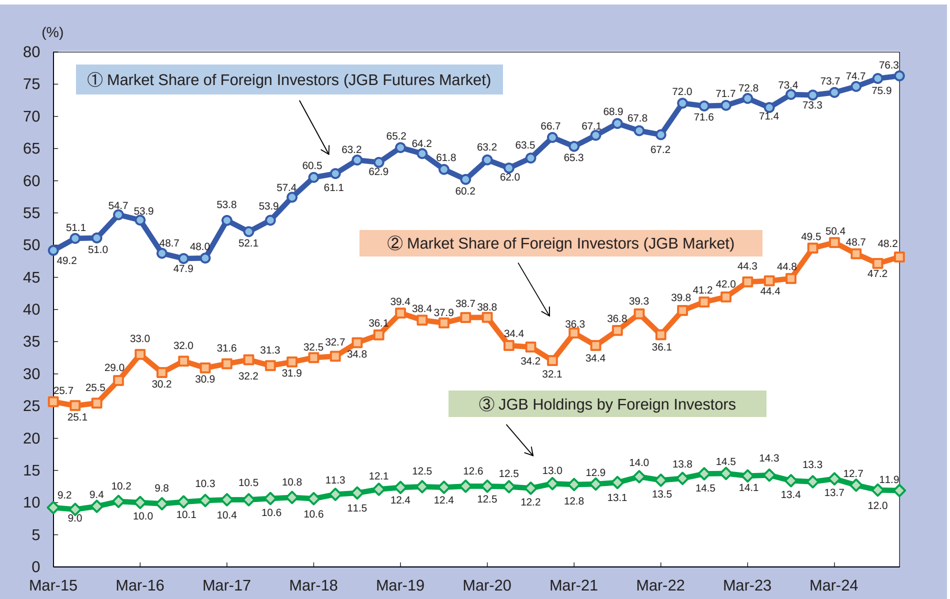
Note: "JGB" includes "FILP Bonds" and "T-Bills."
(Source) Bank of Japan "Flow of Funds Accounts"

Fig. 1-26 JGB (including T-Bills) Holdings by Foreign Investors



(Source) Bank of Japan "Flow of Funds Accounts"

Fig. 1-27 JGB Holdings and Trading by Foreign Investors



Note 1: "JGB" includes T-Bills. Figures on ② exclude dealer's transaction.
Note 2: Figures on ① and ② indicate the market share during each quarter.
(Sources) Bank of Japan, Japan Securities Dealers Association, Japan Exchange Group, Inc.

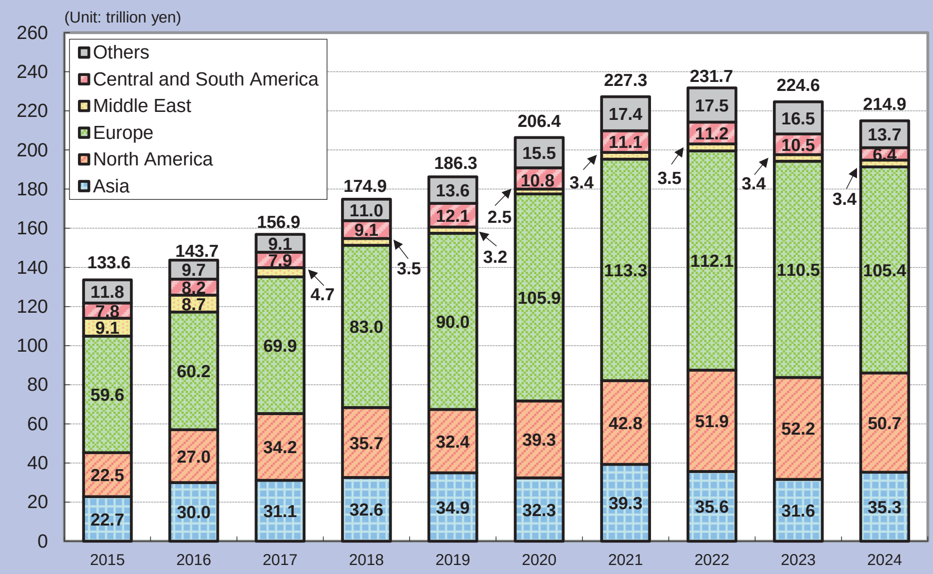
B. Breaking down Foreign Investors

There are various foreign investors, including "real money" institutional investors (such as central banks managing foreign exchange reserves, international financial institutions, pension funds, life insurance companies and asset management firms) and hedge funds.

Generally, it is said that "real money" institutional investors give greater priority to safety, liquidity and stable long-term holdings, while hedge funds mainly invest in a relatively short-term period utilizing derivatives and so on. However, some "real money" institutional investors conduct relatively short-term investment, while some hedge funds implement relatively long-term investment. As shown above, there are a variety of investment styles. Recently, a wide range of foreign investors have intensified investment in short- to medium-term JGBs by taking advantage of basis swaps.

As for a region-by-region breakdown of foreign investors, the Ministry of Finance and the BOJ release statistics (Regional Portfolio Investment and Financial Derivatives Position (Liabilities)). According to these statistics, JGB and other Japanese bond holdings total (1) 105.4 trillion yen in Europe, (2) 50.7 trillion yen in North America (3) 35.3 trillion yen in Asia, (4) 6.4 trillion yen in Central and South America and (5) 3.4 trillion yen in the Middle East (Fig. 1-28). A country-by-country breakdown of Japanese bonds held overseas indicates that the five largest holders of these bonds are (1) the U.S. with 48.8 trillion yen, (2) Belgium with 43.9 trillion yen, (3) Luxembourg with 27.9 trillion yen, (4) China with 16.6 trillion yen, and (5) the U.K. with 9.3 trillion yen.

Fig. 1-28 Foreign Investors' Bond Holdings by Region (Custodian Base)



Note: In addition to JGBs, all of the bonds issued by residents in Japan such as Local Government Bonds and corporate bonds are included. Given that these statistics provide a region by region breakdown of Japanese bond holders including custodians (financial institutions that take custody of and manage securities including shares and bonds on behalf of investors), we must take note of the fact that the breakdown does not necessarily give a region-by-region breakdown of final investors.

(Sources) Ministry of Finance, Bank of Japan

(3) JGB Investor Relations

The Ministry of Finance has made efforts to enhance relations with domestic and foreign investors in JGBs (IR: Investor Relations). These efforts aim to stabilize the JGB market by diversifying the investor base. Furthermore, we provide accurate and timely information that meets investors' needs, encourage long-term stable holding of JGBs, and aim to understand the trends and needs of both domestic and international investors accurately to provide feedback for Debt Management Policy. As part of these efforts, in July 2014, the Office of Debt Management and JGB Investor Relations was established within the Debt Management Policy Division of the Financial Bureau. By collaborating with research and analysis divisions, the office has enhanced our information dissemination system to implement more effective and efficient IR activities. In IR, we provide detailed information to a diverse range of domestic and international investors, tailored to meet the specific needs of each type of investor.

Currently, in light of the BOJ's review of its monetary policy framework in March 2024 and the subsequent decisions to reduce government bond purchases, there is a need to encourage a wide range of domestic and international investors to maintain long-term stable holdings of JGBs.

Additionally, regarding Japan Climate Transition Bonds, which began issuance in 2024, it is crucial to stimulate demand from both domestic and international investors, as they represent the world's first transition bonds issued by a national government.

To this end, in July 2024, as part of the public-private partnership efforts in IR, we designated "JGB/GX Promoter" from among securities companies that are JGB Market Special Participants (Primary Dealers) to further strengthen the domestic and international IR of JGBs, including Japan Climate Transition Bonds.

A. Efforts for Overseas IR

a. The Introduction and Evolution of Overseas IR

The efforts for overseas IR have been initiated since 2005, incorporating methods that cater to investor needs, taking into account trends among foreign investors, changes in market conditions, and feedback from meetings related to government debt management. Initially, we focused on conducting seminars to increase awareness of JGBs, but in recent years, we have also strengthened individual visits to investors. Through direct dialogue with each investor, it becomes possible to gain a more detailed understanding of and respond to investors' needs, further enhancing understanding of JGBs and the Japanese economy, and building a close relationship with investors.

Additionally, the Ministry of Finance is striving to conduct overseas IR activities more effectively and efficiently, building on over 20 years of accumulated experience in this area. For example, we create explanatory materials focused on past inquiries and the interests of foreign investors, conduct meetings, and then organize and accumulate information on investor interests and investment trends. This process follows a PDCA cycle aimed at building better relationships.

In these overseas IR, we receive a variety of questions and opinions from foreign investors. In addition to incorporating the feedback from these foreign investors into Debt Management Policy, we also strive to enhance information dissemination by publishing a monthly "JGB Newsletter" in English.

b. Overseas IR in FY2024

In FY2024, following on from FY2023, in addition to traditional overseas IR, we also conducted overseas IR aimed at enhancing understanding of Japan Climate Transition Bonds among both domestic and foreign investors. Since the decision on the aforementioned "JGB/GX Promoter," we have been strengthening overseas IR for JGBs, including Japan Climate Transition Bonds, as part of public-private partnership efforts, by obtaining cooperation from the Promoters for the following:

1. Arranging meetings with foreign investors and organizing seminars for investors
2. Supporting the update and revision of materials used in IR and providing information related to domestic and international market environments

Specifically, we conducted overseas IR activities 14 times throughout the fiscal year, visiting 25 cities in 18 countries and one region across North America, Europe, Asia, and the Middle East, with a focus on key locations where many investors are based, such as New York, London, Paris, Singapore, and Hong Kong. Additionally, we enhanced our information dissemination by not only holding meetings with local investors and debt management authorities, but also by speaking at a JGBs seminar attended by numerous investors.

As part of our domestic efforts, we actively conducted individual meetings with foreign investors visiting Japan, in addition to seminars inviting foreign investors and speeches at forums organized by international organizations.

Through such overseas IR activities, we conducted a total of 204 meetings throughout the fiscal year (Fig. 1-29). Foreign investors have shown significant interest and raised numerous questions regarding Japan's Debt Management Policy, the goal of achieving a primary balance surplus, macroeconomic trends such as Japan's wage and price conditions, and the GX policy.

Fig.1-29 Number of Meetings with Foreign Investors

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Number of Meetings	120	82	76	130	185	204

Note 1: The figures are limited to meetings arranged by Office of Debt Management Policy Division.
Note 2: The numbers include face-to-face meetings in Japan or abroad and online meetings.

In this way, overseas IR activities play a role in directly and clearly conveying accurate information on Japan's government debt management and economic policies, in order to meet investors' needs for extensive and in-depth information not only about JGBs but also about the economy and fiscal matters.

B. Efforts for Domestic IR

a. Strengthening Domestic IR activities

Traditionally, IR for JGBs targeting domestic investors were limited to disseminating information through this report and conducting meetings with select investors. As previously mentioned, the importance of IR targeting domestic investors is increasingly significant for diversifying the investor base. We are strengthening our domestic IR efforts, including seminars and one-on-one meetings with a wide range of domestic investors, with the cooperation of JGB/GX Promoter. Our aim is to better understand the diverse potential needs of these investors.

b. Domestic IR in FY2024

In FY2024, we undertook the following activities:

1. Participation in seminars co-hosted with various Local Finance Bureaus, primarily targeting investors within the jurisdiction of each local finance bureau
2. Presentations at various seminars for investors nationwide, hosted by industry associations and the JGB/GX Promoter
3. Individual meetings with regional financial institutions

In the seminar, we gave a lecture on the current situation surrounding the JGB market and Debt Management Policy including Japan Climate Transition Bonds, etc. In individual meetings, we made efforts to accurately understand and address investors' concerns. Additionally, we are actively engaging in new efforts to diversify the investor base, such as participating in small meetings for discussions with a select group of investors and speaking at seminars for non-profit organizations like incorporated educational institutions and public interest corporations.

In these domestic IR activities, many questions were raised by domestic investors regarding the future direction of Debt Management Policy, the progress of GX policy, and the trends of foreign investors as discussed in the aforementioned overseas IR activities.

Fig.1-30 Number of Seminars and Meetings for Domestic Investors

	FY2023	FY2024
Number of Seminars	16	17

	FY2023	FY2024
Number of Meetings	52	70

Note : The number of IR targeting domestic investors conducted by Office of Debt Management Policy Division

3 Diversification of JGB Investor Base

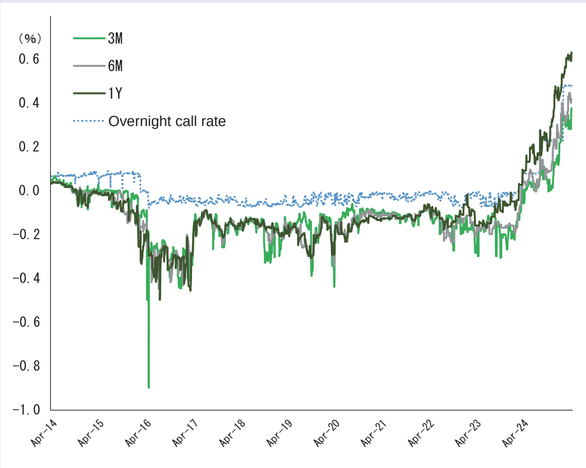
Box 5 On the Demand for T-Bills

Treasury Discount Bills (T-Bills), which are issued with maturities of one year or less, have a shorter duration until maturity. Consequently, they carry less price volatility risk compared to long-term government bonds and are considered to be highly safe. As a result, it serves as a stable investment for both domestic and foreign investors and is also utilized as collateral in financial transactions.

During the negative interest rate policy period, T-Bill interest rates reflected strong demand from both domestic and foreign investors, remaining below the Bank of Japan's policy rate. Subsequently, in March 2024, the negative interest rate policy was lifted, and interest rates turned positive across all maturities. However, due to the increased demand driven by the transition to positive interest rates, the rates for the 3-month and 6-month maturities continue to remain below the policy rate.

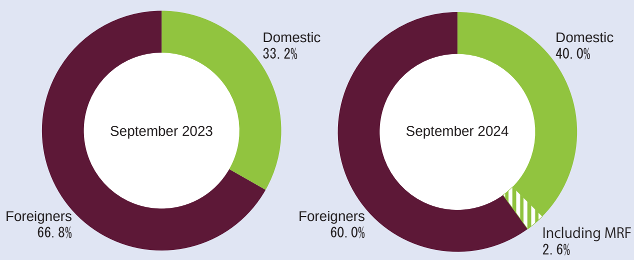
Looking at the breakdown by holder, during the period when interest rates were negative, foreign investors, who could secure profits through currency basis swap transactions, had a high share. However, after interest rates turned positive, the share held by domestic investors has increased.

Fig. B5-1 Trends in T-Bill and Other Interest Rates



(Sources) Tanshi Association, Japan Bond Trading Co.,Ltd.

Fig. B5-2 Proportion of T-Bill Holdings by Domestic and Foreign Investors



Note: Excluding the Bank of Japan and the general government (excluding public pensions).
(Source) Bank of Japan "Flow of Funds Accounts"

◯ T-Bill Investments by Foreign Investors

A distinctive feature of the composition of T-Bill holders is that the proportion of foreign investors is relatively higher compared to government bonds (excluding T-Bills).

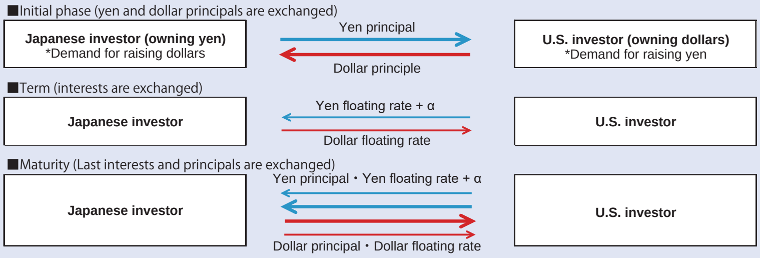
Foreign investors include a variety of entities such as institutional investors referred to as "real money," as well as hedge funds. These investors make investment decisions based on various perspectives, including individual corporate strategies and economic trends both domestically and internationally. One of the strategies adopted by foreign investors when investing in T-Bills is using currency basis swaps. The following explains the mechanism of investment using currency basis swaps.

A currency basis swap is a transaction in which the principal amounts in different currencies are exchanged at a predetermined exchange rate, and the variable interest rates arising in each currency over the period are swapped. The Fig. B5-3 below presents an overview of trading in the dollar-yen currency basis swap (dollar-yen basis) as an example. In the figure, α is the so-called basis spread. The spread means a premium on a yen interest rate (annual rate) and fluctuates depending on supply and demand between the currencies.

If demand is strong for raising yen even at the cost of an increase in yen interest payments, for instance, upward pressure is exerted on α. If demand is strong for raising dollars even at the cost of a decline in yen interest receipts, downward pressure is exerted on α.

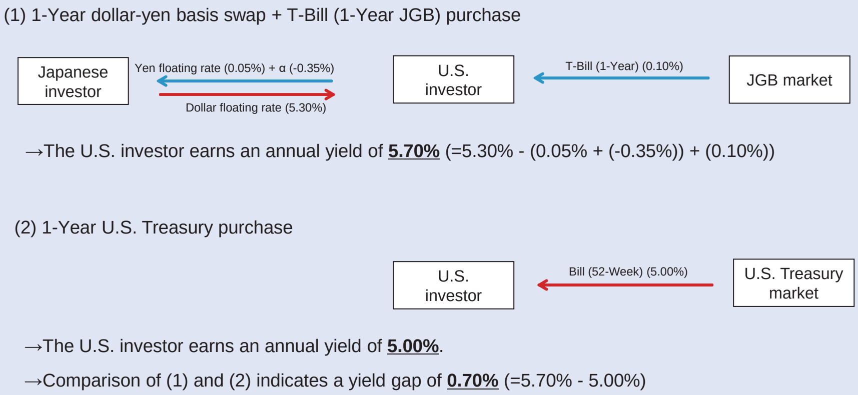
In recent years, due to strong demand for dollar funding, α has generally remained negative across most tenors in the dollar-yen basis. This condition, where α is negative, is expressed as a "premium in dollar funding is occurring."

Fig. B5-3 Scheme Diagram of Currency Basis Swap(dollar-yen basis swap) (In the Case of a 1-Year Maturity)



For instance, if the one-year α (the basis spread of the dollar-yen basis with a one-year maturity) is assumed to be -0.35% (-35 bps), when U.S. investors utilize the one-year dollar-yen basis as shown in Fig. B5-3, U.S. investors will incur a "receiving dollar floating rate" and "paying yen floating rate plus α (-35 bps)" over the course of one year. Here, the fact that U.S. investors pay -35 basis points in interest implies that they receive an equivalent amount in interest. Considering various interest rate levels, U.S. investors, in pursuit of receiving this 35 basis points, would achieve a higher yield by swapping dollars for yen to invest in Japanese government bonds rather than investing in U.S. Treasuries.

Fig. B5-4 Comparison Between a U.S. Investor Swapping Dollars to Yen and investing in JGBs and the Investor Investing in U.S. Treasury Securities (using 1-year dollar-yen basis swap) (transactions in the mid-term portion of Fig. B5-3)



Note 1: Although the yen floating rate and the dollar floating rate in the descriptions above are assumed to remain unchanged, they actually fluctuate.

Note 2: Interest rate swap transactions for fixing the yen floating rate and the dollar floating rate are omitted here to simplify the explanation.

◯ Trends of Domestic Investors

For domestic investors, the primary entities include domestic banks with collateral holding needs and domestic institutional investors with short-term fund management needs. Among other things, regarding the short-term operational needs of domestic institutional investors, the use of T-Bills for fund management was restrained during the period when T-Bill rates remained in negative territory. However, with the lifting of the negative interest rate policy in March 2024, leading to interest rates moving into positive territory, the use of T-Bills for operations has resumed from April of the same year. One example of an investment entity that has resumed operations with T-Bills is the Money Reserve Fund (MRF), and an overview of it is provided below.

MRF was established in 1997 as a repository fund for idle funds that arise with the introduction of comprehensive securities accounts. Since the start of "Abenomics" in 2012, the rise in stock prices has led to an increase in transactions of stocks and investment trusts, resulting in an expansion of idle funds in securities accounts, and the net asset balance of MRF has been continuously increasing. Since MRF is fund that manage idle funds in securities accounts, a high level of safety is required in their operations. For example, there are certain regulations concerning their management methods, such as "including more than 50% securities" and "limiting the remaining maturity of included bonds to within one year." Under such regulations, T-Bills, which are securities with short maturity periods, were originally highly compatible investment targets for MRF. With T-Bill interest rates moving into positive territory, their investment is currently being resumed.

II

Framework of Debt Management

This part explains the fundamental framework
of debt management.

Chapter 1 Government Bonds (JGBs)

1 Debt Management Policy Frameworks

There are various types of JGB and they are issued in accordance with each legal ground of issuance. Also, redemption methods and redemption resources are defined by each.

JGBs can be divided into two main categories: General Bonds, and Fiscal Investment and Loan Program Bonds (FILP Bonds). While the government mainly relies on tax revenue and others to redeem General Bonds, the redemption and the interest payments on FILP Bonds are mainly covered by the collection of Fiscal Loan receivable. However, both General Bonds and FILP Bonds are jointly issued as JGBs with the same interest rate and maturity. They are the same financial instruments and are treated in the same manner on the market as well (☞)。

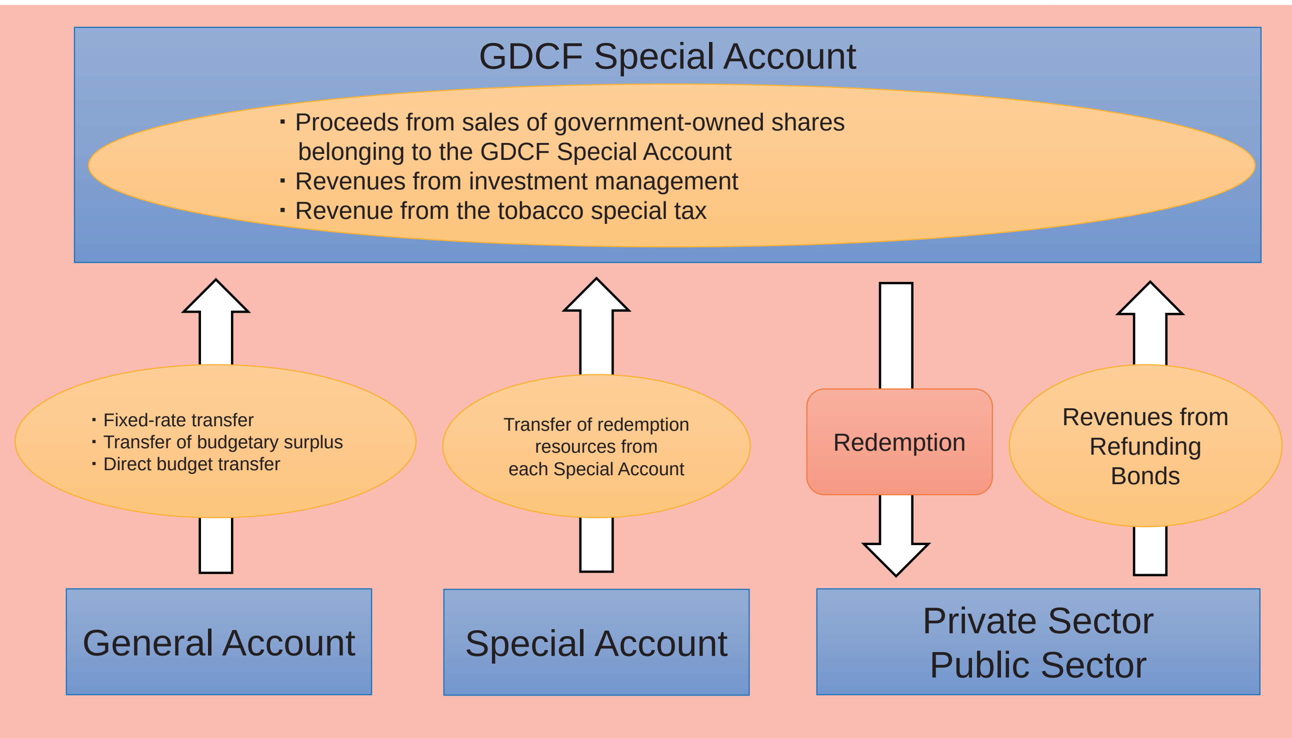
☞Among GX Economy Transition Bonds and their Refunding Bonds, those issued based on the framework that describes such as the use of proceeds are issued as labelled bonds "Japan Climate Transition Bonds."

Ref: II, Chapter 1, 2 (1) (Reference 2) "Japan Climate Transition Bonds" (P57)

Fig. 2-1 JGBs by Legal Grounds of Issuance

JGBs	General Bonds	Construction Bonds
		Special Deficit-Financing Bonds
		Reconstruction Bonds
		GX Economy Transition Bonds
		Children Special Bonds
		Semiconductors and AI Bonds
		Refunding Bonds
	Fiscal Investment and Loan Program Bonds (FILP Bonds)	

Fig. 2-2 Mechanism of Redemption



Note: Proceeds from sales of government-owned shares of Tokyo Metro Co., Ltd, and Japan Post Holdings Co., Ltd, etc. are appropriated for the redemption resources of Reconstruction Bonds.

JGBs are redeemed through the Government Debt Consolidation Fund (GDCF). To ensure stable redemption, redemption funds are transferred from each Account to the GDCF based on certain rules. In addition, revenues from Refunding Bonds, issued through the GDCF Special Account, are posted to the GDCF. Moreover, the proceeds from the sales of government-owned shares that belong to the GDCF Special Account are also transferred into the GDCF.
Simply put, fiscal resources for government bond redemption are all funneled through the GDCF – from reception and accumulation to disbursements (redemption system).
This section explains the framework of such debt management policies.

(1) JGBs by Legal Grounds

This section describes legal grounds of issuance, redemption methods, and resources for redemption in cash of each JGBs.

A. General Bonds

General Bonds consist of Construction Bonds, Special Deficit-Financing Bonds, Reconstruction Bonds, GX Economy Transition Bonds, Children Special Bonds, Semiconductors and AI Bonds and Refunding Bonds. Construction Bonds and Special Deficit-Financing Bonds are issued under the General Account and the revenue from their issuance is reported as the government revenue of the General Account.
On the other hand, Reconstruction Bonds are issued under the Special Account for Reconstruction from the Great East Japan Earthquake, GX Economy Transition Bonds and Semiconductors and AI Bonds under the Special Account for Energy Measures, Children Special Bonds under the Special Account for Child and Child-rearing Support, and Refunding Bonds under the GDCF Special Account and the revenue from their issuance is reported as the government revenue of each Special Account (☞).

☞In FY2011, Reconstruction Bonds were issued under the General Account, and in FY2024, Children Special Bonds were issued under the Special Account for Pensions.

a. Construction Bonds, Special Deficit-Financing Bonds

① Legal Grounds of Issuance

・Construction Bonds

Article 4, paragraph (1) of the “Public Finance Act” prescribes that annual government expenditure has to be covered in principle by annual government revenue generated from other than government bonds or borrowings. But as an exception, a proviso of the Article allows the government to raise money through bond issuance or borrowings for the purpose of public works, capital subscription or lending. Bonds governed by this proviso of Article 4, paragraph (1) are called “Construction Bonds.”
The Article prescribes that the government can issue Construction Bonds within the amount approved by the Diet, and the ceiling amount is provided under the general provisions of the General Account budget (☞).

☞When intending to get approval for this ceiling amount, the government submits to the Diet a redemption plan that shows the redemption amount and the redemption periods for each fiscal year for reference.

・Special Deficit-Financing Bonds

When estimating a shortage of government revenue despite the issuance of Construction Bonds, the government can issue government bonds based on a special act (☞①) to raise money for the purpose of other than public works and the like. These bonds are

☞①The “Act on Special Provisions concerning Issuance of Public Bonds to Secure Financial Resources Required for Fiscal Management” allows Special Deficit-Financing Bonds to be issued for five years from FY2021 to FY2025.

generally called "Special Deficit-Financing Bonds."

As is the case with Construction Bonds, the government can issue Special Deficit-Financing Bonds within the amount approved by the Diet and the ceiling amount is provided under the general provisions of the General Account budget (☞②).

Special Deficit-Financing Bond issuance must be made in exceptional cases. Therefore, the government has to minimize the issuance amount as much as possible within the amount approved by the Diet, while taking into account the state of tax and other revenues (☞③).

☞② The government is also required to submit a redemption plan to the Diet for reference.

☞③ In this context, it is allowed to issue Special Deficit-Financing Bonds until the end of June in the next fiscal year (deferred issuance in the accounting adjustment term).

② Redemption Methods

The 60-year redemption rule is applicable to redeeming Construction Bonds and Special Deficit-Financing Bonds so that these JGBs, including their Refunding Bonds, will be entirely redeemed in a 60-year period (☞①). Redemption of JGBs is financed with two revenue sources: cash from such sources as a fixed-rate transfer from the General Account and revenues from issuing Refunding Bonds in accordance with applicable rules. The 60-year redemption rule is maintained in this way. When redeeming Special Deficit-Financing Bonds, the government will "strive to redeem these bonds as soon as possible" as set forth in its governing law.

Fig. 2-3 will give you an idea about how the 60-year redemption rule works.

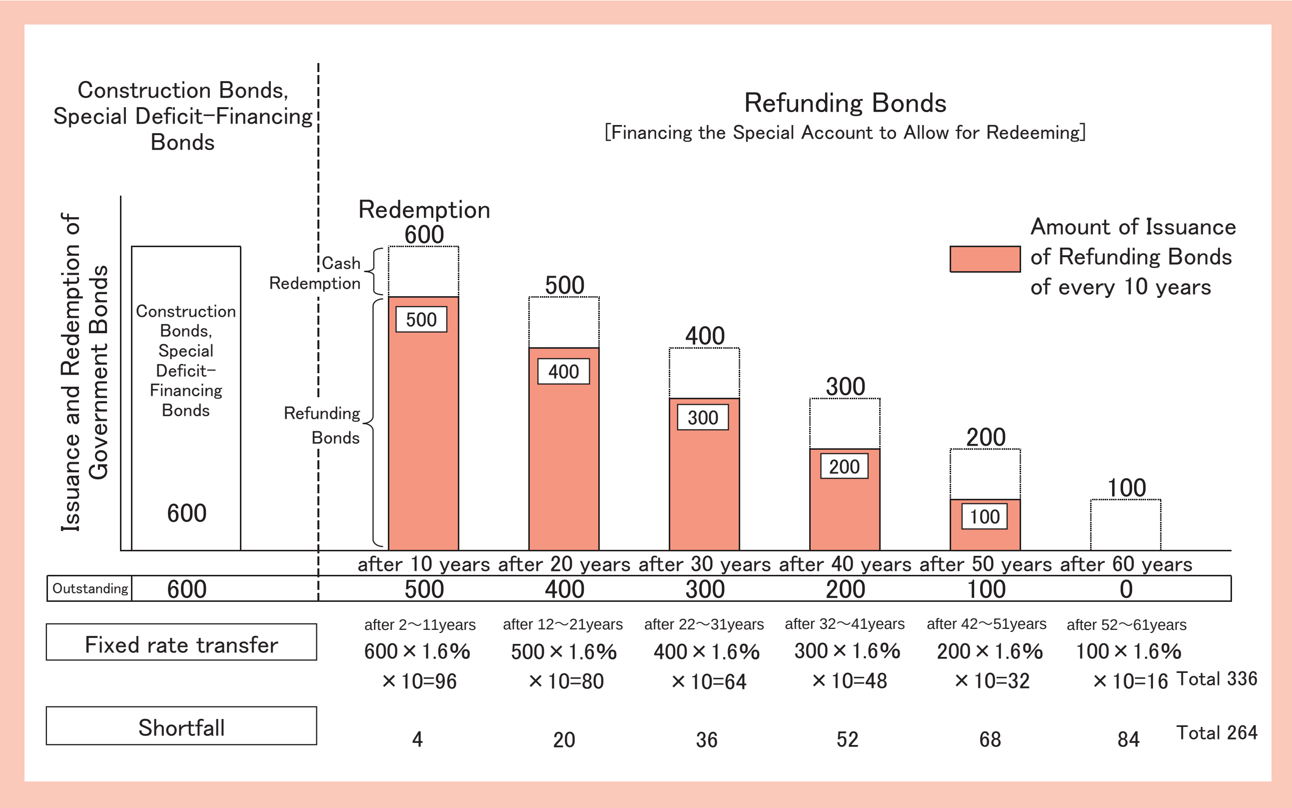
Suppose you issue 600 billion yen of debt in fixed-rate coupon-bearing 10-year bonds, at maturity (i.e., 10 years from now) you will redeem 100 billion yen of them in cash (☞②) – equivalent to 1/6 of 600 billion yen – while issuing Refunding Bonds to cover the remaining 500 billion yen. Assuming that these Refunding Bonds will also be issued in fixed-rate coupon-bearing 10-year bonds, then you will redeem 100 billion yen in cash – 1/6 of the initial issue amount of 600 billion yen – in another 10 years, while issuing Refunding Bonds to cover the remaining 400 billion yen. Repeat this for four more times, then, you'll be able to complete the cash redemption in 60 years from the first issuance.

As shown in the figure below, because annual fixed-rate transfer is calculated based on the JGB outstanding amount at the beginning of the previous fiscal year, it decreases along with the decrease in the JGB outstanding amount. Therefore, fixed-rate transfer will be insufficient to finance bond redemption in cash. For this reason, bond redemption will also be complemented with a transfer of budgetary surplus, a direct budget transfer, and proceeds from sales of government-owned shares.

☞① The rule stands on the fact that the average economic depreciation period of the assets purchased by the construction bonds is about 60 years. Deriving from this rule is the 1.6% ratio for fixed-rate transfer for each fiscal year, which is about equivalent to one-sixtieth.

☞② The term "cash" redemption in this context means that bond redemption is not financed with issuing Refunding Bonds. From the viewpoint of individual bond holders, their JGBs will always be redeemed with cash at maturity.

Fig. 2-3 Redemption via Refunding Bonds – “60-Year Redemption Rule”



③ Redemption Resources

(1) Transfer from the General Account

For government bond redemption, there are three ways to transfer fiscal resources from the General Account to the GDCF Special Account.

i Fixed-rate transfer (1.6% of total government bonds outstanding as of the beginning of the previous fiscal year)

The fixed-rate transfer is based on Article 42, paragraph (1) of the “Act on Special Accounts.” Specifically, the amount equal to 1.6% of total government bonds (outstanding in face value) at the beginning of the previous fiscal year is transferred from the General Account to the GDCF Special Account based on the 60-year redemption rule. Those subject to the fixed-rate transfer are limited to Public Bonds (Construction Bonds, Special Deficit-Financing Bonds covered in the General Account (excluding Special Bonds for Covering Public Pension Funding)) and Borrowings (excluding Temporary Borrowings, etc.) and their Refunding Bonds (☞).

ii Transfer of a budgetary surplus (A minimum of half of the surplus in the General Account as a result of the settlement of the fiscal year)

Pursuant to Article 6, paragraph (1) of the “Public Finance Act,” when surplus is generated in the General Account as a result of the settlement, at least half the surplus must be transferred to the GDCF Special Account within two fiscal years from the fiscal year in which the surplus was generated (☞).

☞When calculating the outstanding amount of discount bonds, their issuance price is regarded as the face value (Article 42, paragraph (3) of the “Act on Special Accounts”). As to the difference between the issuance price and the face value (i.e., (the sum) equivalent to redemption profit), the difference divided by the number of years to maturity is additionally transferred to the GDCF Special Account every fiscal year (Article 42, paragraph (4) of the “Act on Special Accounts”).

☞The supplementary provisions of the “Reconstruction Funding Act” call for using such surplus primarily for redeeming Reconstruction Bonds from FY2011 to FY2015.

iii Direct budget transfer (A discretionary transfer specified by the General Account budget when necessary)

In addition to the above transfer, to ensure smooth redemption of government bonds, Article 42, paragraph (5) of the "Act on Special Accounts" prescribes that a discretionary transfer, which is specified by the budget can be made as needed from the General Account to the GDCF Special Account.

(2) Others

i Proceeds from government-owned shares belonging to the GDCF Special Account

Proceeds from sales and dividends of government-owned shares that belong to the GDCF Special Account shall be set aside as a resource for redemption of JGBs. A part of Nippon Telegraph and Telephone Corporation (NTT) shares and a part of shares of Japan Tobacco Inc. (JT), an equity stake in Teito Rapid Transit Authority (☞) and a part of the shares of Japan Post Holdings Co., Ltd. were transferred to the GDCF Special Account as the JGB redemption resources in FY1985, FY1998 and FY2007, respectively. The MOF finished selling out NTT shares and JT shares (a portion held initially) in the GDCF Special Account in September 2005 and June 2004, respectively. Proceeds from the sale of shares currently belonging to the GDCF Special Account (including shares newly allocated to the GDCF Special Account in accordance with the "Reconstruction Funding Act") will be spent for redeeming Reconstruction Bonds.

☞As Teito Rapid Transit Authority was privatized and renamed Tokyo Metro Co., Ltd. in April 2004, Tokyo Metro shares were distributed to the government free of charge in proportion to the government's equity stake in Teito Rapid Transit Authority. Therefore, the equity stake has been replaced with shares.

ii Proceeds from allocation

The surplus of the GDCF can be invested into JGBs or deposited in the Fiscal Loan Fund. The MOF pursues efficient allocation, while taking into account the need to secure adequate levels of liquidity in order to ensure smooth implementation of large-scale redemption and refunding. Proceeds from the allocation are credited to the GDCF Special Account to be included in its revenues.

b. Reconstruction Bonds

① Legal Ground of Issuance

To recover from the Great East Japan Earthquake disasters, the government is supposed to issue Reconstruction Bonds from FY2011 to FY2025 in accordance with the "Act on Special Measures concerning the securing of financial resources to execute measures necessary for recovery from the Great East Japan Earthquake (Reconstruction Funding Act)." While necessary financial resources will be financed with revenues of Special Taxes for Reconstruction, the government will issue Reconstruction Bonds as bridging finance until these revenues are receivable to the government.

Reconstruction Bonds can be issued within the amount as approved by the Diet, and the ceiling amount is stipulated in the general provisions of the Special Account budget from FY2012 onwards.

② Redemption Methods

Reconstruction Bonds, including their Refunding Bonds, will be entirely redeemed in FY2037 at the latest. Therefore, the 60-year redemption rule will not be applicable to the redemption of Reconstruction Bonds. This is because "Basic Guidelines for Reconstruction in response to the Great East Japan Earthquake" states that the financial resources for recovery and reconstruction shall "basically be borne by the entire current generation, collectively sharing the financial burden by solidarity and not be left as cost of future generations" and redemption of these bonds will surely be financed with certain revenue resources.

Specifically, a portion of Reconstruction Bonds (including Refunding Bonds for Reconstruction Bonds) to be redeemed in each fiscal year will be redeemed with cash to the extent of the amount transferred from the Special Account for Reconstruction from the Great East Japan Earthquake to the GDCF Special Account, financed by the revenues from Special Taxes for Reconstruction, etc. and profit from sales of government-owned shares, etc., while the remaining portion will be entirely covered with Refunding Bonds.

The redemption of Reconstruction Bonds is planned to be finished by repeating cash-based redemption and Refunding Bond-based redemption every fiscal year by FY2037.

③ Redemption Resources

Redemption resources for Reconstruction Bonds are set forth as follows in the "Reconstruction Funding Act."

(1) Revenues from Special Taxes for Reconstruction

As tax measures to finance restoration and reconstruction from the Great East Japan Earthquake, the government created Special Taxes for Reconstruction that are additional income and corporation taxes for limited durations (Special Income Tax for Reconstruction and Special Corporation Tax for Reconstruction).

Specifically, the Special Income Tax for Reconstruction is a limited-duration measure from January 2013 to December 2037 to impose an additional 2.1% income tax. The Special Corporation Tax for Reconstruction is a limited-duration measure from FY2012 to FY2014 to impose an additional 10% corporation tax. However, the special corporation tax was terminated one year ahead of schedule under the FY2014 tax reform to encourage corporations to use earnings for raising wages.

(2) Non-tax Revenues

i Utilizing Reserves in the FILP Special Account

It was stipulated that from the reserves in the Fiscal Loan Fund Account of the FILP Special Account, an amount designated in the annual budget could be used for redeeming Reconstruction Bonds from FY2012 to FY2015, and from revenues from assets in the Investment Account of the FILP Special Account, an amount designated in the annual budget could be used for the same purpose from FY2016 to FY2022.

ii Proceeds from government-owned shares

Regarding JT shares (excluding the government's mandatory shareholding (☞①)), shares of Tokyo Metro Co., Ltd. (☞②) and shares of Japan Post Holdings Co., Ltd. (excluding the government's mandatory shareholding (☞③)) belonging to the GDCF Special Account, proceeds generated from the sale of those shares no later than FY2027 will be spent for redeeming Reconstruction Bonds.

☞①According to the "Reconstruction Funding Act," the mandatory government's shareholding in JT has been reduced from "1/2 or more" of the total shares outstanding to "more than 1/3". As a result, during the period from February to March 2013, the government sold a portion that could be sold (1/6 of the shares outstanding). (The amount of net proceeds from the sale is approximately 973.4 billion yen.)

☞②The government sold out Tokyo Metro Co., Ltd. shares available for sale by selling about 1,600 million shares (net proceeds at about 182.9 billion yen) in October 2024. The government holds 26.7% of the total outstanding shares (as of the end of March 2025).

☞③The government sold out JP shares available for sale by selling about 880 million shares (net proceeds at about 1,411 billion yen) in November and December 2015, about 1,060 million shares (net proceeds at about 1,398.5 billion yen) in September 2017, about 1,300 million shares (net proceeds at about 1,086.7 billion yen) in June and October 2021, and about 100 million shares (net proceeds at about 105.7 billion yen) in August 2023. The government holds 36.0% of the total outstanding shares (as of the end of March 2025). The government is required to hold more than one-third of the total outstanding shares.

(3) Utilizing Settlement Surplus

The supplementary provisions of the "Reconstruction Funding Act" stipulate that, if settlement surplus in the General Account revenues and expenditures from FY2011 to FY2015 is utilized to finance redemption of Public Bonds or repayment of borrowings, the government is supposed to put a higher priority on the redemption of Reconstruction Bonds.

c. GX Economy Transition Bonds

① Legal Ground of Issuance

To support upfront investment toward the realization of the "Strategy to Promote Transition to the Decarbonized Growth Economic Structure," (☞) the government is supposed to issue GX Economy Transition Bonds as bridging finance from FY2023 to FY2032, which amount to approximately 20 trillion yen in accordance with the "Act on Promoting Transition to the Decarbonized Growth Economic Structure (GX Promotion Act)."

☞This is a strategy to comprehensively and systemically promote GX based on the GX Promotion Act.

The bonds will be redeemed with future revenues coming from the introduction of a carbon pricing mechanism.

GX Economy Transition Bonds can be issued within the amount approved by the Diet, and the ceiling amount is stipulated in the general provisions of the Special Account budget.

② Redemption Methods

Considering that the target year for achieving carbon neutrality is 2050, GX Economy Transition Bonds, including their Refunding Bonds, will be redeemed by FY2050.

Specifically, a portion of GX Economy Transition Bonds (including Refunding Bonds for GX Economy Transition Bonds) to be redeemed in each fiscal year will be redeemed with cash to the extent of the amount transferred from the Special Account for Energy Measures to the GDCF Special Account, financed by the revenues from GX Surcharge (surcharge on fossil fuel supply) and GX-ETS (Emissions Trading Systems) Auction while the remaining portion will be entirely covered with Refunding Bonds. While repeating cash-based redemption and Refunding Bond-based redemption, GX Economy Transition Bonds are planned to be redeemed as a whole by FY2050.

③ Redemption Resources

Redemption resources for GX Economy Transition Bonds are set forth as follows in the "GX Promotion Act."

(1) GX Surcharge (surcharge on fossil fuel supply)

GX Surcharge (surcharge on fossil fuel supply), a type of carbon pricing, is scheduled to be collected as one of the mechanisms to give business operators an incentive to start working on GX initiatives early.

Specifically, from FY2028, the GX Surcharge will be imposed on fossil fuel importers, etc. according to the amount of carbon dioxide that is derived from the fossil fuels they import. This income will then be used for the redemption of GX Economy Transition Bonds.

(2) Revenues from GX-ETS (Emissions Trading Systems) Auction

Similar to the GX Surcharge, GX-ETS (Emissions Trading Systems), a type of carbon pricing, is also scheduled to be introduced.

Specifically, from FY2033, a portion of carbon dioxide emission quotas will be allocated to power generators through auction and a charge based on these quotas will be collected. This income will then be used for the redemption of GX Economy Transition Bonds.

d. Children Special Bonds

① Legal Ground of Issuance

For strengthening Policies supporting children and child-rearing, the government is supposed to issue Children Special Bonds depending on the need as bridging finance from FY2024 to FY2028 in accordance with the "Child and Child Care Support Act" in order not to be short of financial resources until stable financial resources will be secured by FY2028.

Children Special Bonds can be issued within the amount approved by the Diet, and the ceiling amount is stipulated in the general provisions of the Special Account budget.

② Redemption Methods

Children Special Bonds, including their Refunding Bonds, will be entirely redeemed by FY2051.

Specifically, a portion of Children Special Bonds (including Refunding Bonds for Children Special Bonds) to be redeemed in each fiscal year will be redeemed with cash to the extent of the amount transferred from the Special Account for Child and Child-rearing Support to the GDCF Special Account, financed by Child and Child-rearing Support Levy, while the remaining portion will be entirely covered with Refunding Bonds. The redemption of Children Special Bonds is planned to be finished by repeating cash-based redemption and Refunding Bond-based redemption by FY2051.

③ Redemption Resources

In order to secure financial resources for measures related to dramatically strengthening the Policies supporting children and child-rearing outlined in the "Acceleration Plan for Child and Child-rearing Support," Child and Child-rearing Support Levy system will be introduced from FY2026. In accordance with the "Child and Child Care Support Act," this income will then be used for the redemption of Children Special Bonds.

e. Semiconductors and AI Bonds

① Legal Ground of Issuance

Semiconductors and AI Bonds are issued on the need as bridging finance from FY2025 to FY2030, under the provisions of the "Act on Facilitation of Information Processing," to secure funding for measures related to advanced semiconductors and artificial intelligence technologies.

The issuance of these Semiconductors and AI Bonds is permitted within the amount approved by the Diet, and their issuance cap is stipulated in the general provisions of the Special Account budget.

② Redemption Methods

Regarding Semiconductors and AI Bonds, including their Refunding Bonds, it is stipulated that they will be redeemed by FY2050.

Specifically, of the Semiconductors and AI Bonds maturing each fiscal year (including the portions related to Refunding Bonds for Semiconductors and AI), the portion funded by transfer from Special Accounts for Energy Measures from the Investment Account of the FILP Special Account to the GDCF Special Account will be redeemed in cash. Any amount exceeding this will be covered by issuing Refunding Bonds. The plan is to conclude all redemptions by FY2050 through a combination of cash redemptions and refunding.

③ Redemption Resources

Regarding the redemption resources for Semiconductors and AI Bonds, the "Act on Facilitation of Information Processing" stipulates that they will be redeemed by transfer from the Investment Account of the FILP Special Account to Special Accounts for Energy Measures.

f. Refunding Bonds

① Legal Ground of Issuance

Ref: Chapter1 1 (1) Fig. 2-2 "Mechanism of Redemption"(P42)

As for General Bonds, Refunding Bonds are issued in order to raise funds for refunding part of matured JGBs. Among General Bonds, as for Construction Bonds and Special Deficit-Financing Bonds, the issuance amount of Refunding Bonds is determined basically in accordance with the 60-year redemption rule. Regarding Reconstruction Bonds, Refunding Bonds are issued depending on the amount of the revenues from Special Taxes for Reconstruction and profit from sales of stocks, which are considered to be financial resources for reconstruction. As for GX Economy Transition Bonds, Refunding Bonds are issued depending on the amount of the revenues from GX Surcharge (surcharge on fossil fuel supply) and GX-ETS (Emissions Trading Systems) Auction. With respect to Children Special Bonds, the issuance amount of Refunding Bonds will be determined depending on the amount of revenue from Child and Child-rearing Support Levy. (☞) As for Semiconductors and AI Bonds, the issuance amount of Refunding Bonds will be determined depending on transfer from the Investment Account of the FILP Special Account.

Refunding Bonds are the JGBs issued through the GDCF Special Account. Revenues from Refunding Bonds are directly posted to the fund.

In the issuance of Refunding Bonds, the government is not required to seek the Diet approval for the maximum issuance amount. This is because unlike in the case of bonds issued to secure new revenue resources such as Construction Bonds and Special Deficit-Financing Bonds, issuing Refunding Bonds does not lead to an increase in the total amount of outstanding debt.

☞In line with tax revenues through the consumption tax increases after FY2014, Refunding Bonds are issued for Special Bonds for Covering Public Pension Funding, which were issued in FY2012 and FY2013 based on the special law for Special Deficit-Financing Bonds legislated in FY 2012 as bridging finance until tax revenues are assured for the finance of the increase of the Government's contribution to the basic national pension.

(Reference) Front-loading issuance of Refunding Bonds

As massive bonds redemption at maturity is expected to continue, the government is allowed to front-load the issuance of Refunding Bonds in order to mitigate the impact of concentration of bonds redemption at maturity, to control substantial volatility of JGB market issuance in each fiscal year and to enable flexible issuance of them in response to financial conditions and so on.

Front-loading issuance of Refunding Bonds can be issued within the upper limit approved by the Diet in accordance with Article 47, Paragraph (1) of the "Act on Special Accounts." The limit is provided in the general provisions of the Special Account budget in each fiscal year. The gap between "the amount of the front-loading issuance of Refunding Bonds that had been scheduled in the previous fiscal year for this fiscal year" and "those that are scheduled front-loading in this fiscal year for the next fiscal year" can be used as part of this fiscal year's financial resources under the government debt management policy. This is called "adjustment between fiscal years (☞)" in terms of issuance type in the JGB Issuance Plan.

☞The adjustment includes the difference in the amount of issuance in the accounting adjustment term between the current and the previous fiscal years besides that of front-loading-issuance of Refunding Bonds.
In the accounting adjustment term, which means a period from April to June, some of the Special Deficit-Financing Bonds and others for the previous fiscal year can be issued.

g. Other JGBs

① Redemption Methods

General Bonds subject to redemption methods other than those above include Special Deficit-Financing Bonds issued by FY1984, Gulf Special Deficit-Financing Bonds issued in FY1990, Tax Cut Special Deficit-Financing Bonds issued between FY1994 and FY1996 and Special Bonds for Covering Public Pension Funding issued in FY2012 and FY2013. As Special Deficit-Financing Bonds were prohibited from being redeemed with refinancing in the past, the 60-year redemption rule was not applicable to Special Deficit-financing Bonds issued up until FY1984. For this reason, the 60-year redemption rule did not apply to JGBs redeemed by FY1984 (☞①), but the rule becomes applicable to JGBs redeemed from FY1985 onward. In addition, Gulf Special Deficit-Financing Bonds got redeemed in 4 years ending in FY1994 as initially scheduled. Of Tax Cut Special Deficit-Financing Bonds, those set to be redeemed in 20 years (☞②) were all redeemed by FY2017. Special Bonds for Covering Public Pension Funding and relevant Refunding Bonds will be redeemed by FY2033.

☞① All JGBs redeemed in FY1984 were redeemed by cash and the 60-year redemption rule was not applied even though they could be redeemed with refunding based on the rule.

☞② Tax Cut Special Deficit-Financing Bonds were issued in line with special income tax reduction and other measures (excluding the abolition of special corporation and automobile consumption taxes) implemented between FY1994 and FY1996 and redeemed in 20 years from FY1998 to FY2017.

② Redemption Resources

(1) Special Tobacco Tax Revenues

The government has created the Special Tobacco Tax in accordance with the “Act on Special Measures for Securing Necessary Financial Resources Incidental to Transfer of Debt to General Account” in order to cover a cost increase for the General Account to take over the Japanese National Railway (JNR) Settlement Corporation’s long-term debt and the National Forest Service’s accumulated debt. Special Tobacco Tax revenues are directly transferred to the GDCF Special Account to repay principals and interests of the JNR Settlement Corporation’s long-term debt and the National Forest Service’s accumulated debt.

(2) Others (Public Pension Funding)

Among General Bonds, Special Bonds for Covering Public Pension Funding are set to be redeemed with a tax revenue increase through the implementation of the revised Consumption Tax Act from FY2014.

B. Fiscal Investment and Loan Program Bonds (FILP Bonds)

Ref: "FILP Report" at the MOF website

Since the FY2001 reform of the FILP (Fiscal Investment and Loan Program) that abolished the requirement for all postal savings and pension fund reserves to be deposited at the Fiscal Loan Fund, the government has issued Fiscal Investment and Loan Program Bonds (so-called FILP Bonds) to raise financial resources as necessary for the Fiscal Loan Fund. FILP Bonds are issued integrally with General Bonds based on the credit of the government and treated as the same financial instrument as General Bonds. As is the case with other types of JGBs, FILP Bonds are issued up to the amount approved by the Diet. The FILP Bond issuance ceiling is provided under the general provisions of the Special Account Budget (Article 62, paragraph (2) of the "Act on Special Accounts") (☞①). Revenues from the FILP Bonds issuance are allotted to the annual revenue for the FILP Special Account.

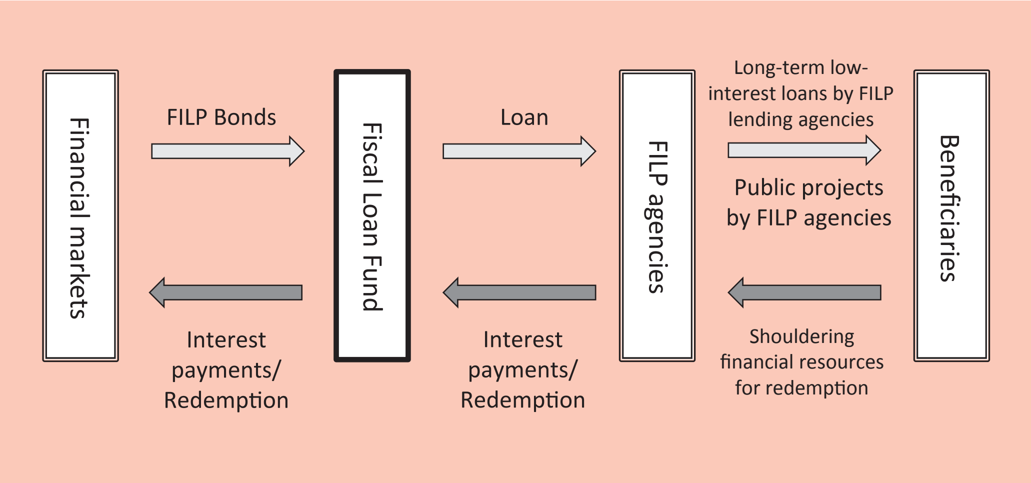
However, the FILP Bonds are different from Construction Bonds and Special Deficit-Financing Bonds on one account. While future taxes will be used to redeem Construction Bonds and Special Deficit-Financing Bonds, the redemption on the FILP Bonds are covered by the collection of Fiscal Loan receivable. Therefore, when publishing outstanding debt, FILP Bonds are treated differently from General Bonds (☞②).

As for the redemption measure of FILP Bonds, the government transfers necessary redemption funds from the FILP Special Account to the GDCF Special Account every fiscal year.

☞① As with Construction Bonds and Special Deficit- Financing Bonds, the government is required to submit a redemption plan to the Diet for reference.

☞② Also in the System of National Accounts (SNA), which is created by the United Nations for each country to create economic statistics based on a common standard, FILP Bonds are not classified as debt of the general government.

Fig. 2-4 FILP Fund Flow Since FILP Reform (image)



(2) GDCF Special Account

Ref: Chapter1 1(1) Fig. 2-2 "Mechanism of Redemption" (P42)

The GDCF Special Account is an independent account created for the purpose of clarifying the status of the country's total debt management, centered on the government debt issued under the General Account. It is a special account for the payment of the principals and interests of JGBs, funded through fiscal transfer from the General Account and other special accounts.

A portion of the funds transferred from each account in the form of the fixed-rate transfer, etc., to the GDCF Special Account is accumulated as the GDCF, which serves as a sinking fund to finance the redemption of JGBs.

a. Basic roles

To redeem Construction and Special Deficit-Financing Bonds, which account for most of JGBs, and their Refunding Bonds in accordance with the 60-year redemption rule, the GDCF temporarily accumulates resources for secure redemption. In addition, by making sure steady redemption, the fund also plays a role in maintaining market confidence in JGBs.

b. Secondary roles

The GDCF plays the secondary roles as follows.

① Contributing to financing the National Treasury

The GDCF serves to smoothly finance the National Treasury by underwriting Financing Bills.

② Compensating for deficit in the General Account

The GDCF will compensate for deficits in the General Account by transferring some funds to the Account Settlement Adjustment Fund. If the GDCF transfers some funds to the Account Settlement Adjustment Fund, the funds will be transferred back to the GDCF from the General Account by the first fiscal year after the fiscal year including the day for the transfer, avoiding any JGB redemption resource shortage.

c. Level of GDCF Balance (☞)

The GDCF is annually accumulated in the GDCF Special Account under a certain framework to respond to lags of redemption and transfer.

When formulating the FY2013 JGB Issuance Plan, the government was allowed to use temporary borrowings from the BOJ for covering operational risks and reduced the GDCF balance to 3 trillion yen, equivalent to the level required to prepare for accidental underbidding in JGB auctions, which cannot be covered by such borrowings, taking into account the maximum bid amount of coupon-bearing JGBs per auction, etc. The equivalent to the reduction was used for redeeming JGBs to hold down Refunding Bond issuance.

☞The GDCF balance had been maintained at approximately 10 trillion yen using an issuance amount of approximately one week as a guide in order to prepare for operational risks and other emergencies (possibilities that Refunding Bonds cannot be issued due to reasons such as large-scale disasters or system failure) until FY2012.

Fig. 2-5 Changes in Outstanding Amount of GDCF

FY2022 (Actual)	FY2023 (Actual)	FY2024 (Estimate)
3,004.4 billion yen	3,008.5 billion yen	3,003.1 billion yen

Ref Chapter 1 1 (1) A (Reference) Front-loading issuance of Refunding Bonds (P50)

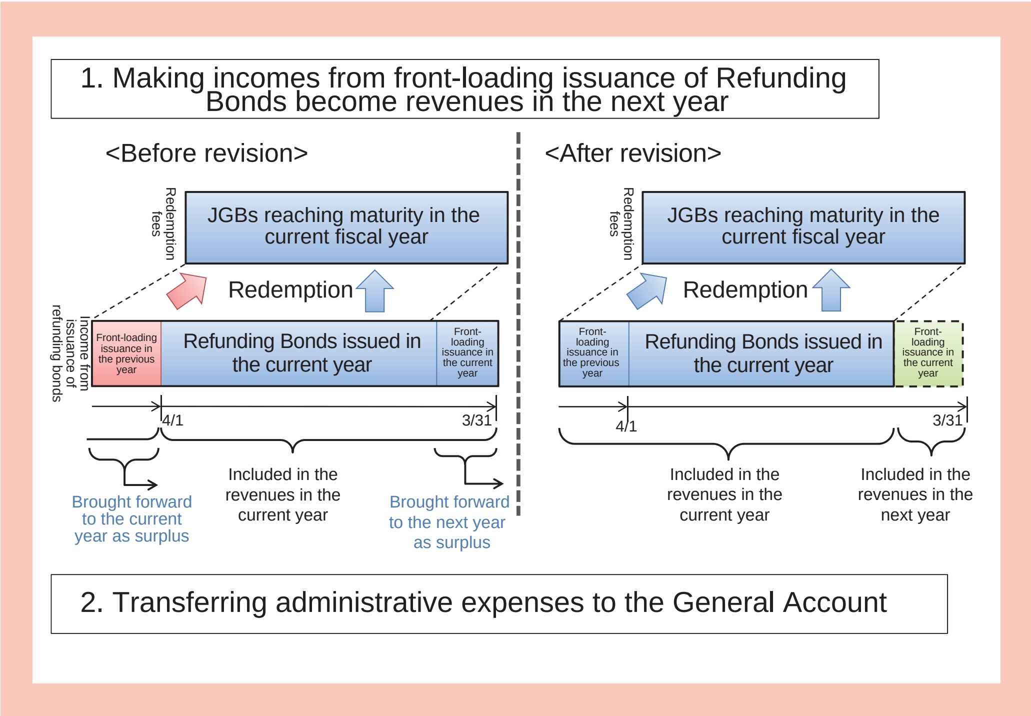
d. Revised Act on Special Accounts

Based on a report on special account reform (as compiled by the Administrative Reform Promotion Council on June 5, 2013), the government submitted to the Diet a bill to revise part of the "Act on Special Accounts" on October 25, 2013, and won its passage through the legislature on November 15, 2013. The revision allows the government:

① To book revenues from the front-loading issuance of Refunding Bonds for the next fiscal year rather than for the issuance year instead of booking such revenues for the issuance year and carrying them over as a surplus to the next fiscal year, and

② To transfer relevant administrative costs to the General Account from the FY2014 budget.

Fig. 2-6 Changes in the GDCF Special Account Through the Revision of the Act on Special Account



2 Primary Market for Government Bonds

Government bonds issued to cover expenditure needs are issued in various forms, depending on their legal basis and marketability. This section explains how government bonds are issued.

(1) Types of JGBs

Government bonds are the securities issued by the central government. The central government pays the bondholders interest on the securities on a semiannual basis except for short-term bonds, and redeems the principal amount at maturity (i.e., redemption). The JGBs planned to be issued in FY2025 can be classified into seven categories: short-term (6-Month and 1-Year Bonds); medium-term (2-Year and 5-Year Bonds); long-term (10-Year Bonds); super long-term (20-Year, 30-Year and 40-Year Bonds); Inflation-Indexed Bonds (10-Year Bonds); Japan Climate Transition Bonds (5-Year and 10-Year Bonds); and JGBs for Retail Investors (3-Year Fixed-Rate, 5-Year Fixed-Rate and 10-Year Floating-Rate Bonds).

The short-term JGBs are all discount bonds, which are accompanied by no interest payment during their duration to maturity and redeemed at face value at maturity.

On the other hand, all medium-, long-, super long-term bonds, Japan Climate Transition Bonds and JGBs for Retail Investors (3-Year Fixed-Rate, 5-Year Fixed-Rate) are the bonds with fixed-rate coupons. With fixed-rate interest-bearing government bonds, the interest calculated by the coupon rate (☞①) determined at the time of issuance (☞②) is paid on a semiannual basis until the security matures and the principal is redeemed at face value.

Inflation-Indexed Bonds (JGBi) are securities whose principal amounts are linked to the consumer price index (CPI) (☞③). Thus, although their coupon rates are fixed, the interest payment also fluctuates. The principal amount of JGBi will be guaranteed at maturity (deflation floor). In case where the indexation coefficient (☞④) falls below 1 at maturity, the principal amount for the JGBi will be redeemed at the face value.

JGBs for Retail Investors (10-Year Floating-Rate) are JGBs with coupon rates that vary over time according to certain rules.

☞① The lower limit of the coupon rate was reduced from 0.1% to 0.005% for issues to be placed from FY2021.

☞② In the case where the period of time between an issue date and the first interest payment date falls short of six months, accrued interest is generated. The accrued interest is an amount representing interest for the period of time where a JGB purchaser does not hold a JGB (six months minus the period of time where the purchaser actually holds the JGB). It is paid by the JGB purchaser upon JGB issuance for adjustment.

☞③ Japan's Inflation-Indexed Bonds are indexed to the consumer price index (excluding perishables).

☞④ The indexation coefficient measures how much the CPI changed after an issue date.

☞ 15 Year Floating-Rate Bonds are JGBs with coupon rates that vary over time according to certain rules. However, issuance of these bonds has been suspended since their issuance in May 2008, and their redemption ended in May 2023.

Fig. 2-7 Types of JGBs

Maturity	Short-term 6-Month, 1-Year	Medium-term 2-Year, 5-Year	Long-term 10-Year
Type of issue	Discount bonds	Interest-bearing government bonds	
Min. face value unit	50,000 yen	50,000 yen	
Issuance method	Public offering	Public offering OTC sales (making offerings and accepting subscriptions)	
Auction method	Price-competitive auction/ Conventional-style auction	Price-competitive auction/ Conventional-style auction	
Non-price Competitive Auction	Non-Price Competitive Auction I	Non-Competitive Auction Non-Price Competitive Auction I Non-Price Competitive Auction II	
Transfer restrictions	Unrestricted	Unrestricted	

Maturity	Super long-term			Inflation-Indexed Bonds	Japan Climate Transition Bonds	JGBs for Retail Investors
	20-Year	30-Year	40-Year	10-Year	5-Year, 10-Year	3-Year Fixed-Rate, 5-Year Fixed-Rate, 10-Year Floating-Rate
Type of issue	Interest-bearing government bonds					
Min. face value unit	50,000 yen			100,000 yen	50,000 yen	10,000 yen
Issuance method	Public offering			Public offering	Public offering	OTC sales (making offerings and accepting subscriptions)
Auction method	Price-competitive auction/ Conventional-style auction		Yield-competitive auction/ Dutch-style auction	Price-competitive auction/ Dutch-style auction	Yield-competitive auction/ Dutch-style auction	—
Non-price Competitive Auction	Non-Price Competitive Auction I Non-Price Competitive Auction II		Non-Price Competitive Auction II	—(Note 1)	—	—
Transfer restrictions	Unrestricted			Unrestricted	Unrestricted	Restricted (Note 2)

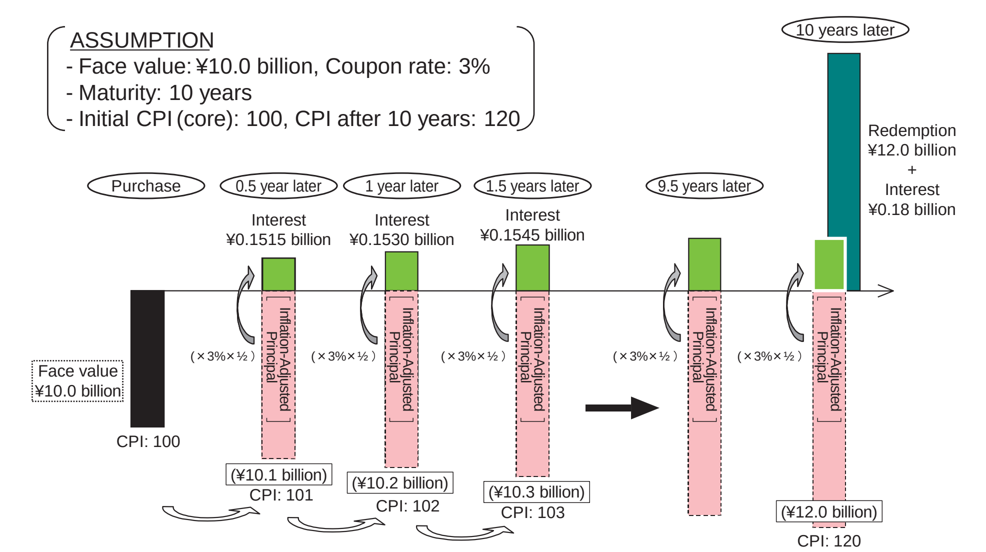
Note 1: Non-Price Competitive Auction II of Inflation-Indexed Bonds has been suspended since May 2020.
Note 2: JGBs for Retail Investors can be transferred only to retail investors (including certain trust custodians).

(Reference 1) Inflation-Indexed Bonds

The Inflation-Indexed Bonds (JGBi) are bonds whose principal (and relevant interests) fluctuates in line with the core consumer price index (Fig. 2-8). The government began to issue JGBi in March 2004 and suspended their issuance in October 2008 due to a sharp demand decline accompanying the global financial crisis and other changes. In October 2013, the government resumed JGBi issuance with the principal guarantee upon maturity (Fig. 2-9).

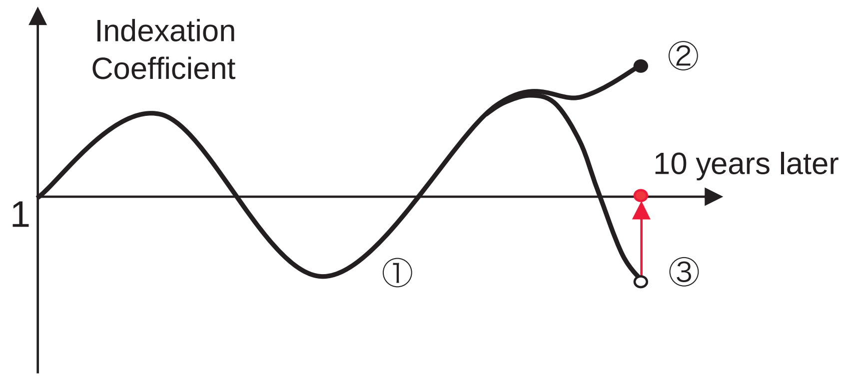
The development of the JGBi market has remained a key to address market environment changes after overcoming deflation and to diversify JGB products.

Fig. 2-8 Conceptual Scheme of Inflation-Indexed Bonds



Note: The above CPI increase rate is purely hypothetical.

Fig. 2-9 Deflation Floor (Conceptual Diagram)



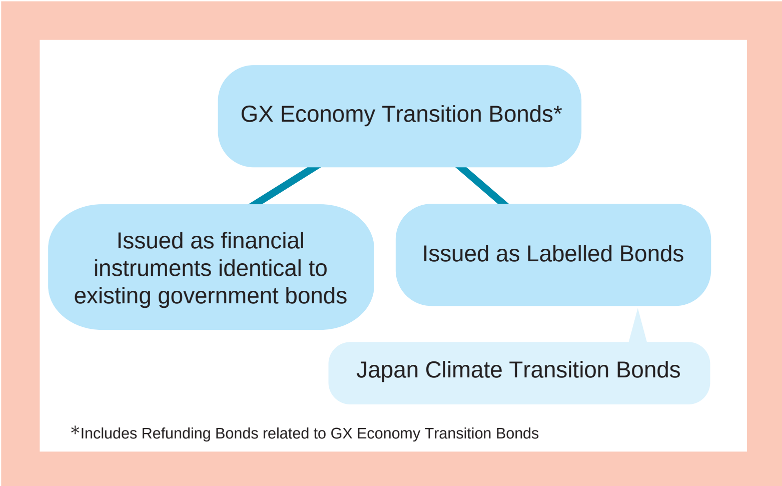
①In cases where the indexation coefficient is below 1, the inflation-adjusted principal will fall below its face value.
②In cases where the indexation coefficient at maturity is above 1, the principal and the interest will be paid based on the inflation-adjusted principal per se.
③In cases where the indexation coefficient at maturity is below 1, the principal will be redeemed at its face value.
Note: The Deflation Floor has no effect on interests during the maturing period or at maturity.

(Reference 2) Japan Climate Transition Bonds

a. Issuance of labelled bonds

GX Economy Transition Bonds and their Refunding Bonds are not limited to be issued as financial instruments identical to existing government bonds (including Construction Bonds, Special Deficit-Financing Bonds, and Reconstruction Bonds). Starting from February 2024, they are issued as "Japan Climate Transition Bonds", the world's first transition bonds by sovereign issuer based on the Japan Climate Transition Bond Framework (hereafter referred to as the Framework) that have been certified by second party opinion from external reviewers for compliance with international standards. (Fig. 2-10).

Fig. 2-10 Issuance of GX Economy Transition Bonds



b. Overview of the Framework

The Framework describes details such as the issuer's transition strategy, the use of proceeds, the process for project evaluation and selection, the management of proceeds, and post-issuance reporting. It was first published in November 2023 and has currently being updated (as of May 2025) based on the GX2040 Vision, Seventh Strategic Energy Plan, and Plan for Global Warming Countermeasures, which were approved by the Cabinet in February 2025, and Amendment of GX Promotion Act enacted in May 2025, etc.

Use of proceeds: Typical use of proceeds are cited such as promoting the spread of energy-efficient appliances, floating offshore wind, perovskite, development and introduction of innovative technologies such as hydrogen reduction for steelmaking, and conversion to Carbon-Recycling production systems.

Reporting: After issuance, (1) allocation reporting (summarizing the allocation of proceeds to GX budget projects) and (2) impact reporting (summarizing environmental improvement effects and case studies etc.) will be reported on an annual basis.

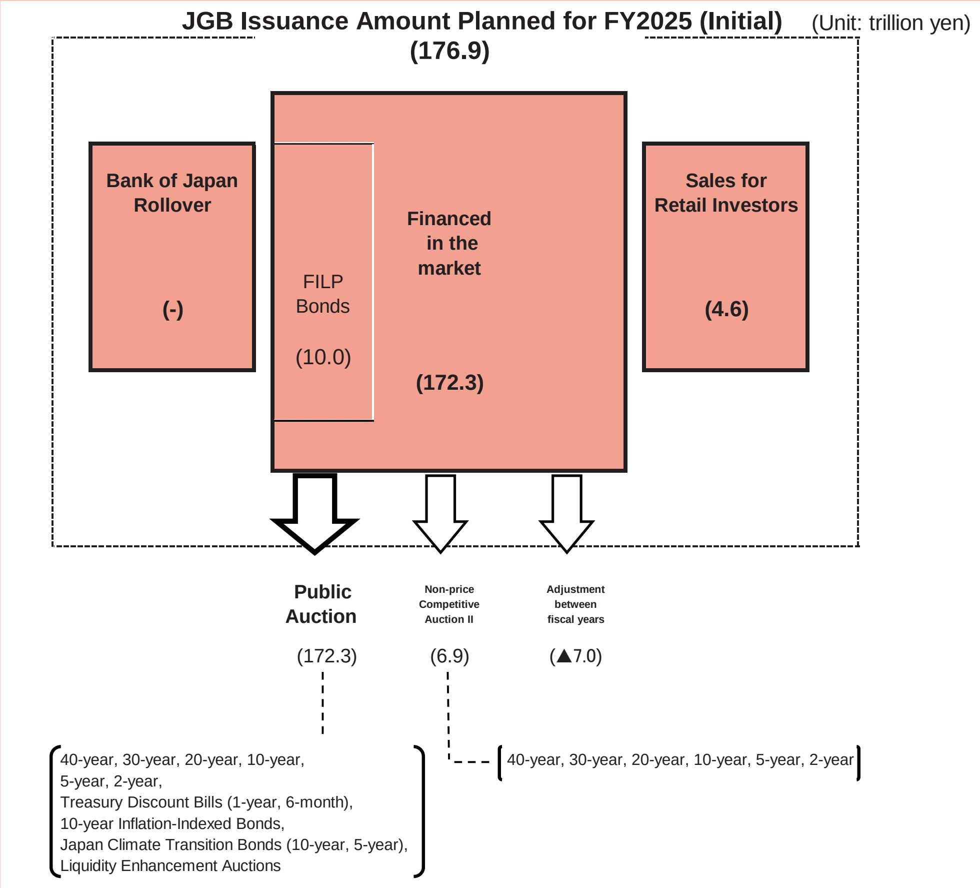
The issuance for item (1) for the bonds issued in fiscal year 2023 was published in December 2024.

Regarding (2), the initial report will be published within two years from the issuance, as it may take some time to determine the effects and impacts of the projects

(2) Methods of Issuance

Methods of issuing JGBs are basically divided into three: offerings to the market, sales to retail investors, and offerings to the public sector.

Fig. 2-11 JGB Issuance Amount Planned for FY2025 (Initial) (by Methods of Issuance)



Note: Figures may not sum up to the total because of rounding.

A. Offering to the market

JGBs are principally issued in public auctions on market-based issue terms.

a. Auction Method

① Price/yield-competitive auction

Price/yield-competitive auction is a method in which each auction participant (☞①) submits a bidding price (or yield) and bidding amount in response to the issue terms (e.g., issuance amount, maturity, coupon rate (☞②)) presented by the MOF, and the issuance price and amount will then be determined based on the bids.

In this type of auction, the issuing authority starts selling first to the highest price bidder in descending order (or to the lowest yield bidder in ascending order) till the cumulative total reaches the planned issuance amount. In Japan, the auction method varies by type of security. One is the conventional (multiple price) method by which each winning bidder purchases the security at one's bidding price; and the other is the Dutch-style (single price/yield) method by which all winning bidders pay the lowest accepted bid price regardless of their original bid prices (or yields) (☞③).

☞① Auction participants are designated according to Article 5, paragraph (2) of the Ordinance of the Ministry of Finance on Issuance, etc. of National Government Bonds. As of April 1, 2025, there were 220 auction participants.

☞② No coupon rate of new 40-Year and Japan Climate Transition Bonds is given in advance as it is determined based on the result of yield competitive auction.

☞③ The price-competitive auction / conventional-style auction are used for all JGB issues excluding the 40-year Bonds and Japan Climate Transition Bonds subject to the yield-competitive Dutch auction and the Inflation-Indexed Bonds subject to the price-competitive Dutch auction.

② Non-competitive auction

Besides competitive auction, 2-Year, 5-Year and 10-Year Bonds are also issued through non-competitive auction. This approach is to take into account small and medium market participants who tend to submit a smaller bid than their larger counterparts. Biddings for non-competitive auction are offered at the same time as for the price-competitive auction, and the price offered equals to the weighted average accepted price of the price-competitive auction. One can bid for either the price-competitive auction or the non-price competitive auction.

The maximum issuance amount is 10% of the planned issuance amount. Each participant is permitted to bid up to 1 billion yen (☞).

☞The ceiling amount to bid is not applied to the Shinkin Central Bank, the Shinkumi Federation Bank, the Rokinren Bank and the Norinchukin Bank.

③ Non-Price Competitive Auction I & II

Non-Price Competitive Auction I is an auction in which biddings are offered at the same time as for the price-competitive auction. The maximum issuance amount is set at 25% of the total planned issuance amount and the price offered is equal to the weighted average accepted price of the price-competitive auction. Only the JGB Market Special Participants are eligible to bid in this auction. Each participant is allowed to bid up to the amount set based on the result of its successful bids during the preceding two quarters. Inflation-Indexed Bonds are not subject to Non-Price Competitive Auction I.

Non-Price Competitive Auction II is an auction carried out after the competitive auction is finished. The price offered is equal to the weighted average accepted price in the competitive auction by the conventional method or issuance price in Dutch-style competitive auction. Only the JGB Market Special Participants are eligible to bid in this auction. Each participant is allowed to bid up to the amount set based on the result of its bids during the preceding two quarters (☞). Inflation-Indexed Bonds, Japan Climate Transition Bonds and Treasury Discount Bills are not subject to Non-Price Competitive Auction II.

☞Each participant is allowed to bid up to 10% of one's total successful bids in the competitive auction and Non-Price Competitive Auction I.

b. Reopening rule

In March 2001, the immediate reopening rule was introduced for the purpose of the enhancement of JGB liquidity, etc. The rule treats a new JGB issue as an addition to an outstanding issue immediately from the issuance day, in principle, if the redemption date and the coupon rate for the new issue are the same as those for the outstanding issue. (☞①).

From the viewpoint of securing market supply of each issue, 5, 10, 20, 30, and 40-Year Bonds and Inflation-Indexed Bonds in FY2025 are subject to the following rule, which is more advanced than the immediate reopening rule.

The 5-Year Bonds will be integrated into four issues unless the gap between the coupon rate of the issue with the same maturity and the market interest rate on the auction day is more than 0.10%. The 10-Year Bonds will be integrated into four issues unless the gap between the coupon rate of the issue with the same maturity and the market interest rate on the auction day is more than 0.30%. 20-Year and 30-Year bonds are issued through reopenings with four issues per year in principle. The 40-Year Bonds are issued through reopenings with one issue (May, July, September, November, January and March issuances as May bonds) per year in principle. Inflation-Indexed Bonds are issued through reopenings with one issue (May, August, November and February issuances as May bonds) per year in principle. (☞②) .

☞① As redemption dates for 2-Year Bonds differ from auction to auction, 2-Year Bonds are not effectively subjected to the reopening rule (Ref: III Chapter 1 2(4) "Principal/Coupon Payment Corresponding to Days of Issuance in FY2025" (P131)).

☞② Regarding Japan Climate Transition Bonds in FY2025, all of them will be issued as new bonds.

B. JGBs and sales system for Retail Investors

a. JGBs for Retail Investors

Ref: Part I, 3 (1) "JGB Holdings by Retail Investors" (P31)

In March 2003, issuance was started on 10-Year Floating-Rate Bonds for Retail Investors (☞①) in order to promote JGB holdings among individuals. Moreover, in order to respond to retail investors' various needs and to promote further sales, the government has been improving product features by introducing 5-Year Fixed-Rate and 3-Year Fixed-Rate Bonds. Issuance of JGBs for Retail Investors rests on handling and distribution by their handling institutions comprised of securities companies, banks, and other financial institutions as well as post offices (about 890 institutions). The handling institutions are commissioned by the government to accept purchase applications and to sell this type of JGBs to retail investors. Handling institutions are paid a commission by the government corresponding to the handled issuance amounts (☞②).

☞① JGBs for Retail Investors are designed not to lose principal. The minimum interest rate of 0.05% is set to prevent the rate from falling to zero or becoming negative.

☞② For JGBs for Retail Investors from the October 2020 issue (offered in September 2020), the government cuts the sales commission (to 0.08 yen per 100 yen nominal par for 3-Year Fixed-Rate Bonds, to 0.11 yen for 5-Year Fixed-Rate Bonds and to 0.14 yen for 10-Year Floating-Rate Bonds) and pays 0.02% of the balance of the participant's account at the time of interest payment on this type of JGBs as an account management fee.

b. New Over-The-Counter (OTC) sales system for selling marketable JGBs

In addition to JGBs for Retail Investors, in October 2007 a new OTC sales system for marketable JGBs was introduced in order to increase retail investors' purchase opportunities with regard to JGBs (2-Year, 5-Year, and 10-Year Bonds).

With regard to this new OTC sales system, it allows private financial institutions to engage in subscription-based OTC sales of JGBs in a manner previously exclusive to post offices. This development allows retail investors to purchase JGBs easily and almost always at

Fig. 2-12 Comparison of JGBs for Retail Investors and New Over-The-Counter (OTC) Sales System

	JGBs for Retail Investors			New OTC JGBs		
	10-Year Floating-Rate	5-Year Fixed-Rate	3-Year Fixed-Rate	10-Year Marketable Fixed-Rate Bonds	5-Year Marketable Fixed-Rate Bonds	2-Year Marketable Fixed-Rate Bonds
Maturity	10-year	5-year	3-year	10-year	5-year	2-year
Frequency of issuance	Monthly (12 times per year)			Monthly (12 times per year)		
Purchase units/purchase value limits	Minimum purchase of 10 thousand yen in 10 thousand yen units/No upper limit			Minimum purchase of 50 thousand yen in 50 thousand yen units/Maximum value of 300 million yen per individual application		
Sales price	100 yen per 100 yen of face value (the price remains constant during redemption and at maturity)			Determined by MOF for each issue. (It is possible to sell at any time on the market. However, the price may change if the bonds are sold before maturity.)		
Purchasers	Limited to retail investors			No restrictions (can also be purchased by corporate entities or condominium associations etc.,).		
Interest rate	Floating-rate	Fixed-rate		Fixed-rate		
Minimum interest rate	Present (0.05%)			Absent		
Redemption before maturity	Once one year has elapsed since issuance, redemption before maturity due to government buy-back shall be possible at any time (there is no principal loss risk). The two interest payments are deducted immediately preceding redemption (pre-tax) x0.79685.			Can be sold at any time on the market (however, because the price at time of sale shall be the market price at that time, loss/profit shall occur on sales (there is a principal loss risk). Furthermore, there is no scheme for the government to buy-back these bonds before maturity.)		
Introduction (1st issuance)	March, 2003	January, 2006	July, 2010	October, 2007		

Fig. 2-13 Major Improvements in Features of JGBs for Retail Investors

Implementation timing	Improvements
March 2003	10-Year Floating-Rate Bonds launched
January 2006	5-Year Fixed-Rate Bonds launched
October 2007	New OTC sales system introduced
July 2010	3-Year Fixed-Rate Bonds launched
July 2011	Interest rate-setting formula revised for 10-Year Floating-Rate Bonds (Standard rate – 0.80% → Standard rate x 0.66)
April 2012	Period changed for a ban on pre-maturity redemption of 5-Year Fixed-Rate Bonds (2 years → 1 year)
December 2013	Monthly subscription and issuance launched for 10-Year Floating-Rate and 5-Year Fixed-Rate Bonds
May 2016	First interest rate adjustment amount revised

numerous financial institutions. Depending on market yield conditions, however, the acceptance of subscriptions may be suspended.

As with JGBs for Retail Investors, for the new OTC sales system, the government has commissioned financial institutions (about 570 institutions) to conduct subscriptions and sales of JGBs. Note that while these financial institutions are required to accept subscription and sell JGBs at prices defined by the MOF for a certain period of time, they are not required to purchase any unsold JGBs.

C. Offering to the public sector (Bank of Japan Rollover)

While Article 5 of the "Public Finance Act" prohibits the BOJ from underwriting government bonds, a proviso to the Article allows the BOJ to extend credit to the government, up to an amount authorized by the Diet, in exceptional cases. In practice, such cases are limited to underwriting of Refunding Bonds within the amount of JGBs that are held by the BOJ and have reached maturity (often referred to as "Bank of Japan Rollover").

Through its market operations, the BOJ holds a large amount of government bonds. If the BOJ tried to have its JGB holdings redeemed in cash, the MOF would be required to issue Refunding Bonds in the market to raise the fund needed for redemption. In this case, it could invite a fund shortage in the private sector, thus obliging the BOJ to provide the private sector with funds by purchasing a substantial amount of the Refunding Bonds from private sector. To avoid such roundabout, the BOJ is exceptionally allowed to underwrite only up to the amount necessary to roll over its maturing bonds.

In terms of Debt Management Policy, the amount of BOJ rollover allow the MOF to level the effects of fluctuations in the annual JGB redemption amount and fiscal demand on fluctuations in the amount of JGB market issuance through usual auctions.

(3) JGB Market Special Participants Scheme

Amid expectations that JGB issuance in large volumes will continue, the "JGB Market Special Participants Scheme" was introduced in Japan in October 2004 to promote the market's stable absorption of JGBs and to maintain and enhance the liquidity of the JGB market.

This scheme is designed based on the so-called "Primary Dealer System" introduced in major European countries and the U.S. To achieve the above-mentioned purposes of the scheme, the MOF grants special entitlements to certain auction participants who carry out responsibilities essential to debt management policies, such as active participation in JGB auctions.

The following is an outline of the scheme.

A. Responsibilities of JGB Market Special Participants

- Bidding responsibility:
  In every auction, the Special Participants shall bid for an adequate amount (at least the planned issuance amount multiplied by the rate of bidding responsibility) at reasonable prices (☞①).
- Purchasing responsibility:
  The Special Participants shall purchase at least a specified share of the total issuance amount (☞②) (0.5% for short-term zone; and 1% for other zones) for each of the following zones: short-term, medium-term, long-term, and super long-term zone in auctions for any two consecutive quarters.
- Responsibility in the secondary market:
  The Special Participants shall provide sufficient liquidity to the JGB secondary market.
- Provision of Information:
  The Special Participants shall provide information on JGB markets and related transactions to the MOF.

☞① Rate of bidding responsibility is calculated by the formula shown below (any fraction less than one rounded up to the nearest whole number).

Rate of bidding responsibility (%) = 100/n

"n" is the number of the Special Participants

☞② The total issuance amount in JGB auctions (excludes issuance amount through Non-Price Competitive Auction II and Liquidity Enhancement Auctions).

B. Entitlements of JGB Market Special Participants

- Entitlement to participate in the Meeting of JGB Market Special Participants:
  The Special Participants may participate in the Meeting of JGB Market Special Participants to exchange opinions with the MOF.
- Entitlement to participate in Non-Price Competitive Auctions I & II:
  The Special Participants may participate in Non-Price Competitive Auction I held concurrently with a normal competitive auction and in Non-Price Competitive Auction II held after a normal competitive auction. These auctions enable Special Participants to obtain JGBs at the weighted average accepted price in a competitive auction (or at the issuance price in a Dutch-style auction) up to the maximum amount preset for each Special Participant on the basis of the amount of past successful bids (Non-Price Competitive Auction I) and past bids (Non-Price Competitive Auction II) in auctions for the preceding two quarters.
- Entitlement to participate in Liquidity Enhancement Auctions:
  The Special Participants may participate in Liquidity Enhancement Auctions that are designed to maintain and enhance the liquidity of the JGB market.
- Entitlement to participate in Auctions for Buy-backs:
  The Special Participants may participate in Auctions for Buy-backs.
- Entitlement to apply for the separating and integrating STRIPS Bonds:
  The Special Participants may apply for the separation and integration of STRIPS Bonds.

Ref: Chapter 1 3 (6) "STRIPS" (P78)

C. History of the Scheme

- October 2004: JGB Market Special Participants Scheme was introduced, including designation of Special Participants, holding the first round of Meeting of JGB Market Special Participants and launch of Non-Price Competitive Auction II.
- April 2005: Non-Price Competitive Auction I was launched.
- January 2006: Interest Rate Swap Transaction was introduced.(☞①).
- March 2006: JGB syndicate underwriting system was abolished.
- April 2006: Liquidity Enhancement Auction was launched.
- January 2009: The maximum bid for Non-Price Competitive Auction II was raised from "10% of one's total successful bids" to "15%" (☞②).
- April 2015: The maximum amount of bidding by each auction participant was reduced from "100% of the planned issuance amount" to "50% of the amount" and the minimum bidding responsibility amount was raised from "3% of the planned issuance amount" to "4% of the amount."
- July 2017: The maximum issuance amount for Non-Price Competitive Auction I was raised from "10% of the total planned issuance amount" to "20% of the amount" and the minimum bidding responsibility amount from "4% of the planned issuance amount" to "5% of the amount."
- January 2020: The maximum bid for Non-Price Competitive Auction II was lowered from "15% of one's total successful bids" to "10%" (☞②).
- April 2020: Non-Price Competitive Auction II for the Inflation-Indexed Bonds was canceled.
- March 2022: The bidding responsibility amount was changed from "at least 5% of the planned issuance amount" to "at least 100/n%."
- April 2024: The maximum issuance amount for Non-Price Competitive Auction I was raised from "20% of the total planned issuance amount" to "25% of the amount."

☞① An interest rate swap transaction is a transaction in which different types of interest payments (e.g. floating-rate and fixed-rate) are exchanged for a specific period of time. The MOF introduced interest rate swap transaction in connection with JGBs since February 2006, following the amendment of the "Act for the Special Account for the GDCF" in June 2002. No new transactions have been implemented since the second half of FY2009.

☞② The maximum amount of bidding would not exceed the amount obtained by multiplying the planned issuance amount by the Reference Bidding Coefficient for each Special Participant (amount less than 100 million yen shall be discarded).

(4) Government Bond Administration

A. Government Bond Operations Handled by the Bank of Japan

The government does not directly undertake JGB-related administrative work, such as issuance and redemption but delegates most of those to BOJ based on Article 1, paragraph (2) of the "Act on National Government Bonds." This delegated work is as follows (☞).

- Issuance: The BOJ receives bids in auctions, notifies amounts of successful bids, collects payments, issues the securities, and receives and handles revenues.
- Redemption/interest payment: The BOJ pays a principal and interest on JGBs, and receives and handles funds to be used for redemption, and makes their disbursement.

☞The BOJ provides these government bond-related services through its head office and branches, and through agent financial institutions.

B. The Bank of Japan government bond network system

The BOJ operates the Bank of Japan Financial Network System (BOJ-NET) JGB Services (☞①) to efficiently and safely implement JGB issuance, redemption and other administrative tasks as explained above and the settlement of JGB transactions with its customer financial institutions. Banks, securities companies, money market brokers, insurance companies, etc. participate in the BOJ-NET JGB Services that implement JGB issuance, redemption and other administrative tasks online.

Under the "Act on Book-Entry Transfer of Corporate Bonds and Shares," JGBs are paperless. JGB transfers are done in the form of transfers on accounts managed by the transfer institution (the BOJ) (☞②).

The BOJ-NET JGB Services allow the following procedures to be completed online:

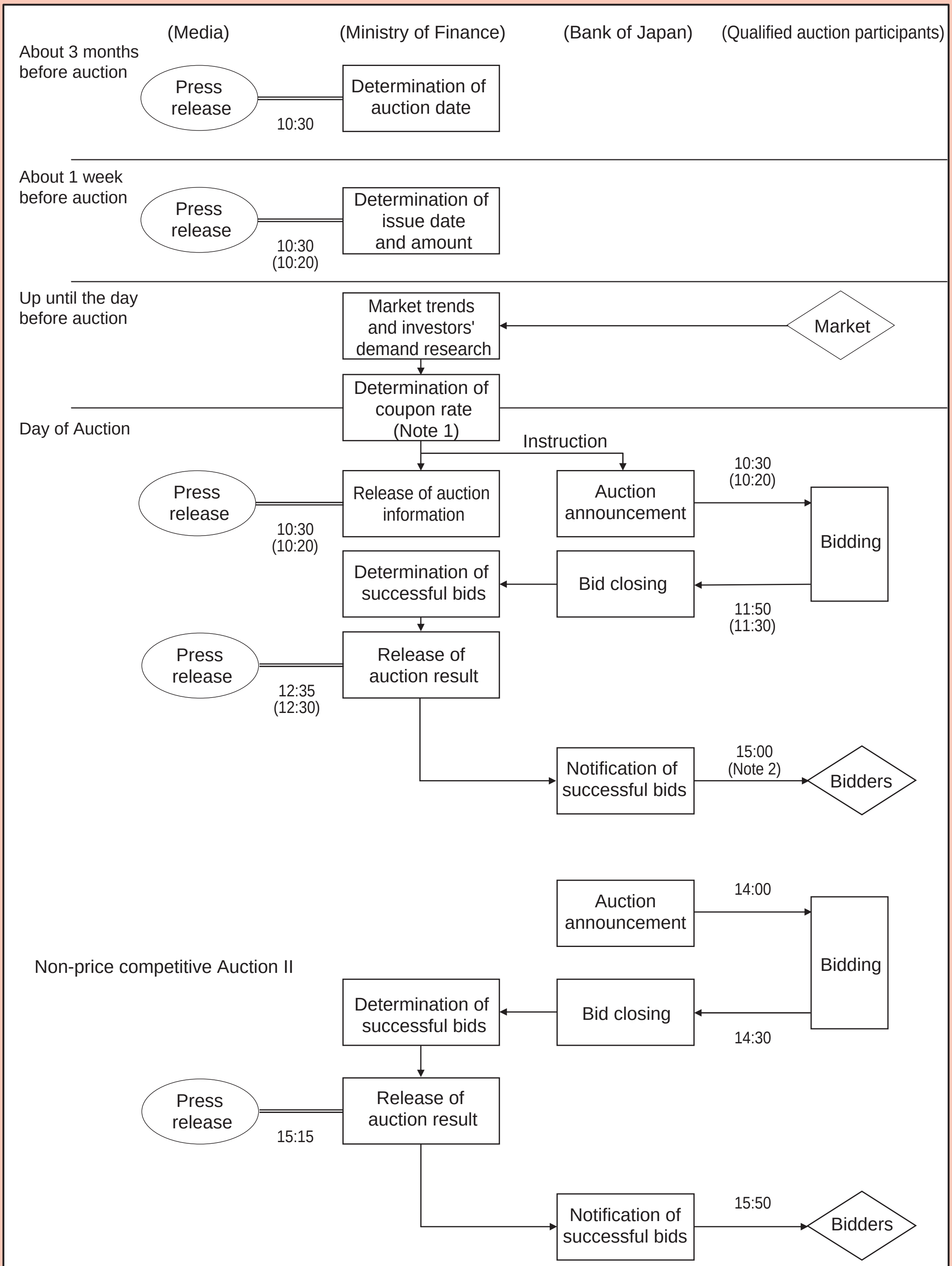
- Notification of offering (from the BOJ to auction participants)
- Bidding (from bidders to the BOJ)
- Aggregating bids and reporting to the MOF on their status
- Notification of accepted/allocated bids (from the BOJ to bidders)
- Issuance and payment (from the BOJ to successful bidders / from successful bidders to the BOJ)

☞①The BOJ-NET includes the BOJ-NET current account system as a fund settlement system and the BOJ-NET JGB Services as a JGB settlement system.

☞②JGBs for this mechanism are called Book-entry transfer JGBs, representing those whose ownership is determined by descriptions or records in book-entry accounts as provided by "the Act on Book-Entry Transfer of Corporate Bonds and Shares" (JGB certificates are not issued.).

C. Auction Procedures for Public Offering Auction

Fig. 2-14 Auction Procedures for Public Offering Auction



Note 1: Treasury Discount Bills are issued at a discount so they do not carry any coupon rate. No procedure to determine coupon rates is required for reopening and liquidity enhancement auctions for interest-bearing bonds. When a new issuance of 40-Year Bonds and Japan Climate Transition Bonds is offered, the coupon rate is determined according to the yield-competitive auction result.
Note 2: Successful bids from the Liquidity Enhancement Auction are notified at 14:30.
Note 3: Times in parenthesis refer to the times for Treasury Discount Bills.
Note 4: Non-Price Competitive Auction II is not conducted for Inflation-Indexed Bonds, Japan Climate Transion Bonds and Treasury Discount Bills.

D. Shortening of Settlement Cycles in Primary JGB Market

Ref: Chapter1 2(3)C "Shortening of settlement periods" (P74)

In line with the shortening of the settlement cycle to T+1 for the secondary JGB market, the JGB settlement cycle (between auction and issue date) was shortened from T+2 to T+1 in principle for auctions as from May 1, 2018.
At the same time, the JGB settlement cycle for interest-bearing bonds(5-to 30-Year Bonds) issued in massive redemption months (March, June, September and December) and a 2-Year Bonds issued every month were shortened.

① Interest-bearing (5- to 30-year) JGB Issues in Massive Redemption Months

Although the issue date of interest-bearing bonds (5- to 30-year) JGB in massive redemption months (March, June, September, and December) had been unified into the 20th day of each month (the next business day if the 20th day fell on a holiday) irrespective of auction dates, settlement cycles were shortened to T+1, with their issuance set to come on the next business day after the auction, as of May 1, 2018.

② Monthly 2-year JGB issue

Although issue date of the monthly 2-year JGB had been set at the 15th day (the next business day if the 15th day fell on a holiday) of a month after an auction month irrespective of the auction date, the issuance date was set at the first day (the next business day if the first day falls on a holiday) of a month after an auction month as from May 1, 2018. The interest payment and redemption dates were also changed to the first day of each month.

3 Secondary Market for Government Bonds

Not only are government bonds a means for government financing, but they are also financial products traded on the ever-changing financial markets at the same time. For JGBs to be issued smoothly and fulfill their functions as indicators of bonds and interest rates, transparency and liquidity must be assured and secondary markets with reliable and efficient settlement must exist. This chapter outlines JGB market liquidity maintenance and enhancement initiatives, as well as how JGBs are traded on the market and how JGB transactions are settled.

(1) JGB Market Liquidity Maintenance and Enhancement

If the JGB market is liquid enough to allow investors to freely trade in JGBs in line with their respective interest rate outlooks and investment strategies, it will contribute to holding down medium to long-term fundraising costs. Therefore, the government pays attention to the JGB market liquidity.

While market liquidity is defined variously, with no strict definition existing, high market liquidity is generally explained as allowing market participants to promptly buy or sell as much as they want at prices close to market prices (☞①). In order to assess JGB market liquidity, we must combine various indicators to analyze the market from a multifaceted perspective, instead of depending on a limited range of specific indicators.

The secondary JGB market consists of JGB Market Special Participants and other market makers, and various investors. The maintenance and enhancement of JGB market liquidity depends basically on the market's autonomous functions backed by transactions between such market participants. However, the government complements JGB market liquidity by adjusting issuance amounts, maturities, reopening and other matters.

Specifically, the government has taken the following measures to maintain and enhance JGB market liquidity:

- Conducting Liquidity Enhancement Auctions to add volume to past issues
- Reopening past issues (☞②) to expand the volume of each issue

The government has also held the Meeting of JGB Market Special Participants and the Meeting of JGB Investors (☞③) to understand market conditions through exchange of opinions with market participants.

☞① High market liquidity is also explained as allowing market participants to rapidly execute large financial transactions with a limited price impact.

☞② Ref: Chapter 1 2 (2) Ab "Reopening rule" (P59).

☞③ Ref: Preface 2(2) "Dialogue with Market Participants" (P4).

A. Liquidity Enhancement Auctions

Liquidity Enhancement Auctions reopen existing JGB issues, which have structural liquidity shortages or temporary liquidity shortages due to expanding demand, in order to facilitate JGB trading and correct JGB market distortions to maintain and improve JGB market liquidity and stabilize the JGB market for holding down the fundraising costs.

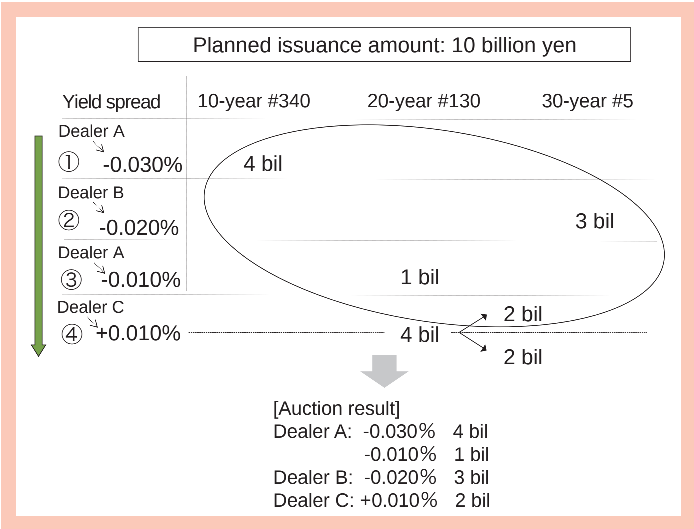
The yield-spread-competitive auction under the conventional method for JGB Market Special Participants alone is used for Liquidity Enhancement Auctions. In the auction, a bidder submits a bidding yield's spread with a standard yield (☞①) (a bidding yield-spread (☞②)) and a bidding amount for each issue subjected to reopening. In principle, regardless of issues, the bidding amounts are allocated with priority placed on smaller bidding yield-spreads (☞③). Bids whose bidding amounts are allocated before the planned issuance amount is reached are successful (Fig. 2-15).

☞① Standard yield means the average simple yield cited in the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association on the auction day.

☞② A bidding yield-spread may be positive or negative. If a bidding yield is 1.030% against a standard yield of 1.000%, the bidding yield-spread is plus 0.030%. If a bidding yield is 0.970% against a standard yield of 1.000%, however, the bidding yield-spread is minus 0.030%.

☞③ If bidding yield-spreads are positive, priority is placed on smaller absolute values. If bidding yield-spreads are negative, however, priority is placed on larger absolute values.

Fig. 2-15 Image of Liquidity Enhancement Auctions



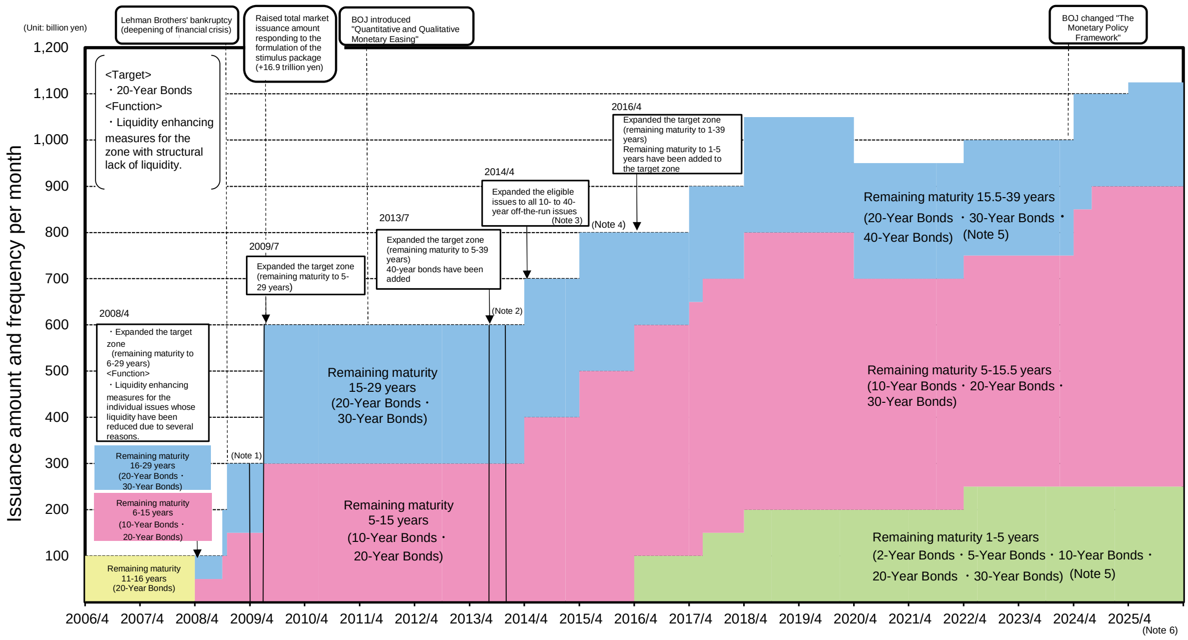
Liquidity Enhancement Auctions were launched in April 2006 to issue 100 billion yen worth of bonds a month for small 20-Year Bond issues with 11-16 years remaining to maturity that structurally lacked liquidity. Later, the range of JGB issues, issuance amounts and frequency for Liquidity Enhancement Auctions have been gradually expanded to counter a remarkable decline in the JGB market's liquidity following the global financial crisis (Fig. 2-16). Subject to Liquidity Enhancement Auctions at present are all 2- to 40-Year JGB off-the-run issues (☞④), which are divided into three zones by remaining maturity range – 1-5 years, 5-15.5 years, and 15.5-39 years.

☞④ However, for 2-Year Bonds, newly-issued bonds issued in the Auction month for Liquidity Enhancement Auctions are included.

The FY2025 JGB Issuance Plan sets the amount for Liquidity Enhancement Auctions at 13.5 trillion yen, increased by 0.3 trillion yen from the previous year. Specifically, the plan sets the issuance amount through Liquidity Enhancement Auctions at 3.0 trillion yen for the remaining maturity of 1-5 years, 7.8 trillion yen for the remaining maturity of 5-15.5 years, and 2.7 trillion yen for the remaining maturity of 15.5-39 years, publishing planned zone-by-zone issuance amounts to improve the transparency of the auctions. Actual zone-by-zone issuance amounts will be adjusted flexibly in response to the market environment and investment needs, based on discussions with market participants.

For Liquidity Enhancement Auctions in the April-June 2025 quarter, the government decided to issue 650 billion yen each month for 10-, 20- and 30-Year Bonds with 5-15.5 years remaining to maturity, 450 billion yen each in April and June for 20-, 30- and 40-Year Bonds with 15.5-39 years remaining to maturity, and 500 billion yen in May for 2-, 5-, 10-, 20-, and 30-Year Bonds with 1-5 years remaining to maturity, based on discussions at the Meeting of JGB Market Special Participants and the Meeting of JGB Investors.

Fig. 2-16 Transition of Liquidity Enhancement Auctions



Note 1: In the April-June 2009 quarter, durations to maturity had been differently divided into two groups: 6-16 years and 16-29 years.
Note 2: In the July-September 2013 quarter, durations to maturity had been differently divided into two groups: 5-15 years and 15-39 years.
Note 3: Before April 2014, multiple issues near newly issued bonds were excluded from the eligible issues.
Note 4: Before October 2015, due to system limitations, auctions took place only for bonds that were in high demand among market participants. Since November of the same year, auctions for all eligible issues have been able to take place due to the launch of a new system.
Note 5: Since FY2016, Liquidity Enhancement Auction for JGBs maturing in 1-5 years or 15.5-39 years takes place every two months. In the figures are issuance amounts per month.
Note 6: The figures for FY2025 are planned amounts. Details of Liquidity Enhancement Auctions such as the allocation of issuance amount for each zone may be adjusted in a flexible manner in response to market environment and investor demands, based on discussion with market participants.

B. Buy-back Program

Buy-back is defined as a scheme for the government as the issuer of JGBs to retire debt by purchasing existing bonds at a price agreed upon with the respective holders willing to take part in the deals prior to maturity of the bonds (☞①).

For the Buy-back Program, the price-spread-competitive auction under the conventional method for JGB Market Special Participants is used with the government clarifying a planned Buy-back amount in advance. In the auction, a bidder submits a bidding price's spread with a standard price (☞②) (a bidding price-spread (☞③)) and a bidding amount for the name and code of each target JGB issue. In principle, the bidding amounts are allocated with priority placed on a smaller bidding price-spread (☞④) until the Buy-back amount is reached.

In the past, the Buy-back program used to be implemented on very limited occasions: when JGBs were paid in kind to the government in accordance with the "Inheritance Tax Act" and when JGBs deposited with the government by an election candidate pursuant to the "Public Office Election Act" were confiscated due to the candidate's election loss. In recent years, however, the Buy-back program has been flexibly implemented to meet the MOF's specific purposes including leveling the concentration of JGB maturities and reducing the outstanding debt through transfers from the FILP Special Account.

Currently, the Buy-back program is used for Inflation-Indexed Bonds to improve the supply-demand balance and liquidity as market participants pointed out that a persistent supply-demand imbalance was seen and that liquidity premiums were expanding.

Since February 2020, Inflation-Indexed Bond supply and demand have remained unstable as JGB market liquidity has declined due to the global expansion of the COVID-19 outbreak. In response, an additional buy-back worth 300 billion yen was implemented in March 2020. From April 2020, a monthly Buy-back worth 50 billion yen was conducted. Inflation-Indexed Bond supply and demand remained unstable in early FY2021. As the improvement of the supply-demand relationship and a rise in the Break-Even-Inflation Rate through the Buy-backs and global price hikes were confirmed later, however, the monthly Buy-back was cut to 20 billion yen from January 2022.

While the government plans to implement JGB Buy-backs in FY2025 as necessary based on market scenes and discussions with market participants, many market participants continue to voice hopes to have Buy-backs continued for Inflation-Indexed Bonds. Considering that the development of the Inflation-Indexed Bond market is a key challenge for JGB Management Policy, the government has set the planned Buy-back amount at 60 billion yen for the April-June quarter of 2025, based on market conditions.

☞① Pre-maturity redemption, same as a scheme to retire debt, differs from Buy-back in that the government reserves an option to redeem existing bonds at the face value. The Ministry of Finance has stated on its website its vow not to implement the pre-maturity redemption of JGBs.

☞② Standard price means the average price cited in the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association on the auction day.

☞③ A bidding price-spread may be positive or negative. If a bidding price is 101.30 yen against a standard price of 101.00 yen, the bidding price-spread is plus 0.30 yen. If a bidding price is 100.70 yen against a standard price of 101.00 yen, however, the bidding price-spread is minus 0.30 yen.

☞④ If bidding price-spreads are positive, priority is placed on smaller absolute values. If bidding price-spreads are negative, however, priority is placed on larger absolute values.

Fig. 2-17 Mechanisms for Liquidity Enhancement Auctions and Buy-backs

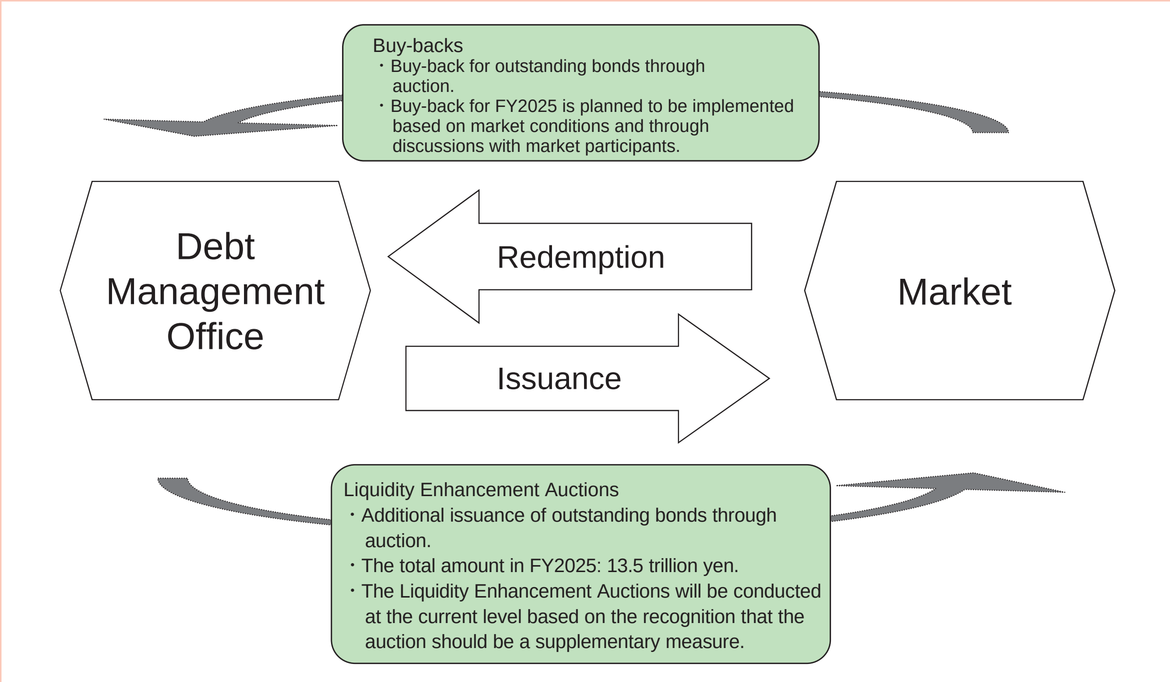
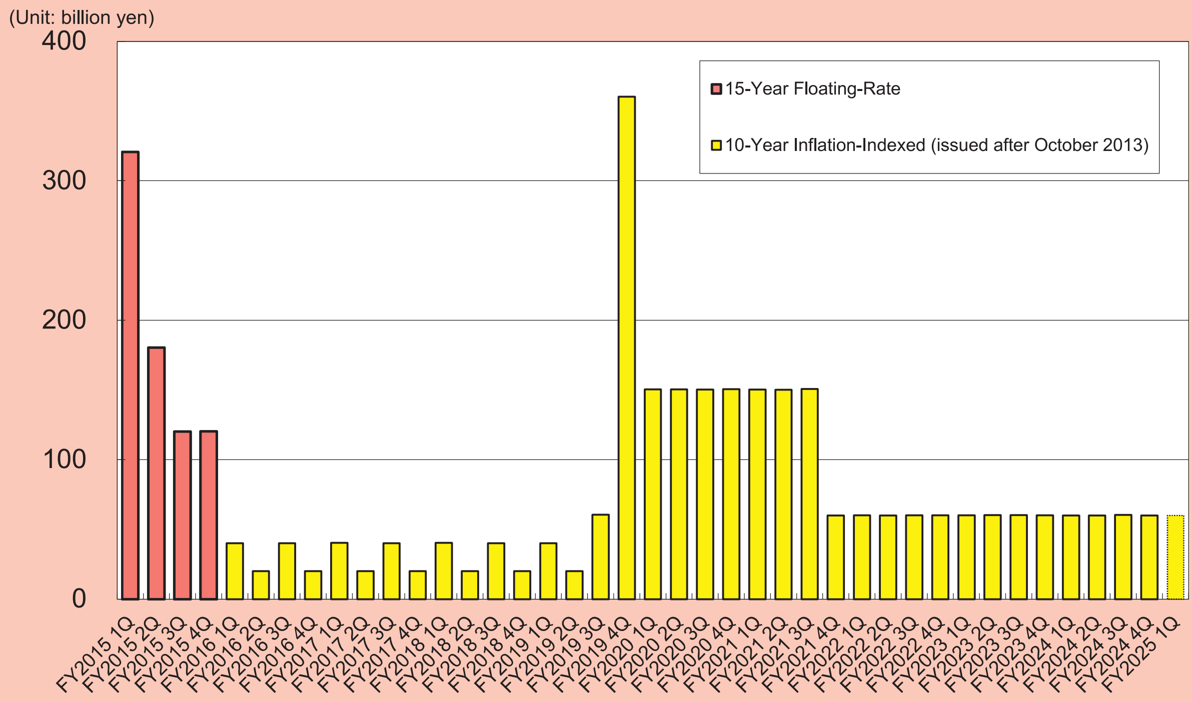


Fig. 2-18 Transition of the Buy-back Program



Note: Figures are based on actual amounts. (FY2025 1Q: estimated amount)

Chapter 1 Government Bonds (JGBs) 3 Secondary Market for Government Bonds

(2) OTC Transactions and Transactions on the Stock Exchange

The secondary market for public and corporate bonds can be divided into over-the-counter transactions (OTC transactions), such as transactions that take place at securities companies, and stock exchange transactions. However, OTC transactions are the more common transaction method because it is difficult to trade on the Stock Exchange on the conditions that you desire. This is because of the variety of transactions and administrative procedures involved due to the large number of issues in public and corporate bonds, as well as the complexity of bond trading.

In the OTC market, in principle, a price is concluded through a negotiation between the parties concerned. However, in order to ensure fair and smooth OTC bond transactions, Self-regulatory Regulations by the Japan Securities Dealers Association require each securities company to maintain the fairness of the transaction by acting at a proper price according to a set of internal rules (☞).

Currently, 2-Year, 5-Year, 10-Year, 20-Year, 30-Year and 40-Year Bonds and 5-Year and 10-Year Japan Climate Transition Bonds are listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange, and their transaction volume is published.

☞To improve the price announcement function of the OTC market, the Japan Securities Dealers Association publishes reference statistical prices [yields] for OTC bond transactions on every business day, based on the reports from its member securities companies and some other firms. As securities companies frequently trade with each other through market makers, such transaction price data are published by these market makers.

Fig. 2-19 Case of the Tokyo Stock Exchange

JGB Trading Framework		
Particulars	Trading Hours	12:30 pm - 2:00 pm
	Trading Unit	JPY 50,000 in par value
	Tick Size	JPY 0.01 per 100 yen face value
	Types of Orders	Limit orders only (Market orders are not available)
	Daily Price Limit	JPY 1 as stipulated by the exchange
	Trading Method	Orders are accepted only via Target (electronic document submission system of TSE)
	Trade Execution	Individual auctions for each issue
	Types of Trading and Settlement Dates	Regular transactions, with settlement on the second business day following the trade date (T+1)
	Method of Settlement	Settlement through BOJ-NET

(Source) Japan Exchange Group, Inc.

(3) Improvements to the JGB Transaction Settlement System

Ref: Chapter 1 2(4)B "The Bank of Japan government bond network system" (P64)

As for the book-entry transfer system for JGB transactions on the secondary JGB market, the Bank of Japan is designated as the transfer institution under the "Act on Book-Entry Transfer of Corporate Bonds and Shares" and operates the system. The system uses book-entry transfer for JGB delivery accompanying JGB transactions between market participants. Practically, settlements are conducted through the BOJ-NET JGB Services in which many private financial institutions participate.

The MOF has developed the JGB transaction settlement system in cooperation with the BOJ and other stakeholders to improve the safety and efficiency of the JGB market. The following section reviews the deliberations concerning the JGB transaction settlement system to date.

A. Improving and reconstructing BOJ-NET functions

In 1994, the BOJ-NET adopted Delivery-versus-Payment (DVP) settlement (☞①), and in January 2001 changed from the Designated-time Net Settlement (DTNS) (☞②) to Real-Time Gross Settlement (RTGS) (☞③), to prevent the occurrence of any systemic risk event.

The BOJ began to construct a new system (hereinafter referred to as the New BOJ-NET) in 2008 to further improve the safety and efficiency of the entire settlement system of Japan. The New BOJ-NET came into full operation in 2015. Its operation hours were extended until 21:00 in 2016.

☞① DVP (Delivery-versus Payment) settlement of JGBs is a mechanism that prevents the occurrence of a situation in which "payment for securities is not received despite the delivery of the securities having been made" or where "securities are not delivered despite the payment of funds having been made," by making the delivery of securities and payment therefore conditional on each other.

☞② The DTNS (Designated-Time Net Settlement) system is designed to hold and accumulate various orders received for book entry transfers (payment orders) until a certain time, and at that time, pay or receive only the difference between the total amount receivable and the total amount payable as of such time. Under this settlement method, one single payment default at the time of settlement will cause the settlement of any and all payment orders issued by all participating financial institutions to be suspended and reversed, and by extension, may cause systemic risk.

☞③ The RTGS (Real-Time Gross Settlement) system is a mechanism to transfer in real time the gross amount of each transfer order as received. By this method, settlement is affected by each transfer order. Any single payment default will only directly affect the counterparty (which mitigates any systemic risk).

B. Establishment and propagation of the Fails Practice

"Fail" refers to a case of non-delivery of specific securities by the scheduled time due to reasons other than the creditworthiness of the relevant trade counterparty. "Fails Practice" refers to a market routine that prescribes general clerical procedures to be performed between the parties in a Fail instance and provides as a principle that a Fail event does not automatically imply default (☞①).

Fails Practice was introduced in January 2001, when the RTGS system for JGB settlement was adopted in Japan. Back then, a fair number of parties neither understood the need for Fails Practice nor had the clerical processing frameworks in place, preventing Fails Practice from becoming an established procedure. However, in connection with the collapse of the investment bank Lehman Brothers in September 2008, default contagion caused an unprecedented surge in Fail events. Subsequently, as a means for market participants to reduce Fail risk, avoiding new repurchase transactions altogether became increasingly widespread. Fails Practice was revised in November 2010 to introduce Fails Charge (☞②) and accelerate Cut-Off Time (☞③).

☞① Specifically, in case of a Fail event, neither will the right of contract cancellation be exercised nor will a penalty for late payment be imposed, in principle. If the Fail duration is prolonged, Buy-In provisions, etc., are stipulated as a method of resolution. "Buy-In" means the purchase of the deliverable securities or identical securities by the recipient to resolve a Fail status that has continued for a certain period.

☞② "Fails Charge" means a payment imposed on the party that gives rise to a Fail event by failing to deliver. The Fails Charge was introduced for its conceivable power to reduce Fail frequency on the grounds of its compelling economic rationale, especially in a low-interest environment (For details refer to the relevant regulations including "The Japanese Government Securities Guidelines for Real Time Gross Settlement").

☞③ Cut-Off Time refers to a daily settlement closing time established among market participants that occurs before the end of JGB related operations on the BOJ-NET in order to identify "fail events," etc., ahead of the end of settlement for the day. Currently the Cut-Off Time is set at 14:00.

C. Shortening of settlement periods

An increase in unsettled transactions through defaults and fails after the September 2008 global financial crisis prompted market participants to strongly perceive settlement risks, leading once again to the realization that shortening settlement periods would be indispensable for effectively reducing unsettled transactions. Based on this experience and deliberations at the Working Group on Shortening of JGB Settlement Cycle established as a subordinate organ of the Promotion Meeting for Reform of the Securities Clearing and Settlement (☞①), the standard settlement period for JGB transactions was shortened to T+2 on April 23, 2012, and to T+1 on May 1, 2018 (☞②).

D. Establishing a clearing institution and expanding its use

Together with the change in January 2001 to JGB settlement by RTGS, Bilateral Netting (☞①) was also introduced. Since outright transactions and repurchase transactions are being carried out constantly in the JGB market by multiple market participants, settling all transactions by individual counterparty would render clerical procedures complicated and highly inefficient, and also compel consideration of counterparty risk when making transactions. With regard to transactions contracted between market participants, this situation gave rise to the demand for an arrangement in which payments and JGB deliveries of JGB transactions are netted under the guarantee of settlement implementations by a clearing institution taking the position between parties (☞②).

In October 2003, the Japan Government Bond Clearing Corporation (JGBCC (Japan Securities Clearing Corporation or JSCC at present) (☞③)) was established as the Central Counterparty (CCP) for the JGB market. As a result, the relation of rights and obligations contracted between JGBCC participants was simplified to the effect that rights and obligations now exist between the JGBCC and each participant, with each party's counterparty risk now posed by the JGBCC instead of the transaction counterparty. Moreover, since participants and the JGBCC settle only the net balance of funds and identical JGB issues, the amounts of settlements, and funds and JGBs necessary for settlement, as well as their exposures during the day are significantly lower than before.

Later, clearing functions were improved through the enhancement of JGBCC governance and the participation in the JGBCC by trust banks that account for a large share of JGB transaction settlements.

☞① The "Promotion Meeting for Reform of the Securities Clearing and Settlement" is established under the "Committee for Reform of Securities Clearing and Settlement System" which is hosted by the Japan Securities Dealers Association. Its purpose is to engage, from an overarching, cross-sectional perspective, in the progress management of the securities settlement system reform and in the discussion of topics that cut across products and industries.

☞② As for the period between a JGB auction and issuance, T (auction date) +1 was also implemented for auctions from May 1, 2018, in principle (See Chapter 1 2(4)D "Shortening of Settlement Cycles in Primary JGB Market" (P66)).

☞① Bilateral netting is a method for the settlement of the difference between the various JGB delivery obligations and JGB payment obligations of two counterparties in situations where both types of obligation exist, as opposed to requiring each counterparty to meet each separate obligation as it falls due at the same time. All obligations are netted on each individual JGB and fund for settlement purposes. This netting process serves to reduce settlement volumes across the market as a whole.

☞② The clearing institution comes between buyers and sellers to clear credit and debt relations established between numerous parties for securities and other transactions by replacing those relations with those between the clearing institution and sellers and those between the institution and buyers.

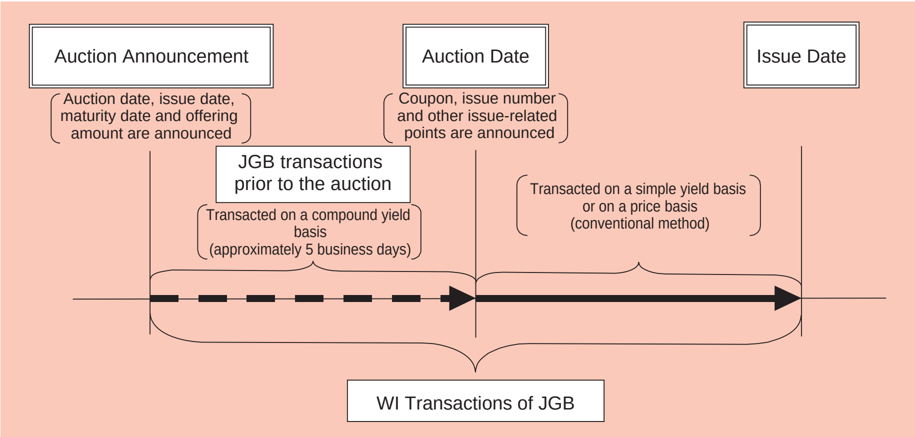
☞③ On October 1, 2013, the JSCC merged with the JGBCC and took over the JGBCC's clearing services for over-the-counter JGB trading.

(4) WI Transaction

A WI (When-Issued) transaction is a transaction made during a period between an auction announcement (in principle, a week before an auction date) and the previous day of its issuance. Besides a WI transaction during a period between an auction and the day of its issuance, one has become available prior to an auction date since February 2004.

A price of WI transactions functions as a predicted value of a bid price to be accepted because it reflects trends in the demand for a new issue prior to its auction. For the issuer, active WI transactions are considered to contribute to the efficiency of fundraising activities since they strengthen the linkage between the primary and secondary markets and reduce the uncertainty inherent in the auction process.

Fig. 2-20 WI Transactions (Conceptual Diagram)



(5) Bond *Gensaki* and Bond-Lending Transactions

A. Bond *Gensaki* Transaction

Bond *Gensaki* Transactions are bond sales transactions in which the traded bonds are traded back in the opposite direction on a date and at a price specified in an agreement concluded in advance between the parties to the transaction.

Bond *Gensaki* Transactions were a principal fundraising means for financial institutions holding securities soon after the end of World War II. While new short-term financial products such as certificates of deposit (CDs), commercial paper (CP), and large-lot time deposits were widely accepted by investors later, however, Bond *Gensaki* Transactions have been replaced by Bond-Lending Transactions and other means because Bond *Gensaki* Transactions are subject to the securities transaction tax because they are classified as trading. Bond *Gensaki* Transactions were thus limited to those trading mainly in Treasury Bills and Financing Bills (today's Treasury Discount Bills) free from the securities transaction tax.

Following a recommendation from the "Sub-Council on the Internationalization of the Yen" under the Committee on Foreign Exchange and Other Transactions that Japan's repurchase market promote transaction formats consistent with global standards (☞①) and the abolition of the securities transaction tax in March 1999, a new Bond *Gensaki* Transaction format was introduced in April 2001 that incorporated risk management methods such as the use of a package settlement provision (☞②), margin call feature (☞③), and substitution (☞④).

Based on discussions at the Working Group on Shortening of JGB Settlement Cycle established in September 2009 (☞⑤), T+1 was implemented as the standard settlement cycle

☞① "The internationalization of the yen for the 21st century—Japan's Response to Changes in Global Economic and Financial Environments," as replied to by the Council on Foreign Exchange and Other Transactions on April 20, 1999.

☞② A provision whereby if one of the two counterparties to the transaction defaults on payment, all the debts and credits under the basic agreement between them are replaced by one single monetary debt and credit (each of which is obtained by terminating all individual transactions and then offsetting the resulting loss or profit against the total collateral).

☞③ If, while transactions are being conducted, any difference arises as between the market value of the bond in bondlending and the value of the collateral provided because of fluctuations in bond prices, this feature permits a counterparty to claim a collateral shortage at any time.

☞④ A feature whereby, during the transaction period, another bond of equal or higher market value can be used to substitute for the bond being sold or purchased, subject to the agreement of both parties and following a notification given by one counterparty to the other of such an intention to substitute.

☞⑤ Ref: Chapter 1 3(3) C "Shortening of settlement periods" (P74)

for JGB transactions on May 1, 2018. On this occasion, the settlement cycle for GC (General Collateral) repurchase transactions using unspecified bonds as collateral was shortened from T+1 to T+0, with new *Gensaki* transactions used for developing GC repos under the Subsequent Collateral Allocation Method, leading new *Gensaki* transactions to replace Bond-Lending Transactions.

Since November 2002, the BOJ has introduced JGB *Gensaki* operations using new *Gensaki* transactions in place of operations using the traditional Bond-Lending Transactions.

B. Bond-Lending Transaction

Bond-Lending Transactions are Loan Transactions that one party (a lender) lends bonds to a second party (a borrower), and after a specified period, the borrower returns bonds of the same kind and in the same amount to the lender, thereby settling the lending transaction.

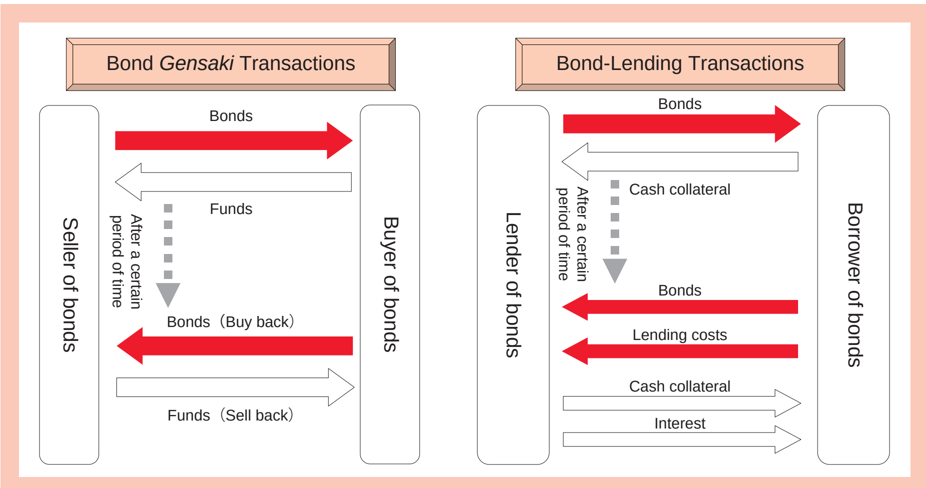
Bond-Lending Transactions were introduced in 1989 concurrent with the deregulation of the short-selling of bonds to promote the development of the secondary bond market. Bond-Lending Transactions were for the most part fully uncollateralized initially because regulations were imposed on interest on cash collateral to prevent competition with the Bond *Gensaki* Transactions and because collateralized Bond-Lending Transactions using non-cash collateral such as substitute securities were shunned by market participants due to complicated clerical work.

The collapse of the Barings Bank in February 1995 served as a fresh reminder of the risk associated with unsecured dealings. In order to mitigate credit risk, Bond-Lending Transactions underwent a review towards collateralization, modeled after the U.S. repurchase transactions. Risk management was reinforced by putting into place a package settlement provision and margin call features, and with the change to rolling settlement (☞①) of JGB transactions, the minimum limit for cash collateral was abolished along with the limit on interest. Beginning in April 1996, cash-secured Bond-Lending Transactions were initiated (☞②). Cash-secured Bond-Lending Transactions have actively been made for GC transactions and SC (Special Collateral) transactions to procure cash bonds required for unwinding short positions on bonds. In November 1997, they were included in the operations of the BOJ. Moreover, the JGBCC in May 2005 started settlement services including repo transaction settlements (such as obligation assumption and netting) and risk management, contributing to expanding repo transactions.

☞①Rolling settlement is a method to settle transactions sequentially, when it passed by the scheduled days. Before the change, settlements were concentrated on a specific day every month.

☞②Cash-secured Bond-Lending Transactions are called "Japanese Repurchase (Repo) Transactions." While global standard repo transactions are buying and selling transactions, Japan's repo transactions center on borrowing and lending transactions (particularly for cash-secured Bond-Lending Transactions) and are called Japanese Repo Transactions discriminated from global-standard repo transactions. They are also called "cash-secured repos" or "bond-lending repos."

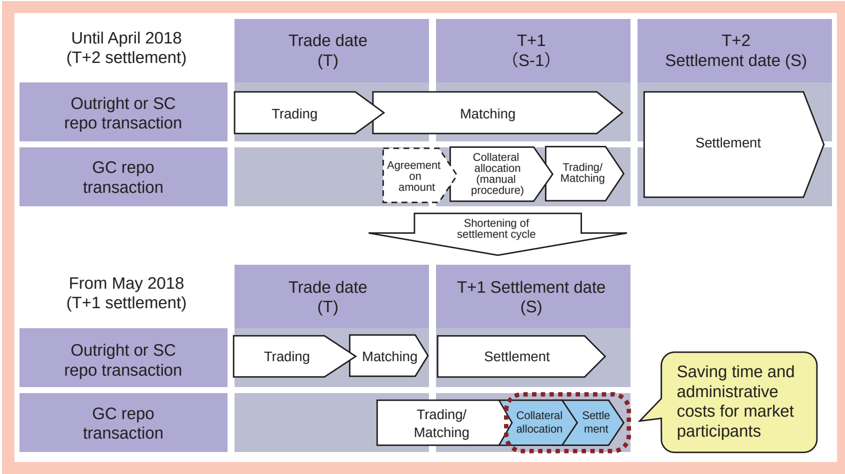
Fig. 2-21 Bond *Gensaki* and Bond-Lending Transactions (images)



C. GC Repos under Subsequent Collateral Allocation Method

When the standard JGB settlement cycle was shortened to T+1 on May 1, 2018, the settlement cycle for ordinary JGB transactions (hereinafter referred to as outright transactions) and SC repurchase transactions was shortened from T+2 to T+1. At the same time, JSCC introduced GC Repos under Subsequent Collateral Allocation Method (Subsequent Collateral Allocation Repos), making GC repo transactions available for the T+0 settlement cycle.

Fig. 2-22 Image of Shortening of JGB Settlement Cycle

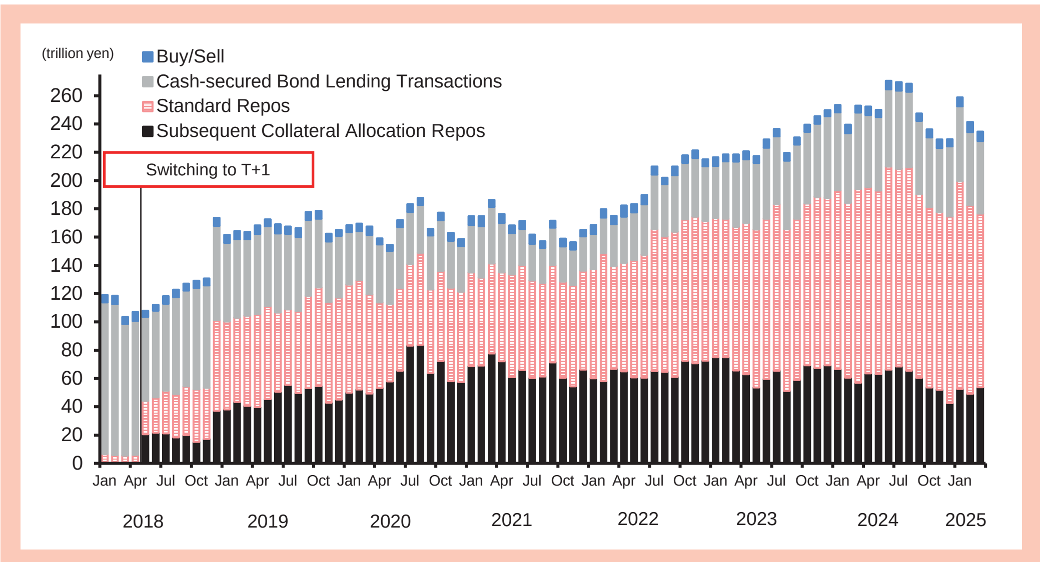


(Source) Prepared by the MOF based on the "Grand Design for Shortening of JGB Settlement Cycle (T+1)" published on November 26, 2014, by the Working Group on Shortening of JGB Settlement Cycle

GC repo transactions are frequently conducted by securities companies to raise funds to cover shortages after outright or SC repo transactions. GC repo transactions thus accompany outright or SC repo transactions. When the T+1 standard settlement cycle took effect for outright and SC repo transactions, therefore, how to accelerate post-trade procedures for GC repo transactions became a challenge. Then, the Subsequent Collateral Allocation Repos through new *Gensaki* transactions were introduced, based on precedent European and U.S. cases. Parties to a Subsequent Collateral Allocation Repo transaction designate the amount of funds to be delivered and a JGB basket (e.g., conditions for specifying the scope of JGBs for collateral allocation such as "Treasury Discount Bills" and "JGBs with maturity of less than 10 years or Treasury Discount Bills") before contracting, leaving JSCC to allocate the specific issue of JGBs for the transaction just before the settlement. In this way, market participants' administrative costs including the selection of JGB issues have been reduced, allowing the time for post-trade procedures to be shortened.

Transition from lending transactions (cash-secured repos) to the global standard of new *Gensaki* transactions (*Gensaki* repos including Subsequent Collateral Allocation Repos), as recommended upon the T+1 settlement cycle introduction, has made due progress. In the future, the globalization and vitalization of Japan's repo market, including the expansion of nonresidents' participation in the market, are expected to further improve the convenience of overall market participants.

Fig. 2-23 JSCC's Clearing Value (daily average)



Note: On a clearing value basis. *Gensaki* and cash-secured repos include both starts and ends.
(Source) JSCC

(6) STRIPS

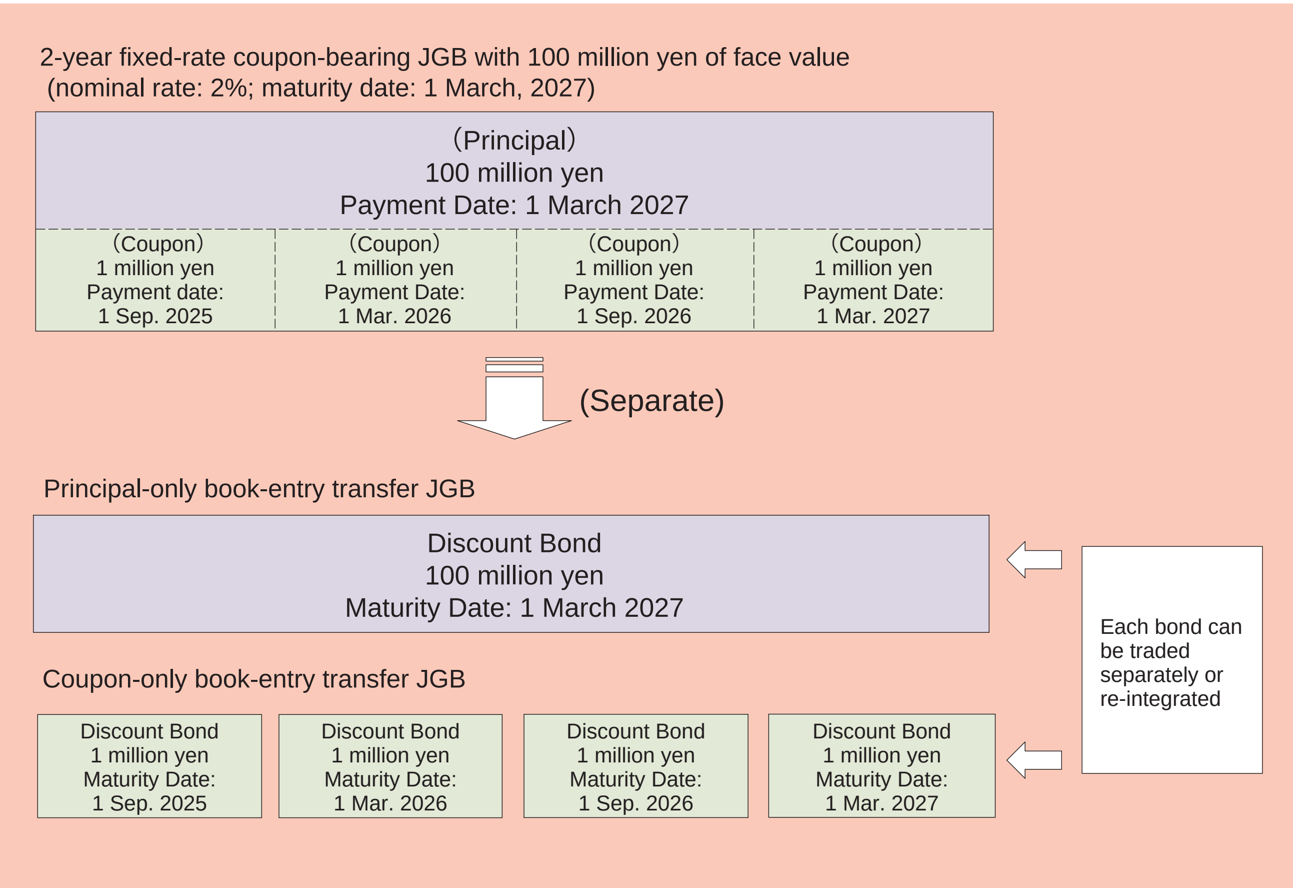
STRIPS (Separate Tranding of Registered Interest and Principal of Securities) refers to a coupon-bearing bonds where the principal part and the interest (coupon) parts for each interest payment date are separated. These are respectively traded independently as principal-only book-entry transfer JGBs and coupon-only book-entry transfer JGBs. It is also possible to recombine the previously separated principal and interest parts to restore the original coupon-bearing bonds.

Since January 2003, it has been possible to strip JGBs (☞). The introduction of STRIPS is expected to make it possible to meet the needs of investors who want the separation of principal and interest components, and at the same time, to enhance arbitrage (interest rate adjustment) functions between discount bonds and coupon-bearing bonds, thus improving the efficiency of the JGB market.

The state of stripping of STRIPS is published at the MOF's web site on a regular basis.

☞All coupon-bearing bonds issued in January 2003 and thereafter except for JGBs for Retail Investors, and 10-Year Inflation-Indexed Bonds are the "Strippable Book-entry Transfer Securities. (Bonds issued as the same issue as the bonds which were issued by March 31, 2003 and were designated by the Minister of Finance as being subject to the provisions of "Act on Book-Entry Transfer of Corporate Bonds and Shares" are excluded.)"
While no restrictions exist on holders of stripped JGBs, only the JGB Market Special Participants are allowed to apply for the separation and reconstruction of STRIPS.

Fig. 2-24 STRIPS - Conceptual Diagram



(7) JGB Futures Trading

Futures trading means trading in a commodity or a financial asset at a price set at present on a particular future date.

JGB futures are used for hedging risks associated with JGB trading (☞) and serve as a bond market trend indicator, playing a key role in leading the primary and secondary JGB markets to work smoothly.

A. Outline of JGB futures trading

JGB futures trading is outlined in three parts here. The first part outlines JGB futures. While there are four types of JGB futures – 5-year, 10-year, mini 20-year and mini 10-year (Cash-Settled) (Fig. 2-26) – listed on the Osaka Exchange, 10-year JGB futures account for most of JGB futures trading volume. The 10-year JGB futures are listed on the Singapore Exchange as well as the Osaka Exchange.

The second part outlines the JGB futures system. For JGB futures trading, trading instruments, contract size, the last trading day (☞①), the delivery settlement date (☞②) and other trading terms and conditions are standardized on the premise that many unspecified market participants trade in JGB futures on securities exchanges. Particularly, trading instruments are not actually issued JGBs, but notional JGBs called "standardized instruments" (☞③).

Any party can implement a massive futures transaction by paying margin money that is far less than the full transaction value. This is a feature of futures trading. Therefore, some investors proactively use JGB futures trading to leverage their investment positions.

The third part deals with how to settle JGB futures transactions. For settling a futures transaction, a party may at any time before the last trading day make an offsetting trade (long liquidation or short covering) for net settlement, or pay/receive the trading price and receive/deliver actual JGBs on the delivery settlement date. Offsetting trades are used for most futures trading.

For delivery settlement, actual JGBs designated as delivery-qualified issues (☞④) will be delivered in place of notional JGBs. As a standardized instrument and a delivery-qualified issue have different coupon rates and remaining maturities, a separately computed rate is used for adjusting a delivery price. This rate is called "conversion factor." Specifically, a delivery price is computed by multiplying a futures price and a conversion factor for a delivery-qualified issue together (☞⑤).

While there are multiple delivery-qualified issues, the delivering party (or the futures seller) has the right to select an issue for delivery. An issue costing the delivering party least is called the cheapest issue. As the delivering party can minimize losses or maximize profits by selecting the cheapest issue for delivery, the cheapest issue is usually selected for delivery. Therefore, futures prices tend to be closely linked to prices of the cheapest issues.

Under the current market environment where a coupon on actual JGBs is lower than a 6% coupon on 10-year JGB futures, the cheapest among delivery-qualified issues is, in most cases, the one which has the shortest remaining maturity, at 7 years.

B. Investors in JGB futures

Various investors use JGB futures. For instance, primary dealers that play a central role in the primary and secondary JGB markets use futures to hedge interest rate risks for JGBs that they purchase in the markets. Given that futures trading is almost free from counterparty risks

☞ For instance, a dealer who bought cash long-term JGBs and sold futures can offset losses or gains on those JGBs because futures prices correlate with cash JGB prices. Investors including banks use highly liquid futures to hedge interest rate risks linked to bond investment portfolios.

☞① The "last trading day" is set to come five trading days before the delivery settlement date (Fig. 2-26).

☞② The "delivery settlement date" is the 20th of March, June, September and December (Fig. 2-26).

☞③ "Standardized instruments" mean notional JGBs for which the stock exchange standardizes interest rates, redemption dates, and some other factors. For 10-year JGB futures trading, the standardized instrument is a notional JGB issue that carries a coupon rate of 6% and is set to mature in 10 years.

☞④ "Delivery-qualified issues" mean 10-Year Coupon-bearing JGBs with a remaining maturity of not less than 7 years but less than 11 years at the delivery settlement date in the case of 10-year JGB futures trading.

☞⑤ If the futures price is 150 yen and the conversion factor for the delivery-qualified issue is 0.72, the delivery price comes to 108 yen (150 yen x 0.72).

because trading counterparties are creditworthy exchanges and clearing institutions and that investment positions can be leveraged, JGB futures are a convenient tool for investors seeking to earn trading gains through short-term JGB buying and selling. In recent years, pension funds and other investors known for a long-term bond investment have proactively used JGB futures to leverage their investment positions.

Among investors conducting short-term buying and selling, commodity trading advisors (CTAs) feature an especially great presence in the futures market. The CTA had originally meant a registered qualification required to provide advice about futures trading to clients in the United States. At present, however, the CTA refers to hedge funds investing mainly in futures or investment strategy of these funds. According to Trading by Type of Investors from the Japan Exchange Group, foreign investors account for more than 70% of the JGB futures trading volume. The data does not provide a breakdown of foreign investors, but CTAs are believed to have accounted for a large part of them.

It is known that CTAs adopt an investment approach called "trend following". The approach represents an investment strategy that follows an uptrend or downtrend of asset prices. If CTAs identify an uptrend in Japan's bond market based on their standards or algorithms, for instance, they may buy long-term JGB futures. They may continue buying as far as the uptrend is sustained. When the uptrend was identified as ending, they would sell their holdings to lock in profits.

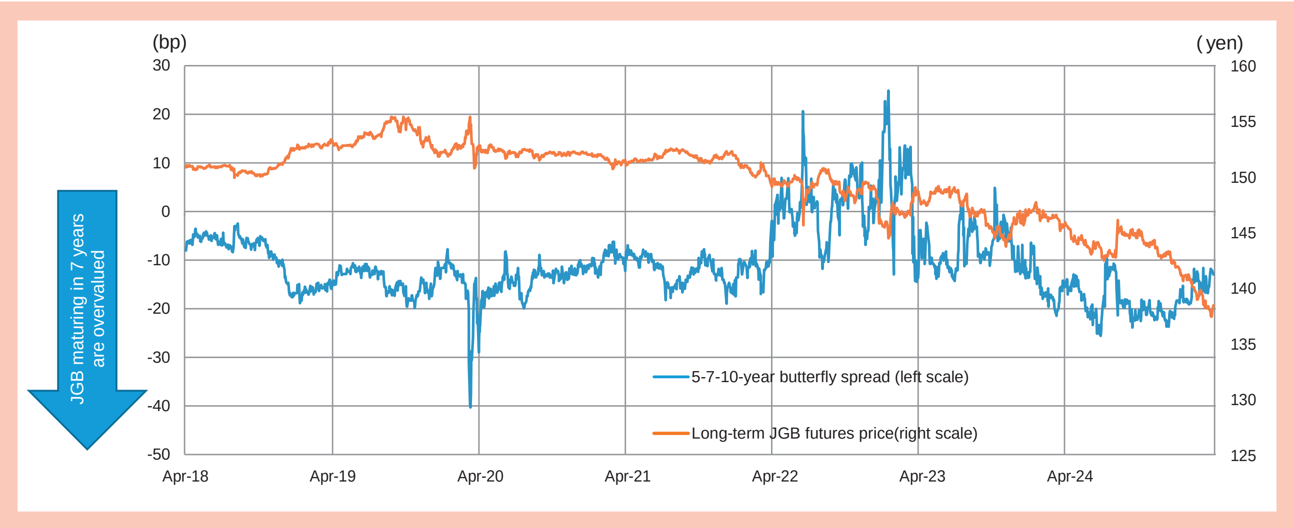
In this way, CTAs base their investment not on absolute yield levels but on a bond price fluctuation trend. Even under the BOJ's Quantitative and Qualitative Monetary Easing with Yield Curve Control, which manages short-term interest rates at -0.1% and long-term interest rates around 0%, there have been instances where active trading was conducted without considering yield levels once a trend is identified.

When CTAs and other investors intensify trading in JGB futures irrespective of absolute yield levels, JGBs maturing in seven years that are subject to arbitrage adjustment with futures may be undervalued or overvalued against other JGBs. The butterfly spread (☞①), which indicates whether a yield on an issue with a certain maturity is relatively higher or lower on the yield curve, shows that JGBs maturing in seven years became undervalued (with the yield rising) summer 2022 and early 2023 and overvalued (with the yield falling) in late 2023. In these periods, CTAs and other investors might have activated their investment (☞②). Since 2022, there has been an increase in the concentrated selling of futures, mainly by CTAs and other investors.

☞① The 5-, 7- and 10-year butterfly spread is generally expressed as 7-year yield × 2 - (5-year yield + 10-year yield).

☞② The great volatility seen in March 2020 might have been attributable to a market liquidity decline accompanying the spread of COVID-19.

Fig. 2-25 5-7-10-Year Butterfly Spread and Long-term JGB Futures



Note: 5-7-10-year butterfly spread: 2 × 7-year yield – (5-year yield + 10-year yield)
(Source) Bloomberg

Fig. 2-26 Overview of JGB Futures Trading

<table>
<tr><th></th><th>5-year JGB Futures</th><th>10-year JGB Futures</th><th>mini 20-year JGB Futures</th><th>mini 10-year JGB Futures (Cash-Settled)</th></tr>
<tr><td>Opening Date</td><td>Feb. 16, 1996</td><td>Oct. 19, 1985</td><td>Apr. 7, 2014</td><td>Mar. 23, 2009</td></tr>
<tr><td>Contract</td><td>Standardized 3%,
5-year JGB</td><td>Standardized 6%,
10-year JGB</td><td>Standardized 3%,
20-year JGB</td><td>Price of standardized 6%,
10-year JGB</td></tr>
<tr><td>Deliverable Grade</td><td>Interest-bearing 5-year JGBs with 4 years or more but less than 5.25 years.</td><td>Interest-bearing 10-year JGBs with 7 years or more but less than 11 years.</td><td>Interest-bearing 20-year JGBs with 19 years 3 months or more but less than 21 years.</td><td>—</td></tr>
<tr><td>Trading Hours</td><td colspan="4"><Morning session>
Opening: 8:45
Regular session: 8:45-11:00
Closing: 11:02
<Afternoon session>
Opening: 12:30
Regular session: 12:30-15:00
Closing: 15:02
<Night session>
Opening: 15:30
Regular session: 15:30-5:55 (next day)
Closing: 6:00 (next day)

*1: If no trade is made at the opening, a shift to the regular session will be made.
*2: If no trade is made at the closing, trade will not be executed.</td></tr>
<tr><td>Contract Month</td><td colspan="4">3 months in the March quarterly cycle (March, June, September and December)</td></tr>
<tr><td>Last Trading Day</td><td colspan="3">5th business day prior to each delivery date (20th day of each contract month, move-down the date when it is not a business day). Trading for the new contract month begins on the business day following the last trading day.</td><td>*6th business day prior to each delivery date of the 10-year JGB Futures for the same contract month. Trading for the new contract month begins on the business day following the last trading day of 10-year JGB Futures.
*Final settlement day is the 2nd business day following the last trading day.</td></tr>
<tr><td>Contract Unit</td><td colspan="2">100 million yen face value</td><td>10 million yen face value</td><td>Multiply 100 thousand yen by the price of 10-year JGB Futures</td></tr>
<tr><td>Tick Size</td><td colspan="3">0.01 yen per 100-yen face value</td><td>0.005 yen</td></tr>
<tr><td>Price Limits</td><td colspan="4">(1) The price limit range shall be the following:
<table>
<tr><th></th><th>5-year JGB Futures</th><th>10-year JGB Futures</th><th>mini 20-year JGB Futures</th><th>mini 10-year JGB Futures (Cash-Settled)</th></tr>
<tr><td>Normal</td><td colspan="2">± 2.00 yen</td><td>± 4.00 yen</td><td>± 2.00 yen</td></tr>
<tr><td>Expansion</td><td colspan="2">± 3.00 yen</td><td>± 6.00 yen</td><td>± 3.00 yen</td></tr>
</table>
* The price limits will be expanded to the expansion of price limits (Only price limits in one direction, up or down, will be expanded.)
(2) Immediately Executable Price Range (DCB): LTP or BBO mid price ± following prices (Note 1)
<table>
<tr><th></th><th>5-year JGB Futures</th><th>10-year JGB Futures</th><th>mini 20-year JGB Futures</th><th>mini 10-year JGB Futures (Cash-Settled)</th></tr>
<tr><td>Opening Auction</td><td colspan="2">± 0.30 yen</td><td rowspan="3">± 0.90 yen</td><td>± 0.30 yen</td></tr>
<tr><td>Normal</td><td colspan="2">± 0.10 yen</td><td>± 0.10 yen</td></tr>
<tr><td>Closing Auction</td><td>± 0.10 yen</td><td>± 0.15 yen</td><td>± 0.15 yen</td></tr>
</table></td></tr>
<tr><td>Circuit Breaker Rule (SCB)</td><td colspan="3">In the case where there was a trade, etc. in the central contract month at the upper or lower price limit range, trading in all contract months will be suspended for at least 10 minutes.</td><td>Trading is suspended while 10-year JGB Futures is in SCB state.</td></tr>
<tr><td>Strategy Trades</td><td colspan="4">The calendar spread trading is available. (Note 2)</td></tr>
<tr><td>J-NET Trading (Note 3)</td><td colspan="4">Available (Tick size: 0.0001 yen, Minimum trading unit: 1 unit)</td></tr>
<tr><td>Final Settlement Method</td><td colspan="3">Delivery of JGBs</td><td>Cash Settlement based on Final Settlement Price</td></tr>
<tr><td>Delivery of Bonds</td><td colspan="3">The delivery of issues is at the discretion of the seller of the futures contract.</td><td>—</td></tr>
<tr><td>Margin</td><td colspan="4">Calculated by VaR Method (Note 4)</td></tr>
<tr><td>Give-up (Note 5)</td><td colspan="4">Available</td></tr>
<tr><td>Position Transfer (Note 6)</td><td colspan="4">Available</td></tr>
<tr><td>Reporting of Large Positions</td><td colspan="3">Contract month: The nearest contract month of JGB Futures
Target: Proprietaries and any customers whose amount of net position are no less than the following volume
<table>
<tr><th></th><th>5-year JGB Futures</th><th>10-year JGB Futures</th><th>mini 20-year JGB Futures</th></tr>
<tr><td>Reporting level</td><td>500 contracts</td><td>1,000 contracts</td><td>5,000 contracts</td></tr>
</table>
Measurement date: Every Friday (In the case that it is from the beginning of March, June, September and December to the last trading day of the contract, reporting has to be made every trading day.</td><td>Nothing</td></tr>
</table>

Note 1: From the viewpoint of preventing sudden price fluctuations, such as those caused by erroneous orders, trading is temporarily halted when an order bringing an execution outside of a set price range based on the last reference price is placed. This is called the Immediately Executable Price Range Rule.
Note 2: Calendar spread trading means a form of trading conducted by placing bids/offers based on the price difference (spread) between two different contract months (specifically, a nearer contract month and a farther contract month; for example, March and June) to establish opposite positions by making one sale and one purchase at the same time for the two contract months.
Note 3: J-NET Derivatives Trading refers to off-auction futures and options trading in the J-NET market which is independent of the auction market on the Osaka Exchange.
Note 4: VaR method calculates required Margin statistically using big volumes of data.
Note 5: A give-up system enables a customer to entrust order-execution to a transaction participant and to entrust its settlement-related operations (payment/receipt of the difference at the time of settlement for futures trading, payment/receipt of options premium and margins, etc.) to other transaction participants.
Note 6: A Position Transfer System allows a transferring clearing participant (a transaction clearing participant who transfers unsettled positions) to transfer unsettled Futures/Options positions to a transferee clearing participant (a transaction clearing participant who takes over unsettled positions from the transferring clearing participant), with prior JSCC approval.
(Sources) Japan Exchange Group, JSCC

4 Taxation of Government Bonds

Taxation of JGBs varies depending on the bondholder—e.g., resident individual, domestic corporation, domestic financial institution, nonresident individual, foreign corporation—and on the type of bonds. The following (1), (2) and (3) are taxation systems by bondholder category.

A tax exemption scheme for interest, etc., is offered not only to domestic financial institutions and certain corporations, but also to nonresident individuals and foreign corporations (☞) as explained in (4).

☞The MOF does not provide tax consultations. For more information on national taxes, please visit the website of the National Tax Agency at https://www.nta.go.jp

(1) Individuals (Residents)

A. Coupon-bearing bonds

Interest, capital gains and profits from redemption on coupon-bearing bonds are subject to separate self-assessment taxation at a rate of 20% (15% income tax + 5% local tax) (☞) and profit/loss offset among them and listed stocks, etc. is allowed.

☞In addition to the income tax, a special income tax for reconstruction (2.1% of income tax in principle) is imposed from 2013 to 2037.

With regards to interest, taxes are withheld when a coupon is paid.

Other tax breaks, known as *"Maruyu"* and *"Tokubetsu-Maruyu"* tax-free saving schemes which provide tax exemption on interest income from JGBs, are offered to individuals with disabilities and certain other eligible persons.

B. T-Bills and STRIPS

Capital gains and profits from redemption on T-Bills (Treasury Discount Bills) and STRIPS (principal-only book-entry transfer JGBs and coupon-only book-entry transfer JGBs) are subject to separate self-assessment taxation at a rate of 20% (15% income tax + 5% local tax) (☞) and profit/loss offset among them and listed stocks, etc. is allowed.

At the time of redemption, tax on net profits on redemption is withheld.

☞In addition to the income tax, a special income tax for reconstruction (2.1% of income tax in principle) is supposed to be imposed from 2013 to 2037.

Fig. 2-27 JGB Interest Taxation System (for individuals)

Category	Type of income	Taxation
Coupon-bearing bonds	Interest (interest income)	◯ Separate self-assessment taxation Withholding at source upon interest payment (it has two options as below) • Not to file final tax return (tax payment is completed only by withholding.) • To file final tax return as income gain, etc. on listed stocks, etc.
		◯ Tax exemption (only for the disabled, etc.) ・*Maruyu* (Non-taxable interest income from small-sum deposits of the disabled, etc.) Maximum face value: ¥3.5 million ・*Tokubetsu-Maruyu* (Non-taxable interest income from small-sum public bonds held by the disabled, etc.) Maximum face value: ¥3.5 million
	Profits from redemption (capital gain)	◯ Separate self-assessment taxation Paid by declaration as taxation on capital gains, etc. on listed stocks, etc.
	Profit from sale (capital gain)	
Discount Bonds (T-Bills and STRIPS)	Profits from redemption (capital gain)	◯ Separate self-assessment taxation Withholding at source upon redemption
	Profit from sale (capital gain)	◯ Separate self-assessment taxation Paid by declaration as taxation on capital gains, etc. on listed stocks, etc.

Note 1: The tax rates on the income above are 15% income tax (special income tax for reconstruction (basically 2.1% of income tax) is suppossed to be imposed additionally from 2013 to 2037) and 5% local tax.

Note 2: It is able to offset profit/loss among the income above and income from listed stocks, etc.

(2) Domestic Corporations

A. Coupon-bearing bonds

Interest, capital gains and profits from redemption on coupon-bearing bonds are counted as profits, and are subject to corporate tax and the *houjinzei-wari* local tax (municipal tax multiplied by a certain rate) (Public Interest Incorporated Associations or Public Interest Incorporated Foundations are exempt from tax under certain conditions).

With regards to interest, taxes are withheld when the interest is paid. Financial institutions such as banks, and financial instruments firms and domestic corporations capitalized at 100 million yen or more may be exempt from withholding tax imposed on the interest income.

B. T-Bills and STRIPS

Capital gains and profits from redemption on T-Bills and STRIPS (principal-only book-entry transfer JGBs and coupon-only book-entry transfer JGBs) are counted as profits, and are subject to corporate tax and the *houjinzei-wari* local tax (municipal tax multiplied by a certain rate) (Public Interest Incorporated Associations or Public Interest Incorporated Foundations are exempt from tax under certain conditions).

With regards to profits from redemption received by General Incorporated Associations or General Incorporated Foundations (excluding Public Interest Incorporated Associations or Public Interest Incorporated Foundations), etc., taxes are withheld at the time of redemption.

(3) Nonresident Individuals and Foreign Corporations

Coupon-bearing bonds, T-Bills and STRIPS

Interest, etc. on book-entry transfer JGBs (interest on book-entry transfer JGBs or profits from redemption of T-Bills and STRIPS) held by nonresident individuals or foreign corporations without a permanent establishment in Japan are exempt from tax under certain conditions under the tax exemption scheme as described in (4) below. Aside from such tax exemption scheme, if there is a tax treaty in effect between Japan and the country of residence of the nonresident individuals or the country where the foreign corporation is located, and the tax rate on interest stipulated under the treaty is set lower than 15%, the withholding tax rate on the interest from book-entry transfer JGBs will be lowered to match the rate stipulated under the treaty, provided that the relevant procedures have been completed.

In addition, for coupon-bearing bonds held by foreign corporations with a permanent establishment in Japan, the income tax is withheld, but the income tax withheld is deducted from their corporation tax.

(4) Tax Exemption Scheme for Nonresident Individuals and Foreign Corporations

In order to secure smooth and stable financing at a time when large-scale JGB issuance is expected to continue, it is essential to have a deep, diverse investor base. Toward this goal, since September 1999, various tax schemes, including a tax exemption scheme for interest on book-entry transfer JGBs, have been introduced to enable nonresident individuals and foreign corporations to invest more easily in JGBs. Such schemes have been established with consideration given to fair and equitable taxation and are offered to nonresident individuals and foreign corporations under certain conditions.

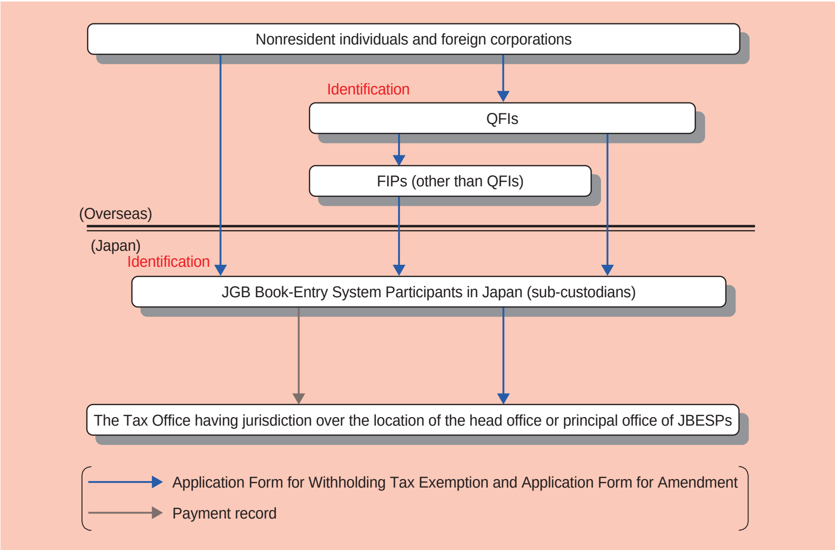
A. Income Tax

Interest, etc. on JGBs (interest on JGBs or profits from redemption on T-Bills or STRIPS) held by nonresident individuals or foreign corporations (including trustees for Qualified Foreign Securities Investment Trusts and Foreign

Pension Trusts) without a permanent establishment in Japan in transfer accounts at a JGB Book-Entry System Participant in Japan (JBESP (☞)) or a Qualified Foreign Intermediary (QFI) are exempt from income tax, provided that certain requirements have been met.

☞Financial institutions or financial instruments firms in Japan acting as account management institutions for JGBs.

Fig. 2-28 Overview of Tax Exemption Scheme for Nonresident Individuals and Foreign Corporations



B. Corporation Tax

The corporation tax does not apply to interest, etc. on JGBs held by foreign corporations without a permanent establishment in Japan in transfer accounts at a QFI, etc.

C. Bond *Gensaki* Transactions and Securities Lending Transactions

Interest, etc. that foreign financial institutions, etc. (☞①) receive from specified financial institutions, etc. (☞②) in Japan on their Bond *Gensaki* Transactions or Securities Lending Transactions and that those specified foreign corporations (☞③) receive from specified financial institutions in Japan on their Bond *Gensaki* Transactions are exempt from tax, provided that certain requirements are met.

☞①Foreign financial institutions, etc. are foreign corporations that operate banking business, financial instruments business or insurance business, foreign clearing institutions, foreign central banks and international organizations.

☞②Specified financial institutions, etc. are financial institutions and financial instruments firms, etc. that are subject to the "Act on Close-Out Netting of Specified Financial Transactions Conducted by Financial Institutions," financial instruments transaction clearing institutions (clearing institutions in Japan) and the Bank of Japan.

☞③Specified foreign corporations are foreign corporations other than foreign financial institutions, etc. (However, they exclude foreign corporations in countries or regions that have no tax treaties with Japan and foreign affiliated persons. Foreign affiliated persons are those who directly or indirectly owned 50% or greater stakes by specified financial institutions, etc. or those who effectively controlled by specified financial institutions, etc.)

Fig. 2-29 Overview of Tax Exemption Scheme for Nonresident Individuals and Foreign Corporations (Bond *Gensaki* Transactions)

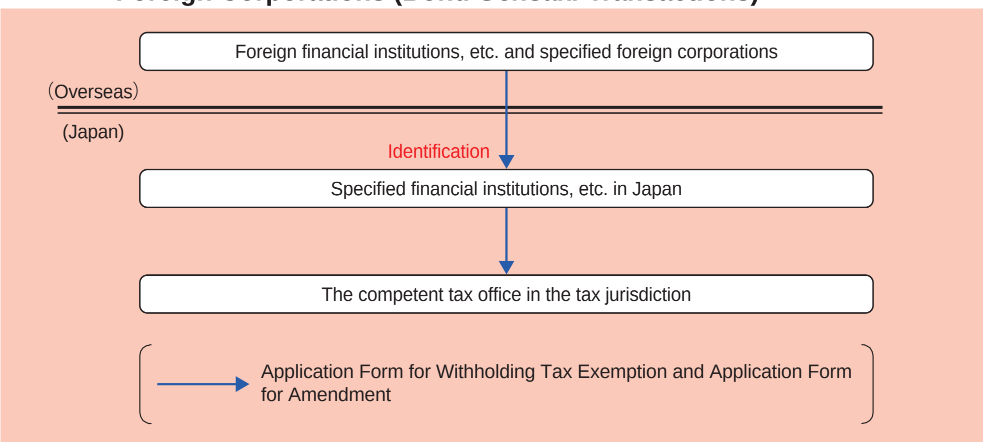


Fig. 2-30 Recent Tax-Related Initiatives

Fiscal Year	Tax Reform (Main Points)
FY1999	・Application of tax exemption to interest on coupon-bearing JGBs held by nonresident individuals or foreign corporations which are directly deposited in transfer accounts at JBESPs. ・Exemption from tax for redemption profits arising from TBs/FBs (which are now collectively called "T-Bills") held by foreign corporations which are directly deposited in transfer accounts at JBESPs.
FY2000	・Application of tax exemption for the accrued interest on JGBs that need to be paid back to the national treasury when the JGBs have been reopened (i.e. additional issuance of the existing JGBs).
FY2001	・Expansion of the tax exemption to cover interest on coupon-bearing JGBs held by nonresident individuals or foreign corporations in transfer accounts with QFIs.
FY2002	・Expansion of the tax exemption to cover the interest on JGBs held by non-juridical foreign investment trusts, provided that the investment trusts are publicly offered and are not offered in Japan. ・Application of tax exemption, under certain conditions, to interest generated from Bond *Gensaki* Transactions involving JGBs, which is received by foreign financial institutions (till March 31, 2004). ・Introduction of STRIPS related tax systems in light of the limitation that only corporations can hold principal-only book-entry transfer JGBs and coupon-only book-entry transfer JGBs. ・Adoption of the necessary tax related measures in conjunction with the transition to the new JGB book-entry transfer system.
FY2003	・Application of withholding tax exemption to the interest on coupon-bearing JGBs held by non-financial domestic companies capitalized at 100 million yen or more. ・Application of withholding tax exemption to the interest on coupon-bearing JGBs held by the Japan Government Bond Clearing Corporation.
FY2004	・Expansion of tax exemption to cover redemption profits arising from TBs/FBs (which are now collectively called "T-Bills") held in transfer accounts with QFIs by foreign corporations. ・Extension of the applicable period of tax exemption on interest generated from Bond *Gensaki* Transactions which is received by foreign financial institutions by 2 years (till March 31, 2006).
FY2005	・Expansion of eligible holders of Inflation-Indexed Bonds to include foreign juridical persons, provided that they are not subject to income tax on interest income. ・Relaxation/Simplification of the various procedural requirements to apply for beneficial tax treatment schemes related to JGBs held by nonresident individuals or foreign corporations, including: (i) simplification of the procedure required for notification from QFIs to JBESPs when the nonresident individuals or foreign corporations hold the JGBs in transfer accounts with QFIs and (ii) simplification of the procedures required for application of tax exemption concerning the interest on coupon-bearing JGBs to those who have tax exemption concerning TBs/FBs (which are now collectively called "T-Bills") under certain conditions.
FY2006	・Extension of the applicable period of tax exemption on interest generated from Bond *Gensaki* Transactions which is received by foreign financial institutions by 2 years (till March 31, 2008).
FY2008	・Tax exemption on interest generated from Bond *Gensaki* Transactions which is received by foreign financial institutions becomes a permanent measure.
FY2010	・The book prepared for each investor by JBESPs upon receiving notice from QFIs can be omitted under certain conditions. ・Expansion of the scope of the Qualified Foreign Securities Investment Trusts.
FY2011	・Procedures for applying tax-exemption measures on interest of book-entry transfer JGBs to Foreign Pension Trusts, partnerships and Trusts Taxable on Beneficiaries were refined. ・With respect to the Securities Lending Transactions using JGBs, tax exemption measures were applied on the interest, etc. received by foreign financial institutions, etc. as in the case of Bond *Gensaki* Transactions.
FY2012	・Submission, etc. of Application Form for Withholding Tax Exemption on interest, etc. of book-entry transfer JGBs pertaining to the trust property of Trusts Taxable on Beneficiaries were made possible to be performed by the trustees of the relevant trust.
FY2013	・After January 2016, the taxation system for public and corporate bonds was changed to separate self-assessment taxation. Moreover, the extent of profit-loss offsetting for financial products was expanded to public and corporate bonds (integration of financial income taxes).
FY2014	・Regarding the integration of financial income taxes to be implemented in January 2016, the scope of discount bills has been revised.
FY2017	・Expansion of tax exemption to cover interest, etc. generated from Bond *Gensaki* Transactions using JGBs which is received by specified foreign corporations (till March 31, 2019).
FY2019	・Extension of the applicable period of tax exemption on interest, etc. generated from Bond *Gensaki* Transactions using JGBs which is received by specified foreign corporations by 2 years (till March 31, 2021).
FY2021	・Extension of the applicable period of tax exemption on interest, etc. generated from Bond *Gensaki* Transactions using JGBs which is received by specified foreign corporations by 2 years (till March 31, 2023). ・Allowing an Application Form for Withholding Tax Exemption, etc. for special taxation measures for interest on book-entry transfer JGBs involving cross-border transactions to be filed electronically.
FY2023	・Extension of the applicable period of tax exemption on interest, etc. generated from Bond *Gensaki* Transactions using JGBs which is received by specified foreign corporations by 3 years (till March 31, 2026).

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

In addition to issuing JGBs to finance fiscal expenditures as explained in Chapter 1, the central government also issues Financing Bills, has borrowings, and grants government guarantees. They have different features, but they are similar to JGBs in that they are part of the debt associated with financing the fiscal activities of the central government. The government also issues Subsidy Bonds in place of monetary payments. These debt instruments are outlined below:

1 Financing Bills

The central government is able to issue Financing Bills (FBs) to finance the national treasury on a short-term basis or cope with temporary fund shortage in special accounts. As Treasury Financing Bills issued to finance the national treasury will address the cash position within a fiscal year, they will be redeemed with revenues in the same fiscal year.

(1) Legal Grounds of Financing Bills

The government may issue Financing Bills for the General Account or some Special Accounts within the parameters as approved by the Diet in accordance with the "Public Finance Act," "Act on Special Accounts," and some other legislation.

Fig. 2-31 Financing Bills by Legal Grounds of Issuance

Financing Bills	Legal grounds	Main purpose
Treasury Financing Bills	Article 7 (1) of the Public Finance Act	Issued "when it is required to balance the National Treasury."
Fiscal Loan Fund Financing Bills	Article 9 (1) of the Fiscal Loan Fund Act	Issued "when there is insufficient cash in the Fiscal Loan Fund"
Foreign Exchange Fund Financing Bills	Article 83 (1) of the Act on Special Accounts	Issued "when there are insufficient reserves in the Foreign Exchange Fund"
Petroleum Financing Bills	Article 94 (2) and 95 (1) of the Act on Special Accounts	Issued "as necessary to provide revenue sources for purchase for national petroleum reserves etc." and "when there is insufficient cash for payment."
Nuclear Damage Liability Facilitation Financing Bills	Article 94 (4) and 95 (1) of the Act on Special Accounts	Issued "as necessary to provide revenue sources for transfer for Special Account for the Government Debt Consolidation Fund etc." and "when there is insufficient cash for payment."
Food Financing Bills	Article 136 (1) and 137 (1) of the Act on Special Accounts	Issued "when revenue sources are required for the purchase of foodstuffs, agricultural products or imported livestock feed" and "when there is insufficient cash for payment."

Note 1: Because these different bonds and Treasury Bills (mentioned later) are all issued as Treasury Discount Bills, there is no difference between them as financial instruments.
Note 2: This table shows the types of Financing Bills which have been issued in the past.

(2) Treatment of Financing Bills in the Budget

The budget's general provisions set forth the upper limit of Financing Bills for that fiscal year. This upper limit requires approval at the Diet.

(3) Auction Methods, etc.

In principle, Financing Bills are issued to the market through public auction. In principle, 3-Month Financing Bills are issued every week, accounting for the largest share of Financing Bills.

If some Financing Bills remain unsold through public auction, or if unexpected cash needs emerge, the Bank of Japan may exceptionally accept Financing Bills (☞).

Since February 2009, the MOF has jointly issued Treasury Bills (TBs) and Financing Bills, under unified names of Treasury Discount Bills (T-Bills) and these have been circulated in the markets.

☞In this case, Financing Bills accepted by the BOJ are redeemed as quickly as possible by the cash raised through the revenue of Financing Bills at public auction.

Fig. 2-32 Comparison of Treasury Bills and Financing Bills

	TBs	FBs
Official name	Treasury Bills	Financing Bills
Purpose of issue	To finance fiscal expenditures (the same as JGBs with other maturities)	To finance the National Treasury on a short-term basis, or cover temporary fund shortage in a special account
Manner of issue	Issued at a discount	
Maturities	6 months, 1 year	3 months, 6 months, 1 year
Minimum face value	50,000 yen	
Method of issue	・In principle, by public auction (Price-competitive auction / Conventional-style auction) ・Jointly issued by the name of "Treasury Discount Bills"	
Transfer restrictions	Unrestricted	

(4) Outline of Cash Management of the National Treasury

The balance of the National Treasury may have temporary cash shortage or surplus caused by timing differences between daily receipts and payments. The adjustment means of treasury balance are the issuance of Financing Bills, temporary use of the treasury surplus, advanced redemption of Financing Bills possessed by the BOJ or the National Treasury, and reclassification to domestic designated deposit (interest-bearing deposits). The Financial Bureau of the MOF estimates receipts and payments of the National Treasury in order to secure smooth and stable financing and gives due consideration of impact on private financial markets.

Specifically, the MOF also strives to refrain from concentrated issuance in the market, through active temporary use of treasury surplus into special accounts facing a fund shortage as well as through active underwriting in the National Treasury.

2 Borrowings

Borrowings include two categories, one is “Borrowings” to meet annual government expenditure demand in a narrow sense and the other is “Temporary Borrowings” to cover temporary cash shortage. In fiscal-related legislations, the term “Borrowings” refers to the borrowings in a narrow sense, in principle.

Borrowings in a narrow sense basically mature beyond the fiscal year for their provision, while Temporary Borrowings must be redeemed within the fiscal year for their provision. Temporary Borrowings and borrowings redeemed within one year are called “short-term borrowings,” while other borrowings in a narrow sense are referred to as “long-term borrowings.”

(1) Legal Grounds of Borrowings

The General Account and each special account can carry out borrowings within the limit of the amount approved by the Diet pursuant to the "Public Finance Act" and the “Act on Special Accounts.”

(2) Treatment of Borrowings in the Budget

The maximum amount that each special account can “borrow” or “temporarily borrow” for every fiscal year must be provided under the general budget provisions, which is subject to Diet approval each fiscal year.

(3) Source of Borrowings

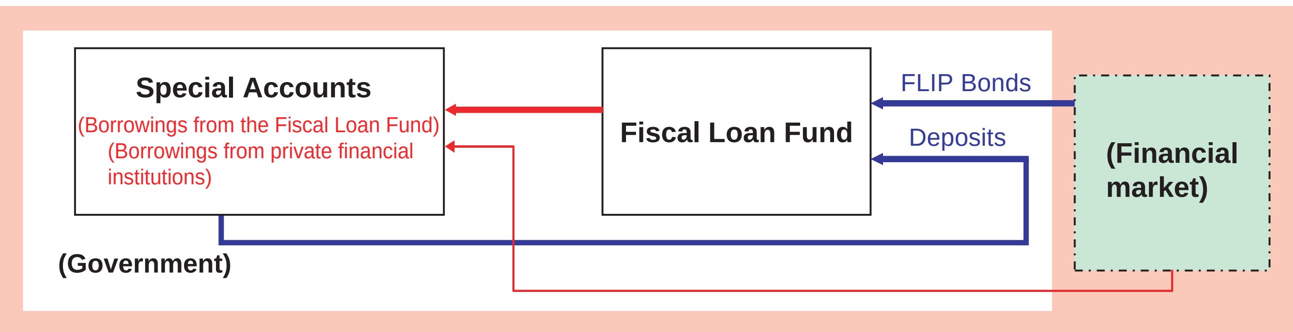
Ref: ”FILP”(Explanation of Framework) at the MOF website

Borrowings of each special account are made from the Fiscal Loan Fund and private financial institutions. At the end of March 2025, the General Account and 6 special accounts had outstanding borrowings from the Fiscal Loan Fund, and 4 special accounts had outstanding borrowings from private financial institutions.

While borrowings from private financial institutions constitute part of the government debt to the private sector, borrowings from the Fiscal Loan Fund are the government debt within the government (☞).

☞The Fiscal Loan Fund issues FILP Bonds or uses deposits from special accounts, etc., in order to make loans to these special accounts.

Fig. 2-33 Flow Related to the Borrowings by Special Accounts from the Fiscal Loan Fund



(4) Borrowings from the Private Sector

The Special Account for Allotment of Local Allocation Tax and Local Transfer Tax (the Special Account for Local Allocation Tax), the Special Account for the National Forest Debt Management, the Special Account for Energy Policy and the Special Account for Stable Supply of Food carry out borrowings from private financial institutions by public auctions.

A. Special Account for Local Allocation Tax

The Special Account for Local Allocation Tax had borrowed loans to finance local government budget deficits and used them for part of the Local Allocation Tax for the relevant fiscal year. Since July 2000, the Special Account has been borrowing partly from private financial institutions. However, from FY2007, it decided to stop borrowing additional funds. It now borrows only to repay outstanding debt.

Borrowings by the Special Account had been designed to cover the forest environment transfer tax during a transitional period to the creation of the forest environment transfer tax. In FY2020, however, the government decided to use the reserves for interest rate volatility at the Japan Finance Organization for Municipalities, instead of the borrowings by the Special Account for Local Allocation Tax, for the coverage and to take in no new borrowings. The borrowings regarding the forest environment transfer tax were repaid in FY2020.

B. Special Account for the National Forest Debt Management

The Special Account for National Forest Service has undergone certain reforms in FY1998 enforcing the “Special Measure Act for the Reform of the National Forest Service.” In that fiscal year, the Special Account switched its borrowing source from the Fiscal Loan Fund to private financial institutions.

To ensure that such borrowings are made in a fair, equitable and transparent manner, in FY2003 the Special Account switched from the previous practice of using syndicated loans to obtaining loans by public auctions.

Pursuant to the “Law concerning Partial Revision, etc. of Laws, etc. including the Law on Management and Operation of the National Forests to Enhance the Public Interest Functions of National Forests” which came into effect in April 2013, the Special Account for National Forest Service was abolished, whereupon obligations relating to borrowings attributed to the Account were transferred to the Special Account for the National Forest Debt Management.

Borrowings of the Special Account for the National Forest Debt Management from private financial institutions are to be used to repay the outstanding debt. No new additional borrowings are being made.

C. Special Account for Energy Policy

Japan National Oil Corporation (JNOC) was abolished in accordance with the “Reorganization and Rationalization Plan for Special Public Institutions.” The state oil reserves that had until that point been taken care of by JNOC came under the direct control and management of the government in the form of the Special Accounts for Petroleum and the More Sophisticated Structure of Demand and Supply of Energy Policies (the Special Account for Petroleum) (☞①). In line with the transfer, the Special Account for Petroleum began to borrow to finance its costs and expenses related to the construction of stockpiling facilities.

☞①State petroleum reserves came under direct state supervision in April 2003, and the responsibility for the stockpiling facilities was transferred in February 2004.

Pursuant to the "Act on Special Accounts" that took effect in April 2007, the Special Account for Petroleum was abolished, whereupon the rights and obligations attributed to the Account were transferred to the Special Account for Energy Policy.
Borrowings of the Special Account for Energy Policy from private financial institutions are to be used to repay the outstanding debt. No new additional borrowings are being made.
The government has borrowed funds in the Nuclear Damage Liability Facilitation Account since February 2012 to cover the redemption of JGBs granted to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (☞②).

☞② The Nuclear Damage Compensation Facilitation Corporation was reorganized into the Nuclear Damage Compensation and Decommissioning Facilitation Corporation as a revision to the Nuclear Damage Compensation Facilitation Corporation Act that took effect in August 2014.

D. Special Account for Stable Supply of Food

The Special Account for Stable Supply of Food (the Fishery Mutual Relief Association Insurance Account) is an account in order to perform separate accounting for the income and expenditures on each fishery mutual relief associations' insurance business. It was formed when the Special Account for Fishing Vessel Reinsurance and Fishery Mutual Relief Association Insurance (the Fishery Mutual Relief Association Insurance Account) which was established under the partial revision of the "Act on Compensation of Fishery Disaster" in August 1967 was integrated with the Special Account for Stable Supply of Food in April 2014.
The fishery mutual relief association system aims to contribute to securing fishery reproduction and to a stability of fishery management by compensating small and medium sized fishing operators for their losses when their catch amount decreases due to poor catches. It is a mutual relief association that utilizes an insurance framework based on the spirit of mutual relief for small and medium sized fishing operators in case of fishing operators' damage, instead of direct providing of the government's relief.
In September 2022, the Fishery Mutual Relief Association Insurance Account borrowed from private financial institutions due to a shortage of financial resources to pay for insurance claims that were caused by record poor catches in recent years.

(5) Borrowing through Public Auction on Private-sector Borrowings

For borrowings from private sectors, the government employs the interest rate competitive auction or noncompetitive auction process (only for the Special Account for Local Allocation Tax) in which the government will accept auctions that offer lower interest rates until the borrowing amount reaches the scheduled fundraising amount. Auction participants are private financial institutions, including major city banks and regional banks. A total of 118 private financial institutions participate in the auction program as of March 31, 2025.

3 Government-Guaranteed Debt

Incorporated administrative agencies run businesses for public purposes as government agencies. The government guarantees their debt within the maximum amount provided in the budget to make it easier for them to raise funds. As is the case with JGBs, the government works to ensure smooth and stable fundraising and to make sure that the given terms and conditions are favorable and appropriate as government-guaranteed debt.

(1) Legal Ground of Government Guarantee, etc.

In principle, government guarantees for corporate debt are prohibited under Article 3 of the "Act on Restrictions on Financial Assistance by Government to Corporations." Exceptions are only made by specific legislation under cases where the following conditions are satisfied: i) Conducting businesses with highly public purposes as part of the government's administrative functions; ii) Their financial accounting and administration are under governmental supervision, thereby ensuring that the use of guaranteed debt borrowing and repayment schedules are thoroughly monitored.

When guarantees are given, appropriate supervision, including checks on financial health, is exercised by the ministries and agencies that hold jurisdiction over the relevant entities.

(2) Features of Government-Guaranteed Debt

Government-guaranteed debt is broadly divided into Government-Guaranteed Bonds and Borrowings. Government-Guaranteed Bonds are divided into domestic and foreign bonds.

Raising funds through Government-Guaranteed Borrowings generally has the advantage of flexibility in meeting temporary demands for funds, but also has a defect in liquidity of the secondary market as compared to Government-Guaranteed Bonds.

(3) Treatment in the Budget and Examination Process

A. Treatment in the budget

a. The maximum amount of government guarantee

There are cases in which the government is permitted to guarantee debt based on specific acts, as mentioned above. These acts also provide that the government must receive Diet approval for the maximum amount of government guarantee. Therefore, the maximum amount for individual corporations is specified in the general provisions of the General Account budget, which is subject to Diet approval each fiscal year.

b. Provision in the FILP Plan

Ref: "FILP" (FILP Plan for each fiscal year) at the MOF website

The maximum amount of government-guaranteed debt is specified in the budget as stated above. The government guarantees for those agencies that are eligible for FILP lending or specified by cabinet orders, when the guarantee term is 5 years or longer, shall be reported in the FILP Plan based on Article 5, paragraph (2), item(iii) of the Act for the Special Measures on the Long-Term Management of the Fiscal Loan Fund.

B. Examination of Government-Guaranteed Bonds and Borrowings

Every fiscal year, the MOF plans the issuance amount and maturity structure of Government-Guaranteed Bonds for the following fiscal year, taking market trends into account, and announces them together with the JGB Issuance Plan. (For FY2025, the scheduled issuances are tabulated below). Furthermore, whenever an agency raises funds through the issuance of or borrowing through Government-Guaranteed Bonds or Borrowings, the MOF examines whether the interest rates and prices are appropriate for the guaranteed debt in each case.

Fig. 2-34 Breakdown of the Planned Issuance Amount for FY2025 of Government-Guaranteed Bonds

(Unit: billion yen)

Maturity	FY2024 (Initial) (a)	FY2024 (Revised) (b)	FY2025 (Initial) (c)	(c) - (a)	(c) - (b)	Main Issuer
30-Year	20.0	20.0	20.0	-	-	Organization for Promoting Urban Development (MINTO)
20-Year	240.0	260.0	140.0	-100.0	-120.0	MINTO, Japan Expressway Holding and Debt Repayment Agency (JEHDRA)
15-Year	210.0	210.0	50.0	-160.0	-160.0	JEHDRA, MINTO
12-Year	80.0	80.0	20.0	-60.0	-60.0	Japan Housing Finance Agency (JHF)
10-Year	639.6	645.3	270.5	-369.1	-374.8	JEHDRA, JHF, etc.
8-Year	50.0	50.0	-	-50.0	-50.0	
7-Year	290.0	290.0	260.0	-30.0	-30.0	JEHDRA, Development Bank of Japan Inc.（DBJ）etc.
5-Year	73.5	73.5	142.2	68.7	68.7	JEHDRA, Central Japan International Airport Co.,Ltd.
4-Year	420.0	420.0	390.0	-30.0	-30.0	Japan Finance Organization for Municipalities, Japan Investment Corporation（JIC）
3-Year	250.0	250.0	250.0	-	-	Nuclear Damage Compensation and Decommissioning Facilitation Corporation (NDF), JIC
2-Year	330.0	330.0	480.0	150.0	150.0	NDF, Organization for Cross-regional Coordination of Transmission Operators, Japan (OCCTO) etc.
1-Year	-	-	300.0	300.0	300.0	OCCTO
Subtotal	2,603.1	2,628.8	2,322.7	-280.4	-306.1	
Foreign Bonds	1,823.5	1,823.5	2,072.0	248.5	248.5	Japan Bank for International Cooperation, DBJ, etc.
Total	4,426.6	4,452.3	4,394.7	-31.9	-57.6	

Note 1: Apart from the plan shown above, Japan Finance Corporation (JFC) and Development Bank of Japan Inc. (DBJ) plan further issuances (maturity less than 5 years) depending on the progress of projects. The maximum amounts of these further issuances are 100 billion yen for JFC and DBJ, respectively.
Note 2: The maturity and issuance amount may be modified depending on aspects such as the progress of projects during FY2025.

Fig. 2-35 Breakdown of the Planned Issuance Amount for FY2025 of Government-Guaranteed Bonds by Issuers and Maturities

(Unit: billion yen)

Issuer	30-Year	20-Year	15-Year	12-Year	10-Year	7-Year	5-Year	4-Year	3-Year	2-Year	1-Year	Subtotal (Note 1)	Foreign Bonds	Total
Japan Bank for International Cooperation												-	1,672.0	1,672.0
Japan International Cooperation Agency												-	180.0	180.0
Japan Expressway Holding and Debt Repayment Agency		60.0	40.0		170.0	120.0	130.0					520.0		520.0
Japan Housing Finance Agency				20.0	45.0							65.0		65.0
Development Bank of Japan Inc.					40.0	90.0						130.0	220.0	350.0
Deposit Insurance Corporation of Japan										80.0		80.0		80.0
Japan Investment Corporation								100.0	100.0	100.0		300.0		300.0
Nuclear Damage Compensation and Decommissioning Facilitation Corporation									150.0	150.0		300.0		300.0
Private Finance Initiative Promotion Corporation of Japan						50.0						50.0		50.0
Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development					3.5							3.5		3.5
Organization for Cross-regional Coordination of Transmission Operators, Japan										150.0	300.0	450.0		450.0
Fund Corporation for the Overseas Development of Japan's ICT and Postal Services Inc.					12.0							12.0		12.0
Organization for Promoting Urban Development	20.0	80.0	10.0									110.0		110.0
Central Japan International Airport Co.,Ltd.							12.2					12.2		12.2
Japan Finance Organization for Municipalities								290.0				290.0		290.0
Total	20.0	140.0	50.0	20.0	270.5	260.0	142.2	390.0	250.0	480.0	300.0	2,322.7	2,072.0	4,394.7

Note 1: Apart from the plan shown above, Japan Finance Corporation (JFC) and Development Bank of Japan Inc. (DBJ) plan further issuances (maturity less than 5 years) depending on the progress of projects. The maximum amounts of these further issuances are 100 billion yen for JFC and DBJ, respectively.
Note 2: The maturity and issuance amount may be modified depending on aspects such as the progress of projects during FY2025.

4 Subsidy Bonds

Subsidy Bonds are the government bonds issued in place of the provision of cash. Accordingly, issuance of Subsidy Bonds does not generate revenues (☞).

Subsidy Bonds include (narrowly defined) Subsidy Bonds issued by the government in place of monetary payments including condolence money and benefits and Subscription/Contribution Bonds issued for subscriptions or contributions to international organizations such as the International Monetary Fund.

(1) Subsidy Bonds (narrowly defined)

Subsidy Bonds are currently issued to the bereaved families of the war dead or those who suffered physical or spiritual damage in World War II and those who were repatriated after the war, in lieu of monetary payments such as condolence money and benefits.

The first such government bonds were issued to the bereaved families of the war dead and others based on the "Act on Relief of War Victims and Survivors" (Act No.127, 1952) established in 1952. Since then, a total of 48 types of Subsidy Bonds have been issued under relevant special laws by the end of FY2024. The number of such bond issues totals 19.71 million, worth 4,456.4 billion yen. Subsidy Bonds outstanding at the end of FY2024 totaled 41.2 billion yen.

In the context of leveling fiscal spending, redemption of these bonds is made over a period of several years on an installment payment basis (☞).

(2) Subscription/Contribution Bonds

Subscription/Contribution Bonds (☞) are a kind of Subsidy Bonds, and are issued to pay the subscription or contribution in whole or in part to international institutions, in lieu of the amount to be paid in the currency. Thus, these bonds are non-interest bearing, nontransferable, and payable on demand (whenever the institution concerned needs the currency and requests for encashment, the cash should be paid to the institution).

As of the end of FY2024, there are a total of 21 outstanding issues of Subscription/Contribution Bonds issued to 13 institutions, including the IMF. As prescribed in the articles of agreement for each institution, using government bonds to make a payment to an international institution is permitted only when the institution concerned does not require the currency for the time being for the conduct of its operations.

Domestically, the Accession Measures Act for each international institution provides a legal base for the issuance of these Subscription/Contribution Bonds.

☞Subscription/Contribution Bonds, Government Bonds issued to the Development Bank of Japan for crisis response operations and Government Bonds issued to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation are also issued by the government in place of the provision of cash and do not generate revenues. Therefore, they are treated as widely defined Subsidy Bonds in addition to narrowly defined Subsidy Bonds in (1).

☞Also, given the purpose for issuance and the nature that the recipients of redemption money are limited, Subsidy Bonds are offered as name bonds, and in principle their transfer and attachment are prohibited.

☞While the difference between "subscription" and "contribution" paid to international institutions is not very clear, the former is used if all of the following requirements (1) to (3) are met, otherwise the latter is used.

(1) Funds necessary for institutions with independent articles of agreement to perform their primary operations set forth in their articles of agreement are provided.
(2) The purpose of providing the funds is to participate in the management of the institution concerned and voting rights commensurate with the amount of funds paid are granted.
(3) In cases including withdrawal from the institution concerned, the right to distribution of property commensurate with funds paid until then is granted.

(3) Others

A. Government Bonds issued to Development Bank of Japan

Government Bonds issued to the Development Bank of Japan (DBJ) are government bonds issued/provided for the purpose of strengthening the financial foundations of the DBJ to facilitate the implementation of crisis response operations carried out by the DBJ; these bonds are non-interest bearing, non-transferable, and payable on demand (whenever the DBJ needs to reinforce its financial foundation and requests for encashment, the cash should be paid to the DBJ).

B. Government Bonds issued to Nuclear Damage Compensation and Decommissioning Facilitation Corporation

Government Bonds issued to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (NDF) are issued/provided to raise funds for the NDF to cover special financial assistance. These bonds are non-interest bearing, non-transferable, and payable on demand (whenever the NDF needs to subsidize funds for a nuclear energy firm to pay damages compensation and requests the encashment of these bonds, the cash should be paid to the NDF).

It should be noted that these bonds are redeemed with cash at the expense of the Special Account for Energy Policy (Nuclear Damage Liability Facilitation Account).

Chapter 3 Other Public Debt

In addition to the bonds or borrowings explained in chapter 1 and 2 such as Construction Bonds, there are other categories of Public Debt, such as Public Pensions, Local Government Bonds (LGBs), and the debt of Incorporated Administrative Agencies, etc. Although these debt categories are subject to governance frameworks which are different from those used for JGBs and Borrowings by the central government, and none of these debt categories relate to fundraising in connection with fiscal activities of the central government, these are considered to be potentially influential factors on the country's debt management principles. The following section will specifically discuss LGBs and the debt of Incorporated Administrative Agencies, etc.

1 Local Government Bonds (LGBs)

(1) Basic Scheme of LGBs

A. Basic scheme

LGBs are issued by local governments to cover part of their expenditures and constitute their debt.

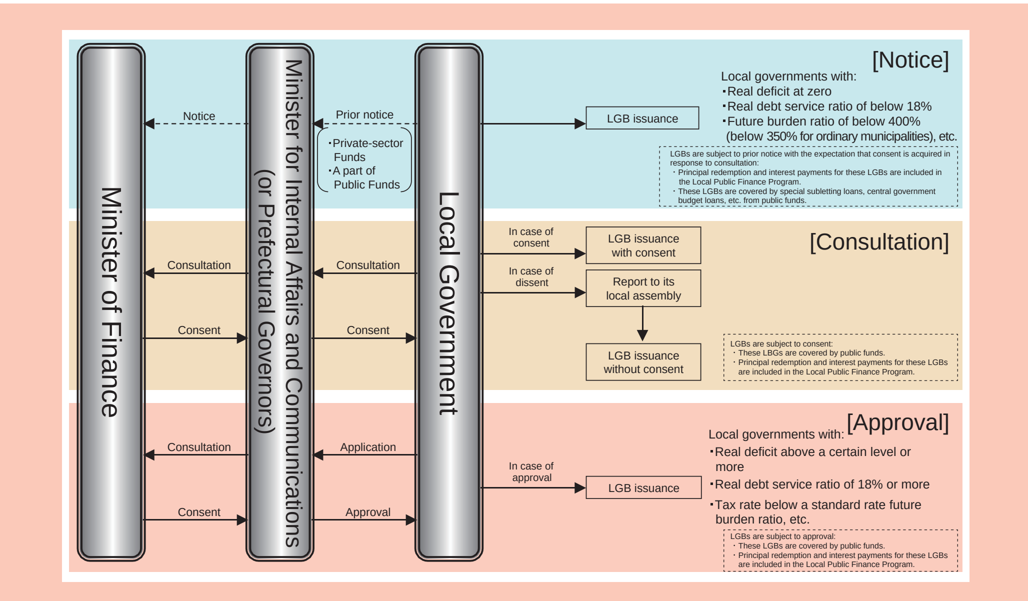
While, in principle, LGBs can only be issued as resources for construction expenses, etc. as stipulated in Article 5 of the "Local Government Finance Act," there are exceptions such as extraordinary financial countermeasures bonds (☞), etc.

When a local government intends to issue LGBs, it needs to consult with the Minister for Internal Affairs and Communications or its prefectural governor and obtain his/her consent. If the Minister is planning to grant his/her consent in the consultation process, he/she needs to consult with the Minister of Finance in advance.

Local governments which satisfy certain requirements are able to issue their LGBs financed with private funds, etc. from FY2012 and with a part of public funds from FY2016 by giving prior notice to the Minister for Internal Affairs and Communications or prefectural governor.

☞Until FY2000, shortages in ordinary revenue appearing in the Local Public Finance Program has been covered by the borrowings of the Special Account for Local Allocation Tax. From FY2001, extraordinary financial countermeasures bonds, a type of LGBs, were introduced as a new bond to cover shortfall.

Fig. 2-36 Consultation System for the LGB Issuance



B. Classification of LGBs

Ref: Local Bond Program and Local Public Finance Program at the Ministry of Internal Affairs and Communications website

The planned issuance amount of LGBs for the following fiscal year is announced by the central government in the LGB Program at the time of determination of a government budget draft for the following fiscal year. According to the LGB Program, the following tables show the breakdown by funding resources, project types and accounts.

a. Breakdown by funding resource

Fig. 2-37 Breakdown by Funding Resources of LGBs

Local Government Bonds	Public Funds	Fiscal Loan Funds
		Japan Finance Organization for Municipalities (JFM) Funds
	Private Funds	Public Offering Funds
		Private Placement Funds

LGBs can be classified by the funding resources: Public Funds (Fiscal Loan Funds and Japan Finance Organization for Municipalities Funds) and Private Funds (Public Offering Funds and Private Placement Funds). The LGB Program provides the planned issuance amount for each group.

From the viewpoint of encouraging local governments' self-reliant fiscal operations, local governments should basically employ LGBs to raise private funds, while public funds should play complementary roles.

☞Japan Finance Organization for Municipalities Funds are financed by funds raised by the Japan Finance Organization for Municipalities through bond issuances. The Japan Finance Organization for Municipalities was established through investments from all prefectures and municipalities, and provides local governments with long-term, low-interest financing for their municipal bonds.

b. Breakdown by project type

As for project types financed with LGBs, General Account Bonds are covering public works, disaster restoration projects, education/welfare facilities development projects, depopulation and remote region projects, and some other projects. On the other hand, Municipal Enterprise Bonds are financing water-supply projects, transportation projects, hospital and elderly care service projects, and sewage projects. The LGB Program sets forth the budgeted LGB amount for each project type.

c. Breakdown by accounts issuing LGBs

LGBs can be classified by the following two accounts: ordinary account (☞) and public enterprise account.

An outlook on annual revenues and expenditures for the following year appearing in the Local Public Finance Program is submitted to the Diet. The LGB issuance amount appearing in the Local Public Finance Program covers only ordinary accounts, excluding public enterprise accounts.

☞The ordinary account is an account category used uniformly for local public finance statistics, combining the general account and special accounts excluding municipal enterprise accounts and eliminating moves between relevant accounts.

(2) LGB Program

The FY2025 LGB Program has been designed to secure local bond funds required for steadily promoting measures implemented urgently by local governments to prevent and reduce disasters, the adequate management of public facilities, local decarbonization, support for children and child-rearing, advancing local government digital transformation (DX) and revitalizing regional communities through digitalization and the vitalization of local communities, totaling 9,091.8 billion yen (compared with 9,219.1 billion yen in FY2024).

A. Loans to Local Government by Public Funds

A. Loans to Local Government by Public Funds

As for the funds for LGBs, public funds totaling 3,877.6 billion yen (compared with 3,941.5 billion yen in FY2024) are planned to promote the development of infrastructure linked closely to local residents' livelihood (☞).

Loans using public funds are made by way of loans on deeds.

☞The breakdown consists of 2,269.9 billion yen in Fiscal Loan Funds (FY2024: 2,325.8 billion yen) and 1,607.7 billion yen in Japan Finance Organization for Municipalities Funds (FY2024: 1,615.7 billion yen).

Ref: See the website below
http://www.kyodohakko.jp/
http://www.chihousai.or.jp/
(Japanese version only)
(Public Offering Funds)

B. Local Funds Offered by Private Sectors, etc.

a. Public Offering Funds

Public Offering Funds mean the funds that local governments will raise by issuing their security certificates through markets. Local governments are urged to take greater responsibility for their administrative and fiscal management in line with the promotion of decentralization.

① Joint-LGBs, etc.

i. Joint-LGBs

In FY2003, local governments started offering Joint-LGBs to reduce costs and to secure stable financing by increasing the lot size of issuance. "Joint-LGBs" are issued every month under the name of local governments, and the bonds are the joint debt of local governments based on Article 5-7 of the "Local Government Finance Act."

ii. Citizen Participatory-type Public Offering LGBs

Since March 2002, apart from "Nationwide Public Offering LGBs," "Citizen Participatory-type Public Offering LGBs" have been issued. This is not only to diversify financing methods of public offerings targeting individual investors but also to encourage the residents' participation in local government.

② Method of issuing Public Offering LGBs

The method of issuance includes "issuance for offering/underwriting by a syndicate composed of financial institutions and securities companies ("Underwriting Syndicate")," "issuance for offering/underwriting led by the lead manager," and "issuance for offering/underwriting by auction." Issuance terms were discussed and deliberated on from April 2002, and were set out in two tables: one for Tokyo Metropolitan Government Bonds, and the other for other local government bonds. In 2004 and 2006, the method for determining the appropriate terms was revised, and now each local government issuer decides on the

Fig. 2-38 Planned Issuance of Public Offering LGBs in FY2025

Total about **6.4** trillion yen (about **6.0** trillion yen)

- **Nationwide Public Offering LGB** about **6.4** trillion yen (about **6.0** trillion yen)
  - **10-years** about **3.2** trillion yen (about **3.2** trillion yen)
    - **Joint-type** about **1.2** trillion yen (about **1.2** trillion yen)
    - **Independent-type** about **2.0** trillion yen (about **2.0** trillion yen)
  - **Medium-term (5-years etc.)** about **1.0** trillion yen (about **0.9** trillion yen)
  - **Super Long-term (20 or 30-years etc.)** about **0.2** trillion yen (about **0.4** trillion yen)
  - **Flexible issues** about **1.9** trillion yen (about **1.5** trillion yen)
- **Citizen Participatory-type Public Offering LGB** about **0.02** trillion yen (about **0.02** trillion yen)

Note 1: Figures may not sum up to the total because of rounding.
Note 2: The amount of planned issuance may be changed.
Note 3 : The joint issuance includes the amount planned for issue under joint issuance (Green Bonds).
Note 4: Flexible issues include LGB issues for which maturities are yet to be fixed.
Note 5: ( ) refers to the planned issuance of public offering LGB in FY2024.
(Source) Ministry of Internal Affairs and Communications

terms of each issue separately and independently.

b. Private Placement Funds

Private Placement Funds are funds based on borrowings from financial institutions and the several mutual aid associations which have business transactions with the local governments.

The bonds financed through the Private Placement Funds are called “Private Placement Bonds,” and this is financed either by deed borrowings or by actual issuance of the bonds.

2 Debt of Incorporated Administrative Agencies, etc.

(1) Debt of Incorporated Administrative Agencies, etc.

The debt of "Incorporated Administrative Agencies, etc." includes government-guaranteed debt, borrowings from the General Account, the Fiscal Loan Fund, and other Special Accounts. Their debt also includes FILP Agency Bonds, etc., as means of financing from the private sector.

"Incorporated Administrative Agencies, etc." refer to Incorporated Administrative Agencies (☞①), public corporations (☞②), and authorized organizations (☞③). All of these are corporations that are engaged in public policy implementation under governmental supervision.

A. Financing from the central government

a. Borrowing from Fiscal Loan Fund

Some projects of "Incorporated Administrative Agencies, etc." are financed by FILP to flexibly cope with national demand or socioeconomic changes. In line with FILP reform efforts, FILP-target projects are further focused and made more efficient. The organizations that utilize FILP are called FILP Agencies.

b. Other Borrowings from the central government

There are also interest-free loans from the General Account and Special Accounts to "Incorporated Administrative Agencies, etc."

B. Financing from the private sector

As a result of the FILP reform, FILP Agency Bonds, which are not guaranteed by the government and are publicly offered, have been introduced as a new financial method for FILP Agencies to raise funds independently. It is thought that FILP Agencies promote information disclosure and improve their business operational efficiency by FILP Agency Bonds issuing. Some kinds of "Incorporated Administrative Agencies, etc." such as the Japan Finance Corporation (JFC), etc., need Diet authorization to issue bonds. Furthermore, an approval from the Competent Minister is required in general for a FILP Agency to issue bonds or make long-term borrowings. The Competent Minister can give their approval only after consulting with the Minister of Finance.

☞① Incorporated Administrative Agencies generally refer to legal entities established pursuant to stipulations in Article 2, paragraph (1) of the "Act on General Rules for Incorporated Administrative Agencies": "A corporation, incorporated pursuant to the provisions of this Act and the relevant Individual Act as an agency managed under the medium-term objectives, a national research and development agency or an agency engaged in administrative execution, for the purpose of effectively and efficiently conducting, from among the processes and services that need to be implemented securely from a public perspective, such as the stability of the lives of the people, society and the economy, and that do not need to be implemented directly by the State itself, those affairs that may not necessarily be implemented properly if entrusted to private entities or that need to be conducted monopolistically by a single entity." Here, the "Individual Acts" refer to laws that provide for matters concerning the name, purpose, and scope of operations, etc. of the respective incorporated administrative agencies.

☞② Public corporations generally refer to "the corporations established directly by law, or the corporations required by a special law to be established by a special procedure (excluding Incorporated Administrative Agencies)" as stipulated in Article 4, paragraph (1), item (viii) of "Act for Establishment of the Ministry of Internal Affairs and Communications." In this case, "established through special measures" refers to establishment conducted by government appointed commissioners.

☞③ Authorized organizations generally refer to "legal entities established independently by an interested party from the private sector, the establishment of which requires approval by the Competent Minister, based on the special acts due to the public nature of their activities" (Source: "Legal Terms Dictionary," Legislative Terminology Research Forum Edition).

(2) Financial Conditions of Incorporated Administrative Agencies, etc.

"Incorporated Administrative Agencies, etc." disclose information on their financial conditions in various forms.

Incorporated Administrative Agencies compile financial statements, which are based on corporate accounting principles as a general rule, pursuant to the provisions of order of the competent ministry, in accordance with the "Act on General Rules for Incorporated Administrative Agencies." The financial statements are audited by an auditor and an accounting auditor and are approved by the Competent Minister before their disclosure (☞). Government supervision of Incorporated Administrative Agencies puts weight on ex-post check rather than ex-ante control in order to strengthen their independence and autonomy. The financial statements of Incorporated Administrative Agencies contribute not only to better understanding of how these agencies conduct operations but also to appropriate evaluations of their operations results.

Each public corporation and authorized organization also compile financial statements in accordance with the Act under which it was established, receives approval from the Competent Minister, and discloses this information. Each institution compiles and discloses an "administrative cost analysis statement," etc., based on corporate accounting principles to fulfill its accountability to explain the future burden on taxpayers.

The financial statements of major "Incorporated Administrative Agencies, etc." in which the government has invested are attached to the budget submitted to the Diet as reference materials as stipulated in Article 28 of the "Public Finance Act."

☞Auditing by an accounting auditor is not required for an Incorporated Administrative Agency whose operational size, including its capital amount, fails to reach the standards provided by Cabinet Order (Article 39, paragraph (1) of the "Act on General Rules for Incorporated Administrative Agencies.").

Chapter 4 Debt Management in Foreign Countries

1 Debt Management Policies in Foreign Countries

(1) Debt Management Policy Frameworks

In Japan, the basic objectives of the debt management policy are set as: (1) To ensure the smooth and secure issuance of Japanese Government Bonds and (2) To minimize medium- to long-term fundraising costs. In line with these objectives, the government carefully communicates with the markets and makes efforts to manage JGBs based on investor needs and market trends. Basically, foreign countries also take almost the same stance on their debt management policies, but they have their own unique characteristics.

Furthermore, the JGB Issuance Plan is established in line with annual budget formulation, and an annual planned issuance amount for each maturity and other data are published in Japan, but methods for publishing such data also vary from country to country. At the end of each fiscal year, Germany publishes the total government bond issuance amount and its breakdown by maturity for the following fiscal year. This method is considered to be similar to that of Japan. On the other hand, the U.S. determines and publishes necessary issuance amount not on a fiscal year basis but on a quarterly basis, complying with the debt limit specified by law. In addition, the timing of information disclosure from the announcement of a planned issuance amount to an actual auction for the issue also varies (Figs. 2-39 and 2-40).

Fig. 2-39 Debt Management Policies

	Japan	U.S.	U.K.	Germany	France
Debt Management Office	Financial Bureau, Ministry of Finance	Department of the Treasury, Office of Debt Management Department of the Treasury, Bureau of the Fiscal Service	HM Treasury, United Kingdom Debt Management Office (DMO)	Bundesministerium der Finanzen, Bundesrepublik Deutschland - Finanzagentur GmbH (German Finance Agency)	Ministère de l'Économie, des Finances et de la Souveraineté industrielle et numérique, Direction générale du Trésor, Agence France Trésor (AFT)
The Objective of Debt Management Policy	・To ensure the smooth and secure issuance of Japanese Government Bonds ・To minimize medium- to long-term fundraising costs	・To finance government borrowing needs at the least cost over time ・To conduct auctions in a regular and predictable manner	To minimize, over the long term, the costs of meeting the government's financing needs, taking into account risk, while ensuring that debt management policy is consistent with the aims of monetary policy	To keep the interest costs for the loans taken out as low as possible over many years and different market phases and at the same time, to limit the interest rate risks resulting from the debt structure	To raise sufficient funds on the markets to finance the State under optimum conditions of security while keeping the debt servicing cost for taxpayers down to a minimum
Fiscal Year	April to March of the following year	October previous year to September	April to March of the following year	January to December	January to December
Issuance Plan	Announcement of total JGB issuance amount for the following fiscal year, breakdowns by maturity, and frequency of issuance, etc. in late-December each year (This can be changed based on discussions with market participants in response to market circumstances and issuance conditions.)	Announcement of planned issuance amount by maturity, auction schedule, etc., on a quarterly basis (primarily at the beginning of February, May, August, and November, or at the end of the previous month)	・Announcement of total issuance amount for the following fiscal year, breakdowns by maturity, etc. in March each year ・Announcement of specific details of issues and auction schedule on a quarterly basis	・Announcement of planned issuance amount by maturity, auction schedule, new issue/reopening, etc. for the following fiscal year in December each year ・Announcement of auction schedule again on a quarterly basis	・Announcement of total issuance amount for the following fiscal year in December each year ・Specific issuance amount is determined based on a meeting with PD held in the week preceding the issuance date and on the auction status on the issuance date.

(Sources) Websites of the respective countries' debt management authorities

Fig. 2-40 Timing to announce Issuance Amount and Auction Date, etc.

	Japan	U.S.	U.K.	Germany	France
In previous fiscal year	Total issuance amount Issues Planned auction amount		Total issuance amount Scheduled auction date	Total issuance amount Issues Planned auction amount Scheduled auction date	Total issuance amount Scheduled auction date
In previous quarter (Note 1)	Scheduled auction date * Auction date of each month is announced 3 months before.	Total issuance amount (Note 2) Issues Planned auction amount Scheduled auction date	Issues Scheduled auction date (Note 4)	Planned auction amount (Note 3) Scheduled auction date (Note 4)	
Approximately one week before	Planned auction amount (Note 3)	Planned auction amount	Planned auction amount		Issues Planned auction amount

Note 1: Total issuance amount, issues, planned auction amount, and scheduled auction date in the U.S. are announced at the end of the previous quarter or the beginning of the current quarter.
Note 2: Planned quarterly amount financed from the market.
Note 3: After announcing the planned issuance lots per auction in the previous fiscal year, the fixed amount is announced one week before in Japan and every quarter in Germany.
Note 4: Scheduled auction date is announced again every quarter.
(Sources) Websites of the respective countries' debt management authorities, etc.

(2) Bond Types and Issuance Methods

Government bonds adopted in various foreign countries are broadly classified into two types: bonds that can be bought and sold in the secondary market (marketable bonds) and bonds that are difficult to trade in the secondary market, such as government bonds offering to retail investors (non-marketable bonds).

Marketable bonds are normally offered mainly through the public auction method, which uses both competitive and non-competitive auctions. In the case of competitive auctions, it should be noted that the U.K., Germany and France employ the multiple price/yield (conventional) method (☞①) for almost all maturities, as is the case for Japan, while the U.S. employs the single price/yield (Dutch-style) method (☞②) for all maturities. In addition, the U.K. and France use the syndication method. Germany used the syndication method in 2020 for the first time in five years and has continued to use it after 2021.

☞①Auction method by which each winning bidder purchases the security at one's bidding price (or yield).

☞②Auction method by which all winning bidders pay the lowest accepted bid price regardless of their original bid prices (or yields).

Fig. 2-41 Marketable Bond Types and Issuance Methods

	Japan	U.S.	U.K.	Germany	France
Short-term (Discount bonds)	3-Month, 6-Month, 1-Year	4-Week, 6-Week, 8-Week, 13-Week, 17-Week, 26-Week, 52-Week, CMB (Note 2)	1-Month, 3-Month, 6-Month, 12-Month (Note 3)	3-Month, 5-Month, 6-Month, 9-Month, 11-Month, 12-Month	Less than or equal to 1-Year
Medium-term	2-Year, 5-Year	2-Year, 3-Year, 5-Year, 7-Year	Over 2 ~ 7-Year	2-Year, 5-Year, 7-Year (Note 4)	2 ~ 8.5-Year
Long-term	10-Year	10-Year	Over 7 ~15-Year	10-Year	Over 8.5 ~ 50-Year
Super long-term	20-Year, 30-Year, 40-Year	20-Year, 30-Year (Note 4)	Over 15 ~ 55-Year	15-Year, 30-Year (Note 4)	
Others	・Inflation-Indexed Bonds (10-Year) ・Japan Climate Transition Bonds (5-Year, 10-Year)	・Inflation-Indexed Bonds (5-Year, 10-Year, 30-Year) ・Floating-Rate Bonds (2-Year)	・Inflation-Indexed Bonds (5 ~ 55-Year) ・Green Bonds (12-Year, 32-Year)	・Inflation-Indexed Bonds (5-Year, 10-Year, 30-Year) (Note 5) ・Green Bonds (5-Year, 10-Year, 30-Year)	・Inflation-Indexed Bonds (2 ~ 50-Year) ・Green Bonds (16-Year, 22-Year, 23-Year, 25-Year) (Note 6)
Issuance Method	Multiple price/yield (conventional) method (40-Year, Inflation-Indexed Bonds, and Japan Climate Transition Bonds: single price/yield (Dutch-style) method)	Single price/yield (Dutch-style) method	Multiple price/yield (conventional) method (Inflation-Indexed Bonds: single price/yield (Dutch-style) method) (Note 7)	Multiple price/yield (conventional) method (Note 7)	Multiple price/yield (conventional) method (Note 7)

Note 1: As of the end of March 2025.
Note 2: CMBs (Cash Management Bills) are issued according to short-term financing needs.
Note 3: Information for regular weekly issuances. 12-month issues are institutionally made available for issuance but have never been issued.
Note 4: The U.S. issued a 20-year bond in May 2020 for the first time in 34 years since 1986. Germany issued 7-year and 15-year bonds in May 2020 for the first time ever.
Note 5: In November 2023, the Federal government announced that from 2024, no further Inflation-Indexed Bonds would be issued (including reopening issuances).
Note 6: In May 2022, France issued green bonds with the characteristics of Inflation-Indexed Bonds.
Note 7: The U.K., Germany and France use syndication for issuing some bonds.
(Sources) Websites of the respective countries' debt management authorities, etc.

Representative non-marketable bonds are bonds for holdings only by households and other retail investors (savings bonds), issued in Japan, the U.S. and the U.K. The U.K. features unique non-marketable bonds, including "Premium Bonds" which offer a monthly prize draw instead of earning interest, as well as "Green Savings Bonds" which are green bonds issued for retail investors. Germany and France issued government bonds for retail investors in the past but have discontinued the issuance.

Ref: Chapter 1 2 (2) B, "JGBs and sales system for Retail Investors" (P60)

The U.K. and France are characterized by issuing coupon-bearing marketable government bonds with flexible maturities set in rough ranges instead of setting specific maturities.
The U.S. issues a large amount of non-marketable bonds intended for government accounts including government entities and pension funds, which account for about 20% of its entire government debt outstanding.

(Reference) Green Bonds

Green bonds in Fig. 2-41 are issued by business corporations, local governments and other entities to raise funds for renewable energy and other projects that contribute to resolving global warming and other environmental problems. The global green bond market, including Japanese issues, has grown at the initiative of the private sector.

Outside of Japan, sovereign green bonds have been issued in 36 countries (as of the end of March 2025), including France, Germany and other European countries, since Poland became the first country to issue such bonds in 2016.

(3) Liquidity Maintenance/Enhancement Measures

Countries use various methods to maintain and enhance the liquidity of government bond markets. In Japan, from the viewpoint of securing market supply of each issue, 20-Year Bonds and 30-Year Bonds are in principle reopened in four issues per year, while 40-Year Bonds and Inflation-Indexed Bonds are in principle reopened in one issue per year. 5-Year Bonds are reopened unless the gap between the coupon rate of the issue with the same maturity and the market interest rate on the auction day is more than 0.10%, and 10-Year Bonds are reopened unless the gap between the coupon rate of the issue with the same maturity and the market interest rate on the auction day is more than 0.30%. Through Liquidity Enhancement Auctions, Japan also reopens issues that have structural liquidity shortages or temporary liquidity shortages caused by expanding demand.

Among foreign countries, the U.S. and Germany have basically adopted reopening for on-the-run issues. In the U.K. and France, the debt management authorities discretionarily reopen any issues whether they are on- or off-the-run (Fig. 2-42).

In Germany, meanwhile, the authority withholds a certain nominal volume at each auction and gradually releases to the secondary market or uses them for the repo market in consideration of market conditions.

Fig. 2-42 Reopening Issuances

	Japan (Note 1)	U.S.	U.K.(Note 2)	Germany (Note 2, 3)	France (Note 2)
Reopening	･5-Year (Note 4) ･10-Year (Note 5) ･20-Year ･30-Year ･40-Year ･Inflation-Indexed Bonds (10-Year)	･10-Year ･20-Year ･30-Year ･Floating-Rate Bonds (2-Year) ･Inflation-Indexed Bonds (5-Year, 10-Year, 30-Year)	･Medium-term (Over 2 ~ 7-Year) ･Long-term (Over 7 ~ 15-Year) ･Super long-term (Over 15 ~ 55-Year) ･Inflation-Indexed Bonds (5 ~ 55-Year)	･2-Year ･5-Year ･7-Year ･10-Year ･15-Year ･30-Year ･Inflation-Indexed Bonds (5-Year, 10-Year, 30-Year) (Note 6)	･Medium-term (2 ~ 8.5-Year) ･Long-term, Super long-term (Over 8.5 ~ 50-Year) ･Inflation-Indexed Bonds (2 ~ 50-Year)
Without reopening	･2-Year ･Japan Climate Transition Bonds (5-Year, 10-Year) (Note 7)	･2-Year ･3-Year ･5-Year ･7-Year	–	–	–

Note 1: Issuance method for the FY2025
Note 2: Green bonds are included.
Note 3: In multi-ISIN auctions, where multiple issues are auctioned at the same time, off-the-run issues are also reopened.
Note 4: 4 issues in FY2025 unless the gap between the coupon rate of the issue with the same maturity and the market interest rate on the auction day is more than 0.10%.
Note 5: 4 issues in FY2025 unless the gap between the coupon rate of the issue with the same maturity and the market interest rate on the auction day is more than 0.30%.
Note 6: In November 2023, the Federal government announced that from 2024, no further Inflation-Indexed Bonds would be issued (including reopening issuances).
Note 7: Japan Climate Transition Bonds were reopened in FY2024.
(Sources) Websites of the respective countries' debt management authorities, etc.

(4) Primary Dealer System

Primary dealers (PDs) originally referred to government-certified dealers in the U.S. Candidates for PD designation are examined beforehand for their market-making capabilities, financial conditions, government bonds auction participation records, etc. Companies designated as PDs are entitled to directly trade with the Federal Reserve Bank of New York when the Federal Reserve conducts open market operations and to participate in periodic meetings with the authorities for the exchange of opinions. At the same time, they are obliged to bid for government bonds in auctions, to conduct market-making services, and to provide information to the authorities. In this way, companies with special qualifications and responsibilities in regard to government bond markets are designated as PDs to ensure that government bond market liquidity, efficiency, and stability are maintained and improved. Such a system is generally called the PD system.

Nowadays, various countries have similar PD systems, including Japan's JGB Market Special Participants Scheme. But PDs' responsibilities and qualifications vary from country to country as shown below (Fig. 2-43).

Fig. 2-43 Primary Dealer System

		Japan	U.S.	U.K.	Germany (Note 1)	France
Name		JGB Market Special Participants	Primary Dealers	Gilt-edged Market Makers (GEMMs)	Bietergruppe Bundesemissionen (Bund Issues Auction Group)	Spécialistes en Valeurs du Trésor (SVTs)
Introduction time		2004	1960	1986	1998	1987
Number of members (as of April 2025)		19 companies	25 companies	18 companies	33 companies	15 companies
Responsibilities	Bidding	・Participation in all auctions ・At least 100/n% of the planned issuance amount * "n" refers to the number of JGB Market Special Participants.	・Participation in all auctions ・Issuance amount /the number of PDs	・Participation in all auctions ・5% or more of total issuance amount on a 6-month rolling average basis	—	Participation in all auctions
	Purchasing	<Short-term> 0.5% or more of total issuance amount for the preceding two quarters <Excluding Short-term> 1% or more of total issuance amount for the preceding two quarters	—	2% or more of total issuance amount of each sector, conventional and index-linked, on a 6-month rolling average basis	0.05% or more of total issuance amount for a year, weighted according to maturity	2% or more of total issuance amount of each sector (short-term, medium-term, long-term and super long-term and Inflation-Indexed Bonds) on a rolling 12-month average basis (Note 2)
	Market making	Providing sufficient liquidity to the JGB secondary market	Maintaining a share of Treasury market making activity of at least 0.25%	Maintaining an individual secondary market share of at least 2% on a 6-month rolling average basis	—	Maintaining a 2% or more share in the secondary market
	Information provision	Report to the MOF	Report to the New York Fed	Report to the DMO	—	Report to the AFT
Qualifications	Exclusive participation in auction	・Non-Price Competitive Auction I (Up to 25% of planned issuance amount) ・Non-Price Competitive Auction II (Up to 10% of total amount of bids accepted in the competitive auction and Non-Price Competitive Auction I) ・Liquidity Enhancement Auction ・Buy-back Auction, etc.	・Buy-back Auction (Note 3)	・Competitive Auctions ・Syndication, etc.	・Competitive Auctions ・Non-Competitive Auctions	・Competitive Auctions ・Non-Competitive Auctions ・Syndication, etc.
	Regular meeting, etc.	Meeting with the MOF (About 5 times a year)	・Meeting with the U.S. Department of the Treasury (quarterly) ・Meeting with the New York Fed (annually)	・Meeting with the DMO (quarterly / annually) ・Meeting with the HM Treasury (annually)	—	Meeting with the AFT (periodically)

Note 1: Germany's "Bund Issues Auction Group" is similar to the primary dealer system in other countries in that only the group members are allowed to participate in government bond auctions. However, the only requirement for a Bund Issues Auction Group member is a registered office in a member state of the European Union, the European Economic Area or Switzerland, though required to purchase a certain part of each issue. Bund Issues Auction Group members are free from any obligation to make bids in auctions, and they don't have meetings with authorities periodically. Therefore, Bund Issues Auction Group is viewed as different from the PD system in other countries.

Note 2: Conditions other than that in the table for France's purchasing responsibilities include "2% or more of total issuance amount on a rolling 12-month average basis for three of four sectors (short-term, medium-term, long-term and super long-term and Inflation-Indexed Bonds) and the average for the four sectors at 3% or more of total issuance amount on a rolling 12-month average basis."

Note 3: As of April 2025. U.S. Department of the Treasury anticipates considering whether to allow other counterparties besides the PDs to directly participate in the future.

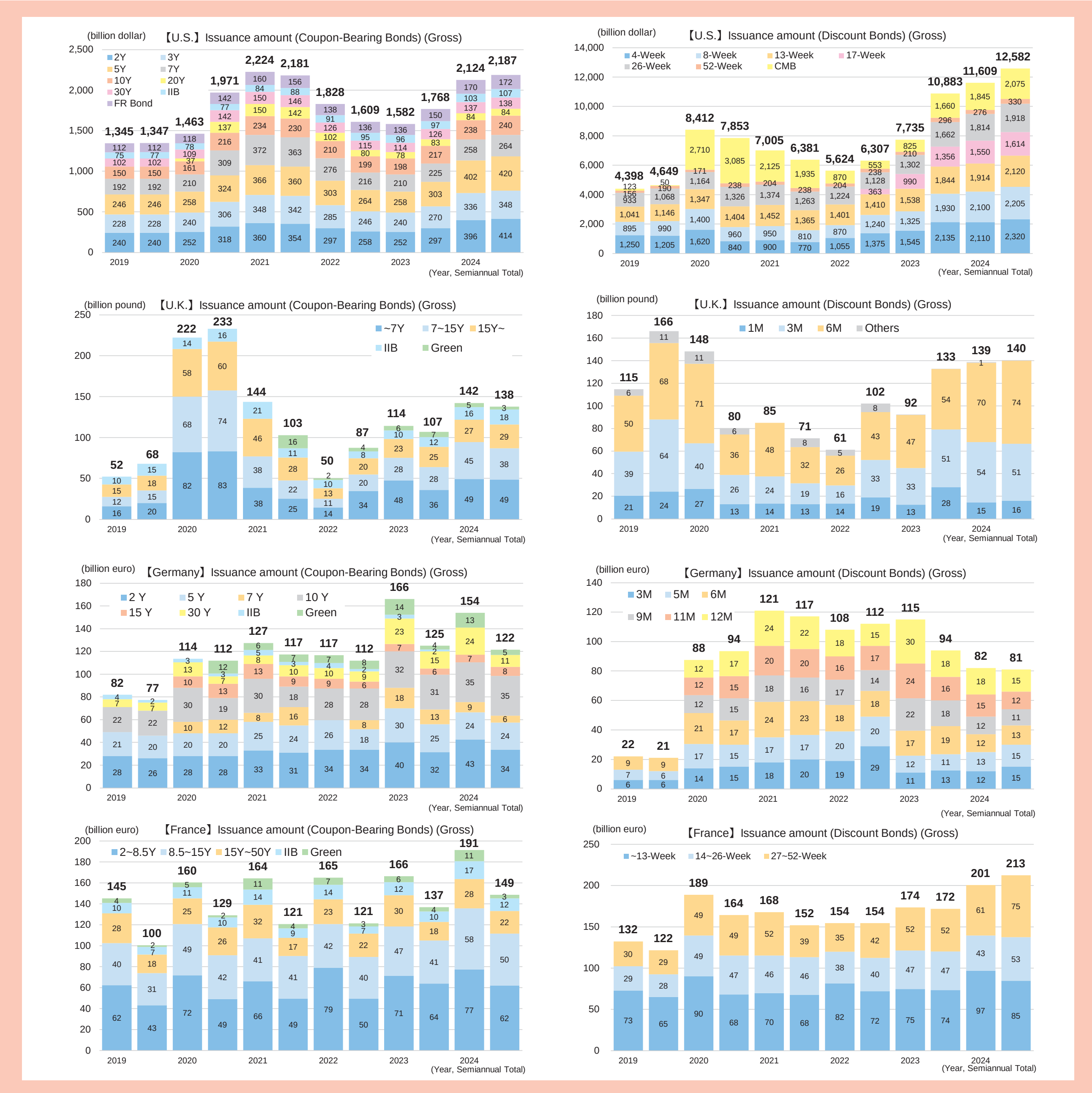
(Sources) Websites of the respective countries' debt management authorities, etc.

2 Debt Management Status in Foreign Countries

(1) Government Bond Issuance Trends

As the spread of the novel coronavirus (COVID-19) had exerted huge impacts on the world economy since 2020, foreign countries implemented economic assistance, etc. Subsequently, they had been forced to raise more funds by changing government bond issuance plans and increasing government bond issuances substantially in 2020. Since 2021, government bond issuances returned to the levels before the spread of COVID-19, thanks to the economic and fiscal policy normalization, etc. However, government bond issuances have been increasing again recently (Fig. 2-44).

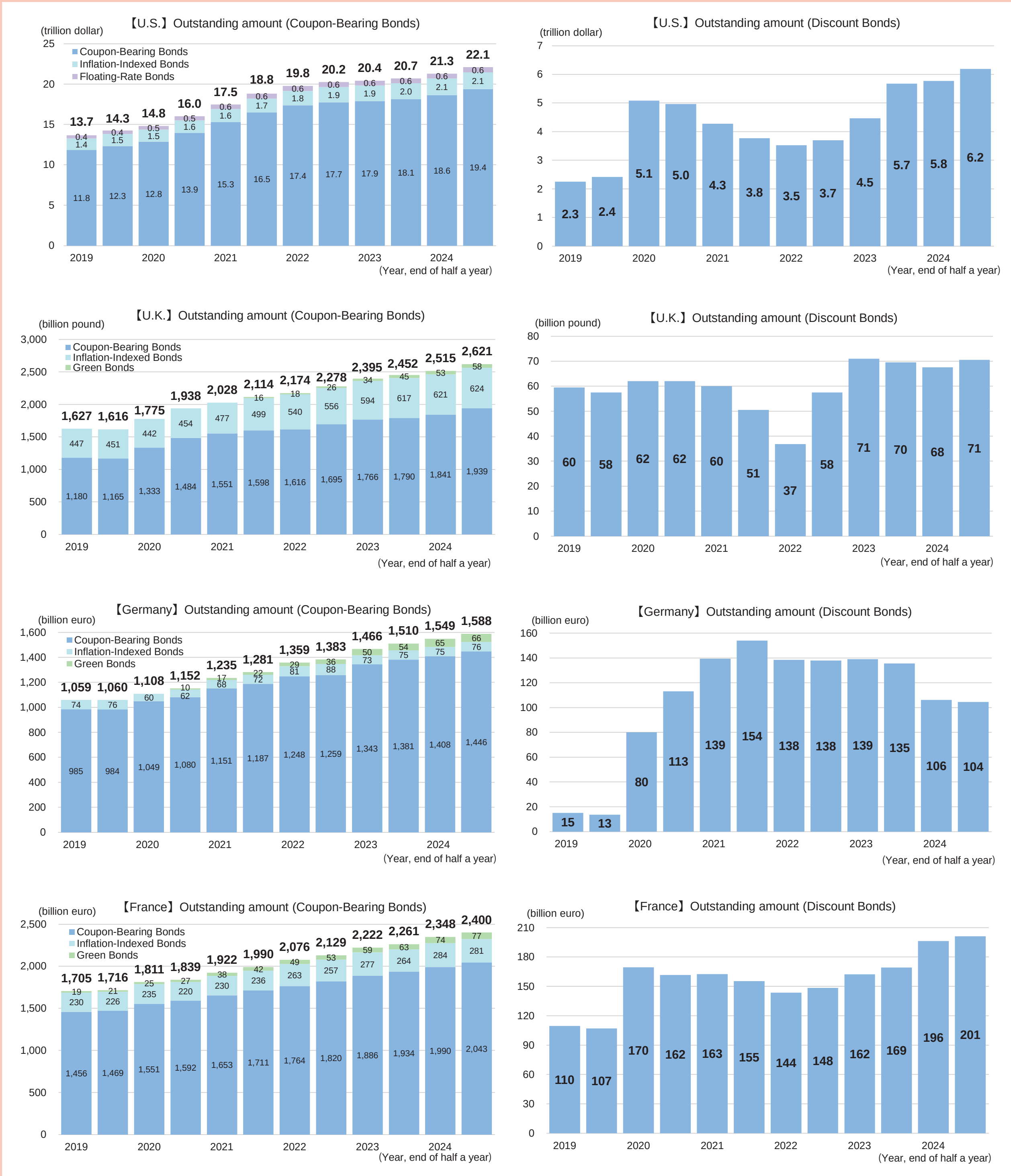
Fig. 2-44 Issuance Amount of Coupon-Bearing Bonds and Discount Bonds



Note 1: As of the end of December 2024.
Note 2: Data for the U.K. Coupon-Bearing Bonds are calculated on a revenue basis while data for the others are calculated on a nominal value basis.
Note 3: “IIB” is Inflation-Indexed Bonds. “FR Bond” is Floating-Rate Bonds.
Note 4: “Other issuance” of issuance amount of discount bonds for the U.K. refers to discount bonds issued bilaterally between the DMO and eligible financial institutions, etc. on request from them.
Note 5: Inflation-indexed green bonds of France are classified as “Green.”
(Sources) Calculated by the Ministry of Finance based on the data of the respective countries’ debt management authorities, etc. on auction date basis

Coupon-bearing bond issuances in foreign countries in 2024 indicate that 5-year or shorter issuances accounted for more than 50% of the total issuances in the U.S. while 7-year or longer issuances accounted for some 60-70% of the total in the U.K. The maturity structure thus varies from country to country.

Fig. 2-45 Outstanding Amount of Coupon-Bearing Bonds and Discount Bonds



Note 1: As of the end of December 2024.
Note 2: All data are calculated on a nominal value basis.
Note 3: "Coupon-Bearing Bonds" for these graphs are over 1-year bonds, excluding Inflation-Indexed Bonds, Floating-Rate Bonds and Green Bonds.
Note 4: Inflation-indexed green bonds of France are classified as "Green Bonds."
(Sources) Calculated by the Ministry of Finance based on the data of the respective countries' debt management authorities, etc.

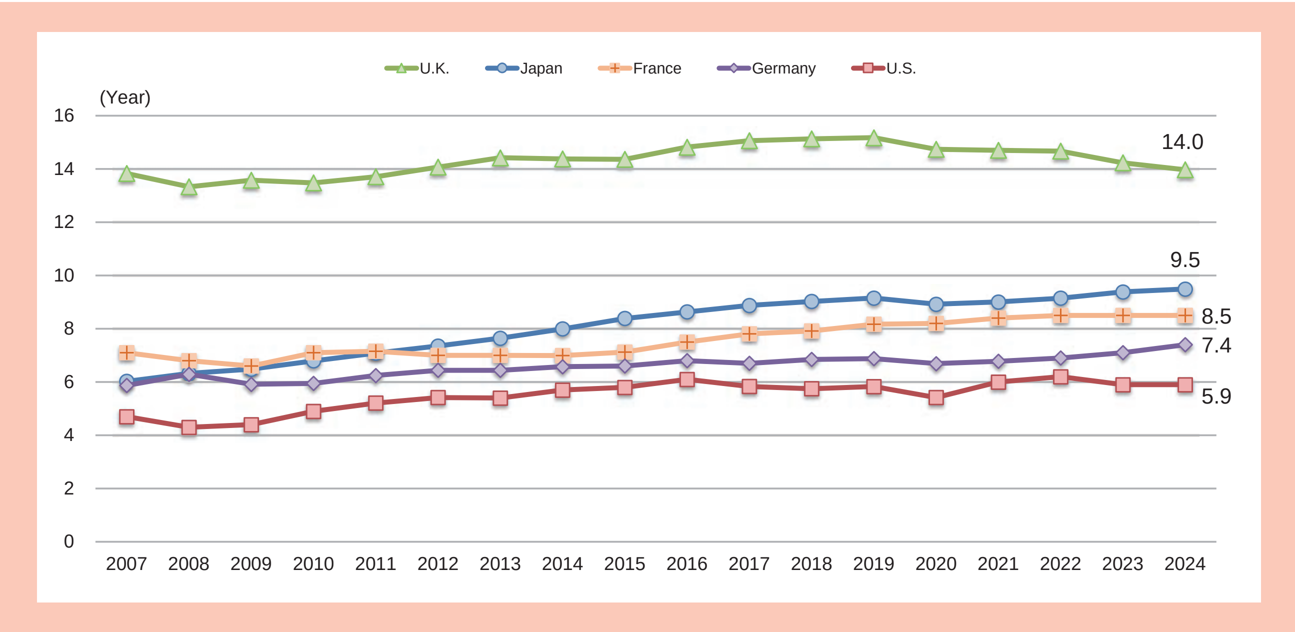
In Japan, the issuance amount of Inflation-Indexed Bonds may be adjusted in a flexible manner in response to the market environment, etc., based on discussions with market participants. In foreign countries, Inflation-Indexed Bonds are issued as necessary. Particularly in the U.K. and France, Inflation-Indexed Bond issuances account for about 10% of the total coupon-bearing bond issuance amount, making Inflation-Indexed Bonds a relatively large share of financing. Conversely, amidst rising inflation rates, some countries, such as Germany, have been observed to discontinue the issuance of Inflation-Indexed Bonds.

(2) Average Maturity

The "stock-based average maturity" is viewed as an important benchmark for assessing refunding risks. The stock-based average maturity is an indicator of overall outstanding government bonds, computed by weighted-averaging remaining maturities for outstanding government bonds.

Comparison between stock-based average maturities for government bonds in selected countries indicates that the average stands at as high as 14 years in the U.K. with super long-term issuances accounting for a large share of all government bonds, the averages range from 5 to 9 years in the U.S., Germany and France. In Japan, the average bottomed out at 4.9 years at the end of FY2003 and continued to lengthen after that, reaching 9.2 years at the end of FY2019. After the Japanese average fell back to 8.9 years at the end of FY2020 as Japan increased mainly short- to medium-term bond issuances due to the spread of COVID-19 in FY2020, the average has extended due to the reduction in short-term bond issuances, reaching 9.5 years at the end of FY2024 (Fig. 2-46).

Fig. 2-46 Average Maturity

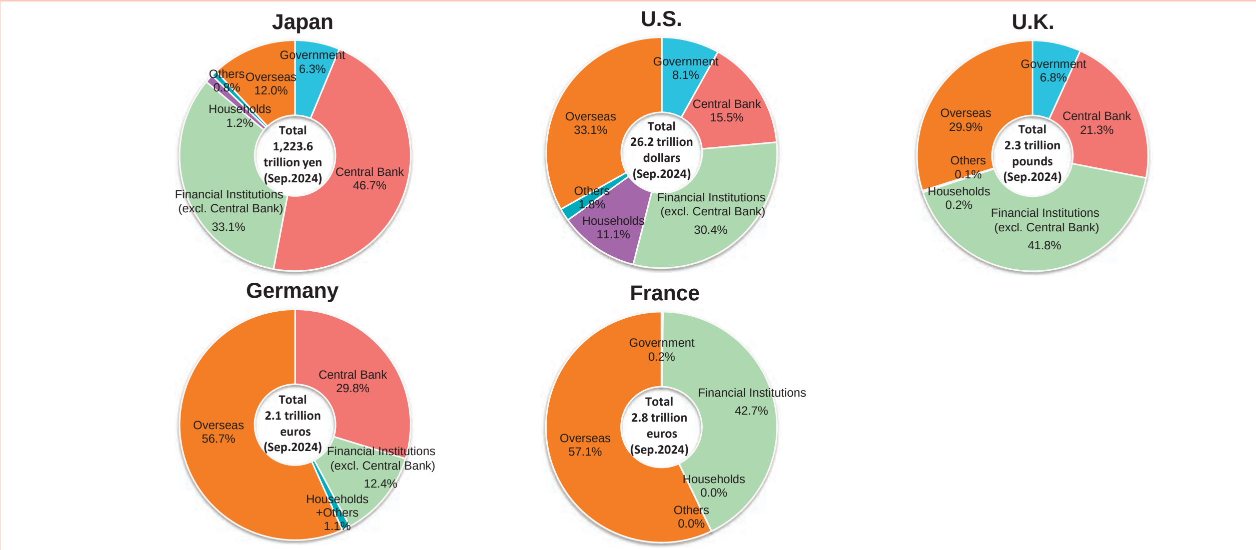


Note 1: Data for Japan represent the average weighted maturity of outstanding General Bonds including Treasury Bills (TBs) and excluding Financing Bills (FBs). Data for other countries include short-term (one-year and shorter) bills.
Note 2: Data are calculated on a stock basis. Non-marketable bonds are excluded.
Note 3: Data for each year are as of the end of March of the following year for Japan alone and as of the end of December for other countries.
(Sources) OECD, Websites of the respective countries' debt management authorities

(3) Breakdown by Government Bond Holders

According to a breakdown of government bonds by holder category published in each country, the foreign ownership of JGB is on an upward trend and it was 12% at the end of September 2024. On the other hand, the foreign ownership of government bonds is higher in foreign countries, standing at around 30% in the U.S. and the U.K., and more than 50% in Germany and France (Fig. 2-47).

Fig. 2-47 Breakdown of Government Bonds by Holder Category



Note: Data for Japan include Fiscal Investment and Loan Program Bonds, Treasury Discount Bills (T-Bills) and JGBs for Retail Investors.
Data for the U.S. and the U.K. exclude bonds for retail investors (savings bonds).
In Germany and France, the total covers municipal bonds. The government's amount in Germany and the central bank's amount in France are not made available.
(Sources) Japan: Bank of Japan, U.S.: Board of Governors of the Federal Reserve System, U.K.: Office for National Statistics, UK Debt Management Office, Bank of England, Germany: Deutsche Bundesbank, France: Banque de France

Among other data, a working paper of the International Monetary Fund (IMF) in 2012 analyzed the estimated breakdown of government debt holdings based on data from debt management authorities, the Bank for International Settlements (BIS) , and other sources. Specifically, the study divided government debt holders into six sectors (domestic central banks, domestic banks, domestic nonbanks, foreign official sector, foreign banks, and foreign nonbanks) and estimated their respective shares of government debt holdings (Fig. 2-48). The estimated breakdown has been updated and published on the IMF website quarterly.

Fig. 2-48 Breakdown of Government Debt by Holder Category

Note 1: As of the end of December 2024.
Note 2: Domestic banks are depository corporations residing in the country (IFS definition). Foreign banks are BIS reporting banks residing outside the country.
Foreign official sector includes foreign central bank holdings as foreign exchange reserves, SMP holdings of foreign central banks, and foreign official loans.
Foreign nonbanks and domestic nonbanks include financial institutions other than central banks and depository corporations (insurance companies, pension funds, and investment funds), as well as households and non-financial corporations.
Foreign nonbanks and domestic nonbanks are imputed from external and total debt.
(Source) Serkan Arslanalp and Takahiro Tsuda (2012) "Tracking Global Demand for Advanced Economy Sovereign Debt", IMF Working Paper WP/12/284

3 Collaboration and Cooperation with Foreign Countries

Debt management authorities can exchange information through international conferences sponsored by international organizations. These conferences include the OECD (Organization for Economic Co-operation and Development) Working Party on Public Debt Management, the OECD Global Forum on Public Debt Management, the IMF Public Debt Management Forum, the World Bank Government Borrowers Forum, and the ADB (Asian Development Bank) Regional Public Debt Management Forum.

We have proactively attended these international conferences, giving presentations on Japan's debt management policies and sharing information on debt management policies with foreign counterparts.

Ⅲ

Appendices

This part contains supplementary information
which was not covered in previous parts of this brochure.

Chapter 1 Government Bonds (JGBs)

1 Debt Management Policy Frameworks

(1) Issuance Amount of Government Bonds

FY	Issuance Amount										Bond Dependency Ratio (%)	JGB Outstanding		(A) GDP (%)	National Debt Service (Initial) (B) (billion yen)	(B) General Account Total (%)
	Subtotal (billion yen)	Construction Bonds (billion yen)	Special Deficit-Financing Bonds (billion yen)	Special Bonds for Covering Public Pension Funding (billion yen)	Reconstruction Bonds (billion yen)	GX Economy Transition Bonds (billion yen)	Children Special Bonds (billion yen)	FILP Bonds (billion yen)	Refunding Bonds (billion yen)	Total (billion yen)		General Bonds Outstanding (A) (billion yen)	FILP Bonds Outstanding (billion yen)			
1947-1964	In the period of balanced budget, JGBs were not issued.															
65	197.2	–	197.2	–	–	–	–	–	–	197.2	5.3	200.0	–	0.6	22.0	0.6
66	665.6	665.6	–	–	–	–	–	–	–	665.6	14.9	875.0	–	2.2	48.9	1.1
67	709.4	709.4	–	–	–	–	–	–	–	709.4	13.9	1,595.0	–	3.4	115.3	2.3
68	462.1	462.1	–	–	–	–	–	–	–	462.1	7.8	2,054.4	–	3.7	201.3	3.5
69	412.6	412.6	–	–	–	–	–	–	–	412.6	6.0	2,463.4	–	3.8	278.8	4.1
70	347.2	347.2	–	–	–	–	–	–	–	347.2	4.2	2,811.2	–	3.7	290.9	3.7
71	1,187.1	1,187.1	–	–	–	–	–	–	–	1,187.1	12.4	3,952.1	–	4.8	319.3	3.4
72	1,950.0	1,950.0	–	–	–	–	–	–	–	1,950.0	16.3	5,818.6	–	6.0	455.4	4.0
73	1,766.2	1,766.2	–	–	–	–	–	–	595.8	2,362.0	12.0	7,550.4	–	6.5	704.5	4.9
74	2,160.0	2,160.0	–	–	–	–	–	–	635.8	2,795.8	11.3	9,658.4	–	7.0	862.2	5.0
75	5,280.5	3,190.0	2,090.5	–	–	–	–	–	415.6	5,696.1	25.3	14,973.1	–	9.8	1,039.4	4.9
76	7,198.2	3,725.0	3,473.2	–	–	–	–	–	371.2	7,569.4	29.4	22,076.7	–	12.9	1,664.7	6.9
77	9,561.2	5,028.0	4,533.3	–	–	–	–	–	312.8	9,874.1	32.9	31,902.4	–	16.8	2,348.7	8.2
78	10,674.0	6,330.0	4,344.0	–	–	–	–	–	632.6	11,306.6	31.3	42,615.8	–	20.4	3,222.7	9.4
79	13,472.0	7,133.0	6,339.0	–	–	–	–	–	–	13,472.0	34.7	56,251.3	–	25.0	4,078.4	10.6
80	14,170.2	6,955.0	7,215.2	–	–	–	–	–	290.3	14,460.5	32.6	70,509.8	–	28.4	5,310.4	12.5
81	12,899.9	7,039.9	5,860.0	–	–	–	–	–	895.2	13,795.1	27.5	82,273.4	–	31.1	6,654.2	14.2
82	14,044.7	7,036.0	7,008.7	–	–	–	–	–	3,272.7	17,317.5	29.7	96,482.2	–	34.9	7,829.9	15.8
83	13,486.3	6,809.9	6,676.5	–	–	–	–	–	4,514.5	18,000.9	26.6	109,694.7	–	38.0	8,192.5	16.3
84	12,781.3	6,409.9	6,371.4	–	–	–	–	–	5,360.3	18,141.7	24.8	121,693.6	–	39.5	9,155.1	18.1
85	12,308.0	6,303.0	6,005.0	–	–	–	–	–	8,957.3	21,265.3	23.2	134,431.4	–	40.7	10,224.2	19.5
86	11,254.9	6,248.9	5,006.0	–	–	–	–	–	11,488.6	22,743.5	21.0	145,126.7	–	42.4	11,319.5	20.9
87	9,418.1	6,880.0	2,538.2	–	–	–	–	–	15,449.0	24,867.2	16.3	151,809.3	–	41.9	11,333.5	20.9
88	7,152.5	6,196.0	956.5	–	–	–	–	–	13,946.1	21,098.6	11.6	156,780.3	–	40.4	11,512.0	20.3
89	6,638.5	6,430.0	208.5	–	–	–	–	–	15,079.8	21,718.3	10.1	160,910.0	–	38.7	11,664.9	19.3
90	7,312.0	6,343.2	(968.9)	–	–	–	–	–	18,653.2	25,965.2	9.2	166,337.9	–	36.8	14,288.6	21.6
91	6,730.0	6,730.0	–	–	–	–	–	–	18,875.7	25,605.7	9.5	171,647.3	–	36.2	16,036.0	22.8
92	9,536.0	9,536.0	–	–	–	–	–	–	21,496.9	31,032.9	13.5	178,368.1	–	36.9	16,447.3	22.8
93	16,174.0	16,174.0	–	–	–	–	–	–	21,812.9	37,986.9	21.5	192,539.3	–	39.9	15,442.3	21.3
94	16,490.0	12,345.7	<3,333.7> [810,6]	–	–	–	–	–	22,881.7	39,371.7	17.9	206,604.6	–	40.4	14,360.2	19.6
95	21,247.0	16,440.1	<2,851.1> 1,955.8	–	–	–	–	–	25,376.7	46,623.8	24.2	225,184.7	–	42.9	13,221.3	18.6
96	21,748.3	10,707.0	<1,879.6> 9,161.7	–	–	–	–	–	26,552.4	48,300.7	25.2	244,658.1	–	45.4	16,375.2	21.8
97	18,458.0	9,940.0	8,518.0	–	–	–	–	–	31,432.0	49,890.0	23.5	257,987.5	–	47.6	16,802.3	21.7
98	34,000.0	17,050.0	16,950.0	–	–	–	–	–	42,431.0	76,431.0	40.3	295,249.1	–	55.2	17,262.8	22.2
99	37,513.6	13,166.0	24,347.6	–	–	–	–	–	40,084.4	77,597.9	42.1	331,668.7	–	62.5	19,831.9	24.2
00	33,004.0	11,138.0	21,866.0	–	–	–	–	–	53,269.7	86,273.7	36.9	367,554.7	–	68.4	21,965.3	25.8
01	30,000.0	9,076.0	20,924.0	–	–	–	–	43,883.1	59,329.6	133,212.7	35.4	392,434.1	43,760.5	74.4	17,170.5	20.8
02	34,968.0	9,148.0	25,820.0	–	–	–	–	31,843.5	69,615.5	136,427.1	41.8	421,099.1	75,564.4	80.4	16,671.2	20.5
03	35,345.0	6,693.0	28,652.0	–	–	–	–	28,508.6	74,948.9	138,802.5	42.9	456,973.6	91,849.0	86.8	16,798.1	20.5
04	35,490.0	8,704.0	26,786.0	–	–	–	–	40,129.7	84,450.5	160,070.2	41.8	499,013.7	121,553.2	94.2	17,568.6	21.4
05	31,269.0	7,762.0	23,507.0	–	–	–	–	28,249.4	105,519.5	165,037.9	36.6	526,927.9	139,353.2	98.7	18,442.4	22.4
06	27,470.0	6,415.0	21,055.0	–	–	–	–	25,559.5	108,120.6	161,150.2	33.7	531,701.5	138,906.1	99.0	18,761.6	23.5
07	25,382.0	6,044.0	19,338.0	–	–	–	–	16,769.6	99,189.4	141,341.0	31.0	541,458.4	139,754.3	100.6	20,998.8	25.3
08	33,168.0	6,975.0	26,193.0	–	–	–	–	8,600.0	93,909.5	135,677.5	39.2	545,935.6	131,050.1	105.8	20,163.2	24.3
09	51,955.0	15,011.0	36,944.0	–	–	–	–	9,410.0	90,480.3	151,845.3	51.5	593,971.7	122,225.3	119.4	20,243.7	22.9
10	42,303.0	7,603.0	34,700.0	–	–	–	–	8,400.0	100,835.5	151,538.5	44.4	636,311.7	118,191.8	126.0	20,649.1	22.4
11	42,798.0	8,368.0	34,430.0	–	11,250.0	–	–	13,100.0	109,020.0	176,168.0	42.5	669,867.4	110,912.2	134.0	21,549.1	23.3
12	47,465.0	11,429.0	36,036.0	2,584.2	2,303.3	–	–	14,220.0	110,957.9	177,530.3	48.9	705,007.2	109,260.7	141.2	21,944.2	24.3
13	40,851.0	7,014.0	33,837.0	2,603.5	–	–	–	10,700.0	110,156.9	164,311.4	40.8	743,867.6	104,210.4	145.1	22,241.5	24.0
14	38,492.9	6,577.0	31,915.9	–	120.0	–	–	14,000.0	119,372.8	171,985.7	39.0	774,083.1	98,991.0	147.9	23,270.2	24.3
15	34,918.3	6,479.0	28,439.3	–	1,320.0	–	–	13,400.0	114,230.8	163,869.1	35.5	805,418.2	96,115.5	148.9	23,450.7	24.3
16	38,034.6	8,901.4	29,133.2	–	790.9	–	–	19,600.0	109,479.8	167,905.3	39.0	830,573.3	96,250.9	152.4	23,612.1	24.4
17	33,554.6	7,281.8	26,272.8	–	76.8	–	–	12,000.0	106,382.0	152,013.4	34.2	853,178.9	94,525.9	153.5	23,528.5	24.1
18	34,395.4	8,097.2	26,298.2	–	–	–	–	10,630.0	103,285.3	148,310.7	34.8	874,043.4	92,245.6	157.0	23,302.0	23.8
19	36,581.9	9,143.7	27,438.2	–	810.0	–	–	12,550.0	104,238.3	154,180.1	36.1	886,694.5	91,090.1	159.2	23,508.2	23.2
20	108,553.9	22,596.0	85,957.9	–	722.4	–	–	39,075.1	108,503.9	256,855.3	73.5	946,646.8	118,645.0	175.7	23,351.5	22.7
21	57,655.0	9,168.0	48,487.0	–	40.0	–	–	10,144.6	142,850.2	210,689.7	39.9	991,411.1	104,624.2	178.8	23,758.8	22.3
22	50,478.9	8,727.0	41,751.9	–	–	–	–	14,133.0	147,733.5	212,345.4	38.1	1,027,097.3	100,836.1	181.1	24,339.3	22.6
23	34,998.0	9,068.0	25,930.0	–	–	1,540.1	–	2,995.9	153,921.1	193,455.2	27.4	1,053,652.6	94,598.9	177.0	25,250.3	22.1
24	42,139.0	9,659.0	32,480.0	–	26.0	1,401.2	221.9	9,500.0	134,181.4	187,469.5	33.3	1,103,930.4	91,346.6	180.2	27,009.0	24.0
25	28,647.1	6,791.0	21,856.1	–	121.1	725.8	1,139.7	10,000.0	136,223.1	176,856.8	24.9	1,128,534.3	90,887.0	179.3	28,217.9	24.5

Note.1: Figures may not sum up to the total because of rounding.
Note.2: Issuance Amount is calculated on a revenue basis, up to FY2023; actual, FY2024; supplementary budget, FY2025; initial
The figures in ( ) indicate Ad-hoc Special Deficit-Financing Bonds, < > are Tax Cut Special Deficit-Financing Bonds, [ ] are Special Deficit-Financing Bonds for Earthquake.
Note.3: Reconstruction Bonds are issued under the General Account in FY2011 and under the Special Account for Reconstruction from the Great East Japan Earthquake from FY2012 onward.
Note.4: The figure of Special Deficit-Financing Bonds in FY1965 includes Revenue Supplementary Bonds issued at the time of supplementary budget for reasons of expediency.
Note.5: Bond Dependency Ratio is the issuance amount of (Construction Bonds+Special Deficit-Financing Bonds)/general account total, up to FY2023; actual, FY2024; supplementary budget, FY2025; initial.
This calculation excludes “bonds issued as bridging finance,” for which redemption resources are secured separately through the establishment of special taxes, etc.
Note.6: JGB Outstanding at the end of each fiscal year is calculated on a nominal basis, up to FY2023; actual, FY2024; supplementary budget, FY2025; initial.
Note.7: JGB Outstanding/GDP is calculated on a nominal basis, actual GDP for years up to FY2023 and estimated GDP for FY2024 and 2025 in the "Fiscal 2025 Economic Outlook and Basic Stance for Economic and Fiscal Management" (Cabinet Decision on January 24, 2025).
Note.8: National Debt Service and National Debt Service/General Account Total are on an initial budget basis for all years. FY2019 and FY2020 data cover extraordinary and special measures.

(2) Revenues and Expenditures for the Special Account for the GDCF (FY 2025 Initial Budget)

Revenues

(Unit: million yen)

	FY2024 (Initial) (A)	FY2025 (Initial) (B)	Changes (B) − (A)
Grants from Other Accounts	88,856,307	85,019,946	▲ 3,836,361
Grant from the General Account	27,008,257	28,217,106	1,208,849
Grants from Special Accounts	61,848,050	56,802,840	▲ 5,045,210
Local Allocation Tax and Local Transfer Tax	29,710,179	29,165,316	▲ 544,863
Forex fund	489,149	788,556	299,407
FILP	15,453,960	11,189,018	▲ 4,264,942
Energy Policy	14,090,161	13,658,917	▲ 431,244
Pension	1,442,480	1,457,792	15,312
Child and Child-rearing Support	2,688	16,789	14,101
Stable Food Supply	286,054	158,769	▲ 127,285
Administration of National Forestry Management Debt	340,115	334,695	▲ 5,419
Motor Vehicles Safety	33,263	32,987	▲ 277
Grant from the Special Account for Reconstruction from the Great East Japan Earthquake or Other Accounts	25,411	26,951	1,541
Grant from Special Account	25,411	26,951	1,541
Reconstruction from the Great East Japan Earthquake	25,411	26,951	1,541
Grant from Other Account for GX Promotion	59,548	54,117	▲ 5,431
Grant from Special Account	59,548	54,117	▲ 5,431
Energy Policy	59,548	54,117	▲ 5,431
Tax	114,300	114,900	600
Revenues from JGBs	135,515,353	136,223,053	707,700
Revenues from JGBs	131,500,477	132,467,701	967,224
Revenues from Reconstruction-related Refunding Public Bonds	3,164,043	3,051,848	▲ 112,195
Revenues from GX Economy Transition-related Refunding Public Bonds	850,833	703,503	▲ 147,329
Revenues from Equity Sale Related to Reconstruction from the Great East Japan Earthquake	169,152	102,900	▲ 66,251
Dividend Income Related to Reconstruction from the Great East Japan Earthquake	4,965	8,363	3,397
Tokyo Metro	4,965	4,965	0
Japan Post	–	3,397	3,397
Investment Income	98,645	222,451	123,805
Interest Income	98,644	221,715	123,071
Sales/Redemption Profit	1	735	734
Investment Income Related to Reconstruction from the Great East Japan Earthquake	404	2,163	1,759
Interest Income	404	2,160	1,756
Sales/Redemption Profit	–	4	4
Investment Income Related to GX Promotion	199	2,278	2,079
Interest Income	199	2,278	2,079
Sales/Redemption Profit	–	0	0
Miscellaneous Income	291,897	339,214	47,317
Accrued Interest Receivable	290,792	338,029	47,237
Miscellaneous Income	1,105	1,185	80
Miscellaneous Income Related to Reconstruction from the Great East Japan Earthquake	58	44	▲ 14
Accrued Interest Receivable	58	44	▲ 14
Miscellaneous Income Related to GX Promotion	2,748	2,120	▲ 628
Accrued Interest Receivable	2,748	2,120	▲ 628
Total	225,138,987	222,118,500	▲ 3,020,487

Expenditures

(Unit: million yen)

	FY2024 (Initial) (A)	FY2025 (Initial) (B)	Changes (B) − (A)
Government Debt Consolidation Expenditures	220,861,626	218,164,211	▲ 2,697,415
Certificate, etc., Production Cost	3	174	171
JGB Handling Fees	23,823	26,742	2,919
Compensations, Redemptions, and Refunds	823	823	–
Currency Exchange Gap Compensations	0	0	0
Sales/Redemption Gap Compensations	98,000	199,000	101,000
Debt Redemption Expenses	209,233,972	205,142,477	▲ 4,091,495
Public Bonds, etc., Redemption	164,865,189	160,060,080	▲ 4,805,109
Financed with the General Account	148,209,928	149,574,213	1,364,285
Financed with Special Accounts	16,655,261	10,485,867	▲ 6,169,394
Borrowings Redemption	40,562,483	40,013,676	▲ 548,807
Financed with the General Account	586,872	586,215	▲ 657
Financed with Special Accounts	39,975,611	39,427,461	▲ 548,150
Financing Bills Redemption	3,806,300	5,068,720	1,262,420
Interest and Discount Expenses	11,505,005	12,794,996	1,289,991
Interests on Public Bonds, etc.	10,718,191	11,573,913	855,722
Financed with the General Account	10,025,625	10,866,447	840,822
Financed with Special Accounts	692,566	707,467	14,900
Interests on Borrowings	224,398	310,042	85,644
Financed with the General Account	10,725	9,865	▲ 860
Financed with Special Accounts	213,673	300,177	86,504
Interests on Financing Bills	562,417	911,041	348,624
Financed with the General Account	60,000	100,000	40,000
Financed with Special Accounts	502,417	811,041	308,624
Reconstruction Bonds Consolidation Expenditures	3,364,033	3,192,270	▲ 171,762
JGB Handling Fees	69	65	▲ 3
Equity Sale Fees	4,102	6	▲ 4,096
Sales/Redemption Gap Compensations	404	2,058	1,655
Debt Redemption Expenses	3,334,058	3,163,127	▲ 170,931
Public Bonds, etc., Redemption	3,334,058	3,163,127	▲ 170,931
Financed with Special Accounts	3,334,058	3,163,127	▲ 170,931
Interest and Discount Expenses	25,400	27,014	1,613
Interests on Public Bonds, etc.	24,575	25,814	1,238
Financed with Special Accounts	24,575	25,814	1,238
Interests on Borrowings	825	1,200	375
Financed with Special Accounts	825	1,200	375
GX Economy Transition Bonds Consolidation Expenditures	913,328	762,018	▲ 151,310
JGB Handling Fees	54	79	24
Sales/Redemption Gap Compensations	198	2,167	1,969
Debt Redemption Expenses	850,833	703,503	▲ 147,329
Public Bonds, etc., Redemption	850,833	703,503	▲ 147,329
Financed with Special Accounts	850,833	703,503	▲ 147,329
Interest and Discount Expenses	62,242	56,269	▲ 5,973
Interests on Public Bonds, etc.	62,242	56,269	▲ 5,973
Financed with Special Accounts	62,242	56,269	▲ 5,973
Total	225,138,987	222,118,500	▲ 3,020,487

Note 1: "Financed with the General Account" in the "Government Debt Consolidation Expenditures" and "Financed with Special Accounts" in the "Reconstruction Bonds Consolidation Expenditures" and "GX Economy Transition Bonds Consolidation Expenditures" include GDCF's original revenue.

Note 2: Figures may not sum up to the total because of rounding.

Note 3: Grants from Pension and Child and Child-rearing Support Accounts in the initial FY2024 budget is reclassified for a comparison with the expense in the initial FY2025 budget.

(3) Payment Status of Debt Redemption Expenses and Interest, Discount Expenses and so on for Each Account (FY2025 Initial Budget, FY2023 Settlement of Accounts)

The GDCF Special Account centrally conducts accounting for redemption and interest payments for public bonds and borrowings, using fiscal transfers from the General Account and other special accounts.

A FY2025 Initial Budget

(Unit: million yen)

	Debt Redemption Expenses	Interest and Discount Expenses	Others	Total	Remarks
Grants from Other Accounts	72,651,382	12,341,661	26,904	85,019,946	
Grant from the General Account	17,669,333	10,522,976	24,796	28,217,106	The redemption and interest of public bonds and borrowings, Treasury Financing Bill discount expenses, etc.
Grants from Special Accounts	54,982,048	1,818,684	2,108	56,802,840	
Local Allocation Tax and Local Transfer Tax	28,935,238	230,078	–	29,165,316	The redemption and interest of borrowings, and the interest of temporary borrowings
Forex Fund	–	787,870	686	788,556	The discount expense of Foreign Exchange Fund Financing Bills, etc.
FILP	10,485,867	701,757	1,393	11,189,018	The redemption and interest of FILP Bonds, the discount expenses of Fiscal Loan Fund Financing Bills, etc.
Energy Policy	13,607,925	50,979	14	13,658,917	The redemption and interest of borrowings, the redemption and discount expense of Petroleum Financing Bills and Nuclear Damage Liability Facilitation Financing Bills, etc.
Pension	1,434,835	22,957	–	1,457,792	The redemption and interest of borrowings, and the interest of temporary borrowings
Child and Child-rearing Support	–	16,776	13	16,789	The interest of Children Special Bonds, etc.
Stable Food Supply	157,964	804	1	158,769	The redemption and interest of borrowings, the redemption and discount expense of Food Financing Bills, etc.
Administration of National Forestry Management Debt	330,833	3,863	–	334,695	The redemption and interest of borrowings, and the interest of temporary borrowings
Motor Vehicles Safety	29,386	3,600	–	32,987	The redemption and interest of borrowings, and the interest of temporary borrowings
Grant from the Special Account for Reconstruction from the Great East Japan Earthquake or Other Accounts	21	26,865	65	26,951	
Grant from Special Account	21	26,865	65	26,951	
Reconstruction from the Great East Japan Earthquake	21	26,865	65	26,951	The redemption and interest of Reconstruction Bonds, the interest of temporary borrowings, etc.
Grant from Other Account for GX Promotion	–	54,038	79	54,117	
Grant from Special Account	–	54,038	79	54,117	
Energy Policy	–	54,038	79	54,117	The interest of GX Economy Transition Bonds, etc.

Note: Figures may not sum up to the total because of rounding.

B FY2023 Settlement of Accounts

(Unit: million yen)

	Debt Redemption Expenses	Interest and Discount Expenses	Others	Total	Remarks
Grants from Other Accounts	69,008,320	7,958,924	16,670	76,983,914	
Grant from the General Account	18,070,789	7,413,895	15,757	25,500,441	The redemption and interest of public bonds and borrowings, etc.
Grants from Special Accounts	50,937,531	545,029	913	51,483,473	
Local Allocation Tax and Local Transfer Tax	29,612,295	8,869	–	29,621,165	The redemption and interest of borrowings and the interest of temporary borrowings
Forex Fund	–	566	305	872	The discount expense of Foreign Exchange Fund Financing Bills, etc.
FILP	9,298,127	529,623	601	9,828,351	The redemption and interest of FILP Bonds, etc.
Energy Policy	9,976,513	338	7	9,976,857	The redemption of Government Bonds issued to Nuclear Damage Compensation and Decommissioning Facilitation Corporation, the redemption and interest of borrowings, the redemption of Petroleum Financing Bills, etc.
Pension	1,436,702	3,881	–	1,440,583	The redemption and interest of borrowings, and the interest of temporary borrowings
Stable Food Supply	239,828	56	0	239,885	The redemption and interest of borrowings, the redemption and discount expense of Food Financing Bills, etc.
Administration of National Forestry Management Debt	342,801	156	–	342,957	The redemption and interest of borrowings
Motor Vehicles Safety	31,265	1,540	–	32,804	The redemption and interest of borrowings
Grant from the Special Account for Reconstruction from the Great East Japan Earthquake or Other Accounts	187,779	207	30	188,016	
Grant from Special Account	187,779	207	30	188,016	
Reconstruction from the Great East Japan Earthquake	187,779	207	30	188,016	The redemption and interest of Reconstruction Bonds, etc.
Grant from Other Account for GX Promotion	–	–	6	6	
Grant from Special Account	–	–	6	6	
Energy Policy	–	–	6	6	JGB handling fees

Note: Figures may not sum up to the total because of rounding.

(4) Transfer of Redemption Resources, Redemption Amount, Outstanding Amount and Refunding Amount of the GDCF (FY2025 Initial Budget)

(Unit: billion yen)

	FY2023 (Actual)	FY2024 (Forecast)	FY2025 (Forecast)
<Transfer of financial resources for redemption>			
JGBs	27,738.9	32,433.9	28,000.3
(Financial Resources for Reconstruction Bond Redemption)	(301.5)	(358.9)	(111.3)
(Financial Resources for GX Economy Transition Bond Redemption)	(−)	(0)	(−)
General Account	17,761.3	17,422.0	17,379.8
Special Accounts	9,863.1	14,816.2	10,485.9
(Financial Resources for Reconstruction Bond Redemption)	(187.8)	(163.9)	(0)
(Financial Resources for GX Economy Transition Bond Redemption)	(−)	(−)	(−)
Revenue from the sales of shares	105.7	182.9	102.9
(Financial Resources for Reconstruction Bond Redemption)	(105.7)	(182.9)	(102.9)
Investment revenue, etc.	8.8	12.8	31.8
(Financial Resources for Reconstruction Bond Redemption)	(8.0)	(12.1)	(8.4)
(Financial Resources for GX Economy Transition Bond Redemption)	(−)	(0)	(−)
Borrowings	40,177.3	40,275.2	39,717.0
General Account	309.5	299.6	289.6
Special Accounts	39,867.8	39,975.6	39,427.5
Total	67,916.2	72,709.1	67,717.3
<Redemption Amount>			
JGBs	27,734.8	32,439.2	27,999.4
General Bonds	17,398.0	17,071.2	17,052.8
Subscription/ Contribution Bonds	737.2	2,256.9	349.4
FILP Bonds	9,298.1	12,752.3	10,485.9
Reconstruction Bonds	301.5	358.9	111.3
GX Economy Transition Bonds	−	0	−
Borrowings	40,177.3	40,275.2	39,717.0
Total	67,912.1	72,714.4	67,716.4
Outstanding Balance of GDCF at the End of FY	3,008.5	3,003.1	3,004.1
(Financial Resources for Reconstruction Bond Redemption)	(−)	(−)	(−)
(Financial Resources for GX Economy Transition Bond Redemption)	(−)	(−)	(−)

(Reference)

Refunding Bonds as Stipulated in Article 47(1) of the Act on Special Accounts	24,357.9	44,500.0	55,000.0
Outstanding Balance of GDCF at the End of FY incl. Refunding Bonds as Stipulated in Article 47(1) of the Act on Special Accounts	27,366.4	47,503.1	58,004.1

Refunding Amount of JGBs	153,921.1	134,181.4	136,223.1
(Refunding amount of Reconstruction Bonds)	(3,378.8)	(3,129.9)	(3,051.8)
(Refunding amount of GX Economy Transition Bonds)	(1,103.4)	(848.4)	(703.5)

Note 1: Expenses associated with share sales have been deducted from the revenue from share sales.
Note 2: Investment revenue etc. includes dividend revenue and carry-over from the previous year.
Note 3: Outstanding balance of GDCF at the end of FY does not include Refunding Bonds as stipulated in Article 47(1) of the Act on Special Accounts.
Note 4: Refunding Bonds as stipulated in Article 47(1) of the Act on Special Accounts for FY2024(Forecast) and FY2025(Forecast) are the limit of general provisions concerning the Budget.
Note 5: Figures may not sum up to the total because of rounding.

(5) GDCF Investment in JGBs

(Unit: trillion yen)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Treasury Discount Bills	−	−	−	−	−	−	−	−	−	16.8
Gensaki, etc.	0.1	0.3	0.3	0.2	0.6	0.2	0.1	0.1	0.1	10.8
Total	0.1	0.3	0.3	0.2	0.6	0.2	0.1	0.1	0.1	27.6

Note: Figures may not sum up to the total because of rounding.

(6) Budgetary Surplus of the Special Account of the GDCF

(Unit: billion yen)

	Budgetary Surplus	Outstanding Balance of GDCF
FY 2019	3,091.8	3,020.0
FY 2020	3,052.2	3,005.0
FY 2021	3,078.7	3,018.0
FY 2022	3,067.0	3,004.4
FY 2023	3,070.0	3,008.5
FY 2024	3,003.1	3,003.1
FY 2025	3,004.1	3,004.1

Note : Data for FY2024 and FY2025 is based on the initial budget for FY2025.

(7) Various Meetings

A. Study Group on Government Debt Management

<Members>

AKAMATSU Keiichi	Deputy Head of Global Markets Business Unit, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
IWASHITA Mari	Executive Rates Strategist, Market Strategy Research, Nomura Securities Co,Ltd.
KAMEDA Keigo	Professor, School of Policy Studies, Kwansei Gakuin University
MORITA Chotaro	All Nippon Asset Management Chief Strategist / Walls & Bridges President
SAMIKAWA Ikuko	Director, Financial Research, Lead Economist, Economic Research Department, Deputy Executive Secretary, Japan Center for Economic Research
SHINO Junnosuke	Associate Professor, Faculty of International Research and Education, Waseda University
TAKIZAWA Miho	Professor, Faculty of Economics, Gakushuin University
TOMURA Hajime	Professor, Faculty of Political Science and Economics, Waseda University

(8 members)
(Alphabetical order)
(As of May 8, 2025)

<Actual Achievement>

Date	Content
June 13, 2022 (1st Round) *In-person / Online conference	・Current status and issues regarding JGB issuance
November 10, 2022 (2nd Round)	・Current status and issues regarding JGB issuance ・Trends in the Yen interest rate market: spillover of global upward pressure on interest rates ・Cost-at-Risk analysis
Jun 2, 2023 (3rd Round) *In-person / Online conference	・Stable absorption of JGBs ・Natural interest rate and long term yield
Nov 21, 2023 (4th Round) *In-person / Online conference	・Current status and issues regarding JGB issuance ・Current status regarding JGB issuance 1. Liquidity and Challenges in JGB Market ~Preparing for positive rates~ 2. Overview of JGB Futures at Osaka Exchange
May 9, 2024 (5th Round)	・Report 1. JGB Issuance Plan for FY2024 2. Changes in the monetary policy framework ・Issues for stable issuance and absorption of JGBs in the future
June 21, 2024 (6th Round) *In-person / Online conference	・Report 1. Debt Management Policies in Foreign Countries 2. Comment from members ・Market and investor trends after changes in the monetary policy ・Initiatives for stable issuance and absorption of JGBs in the future
October 18, 2024 (7th Round) *In-person / Online conference	・Direction of future views in response to “Summary of Discussions” ・Recent monetary policy ・Outlook for the structure of JGB holdings in the future
May 8, 2025 (8th Round)	・Report from Debt Management Organization ・Trends and Analysis of JGBs market

B. The Meeting of JGB Market Special Participants

<Members>

Barclays Securities Japan Limited
BNP Paribas Securities (Japan) Limited
BofA Securities Japan Co., Ltd.
Citigroup Global Markets Japan Inc.
Credit Agricole Securities Asia B.V.
Daiwa Securities Co. Ltd.
Deutsche Securities Inc.
Goldman Sachs Japan Co., Ltd.
JPMorgan Securities Japan Co., Ltd.
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Mizuho Bank, Ltd.
Mizuho Securities Co., Ltd.
Morgan Stanley MUFG Securities Co., Ltd.
Nomura Securities Co., Ltd.
Okasan Securities Co., Ltd.
SMBC Nikko Securities Inc.
Societe Generale Securities Japan Limited
Sumitomo Mitsui Banking Corporation
Tokai Tokyo Securities Co., Ltd.

(19 companies)
(Alphabetical order)
(As of December 27, 2023)

<Actual Achievement>

Date	Content
June 24, 2024 (109th Round)	・Issuance size and Buy-back amount of Inflation-Indexed Bonds in the July-September 2024 quarter ・Issuance size of Liquidity Enhancement Auctions in the July-September 2024 quarter ・Latest JGB market situation and outlook in the future
September 25, 2024 (110th Round)	・Issuance size and Buy-back amount of Inflation-Indexed Bonds in the October-December 2024 quarter ・Issuance size of Liquidity Enhancement Auctions in the October-December 2024 quarter ・Issuance of Japan Climate Transition Bonds from October 2024 ・Latest JGB market situation and outlook in the future
November 26, 2024 (111st Round)	・Current trends on JGB investment and opinions on the formulation of the JGB issuance plan for FY2025
December 11, 2024 (112nd Round)	・JGB issuance plan for FY2025 ・Issuance size and Buy-back amount of Inflation-Indexed Bonds in the January-March 2025 quarter ・Issuance size of Liquidity Enhancement Auctions in the January-March 2025 quarter ・Basic product features(draft) of the New Floating-rate JGBs to be issued ・Latest JGB market situation and outlook in the future
March 21, 2025 (113rd Round)	・Reopening rules of fixed-rate coupon-bearing bonds in FY2025 ・Auction methods of fixed-rate coupon-bearing bonds in FY2025 ・Issuance size and Buy-back amount of Inflation-Indexed Bonds in the April-June 2025 quarter and others ・Issuance size of Liquidity Enhancement Auctions in the April-June 2025 quarter ・Latest JGB market situation and outlook in the future

C. The Meeting of JGB Investors

<Members>

1. Investors

Capula Investment Management LLP
Japan Post Bank Co., Ltd.
Japan Post Insurance Co., Ltd.
MUFG Bank, Ltd.
National Mutual Insurance Federation of Agricultural Cooperatives
Nippon Life Insurance Company
Pension Fund Association
PGIM Japan Co., Ltd.
Shinkin Central Bank
Sumitomo Mitsui Trust Asset Management Co., Ltd.
Sumitomo Mitsui Trust Bank, Limited
The Bank of Nagoya, Ltd.
The Joyo Bank, Ltd.
The Norinchukin Bank
Tokio Marine Holdings, Inc.

(15 companies)
(Alphabetical order)

2. Academics

KOHYAMA Hiroyuki
- Professor, The University of Tokyo Graduate Schools for Law and Politics

TOMITA Toshiki
- Guest Scholar, Nomura Institute of Capital Markets Research

(Chairperson) YOSHINO Naoyuki
- Professor Emeritus of Economics, Keio University
- Specially Appointed Professor, Tokyo Metropolitan University (International Economics)
- Advisor, Financial Research Center, Financial Services Agency (FSA)

(3 members)
(Alphabetical order)
(As of April 30, 2025)

<Actual Achievement>

Date	Content
November 27, 2024 (95th Round)	・Current trends on JGB investment and opinions on the formulation of the JGB issuance plan for FY2025
March 24, 2025 (96th Round)	・Reopening rules of fixed-rate coupon-bearing bonds in FY2025 ・Auction methods of fixed-rate coupon-bearing bonds in FY2025 ・Issuance size and Buy-back amount of Inflation-Indexed Bonds in the April-June 2025 quarter and others ・Issuance size of Liquidity Enhancement Auctions in the April-June 2025 quarter ・Latest JGB market situation and outlook for future investments

D. The Meeting of JGB Top Retailers

<Members>

Chuo Labour Bank
Daiwa Securities Co. Ltd.
JA IRUMANO
JAPAN POST BANK Co., Ltd.
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Mizuho Bank, Ltd.
Mizuho Securities Co., Ltd.
MUFG Bank, Ltd.
Nomura Securities Co., Ltd.
North Pacific Bank, Ltd.
Resona Bank, Limited
Saitama Resona Bank, Limited
SBI SECURITIES Co., Ltd.
SMBC Nikko Securities Inc.
Sumitomo Mitsui Banking Corporation
Sumitomo Mitsui Trust Bank, Limited
JOYO BANK, Ltd.
THE NAGANO-KEN SHINKUMI BANK
The Tama Shinkin Bank

(19 companies)
(Alphabetical order)
(As of June 2, 2025)

<Actual Achievement of Past Meetings>

Date	Content
June 7, 2021 (20th Round) *Online meeting	・Explanation from the Financial Bureau regarding trends vis-à-vis the sale of JGBs for Retail Investors, initiative cases by handling institutions for the sale of JGBs for Retail Investors, enhancement of cooperation between the Financial Bureau and handling institutions and advertisement of JGBs for Retail Investors ・Explanation from handling institutions regarding their efforts at selling JGBs for Retail Investors ・Exchange of opinions with regard to each content
June 8, 2022 (21st Round) *Online meeting	・Explanation from the Financial Bureau regarding trends vis-à-vis the sale of JGBs for Retail Investors, advertisement of JGBs for Retail Investors, initiative cases by handling institutions for the sale of JGBs for Retail Investors, cautions on handling JGBs for Retail Investors, and initiative policy for FY2022 ・Explanation from handling institutions regarding their efforts at selling JGBs for Retail Investors ・Exchange of opinions with regard to each content
June 15, 2023 (22nd Round) *In-person meeting/Online meeting	・Explanation from the Financial Bureau regarding trends vis-à-vis the sale of JGBs for Retail Investors and advertisement of JGBs for Retail Investors ・Explanation from handling institutions regarding their efforts at selling JGBs for Retail Investors ・Exchange of opinions with regard to each content
June 7, 2024 (23rd Round) * In-person meeting/Online meeting	・Explanation from the Financial Bureau regarding trends vis-à-vis the sale of JGBs for Retail Investors ・Explanation from an advertising agency regarding advertisement of JGBs for Retail Investors ・Explanation from handling institutions regarding their efforts at selling JGBs for Retail Investors ・Exchange of opinions with regard to each content
June 9, 2025 (24th Round)	・Explanation from the Financial Bureau regarding trends vis-à-vis the sale of JGBs for Retail Investors ・Explanation from an advertising agency regarding advertisement of JGBs for Retail Investors ・Explanation from handling institutions regarding their efforts at selling JGBs for Retail Investors ・Explanation from the Financial Bureau regarding the expansion of sales of JGBs for Retail Investors to corporations, etc. ・Exchange of opinions with regard to each content

(8) History of Postwar Debt Management Policy

FY	Debt Management Policy	Fiscal Policy, etc.
47 ～ 64		
65	66.1 Launch of underwriting Syndicate (7-year) 66.3 Launch of underwriting by Trust Funds Bureau	The issuance of Revenue-Supplementary Bonds in the supplementary budget (Start of issuance of bonds)
66		Introduction of Construction Bonds
67		
68	68.4 Introduction of “*Tokubetsu-Maruyu*” tax free saving schemes 68.5 Formation of Redemption system	
69		
70		
71	72.1 Extension of term-to-maturity for JGBs (7 years → 10 years)	Nixon Shock
72		
73		First year of the welfare era First oil crisis of 1973
74		
75		Launch of issuance of Special Deficit-Financing Bonds
76	77.1 Launch of auction for discount bonds (5-year)	
77	77.4 Launch of liquidity of JGBs acquired by financial institutions	
78	78.6 Launch of auction for medium-term bonds (3-year)	Proactive fiscal management for 7% growth promised at Bonn summit
79	79.6 Launch of auction for medium-term bonds (2-year) 80.1 Launch of sales for Fund of medium-term JGBs 80.2 Creation of the JGB Book-Entry System	Second oil crisis of 1979 Locomotive theory Setting of the goal (fiscal year 1984) to grow out of dependence on Special Deficit-Financing Bonds
80	80.6 Launch of auction for medium-term bonds (4-year)	The first step toward fiscal reconstruction
81	81.9 Direct issuance of 6-Year Bonds	The global depression
82	83.2 Direct issuance of 15-Year Floating-Rate Bonds	Setting of “*Zero-Ceiling*”
83	83.4 Launch of handling for offering of JGBs by financial institutions\ 83.9 Direct issuance of 20-Year Bonds	Setting of “*Minus-Ceiling*” Setting of the goal (fiscal year 1990) to grow out of dependence on Special Deficit-Financing Bonds
84	84.6 Launch of dealing of JGBs by financial institutions	
85	85.6 Amendment of the law for the Act on GDCF Special Account ① Launch of issuance of short-term bonds and Refunding Bonds (front-loading) ② Reversion of former NTT stocks, etc. to the Account 85.10 Launch of JGB Futures Trading 86.2 Launch of auction for short-term bonds	
86	86.10 Launch of underwriting Syndicate (20-year)	
87	87.9 Launch of auction for Fixed-rate bonds (20-year) 87.11 Introduction of system for underwriting auction of 10-Year Bonds	
88	88.4 Launch of handling for offering of JGBs in post offices	
89	89.4 Introduction of partial auction system for 10-Year Bonds by Syndicate	Introduction of consumption tax (3%)
90	90.10 Extension to the ratio of bids by Syndicate (10-Year Bonds; 40% → 60%)	Growing out of dependence on Special Deficit-Financing Bonds Issuance of Ad-hoc Special Deficit-Financing Bonds (in response to the Gulf War)
91	91.4 Same-day-announcement of auction results for 10-Year Bonds	
92	92.4 Tax exemption on profit from redemption for TB and FB owned by foreign corporations	
93	94.1 Extension of scope for “*Maruyu*” tax free saving schemes (3.5 million yen) 94.2 Launch of auction for Fixed-rate bonds (6-year)	
94		Issuance of Tax Cut Special Deficit-Financing Bonds (until FY1996) Issuance of Special Deficit-Financing Bonds for Earthquake
95		Re-issuance of Special Deficit-Financing Bonds
96	96.4 Introduction of auction for 20-Year Bonds in each quarter of the year 96.4 Launch of the Japanese Repurchase (Repo) Transactions	Setting of the goal for fiscal consolidation (Grow out of dependence on Special Deficit-Financing Bonds by fiscal year 2005)
97		Act on Special Measures concerning Promotion of Fiscal Structural Reform
98	98.4 Launch of the non-competitive auction for medium-term JGBs 99.1 Abolishment of the article pre-maturity redemption 99.3 Prior announcement of auction schedules and amounts of issuance	Consumption tax hike from 3% → 5% Suspension of the special law for promoting fiscal structural reform
99	99.4 Launch of auction for T-Bill (1-year) 99.9 Launch of auction for Fixed-rate bonds (30-year) 00.2 Introduction of Fixed-rate bonds (5-year)	Reduction for income tax and corporate tax
00	00.6 Launch of auction for 15-Year Floating-Rate Bonds 00.9 Launch of the Meeting of JGB Market 00.11 Launch of auction for discount bonds (3-year) 01.3 Introduction of the immediate reopening rule	
01	01.4 Introduction of new *Gensaki* transactions 01.10 Alteration of announcement of auction calendar (announce next 3 months)	Formation of the *Koizumi* Cabinet Launching of issuance of FILP Bonds
02	02.4 Launch of the Meeting of JGB Investors 02.5 Raising of the ratio of competitive auction in Syndicate (From 60% to 75%; applied since May, 2002) 02.5 Reduction of the fee of underwriting Syndicate (From 0.63 yen to 0.39 yen; applied since May, 2002) 03.1 Introduction of a new Book-Entry Transfer System 03.1 Introduction of STRIPS 03.2 Launch of the auction for Buy-back 03.3 Introduction of JGBs for Retail Investors	
03	03.5 Raising of the ratio of competitive auction in Syndicate (From 75% to 80%; applied since May, 2003) 03.12 Announcement of “Forthcoming Development of Debt Management Policy” 04.2 Launch of WI transactions 04.3 Introduction of 10-Year Inflation-Index Bonds	
04	04.5 Raising of the ratio of competitive auction in Syndicate (From 80% to 85%; applied since May, 2004) 04.5 Reduction of the fee of Underwriting Syndicate (From 0.39 yen to 0.23 yen; applied since May, 2004) 04.7 Reinforcement of Debt Management System Establishment of Deputy Director-General and Special Officer for Analysis on Debt Market Separation of the Debt Management Division into two Appointment of non-government persons, etc. 04.10 Introduction of JGB Market Special Participants Scheme Designation of JGB Market Special Participants Launch of the Meeting of JGB Market Special Participants Launch of the Non-Price Competitive Auction II 04.11 Launch of the Advisory Council on Government Debt Management 05.1 Launch of overseas IRs	

FY	Debt Management Policy	Fiscal Policy, etc.
05	05.4 Launch of the Non-Price Competitive Auction I 05.4 Raising of the ratio of competition auction in Syndicate (From 85% to 90%; applied since April, 2005) 05.7 Revision of rules related to auctions Introduction of bid limitation for competitive auction of JGBs and FB Alteration of auction system for 15-Year Floating-Rate Bonds (conventional method) 06.1 Introduction of new type of JGBs for Retail Investors (fixed-rate) 06.1 Extension of targets of Auction for Buy-back (for all brands) 06.3 Abolishment of the government bond for underwriting Syndicate	
06	06.4 Launch of Liquidity Enhancement Auctions 06.12 Announcement of re-opening issuance in principle of 10-Year Inflation-Indexed Bonds and 30-Year Bonds 07.1 Introduction of FB (6-Month) (transferred from TB (6-Month))	Formation of the *Abe* Cabinet
07	07.4 Execution of law regarding Special Accounts (legislation of rules of swaption transaction, etc.) 07.4 Alteration of auction system for 30-Year Bonds (conventional method) 07.6 Launch of the Meeting of JGB Top Retailers 07.9 Announcement of re-opening issuance in principle of 15-Year Floating-Rate Bonds 07.10 Introduction of the New Over-The-Counter (OTC) Sales System 07.11 Launch of auction for fixed-rate bonds (40-year)	Formation of the *Fukuda* Cabinet
08	08.4 Introduction of Special Liquidity Enhancement Auctions 08.4 Setting of the issuance date of coupon-bearing bonds as T (auction date) + 3, in principle 08.4 Extension of scope for Liquidity Enhancement Auctions (Coupon-bearing bonds from 6-year to 29-year except for 10-Year Inflation-Indexed Bonds and 15-Year Floating-Rate Bonds) 08.6 Launch of Buy-back of STRIPS 08.8 Reduction in planned issuance amount of 15-Year Floating-Rate Bonds (four times per year → twice per year) 08.9,10 Reduction in planned issuance amount of 10-Year Inflation-Indexed Bonds (Suspension of issuance) 08.12 Reduction in planned issuance amount of 10-Year Inflation-Indexed Bonds and 15-Year Floating-Rate Bonds (Suspension of issuance; Feb, 2009) etc. 09.1 Raising of the Bidding upper limit for Non-Price Competitive Auction II from "10% of the amount in the normal auction" to "15%" 09.2 Launch of issuance of T-Bills by the integration of TB and FB	Global financial crisis Formation of the *Aso* Cabinet
09	09.4 Extension of total amount of Buy-back from the market (3 → 4 trillion yen) (Centering on 10-Year Inflation-Indexed Bonds and 15-Year Floating-Rate Bonds) 09.7 Extension of scope for Liquidity Enhancement Auctions (Coupon-bearing bonds from 5-year to 29-year) 10.1 Reduction in amount of Buy-back for 10-Year Inflation-Indexed Bonds and 15-Year Floating-Rate Bonds (In terms of a change from response to the financial crisis to ordinary support) 10.3 Announcement of real interest rate (constant maturity basis) based on the daily JGB prices in the secondary market on the MOF website	Formation of the *Hatoyama* Cabinet
10	10.7 Issuance of JGBs for Retail Investors (3-year) since July (offered in June), 2010 10.12 Execution of Buy-back with reduced resources from Government Debt Consollidation Fund(GDCF)	Formation of the *Kan* Cabinet
11	11.7 Revisions to Rate-Setting Formula for JGBs for Retail Investors (10-Year Floating Rate) 12.1 Issuance of Reconstruction Bonds for Retail Investors since January, 2012 (offered in December, 2011)	Formation of the *Noda* Cabinet Issuance of Reconstruction Bonds
12	12.4 Issuance of Reconstruction Supporters' Bonds for Retail Investors since April, 2012 (offered in March, 2012) Setting of the issuance date for JGB and T-Bill as T (auction date) + 2, in principle 13.1 Announcement of reduction of the Issuance of Refunding Bonds by using the GDCF	Formation of the Abe Cabinet Issuance of Special Bonds for covering Public Pension Funding (until FY2013)
13	13.7 Extension of scope for Liquidity Enhancement Auctions (Coupon-bearing bonds from 5-year to 39-year bonds) 13.10 Resumption of issuance for Inflation-Indexed Bonds 13.12 Launch of the monthly offering and issuance of JGBs for retail investors (10-Year Floating Rate and 5-Year Fixed Rate) Announcement of re-opening issuance in principle for 20-Year Bonds	
14	14.5 Announcement regarding allowing Retail Investors to hold JGBi from January, 2015 15.1 Launch of purchase of JGBi by Retail Investors through direct negotiation	Consumption tax hike from 5% to 8%
15	15.4 Reduction of the Bidding upper limit for auction participants from "planned issuance amount" to "half of planned issuance amount" 15.4 Raising of the minimum bidding responsibility amount for JGB market Special Participants from 3% of the planned issue amount to 4%	
16	16.4 Extension of scope for Liquidity Enhancement Auctions (Coupon-bearing bonds from 1-year to 39-year bonds) 16.4 Launch Buy-backs of Inflation-Indexed Bonds	
17	17.7 Raising of the upper issue limit for Non-Price Competitive Auction I from "10% of the planned issue amount" to "20%" 17.7 Raising of the minimum bidding responsibility amount for JGB market Special Participants from 4% of the planned issue amount to 5%	
18	18.5 Setting of the issuance date of JGB and T-Bill as T (auction date) + 1, in principle	
19	20.1 Reduction of the Bidding upper limit for Non-Price Competitive Auction II from "15% of the amount in the normal auction" to "10%" 20.3 Buy-back of Inflation-Indexed Bonds worth 300 billion yen	Consumption tax hike from 8% to 10% Implementation of the reduced tax rate system for consumption tax Spread of COVID-19
20	20.4 Suspension of Non-Price Competitive Auction II for Inflation-Indexed Bonds 20.4 Raising the Buy-back of Inflation-Indexed Bonds from 20 billion yen to 50 billion yen per buy-back 20.10 Revision of the fee system for JGBs for Retail Investors (Introduction of a management fee)	Formation of the *Suga* Cabinet
21	21.4 Reduction of the lower limit for a coupon on interest-bearing JGBs from 0.1% to 0.005% 21.6 Termination of the Advisory Council on Government Debt Management 22.1 Reduction of Buy-back of Inflation-Indexed Bonds from 50 billion yen to 20 billion yen per buy-back 22.3 Change of the minimum bidding responsibility amount for JGB Market Special Participants from "5% of the planned issue amount" to "100/n(*)%" *n is the number of the JGB Market Special Participants	Formation of the *Kishida* Cabinet
22	22.6 Commencement of Study Group on Government Debt Management	
23	24.2 Launch of auction for Japan Climate Transition Bonds	
24	24.12 ・Annoucement of Study Group on Government Debt Management, Main Points of "Initiatives for Stable Issuance and Absorption of JGBs in the future" ・Annoucement of "Basic Product Features of the New Floating-rate JGBs"	Formation of the *Ishiba* Cabinet

(9) Government Bond-related Legal Systems

A. Legal basis of issuance

All JGBs are issued in accordance with applicable laws. Depending on legal grounds, JGBs are categorized into JGBs (Construction Bonds, Special Deficit-Financing Bonds, Reconstruction Bonds, GX Economy Transition Bonds, Childern Special Bonds, Semiconductors and AI Bonds, Refunding Bonds, and Fiscal Investment and Loan Program (FILP) Bonds), Financing Bills for financing temporary cash shortage of the national treasury, and Subsidy Bonds granted in place of cash payments.

According to Art. 85 of the Japanese Constitution, the Diet approval is necessary when the central government intends to assume new liabilities.

a. Public Finance Act, Art. 4 (1), Proviso (Construction Bonds)

Proviso to Art. 4 (1) of the "Public Finance Act" permits, as an exception, the ability to issue bonds and carry out borrowings within amounts that correspond to public works, capital subscriptions, and lending. These expenditures, which are not consumptive, contribute to the asset formation of the state, normally with long-term benefits. Therefore, with regard to this type of expenditure, financial resources can be procured through bond issuance or borrowing, and the understanding is that future generations can be required to share in the burden of debt service.

In other words, Art. 4 (1) of the "Public Finance Act" rests on the concept of an equitable sharing of the financial burden across the generations, and is interpreted to stipulate a principle of sound fiscal policy such that bond issuance and/or borrowing are permitted, limited to public works expenditure, etc.

However, the government can issue Construction Bonds within the amount approved by the Diet, and the ceiling amount is provided under the general provisions of the General Account budget.

Furthermore, Art. 4 (2) provides that when this ceiling amount is put to a parliamentary vote, the government is obliged to submit to the Diet a redemption plan that shows the redemption amount for each fiscal year, the redemption method and the redemption periods.

b. Special Law for Special Deficit-Financing Bonds (Special Deficit-Financing Bonds)

A special law for Special Deficit-Financing Bonds legislated in each fiscal year and the "Act on Special Provisions concerning Issuance of Public Bonds to Secure Financial Resources Required for Fiscal Management" provide for "issuance in addition to the government bonds issued pursuant to the proviso of Art. 4 (1) of the Public Finance Act." The purpose of this provision is to limit the issuance of Special Deficit-Financing Bonds to cases where, despite the issuance of Construction Bonds, a revenue shortfall is expected to arise.

These laws provide merely the authority to issue Special Deficit-Financing Bonds, but leave it to the general provisions of the General Account budget to stipulate the specific ceiling amount. The reason for this structure is that the applicable ceilings for the issuance of government bonds each fiscal year are decided within the balance of total income and expenditure for the fiscal year in question. In this sense, since the ceiling amount for JGBs is inseparably linked to budgeted income and expenditure, it is considered most appropriate to have these matters stipulated in the general provisions of the General Account budget and to hold a parliamentary debate and obtain a decision as part of wider income and expenditure considerations.

Moreover, as with Construction Bonds, when the issuance ceiling for Special Deficit-Financing Bonds requires Diet approval, a redemption plan must be submitted to the Diet for reference during the deliberations.

Issuance of Special Deficit-Financing Bonds is an exceptional measure. Actual issuance can be within the amount approved by the Diet, must be made with consideration for the state of income sources such as tax revenues, and must be kept as low as possible. In this context, the government is allowed to issue Special Deficit-Financing Bonds even during the accounting adjustment term. Specifically, the government is allowed to issue Special Deficit-Financing Bonds until the end of June in the next fiscal year, in order to adjust the issuance amount of Special Deficit-Financing Bonds until the end of May in the next fiscal year: the deadline for collecting the tax revenue for the fiscal year.

In addition, the government must strive to expeditiously reduce Special Deficit-Financing Bonds.

c. Act on Special Measures concerning the securing of financial resources to execute measures necessary for recovery from the Great East Japan Earthquake, Art. 69 (1) and (4) (Reconstruction Bonds)

Reconstruction Bonds are government bonds issued pursuant to Art. 69 (1) and (4) of the "Act on Special Measures concerning the securing of financial resources to execute measures necessary for recovery from the Great East Japan Earthquake." These bonds are issued from FY 2011 to FY 2025 as bridging finance to secure funding for measures related to cover reconstruction from the Great East Japan Earthquake. Reconstruction Bonds were issued as a General Account item in FY2011, but the government issued these bonds under the Special Account for Reconstruction from the Great East Japan Earthquake from FY2012 onward.

The issuance of Reconstruction Bonds is permitted within the amount approved by the National Diet, similar to Construction Bonds or Special Deficit-Financing Bonds. Their issuance cap is stipulated in the general provisions of the General Account budget with regard to FY2011 and in the general provisions of the Special Account budget with regard to FY2012 onwards. In addition, similar to Special Deficit-Financing Bonds, there is a system in place for the issuance of bonds in the accounting adjustment term.

Furthermore, regarding Reconstruction Bonds, including their Refunding Bonds, it is stipulated that they will be redeemed by revenues generated from the Special Taxes for Reconstruction, etc. from FY2012 to FY2037, up to FY 2037.

d. Act on Promoting Transition to the Decarbonized Growth Economic Structure, Art. 7 (1) (GX Economy Transition Bonds)

GX Economy Transition Bonds are government bonds issued pursuant to Art. 7 (1) of the "Act on Promoting Transition to the Decarbonized Growth Economic Structure" to support upfront investment toward the realization of the "Strategy to Promote Transition to the Decarbonized Growth Economic Structure." These bonds are issued from FY 2023 to FY 2032 as bridging finance, which amount to approximately 20 trillion yen.

The issuance of GX Economy Transition Bonds is permitted within the amount approved by the National Diet, similar to Construction Bonds or Special Deficit-Financing Bonds. Their issuance cap is stipulated in the general provisions of the Special Account budget. In addition, similar to Special Deficit-Financing Bonds, there is a system in place for the issuance of bonds in the accounting adjustment term.

Furthermore, regarding GX Economy Transition Bonds, including their Refunding Bonds, it is stipulated that they will be redeemed by revenues from GX-Surcharge (Surcharge on fossil fuel supply) for companies such as fossil fuel importers and GX-ETS (Emissions Trading System), up to FY 2050.

e. Child and Child Care Support Act, Art. 71-26 (1) (Children Special Bonds)

Children Special Bonds are government bonds issued pursuant to Art. 71-26 (1) of the "Child and Child Care Support Act." These bonds are issued from FY 2024 to FY 2028 as bridging finance for strengthening Policies supporting children and child-rearing radically until stable financial resources will be secured.

The issuance of Children Special Bonds is permitted within the amount approved by the National Diet, similar to Construction Bonds or Special Deficit-Financing Bonds. Their issuance cap is stipulated in the general provisions of the Special Account budget. In addition, similar to Special Deficit-Financing Bonds, there is a system in place for the issuance of bonds in the accounting adjustment term.

Furthermore, regarding Children Special Bonds, including their Refunding Bonds, it is stipulated that they will be redeemed by Child and Child-rearing Support Levy, up to FY 2051.

f. Act on Facilitation of Information Processing, Art. 69 (1) (Semiconductors and AI Bonds)

Semiconductors and AI bonds are government bonds issued pursuant to Art. 69 (1) of the "Act on Facilitation of Information Processing." These bonds will be issued from FY 2025 to FY 2030 as bridging finance to secure funding for measures related to advanced semiconductors and artificial intelligence technologies.

The issuance of Semiconductors and AI bonds is permitted within the amount approved by the National Diet, similar to Construction Bonds or Special Deficit-Financing Bonds. Their issuance cap is stipulated in the general provisions of the Special Account budget. In addition, similar to Special Deficit-Financing Bonds, there is a system in place for the issuance of bonds in the accounting adjustment term.

Furthermore, regarding Semiconductors and AI Bonds, including their Refunding Bonds, it is stipulated that they will be redeemed by transfer from the Investment Account of the FILP Special Account to Special Accounts for Energy Measures, up to FY 2050.

g. Act on Special Accounts, Art. 46 (1) and Art. 47 (1) (Refunding Bonds)

Art. 46 (1) of the "Act on Special Accounts" allows the government to issue Refunding Bonds up to the amount necessary for JGB adjustment or redemption without Diet approval of the issuance ceiling or submission of a redemption plan. The reason is that, unlike new financial resource bonds such as Construction Bonds and Special Deficit-Financing Bonds, the issuance of Refunding Bonds does not lead to an increase in the total amount of outstanding debt. Besides, since circumstances will require that the issuance of Refunding Bonds must occur promptly and flexibly in accordance with financial market conditions, the time constraints associated with the issuance of Refunding Bonds do not allow for procedures such as the advance submission of redemption plans or advance Diet approval of the issuance amount.

In addition, in order to enable flexible issuance in response to financial conditions, Art. 47 (1) allows front-loaded issuance of Refunding Bonds. However, this front-loading is restricted to the ceiling amount stipulated in the general provisions of the Special Account budget approved in advance by the Diet.

h. Act on Special Accounts, Art. 62 (1) (Fiscal Investment and Loan Program Bonds)

Along with the 2001 reform of the FILP, Art. 62 (1) of the "Act on Special Accounts" permits the issuance of Fiscal Investment and Loan Program Bonds (FILP Bonds), which are charged to the Fiscal Loan Fund Account, in order to finance the Fiscal Loan Fund operations. According to Art. 62 (2), as the central government issues FILP Bonds based on its credit, an approval from the Diet is necessary on the issuance amount in a similar manner to other JGBs. Art. 62 (3) stipulates that the expenditure schedule must be accompanied by a redemption plan.

i. Others (Financing Bills, etc.)

Financing Bills are issued in accordance with Art. 7 of the "Public Finance Act" or the "Act on Special Accounts," etc. Subsidy Bonds are issued in line with their respective condolence money allowance legislations, and specific legislations, such as the Act on Nuclear Damage Compensation and Decommissioning Facilitation Corporation.

B. Other laws

a. Act on National Government Bonds (Basic matters of JGBs)

The "Act on National Government Bonds" defines basic matters of JGBs and stipulates, among others, matters related to bond issuance such as the conditions of JGB issuance and necessary matters concerning debt service, securities certificates, and registration, which are determined by the Minister of Finance. Clerical tasks concerning JGBs are performed by the Bank of Japan; matters concerning the registration of JGBs; matters concerning restrictions on the transfer of JGBs; remedies in cases of the destruction or loss of JGB certificates; and matters concerning the extinctive prescription of JGBs. In relation to matters not stipulated in this law, the Civil Code and the Commercial Code, as well as general rules such as transaction conventions, are applicable.

Specific procedures for the issuance and redemption of JGBs are stipulated in the "Rules Concerning National Government Bonds"; the "Ordinance of the Ministry of Finance on Issuance, etc. of National Government Bonds"; the "Rules for the Handling of National Government Bonds in the Bank of Japan"; and the "Ordinance of the Ministry of Finance Concerning Special Handling Procedures of the Bank of Japan for the Payment, etc., of Principal and Interest of National Government Bonds" among others.

b. Act on Special Accounts, Art. 38 through 49 (Redemption of JGBs, etc.)

The redemption of JGBs (payment of principal) and the payment of interest occur through the GDCF established by the "Act on Special Accounts."

The act stipulates the following matters regarding the GDCF: the establishment of the GDCF for the redemption of JGBs including borrowings, redemption resources and transfer methods, the issuance of JGBs (Refunding Bonds) for JGB consolidation and/or redemption, and the successive carry-over of debt redemption cost.

2 Primary Market for Government Bonds

(1) Changes in JGB Market Issuance by JGB Type

(Unit: billion yen, %)

	FY2006 (Actual)		FY2007 (Actual)		FY2008 (Actual)		FY2009 (Actual)		FY2010 (Actual)		FY2011 (Actual)		FY2012 (Actual)		FY2013 (Actual)		FY2014 (Actual)		FY2015 (Actual)	
		Share		Share		Share		Share		Share		Share		Share		Share		Share		Share
40-Year	–	–	99.9	0.1	601.9	0.6	1,100.0	0.8	1,198.7	0.8	1,598.9	1.1	1,597.5	1.1	1,597.8	1.0	1,598.0	1.0	1,998.3	1.3
30-Year	2,299.2	2.0	2,397.4	2.2	2,898.7	2.7	3,995.5	2.9	4,795.1	3.4	5,593.9	3.9	5,593.1	3.7	6,791.8	4.3	7,991.4	5.2	9,591.0	6.3
20-Year	9,595.0	8.5	9,590.4	8.7	10,091.7	9.5	12,597.7	9.2	13,190.1	9.2	13,189.9	9.1	14,389.8	9.6	14,389.4	9.2	14,388.8	9.3	14,388.5	9.5
15-Year CMT	5,389.1	4.8	3,396.7	3.1	599.6	0.6	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10-Year	22,799.0	20.2	22,792.5	20.8	22,657.7	21.4	24,992.5	18.2	26,389.9	18.5	26,388.5	18.2	27,788.4	18.6	28,789.7	18.4	28,791.8	18.6	28,791.8	18.9
10-Year JGBi	2,498.9	2.2	2,997.5	2.7	1,499.3	1.4	–	–	–	–	–	–	–	–	599.4	0.4	1,799.5	1.2	1,999.5	1.3
5-Year	23,992.3	21.2	23,989.0	21.9	22,962.9	21.7	27,190.0	19.8	28,790.0	20.2	29,188.1	20.2	30,387.8	20.3	32,388.6	20.7	32,390.3	21.0	29,990.3	19.7
2-Year	20,390.6	18.1	20,389.7	18.6	21,316.3	20.1	28,389.2	20.7	31,189.0	21.8	31,594.4	21.8	32,388.7	21.7	34,790.5	22.2	32,392.4	21.0	29,991.1	19.7
Subtotal	86,964.1	77.0	85,653.1	78.1	82,628.1	78.0	98,264.9	71.5	105,552.8	73.9	107,553.7	74.3	112,145.4	75.1	119,347.2	76.2	119,352.2	77.3	116,750.5	76.7
TB total	24,799.5	22.0	22,795.9	20.8	20,999.7	19.8	32,899.3	23.9	29,999.2	21.0	29,999.0	20.7	29,999.1	20.1	29,999.4	19.2	26,700.0	17.3	25,800.0	17.0
TB1Y	16,799.8	14.9	16,798.5	15.3	17,999.7	17.0	27,399.3	19.9	29,999.2	21.0	29,999.0	20.7	29,999.1	20.1	29,999.4	19.2	26,700.0	17.3	25,800.0	17.0
TB6M	7,999.7	7.1	5,997.4	5.5	3,000.0	2.8	5,500.0	4.0	–	–	–	–	–	–	–	–	–	–	–	–
10-Year Japan Climate Transition Bonds	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5-Year Japan Climate Transition Bonds	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Liquidity Enhancement Auction	1,196.3	1.1	1,195.9	1.1	2,295.2	2.2	6,286.2	4.6	7,190.6	5.0	7,182.0	5.0	7,181.6	4.8	7,187.8	4.6	8,383.4	5.4	9,579.8	6.3
Total	112,959.9	100.0	109,644.9	100.0	105,923.0	100.0	137,450.4	100.0	142,742.6	100.0	144,734.7	100.0	149,326.1	100.0	156,534.4	100.0	154,435.6	100.0	152,130.3	100.0

	FY2016 (Actual)		FY2017 (Actual)		FY2018 (Actual)		FY2019 (Actual)		FY2020 (Actual)		FY2021 (Actual)		FY2022 (Actual)		FY2023 (Actual)		FY2024 (Actual)		FY2025 (Initial)	
		Share		Share		Share		Share		Share		Share		Share		Share		Share		Share
40-Year	2,797.1	1.9	2,997.0	2.1	2,396.1	1.8	2,397.4	1.9	2,997.3	1.4	3,596.3	1.8	4,198.0	2.1	4,197.9	2.2	4,197.4	2.4	3,000.0	1.7
30-Year	9,592.1	6.5	9,589.3	6.8	8,389.0	6.3	8,390.7	6.5	10,189.4	4.8	10,788.6	5.3	10,792.3	5.4	10,792.9	5.7	10,792.5	6.2	9,600.0	5.6
20-Year	13,189.8	9.0	11,988.6	8.5	11,988.4	8.9	10,790.4	8.3	13,489.5	6.4	14,388.9	7.0	14,392.7	7.1	13,792.9	7.3	11,991.7	6.9	12,000.0	7.0
15-Year CMT	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10-Year	28,791.5	19.6	27,589.7	19.5	26,388.1	19.7	25,191.9	19.5	29,690.6	14.1	31,189.2	15.2	32,389.5	16.1	32,393.1	17.1	31,193.0	18.0	31,200.0	18.1
10-Year JGBi	1,599.7	1.1	1,598.3	1.1	1,598.3	1.2	1,598.6	1.2	799.3	0.4	799.1	0.4	949.6	0.5	999.6	0.5	999.4	0.6	1,000.0	0.6
5-Year	28,791.6	19.6	26,389.9	18.7	23,989.7	17.9	22,790.1	17.6	28,191.9	13.4	29,990.1	14.6	29,990.9	14.9	29,991.6	15.8	27,592.0	15.9	28,800.0	16.7
2-Year	27,591.8	18.8	26,391.2	18.7	25,192.5	18.8	23,993.7	18.6	32,992.1	15.7	35,990.2	17.6	33,891.7	16.8	34,792.6	18.4	31,192.5	18.0	31,200.0	18.1
Subtotal	112,353.6	76.5	106,544.0	75.5	99,942.1	74.5	95,152.8	73.6	118,350.1	56.2	126,742.4	61.8	126,604.7	62.8	126,960.6	67.1	117,958.5	68.1	116,800.0	67.8
TB total	25,000.0	17.0	23,800.0	16.9	21,600.0	16.1	21,600.0	16.7	80,899.1	38.4	66,899.2	32.6	63,099.7	31.3	48,699.7	25.7	40,799.7	23.5	40,800.0	23.7
TB1Y	25,000.0	17.0	23,800.0	16.9	21,600.0	16.1	21,600.0	16.7	36,899.7	17.5	41,299.5	20.1	41,999.7	20.8	41,999.7	22.2	38,399.7	22.2	38,400.0	22.3
TB6M	–	–	–	–	–	–	–	–	43,999.4	20.9	25,599.7	12.5	21,100.0	10.5	6,700.0	3.5	2,400.0	1.4	2,400.0	1.4
10-Year Japan Climate Transition Bonds	–	–	–	–	–	–	–	–	–	–	–	–	–	–	799.5	0.4	699.6	0.4	600.0	0.3
5-Year Japan Climate Transition Bonds	–	–	–	–	–	–	–	–	–	–	–	–	–	–	799.8	0.4	699.4	0.4	600.0	0.3
Liquidity Enhancement Auction	9,579.2	6.5	10,865.4	7.7	12,567.1	9.4	12,566.6	9.7	11,365.0	5.4	11,361.0	5.5	11,976.4	5.9	11,972.2	6.3	13,178.6	7.6	13,500.0	7.8
Total	146,932.8	100.0	141,209.4	100.0	134,109.2	100.0	129,319.4	100.0	210,614.2	100.0	205,002.6	100.0	201,680.8	100.0	189,231.8	100.0	173,335.8	100.0	172,300.0	100.0

Note: Figures may not sum up to the total because of rounding. Figures are calculated on a nominal basis.

(2) Auction Results for JGBs and T-Bills in FY2024

40-Year

Issue Number	Auction Date	Issue Date	Maturity Date	Nominal Coupon (%)	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Price at the Highest Accepted Yield (yen)	Highest Accepted Yield (%)	Non-Price Competitive Auction II (billion yen)
17	5.22.24	5.23.24	3.20.64	2.2	700	1,542.2	699.4	98.17	2.270	0.0
17	7.24.24	7.25.24	3.20.64	2.2	700	1,539.0	699.7	94.41	2.420	69.5
17	9.26.24	9.27.24	3.20.64	2.2	700	1,804.3	699.4	96.40	2.340	62.6
17	11.27.24	11.28.24	3.20.64	2.2	700	1,564.6	699.6	91.34	2.550	68.9
17	1.21.25	1.22.25	3.20.64	2.2	700	1,924.9	699.5	90.90	2.570	0.0
17	3.27.25	3.28.25	3.20.64	2.2	700	2,043.6	699.8	87.77	2.710	22.0

30-Year

Issue Number	Auction Date	Issue Date	Maturity Date	Nominal Coupon (%)	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Price (yen)	Yield at the Average Price (%)	Lowest Price (yen)	Yield at the Lowest Price (%)	Non-Price Competitive Auction I (billion yen)	Non-Price Competitive Auction II (billion yen)
82	4.4.24	4.5.24	3.20.54	1.8	900	2,512.9	724.8	99.83	1.808	99.70	1.815	174.7	64.4
82	5.10.24	5.13.24	3.20.54	1.8	900	2,209.8	680.9	96.40	1.992	96.10	2.008	218.8	1.0
82	6.6.24	6.7.24	3.20.54	1.8	900	2,443.7	680.5	93.54	2.156	93.45	2.161	218.8	59.0
83	7.4.24	7.5.24	6.20.54	2.2	900	2,022.0	680.4	100.17	2.190	100.10	2.194	218.8	72.5
83	8.8.24	8.9.24	6.20.54	2.2	900	2,452.8	707.3	99.47	2.229	99.30	2.239	192.2	69.2
83	9.5.24	9.6.24	6.20.54	2.2	900	2,309.3	679.6	102.90	2.043	102.70	2.053	219.5	48.1
84	10.8.24	10.9.24	9.20.54	2.1	900	2,272.8	679.7	99.05	2.152	98.95	2.157	219.5	47.0
84	11.13.24	11.14.24	9.20.54	2.1	900	2,404.0	699.8	96.95	2.271	96.80	2.280	199.5	18.3
84	12.5.24	12.6.24	9.20.54	2.1	900	2,351.6	680.5	96.67	2.287	96.55	2.294	218.8	8.0
85	1.9.25	1.10.25	12.20.54	2.3	900	2,569.4	690.2	99.92	2.304	99.90	2.305	208.9	61.6
85	2.6.25	2.7.25	12.20.54	2.3	900	2,528.6	675.7	100.17	2.290	100.10	2.294	223.9	43.7
85	3.6.25	3.7.25	12.20.54	2.3	900	2,365.1	675.8	96.57	2.500	96.45	2.508	223.9	42.9

20-Year

Issue Number	Auction Date	Issue Date	Maturity Date	Nominal Coupon (%)	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Price (yen)	Yield at the Average Price (%)	Lowest Price (yen)	Yield at the Lowest Price (%)	Non-Price Competitive Auction I (billion yen)	Non-Price Competitive Auction II (billion yen)
188	4.11.24	4.12.24	3.20.44	1.6	1,000	2,481.8	814.9	99.54	1.630	99.15	1.656	184.6	34.2
188	5.16.24	5.17.24	3.20.44	1.6	1,000	2,755.1	755.5	98.01	1.734	97.90	1.742	243.6	98.3
188	6.25.24	6.26.24	3.20.44	1.6	1,000	2,473.7	755.7	96.47	1.843	96.40	1.849	243.6	98.4
189	7.11.24	7.12.24	6.20.44	1.9	1,000	2,872.1	755.5	99.80	1.913	99.75	1.917	243.6	96.3
189	8.20.24	8.21.24	6.20.44	1.9	1,000	2,602.3	760.4	102.87	1.706	102.70	1.717	238.9	0.0
189	9.12.24	9.13.24	6.20.44	1.9	1,000	2,662.5	766.2	103.10	1.690	102.90	1.703	233.4	96.1
190	10.24.24	10.25.24	9.20.44	1.8	1,000	2,361.5	777.6	99.99	1.800	99.70	1.820	222.0	0.0
190	11.21.24	11.22.24	9.20.44	1.8	1,000	2,662.9	755.8	98.58	1.898	98.45	1.907	243.3	79.3
190	12.17.24	12.18.24	9.20.44	1.8	1,000	2,552.5	755.5	98.85	1.879	98.80	1.883	243.3	50.3
191	1.16.25	1.17.25	12.20.44	2.0	1,000	2,872.9	758.2	100.24	1.983	100.20	1.985	241.4	73.6
191	2.18.25	2.19.25	12.20.44	2.0	1,000	2,331.2	762.9	99.60	2.028	99.05	2.067	236.5	0.0
191	3.12.25	3.13.25	12.20.44	2.0	1,000	2,595.9	750.4	96.20	2.278	96.00	2.294	248.9	86.8

10-Year

Issue Number	Auction Date	Issue Date	Maturity Date	Nominal Coupon (%)	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Price (yen)	Yield at the Average Price (%)	Lowest Price (yen)	Yield at the Lowest Price (%)	Non-competitive (billion yen)	Non-Price Competitive Auction I (billion yen)	Non-Price Competitive Auction II (billion yen)
374	4.2.24	4.3.24	3.20.34	0.8	2,600	7,942.7	2,090.8	100.43	0.753	100.41	0.755	0.812	507.9	165.6
374	5.8.24	5.9.24	3.20.34	0.8	2,600	6,191.8	1,964.9	99.48	0.857	99.43	0.862	0.317	634.0	0.0
374	6.4.24	6.5.24	3.20.34	0.8	2,600	7,232.9	1,975.3	97.79	1.048	97.77	1.051	0.397	623.9	231.5
375	7.2.24	7.3.24	6.20.34	1.1	2,600	6,347.6	1,963.8	100.08	1.091	100.06	1.093	0.730	634.2	179.1
375	8.6.24	8.7.24	6.20.34	1.1	2,600	5,852.9	1,967.3	101.57	0.926	101.07	0.981	1.301	631.3	199.6
375	9.3.24	9.4.24	6.20.34	1.1	2,600	6,292.8	1,984.2	101.66	0.915	101.57	0.925	1.347	613.9	0.0
376	10.3.24	10.4.24	9.20.34	0.9	2,600	6,920.7	1,961.2	100.26	0.871	100.24	0.873	2.338	635.5	211.4
376	11.7.24	11.8.24	9.20.34	0.9	2,600	6,376.1	2,034.9	99.12	0.997	99.08	1.002	0.322	564.3	0.0
376	12.3.24	12.4.24	9.20.34	0.9	2,600	6,210.7	1,993.4	98.37	1.084	98.32	1.089	0.418	605.8	214.2
377	1.7.25	1.8.25	12.20.34	1.2	2,600	6,591.4	1,963.5	100.53	1.140	100.52	1.141	2.068	633.6	139.5
377	2.4.25	2.5.25	12.20.34	1.2	2,600	6,244.7	1,963.2	99.47	1.260	99.44	1.263	1.322	634.9	0.0
377	3.4.25	3.5.25	12.20.34	1.2	2,600	5,267.5	1,982.8	98.24	1.404	98.03	1.429	0.349	616.7	0.0

10-Year Inflation-Indexed Bonds

Issue Number	Auction Date	Issue Date	Maturity Date	Nominal Coupon (%)	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Lowest Price (yen)	Yield at the Lowest Price (%)
29	5.20.24	5.21.24	3.10.34	0.005	250	1,067.3	249.9	105.70	▲ 0.545
29	8.16.24	8.19.24	3.10.34	0.005	250	738.5	249.9	104.30	▲ 0.426
29	11.11.24	11.12.24	3.10.34	0.005	250	885.0	249.8	103.55	▲ 0.362
29	2.12.25	2.13.25	3.10.34	0.005	250	690.4	249.8	102.55	▲ 0.269

10-Year Japan Climate Transition Bonds

Issue Number	Auction Date	Issue Date	Maturity Date	Nominal Coupon (%)	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Price at the Highest Accepted Yield (yen)	Highest Accepted Yield (%)
2	5.28.24	5.29.24	3.20.34	1.0	350	1,100.7	349.6	99.63	1.040
2	10.22.24	10.23.24	3.20.34	1.0	350	1,160.0	350.0	100.51	0.943

5-Year

Issue Number	Auction Date	Issue Date	Maturity Date	Nominal Coupon (%)	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Price (yen)	Yield at the Average Price (%)	Lowest Price (yen)	Yield at the Lowest Price (%)	Non-competitive (billion yen)	Non-Price Competitive Auction I (billion yen)	Non-Price Competitive Auction II (billion yen)
167	4.9.24	4.10.24	3.20.29	0.4	2,300	7,308.3	1,884.7	99.98	0.404	99.96	0.408	0.000	414.8	0.0
168	5.14.24	5.15.24	3.20.29	0.6	2,300	6,774.7	1,738.5	100.13	0.572	100.09	0.580	0.000	560.8	207.3
169	6.20.24	6.21.24	3.20.29	0.5	2,300	6,931.4	1,745.3	99.94	0.512	99.92	0.517	1.100	553.0	0.0
170	7.9.24	7.10.24	6.20.29	0.6	2,300	7,434.2	1,746.8	99.94	0.612	99.93	0.614	1.050	551.4	228.6
171	8.14.24	8.15.24	6.20.29	0.4	2,300	6,131.4	1,746.4	99.75	0.452	99.70	0.463	0.010	553.1	229.2
172	9.10.24	9.11.24	6.20.29	0.5	2,300	6,559.1	1,745.0	99.90	0.521	99.88	0.525	1.000	553.1	223.5
173	10.10.24	10.11.24	9.20.29	0.6	2,300	6,513.6	1,744.7	100.18	0.562	100.15	0.568	1.070	553.5	0.0
174	11.15.24	11.18.24	9.20.29	0.7	2,300	6,664.1	1,750.5	99.97	0.706	99.95	0.710	0.350	548.4	29.2
174	12.10.24	12.11.24	9.20.29	0.7	2,300	7,734.0	1,750.7	99.84	0.734	99.83	0.736	0.000	548.4	229.2
175	1.14.25	1.15.25	12.20.29	0.9	2,300	6,635.7	1,739.0	100.11	0.876	100.10	0.878	0.105	560.4	0.0
176	2.14.25	2.17.25	12.20.29	1.0	2,300	6,110.3	1,737.7	100.08	0.982	100.05	0.989	0.012	561.7	0.0
177	3.10.25	3.11.25	12.20.29	1.1	2,300	5,543.9	1,751.2	99.74	1.157	99.67	1.172	0.000	548.2	0.0

5-Year Japan Climate Transition Bonds

Issue Number	Auction Date	Issue Date	Maturity Date	Nominal Coupon (%)	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Price at the Highest Accepted Yield (yen)	Highest Accepted Yield (%)
2	7.18.24	7.19.24	6.20.29	0.5	350	1,411.7	349.6	99.54	0.595
2	1.29.25	1.30.25	6.20.29	0.5	350	1,116.4	349.8	98.33	0.888

2-Year

Issue Number	Auction Date	Issue Date	Maturity Date	Nominal Coupon (%)	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Price (yen)	Yield at the Average Price (%)	Lowest Price (yen)	Yield at the Lowest Price (%)	Non-competitive (billion yen)	Non-Price Competitive Auction I (billion yen)	Non-Price Competitive Auction II (billion yen)
460	4.23.24	5.1.24	5.1.26	0.3	2,600	7,293.9	2,095.5	99.994	0.303	99.985	0.307	0.000	503.6	179.1
461	5.30.24	6.3.24	6.1.26	0.4	2,600	7,561.4	2,001.9	99.964	0.418	99.955	0.422	0.000	597.1	258.4
462	6.27.24	7.1.24	7.1.26	0.4	2,600	7,573.8	1,977.0	100.043	0.378	100.035	0.382	1.247	621.5	223.9
463	7.26.24	8.1.24	8.1.26	0.4	2,600	8,270.8	1,975.4	99.982	0.409	99.975	0.412	0.230	623.9	226.4
464	8.29.24	9.2.24	9.1.26	0.4	2,600	10,807.5	1,950.0	100.028	0.385	100.025	0.387	1.045	648.6	259.1
465	9.30.24	10.1.24	10.1.26	0.4	2,600	7,476.4	1,959.8	100.014	0.392	100.005	0.397	0.174	639.2	181.2
466	10.29.24	11.1.24	11.1.26	0.5	2,600	9,897.8	2,030.8	100.090	0.454	100.085	0.457	0.000	568.6	146.3
467	11.29.24	12.2.24	12.1.26	0.6	2,600	7,184.5	1,979.4	100.034	0.582	100.020	0.589	0.150	620.0	0.0
468	12.26.24	1.6.25	1.1.27	0.6	2,600	7,899.8	2,001.5	99.995	0.602	99.990	0.605	0.000	598.1	0.0
469	1.31.25	2.3.25	2.1.27	0.7	2,600	7,976.2	1,964.4	99.946	0.727	99.940	0.730	0.310	634.6	72.7
470	2.27.25	3.3.25	3.1.27	0.8	2,600	6,319.2	1,997.4	99.948	0.826	99.935	0.833	0.001	601.8	0.0
471	3.31.25	4.1.25	4.1.27	0.9	2,600	6,744.7	1,978.8	100.071	0.863	100.060	0.869	0.765	619.7	259.2

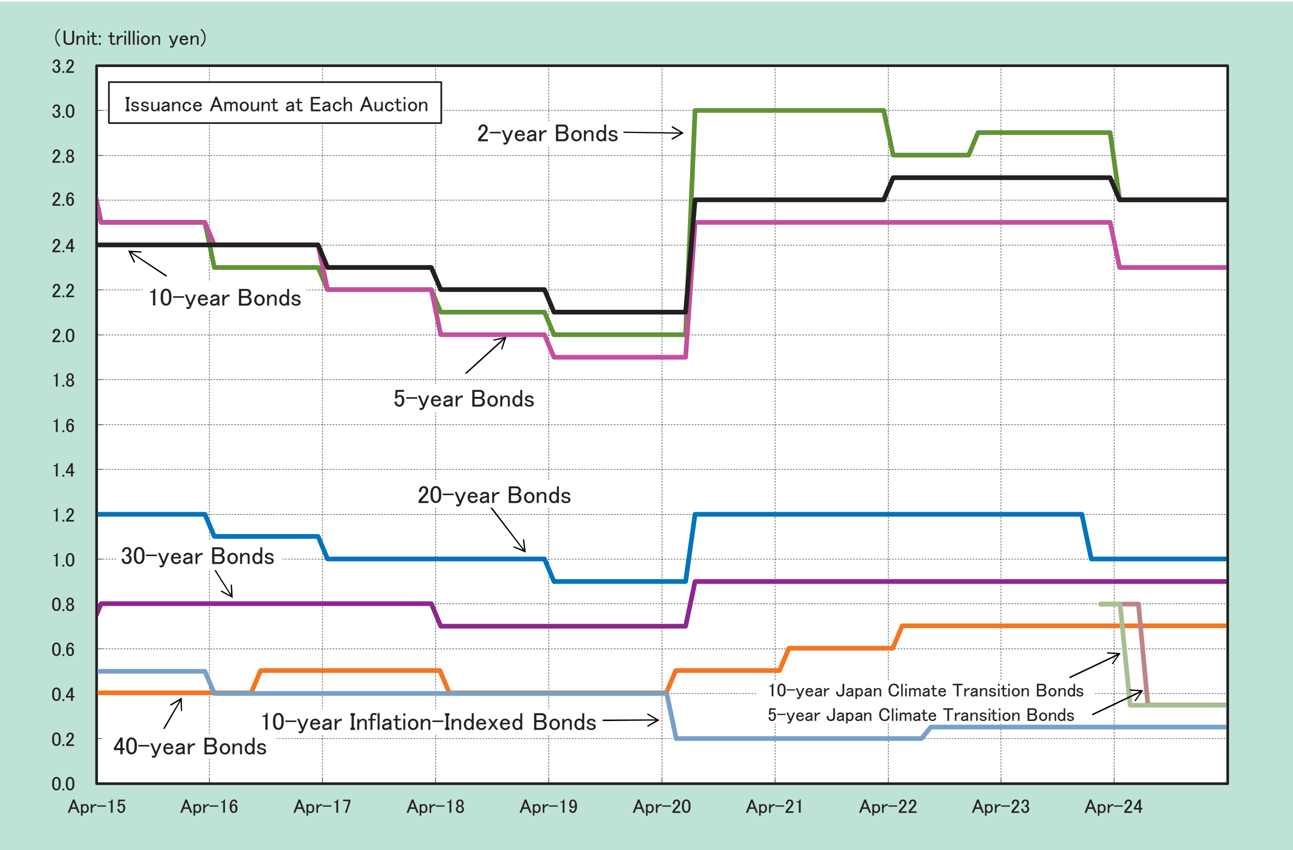
T-Bills

Issue Number	Auction Date	Issue Date	Maturity Date	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Price (yen)	Yield at the Average Price (%)	Lowest Price (yen)	Yield at the Lowest Price (%)	Non-Price Competitive Auction I (billion yen)
1222	4.3.24	4.4.24	7.8.24	5,800.0	15,985.53	4,693.15	99.9988	0.0046	99.9965	0.0134	1,106.80
1223	4.5.24	4.8.24	7.16.24	5,800.0	16,803.90	4,668.21	99.9987	0.0047	99.9970	0.0110	1,131.70
1224	4.9.24	4.10.24	10.10.24	4,000.0	13,632.00	3,245.98	99.979	0.0418	99.978	0.0438	754.00
1225	4.12.24	4.15.24	7.22.24	5,800.0	14,436.96	4,693.16	99.9989	0.0040	99.9970	0.0111	1,106.80
1226	4.18.24	4.22.24	4.21.25	3,200.0	11,571.90	2,575.95	99.835	0.1657	99.826	0.1747	624.00
1227	4.19.24	4.22.24	7.29.24	5,800.0	14,411.50	4,693.14	99.9976	0.0089	99.9960	0.0148	1,106.80
1228	5.2.24	5.7.24	8.5.24	5,800.0	12,930.60	4,414.55	99.9936	0.0259	99.9915	0.0344	1,385.40
1229	5.9.24	5.10.24	11.11.24	4,000.0	10,129.23	3,123.37	99.960	0.0789	99.952	0.0947	876.60
1230	5.10.24	5.13.24	8.13.24	5,800.0	14,906.10	4,408.13	99.9880	0.0476	99.9865	0.0535	1,391.80
1231	5.16.24	5.20.24	5.20.25	3,200.0	10,555.00	2,417.83	99.797	0.2034	99.790	0.2104	782.10
1232	5.17.24	5.20.24	8.19.24	5,800.0	15,962.29	4,408.12	99.9897	0.0413	99.9880	0.0481	1,391.80
1233	5.24.24	5.27.24	8.26.24	5,800.0	16,693.58	4,376.04	99.9900	0.0401	99.9895	0.0421	1,423.90
1234	5.31.24	6.3.24	9.2.24	5,800.0	15,675.48	4,404.04	99.9921	0.0316	99.9905	0.0381	1,395.90
1235	6.6.24	6.10.24	12.10.24	3,700.0	11,855.60	2,812.16	99.957	0.0858	99.956	0.0877	887.80
1236	6.7.24	6.10.24	9.9.24	5,500.0	16,134.68	4,149.16	99.9957	0.0172	99.9945	0.0220	1,350.80
1237	6.13.24	6.17.24	9.17.24	5,500.0	15,793.08	4,149.16	99.9980	0.0079	99.9970	0.0119	1,350.80
1238	6.19.24	6.20.24	6.20.25	3,200.0	11,370.80	2,417.40	99.861	0.1391	99.851	0.1492	782.60
1239	6.21.24	6.24.24	9.24.24	5,500.0	13,137.60	4,179.65	100.0009	▲ 0.0035	99.9985	0.0059	1,320.30
1240	6.28.24	7.1.24	9.30.24	5,500.0	14,684.50	4,179.55	99.9960	0.0160	99.9950	0.0200	1,320.40

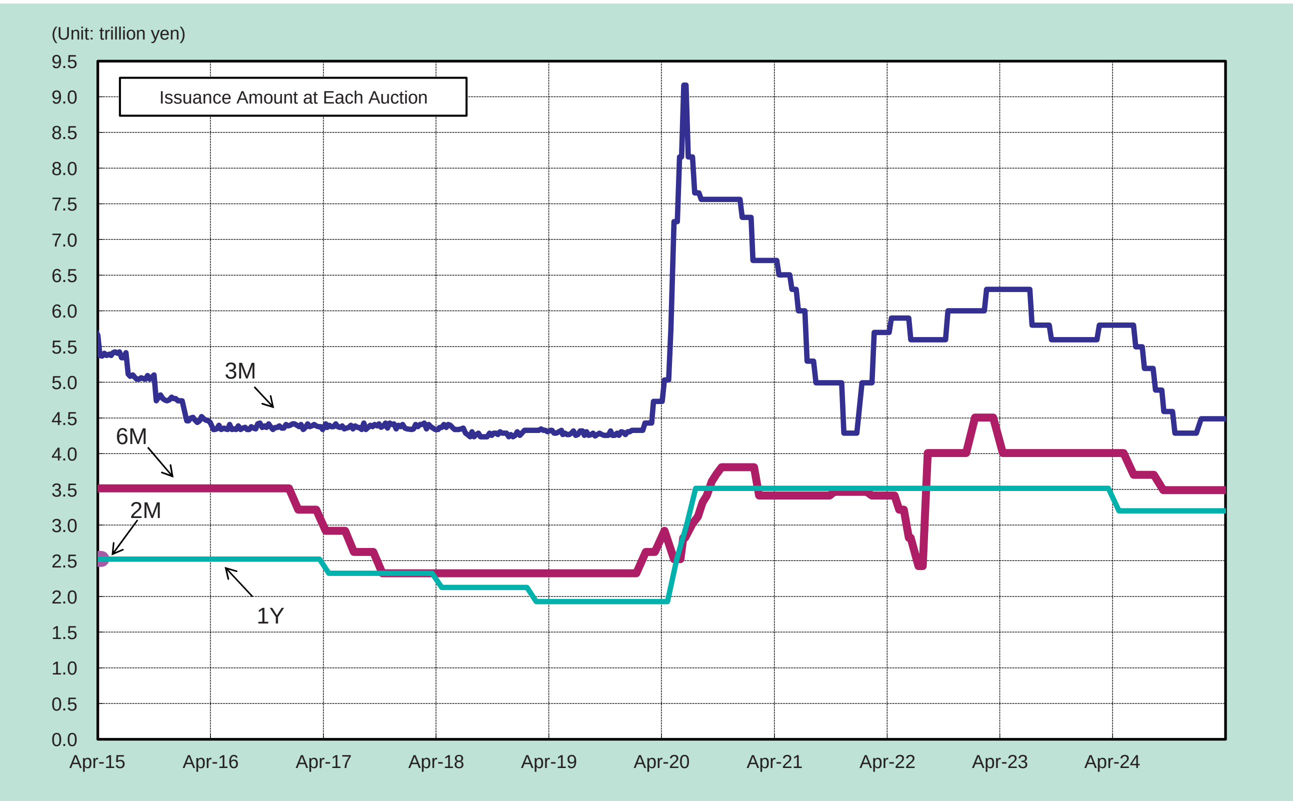
Issue Number	Auction Date	Issue Date	Maturity Date	Offering Amount (billion yen)	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Price (yen)	Yield at the Average Price (%)	Lowest Price (yen)	Yield at the Lowest Price (%)	Non-Price Competitive Auction I (billion yen)
1241	7.5.24	7.8.24	10.7.24	5,200.0	13,705.83	3,951.57	99.9992	0.0032	99.9980	0.0080	1,248.40
1242	7.9.24	7.10.24	1.10.25	3,700.0	10,364.12	2,812.18	99.980	0.0396	99.976	0.0476	887.80
1243	7.12.24	7.16.24	10.15.24	5,200.0	13,877.50	3,952.26	99.9967	0.0132	99.9955	0.0180	1,247.70
1244	7.18.24	7.22.24	7.22.25	3,200.0	9,605.60	2,435.57	99.833	0.1672	99.821	0.1793	764.40
1245	7.19.24	7.22.24	10.21.24	5,200.0	13,027.90	3,942.36	99.9952	0.0192	99.9945	0.0220	1,257.60
1246	7.26.24	7.29.24	10.28.24	5,200.0	13,037.20	3,933.46	99.9859	0.0565	99.9840	0.0641	1,266.50
1247	8.2.24	8.5.24	11.5.24	5,200.0	14,425.20	3,947.37	99.9695	0.1210	99.9670	0.1309	1,252.60
1248	8.8.24	8.13.24	2.10.25	3,700.0	9,505.80	2,826.57	99.953	0.0948	99.945	0.1109	873.40
1249	8.9.24	8.13.24	11.11.24	4,900.0	11,183.60	3,718.26	99.9788	0.0859	99.9760	0.0973	1,181.70
1250	8.16.24	8.19.24	11.18.24	4,900.0	12,910.00	3,726.16	99.9721	0.1119	99.9705	0.1183	1,173.80
1251	8.19.24	8.20.24	8.20.25	3,200.0	7,481.70	2,432.70	99.775	0.2255	99.747	0.2536	767.30
1252	8.23.24	8.26.24	11.25.24	4,900.0	12,885.50	3,719.95	99.9757	0.0974	99.9740	0.1043	1,180.00
1253	8.30.24	9.2.24	12.2.24	4,900.0	13,279.00	3,718.28	99.9764	0.0946	99.9745	0.1023	1,181.70
1254	9.6.24	9.9.24	12.9.24	4,600.0	14,560.90	3,468.67	99.9806	0.0778	99.9795	0.0822	1,131.30
1255	9.9.24	9.10.24	3.10.25	3,500.0	9,201.30	2,690.59	99.957	0.0867	99.955	0.0907	809.40
1256	9.13.24	9.17.24	12.16.24	4,600.0	10,854.70	3,468.96	99.9860	0.0567	99.9835	0.0669	1,131.00
1257	9.18.24	9.20.24	9.22.25	3,200.0	8,660.50	2,432.18	99.737	0.2622	99.723	0.2762	767.80
1258	9.19.24	9.24.24	12.23.24	4,600.0	12,235.60	3,494.18	99.9877	0.0498	99.9860	0.0567	1,105.80
1259	9.27.24	9.30.24	1.8.25	4,600.0	9,454.60	3,492.20	99.9987	0.0047	99.9900	0.0365	1,107.80
1260	10.4.24	10.7.24	1.14.25	4,600.0	12,021.00	3,514.16	99.9980	0.0073	99.9945	0.0202	1,085.80
1261	10.9.24	10.10.24	4.10.25	3,500.0	8,978.50	2,793.98	99.965	0.0702	99.957	0.0862	706.00
1262	10.11.24	10.15.24	1.20.25	4,300.0	10,976.70	3,242.48	99.9982	0.0067	99.9965	0.0131	1,057.50
1263	10.17.24	10.21.24	10.20.25	3,200.0	7,620.00	2,510.49	99.713	0.2886	99.703	0.2987	689.50
1264	10.18.24	10.21.24	1.27.25	4,300.0	10,541.10	3,360.05	99.9993	0.0026	99.9980	0.0074	939.90
1265	10.25.24	10.28.24	2.3.25	4,300.0	10,727.30	3,360.03	99.9997	0.0011	99.9980	0.0074	939.90
1266	11.1.24	11.5.24	2.10.25	4,300.0	9,587.20	3,380.26	99.9977	0.0086	99.9960	0.0150	919.70
1267	11.7.24	11.11.24	5.12.25	3,500.0	8,601.50	2,767.78	99.906	0.1886	99.900	0.2007	732.20
1268	11.8.24	11.11.24	2.17.25	4,300.0	8,094.00	3,366.38	99.9931	0.0257	99.9865	0.0502	933.60
1269	11.15.24	11.18.24	2.25.25	4,300.0	9,269.30	3,249.98	99.9654	0.1276	99.9615	0.1419	1,050.00
1270	11.19.24	11.20.24	11.20.25	3,200.0	7,736.40	2,463.68	99.564	0.4379	99.557	0.4449	736.30
1271	11.22.24	11.25.24	3.3.25	4,300.0	8,674.10	3,274.15	99.9675	0.1210	99.9640	0.1341	1,025.80
1272	11.29.24	12.2.24	3.10.25	4,300.0	8,960.00	3,274.20	99.9659	0.1270	99.9615	0.1434	1,025.80
1273	12.6.24	12.9.24	3.17.25	4,300.0	8,961.80	3,274.15	99.9604	0.1475	99.9575	0.1583	1,025.80
1274	12.9.24	12.10.24	6.10.25	3,500.0	8,343.80	2,775.49	99.853	0.2952	99.847	0.3073	724.50
1275	12.13.24	12.16.24	3.24.25	4,300.0	8,614.80	3,249.96	99.9610	0.1453	99.9585	0.1546	1,050.00
1276	12.18.24	12.20.24	12.22.25	3,200.0	11,181.40	2,541.77	99.520	0.4796	99.514	0.4857	658.20
1277	12.20.24	12.23.24	3.31.25	4,300.0	8,335.10	3,314.77	99.9663	0.1255	99.9610	0.1453	985.20
1278	1.7.25	1.8.25	4.7.25	4,500.0	8,065.10	3,433.69	99.9469	0.2178	99.9400	0.2462	1,066.30
1279	1.9.25	1.10.25	7.10.25	3,500.0	8,654.00	2,744.39	99.825	0.3535	99.816	0.3717	755.60
1280	1.10.25	1.14.25	4.14.25	4,500.0	12,169.10	3,427.66	99.9408	0.2402	99.9380	0.2516	1,072.30
1281	1.16.25	1.20.25	1.20.26	3,200.0	8,957.60	2,442.47	99.460	0.5429	99.443	0.5601	757.50
1282	1.17.25	1.20.25	4.21.25	4,500.0	12,270.50	3,430.06	99.9117	0.3544	99.9090	0.3653	1,069.90
1283	1.23.25	1.27.25	4.28.25	4,500.0	13,063.65	3,433.07	99.9089	0.3657	99.9070	0.3733	1,066.90
1284	1.31.25	2.3.25	5.7.25	4,500.0	12,467.65	3,426.68	99.9173	0.3248	99.9135	0.3397	1,073.30
1285	2.6.25	2.10.25	8.12.25	3,500.0	10,186.50	2,693.09	99.814	0.3716	99.812	0.3756	806.90
1286	2.7.25	2.10.25	5.12.25	4,500.0	10,752.80	3,440.46	99.9225	0.3110	99.9180	0.3291	1,059.50
1287	2.14.25	2.17.25	5.19.25	4,500.0	9,987.50	3,430.44	99.9228	0.3098	99.9200	0.3211	1,069.50
1288	2.19.25	2.20.25	2.20.26	3,200.0	8,519.70	2,444.69	99.393	0.6107	99.381	0.6228	755.30
1289	2.21.25	2.25.25	5.26.25	4,500.0	10,049.70	3,429.49	99.9237	0.3096	99.9205	0.3226	1,070.50
1290	2.28.25	3.3.25	6.2.25	4,500.0	9,419.41	3,455.88	99.9189	0.3255	99.9145	0.3432	1,044.10
1291	3.6.25	3.10.25	9.10.25	3,500.0	8,012.40	2,666.70	99.780	0.4373	99.772	0.4533	833.30
1292	3.7.25	3.10.25	6.9.25	4,500.0	11,300.50	3,459.88	99.9152	0.3404	99.9120	0.3532	1,040.10
1293	3.14.25	3.17.25	6.16.25	4,500.0	11,890.10	3,405.90	99.9235	0.3070	99.9220	0.3131	1,094.10
1294	3.18.25	3.21.25	3.23.26	3,200.0	9,019.10	2,427.87	99.382	0.6184	99.373	0.6275	772.10
1295	3.21.25	3.24.25	6.23.25	4,500.0	11,160.10	3,405.88	99.9278	0.2898	99.9255	0.2990	1,094.10
1296	3.28.25	3.31.25	6.30.25	4,500.0	8,280.30	3,489.90	99.9269	0.2934	99.9135	0.3472	1,010.10

(3) Issuance Amount of JGBs and T-Bills Offered to the Market at Each Auction

JGBs



T-Bills



(4) Principal/Coupon Payment Corresponding to Days of Issuance in FY2025

5, 10, 20, 30-Year Bonds

Month of Issuance	Initial Coupon Payment Month	Coupon Payment Months	Month of Redemption	Maturity
April	September	March, September	March	Maturity – 1 month
May	September	March, September	March	Maturity – 2 months
June	September	March, September	March	Maturity – 3 months
July	December	June, December	June	Maturity – 1 month
August	December	June, December	June	Maturity – 2 months
September	December	June, December	June	Maturity – 3 months
October	March	March, September	September	Maturity – 1 month
November	March	March, September	September	Maturity – 2 months
December	March	March, September	September	Maturity – 3 months
January	June	June, December	December	Maturity – 1 month
February	June	June, December	December	Maturity – 2 months
March	June	June, December	December	Maturity – 3 months

Note 1: The coupon payment date and the redemption date are the twentieth of the month.
Note 2: Issuance shall occur on T+1(day of auction + 1 business day).

2-Year Bonds

Month of Issuance	Initial Coupon Payment Month	Coupon Payment Months	Month of Redemption	Maturity
April	October	April, October	April	As for term
May	November	May, November	May	As for term
June	December	June, December	June	As for term
July	January	January, July	July	As for term
August	February	February, August	August	As for term
September	March	March, September	September	As for term
October	April	April, October	October	As for term
November	May	May, November	November	As for term
December	June	June, December	December	As for term
January	July	January, July	January	As for term
February	August	February, August	February	As for term
March	September	March, September	March	As for term

Note 1: The coupon payment date and redemption date are the first of the month.
Note 2: With regard to establishing the day of issuance, as a rule, issuance shall occur on the first of the month.

40-Year Bonds

Month of Issuance	Initial Coupon Payment Month	Coupon Payment Months	Month of Redemption	Maturity
May	September	March, September	March	Maturity – 2 months
July	September	March, September	March	Maturity – 4 months
September	March	March, September	March	Maturity – 6 months
November	March	March, September	March	Maturity – 8 months
January	March	March, September	March	Maturity – 10 months
March	September	March, September	March	Maturity – 12 months

Note 1: The coupon payment date and redemption date are the twentieth of the month.
Note 2: Issuance shall occur on T+1(day of auction + 1 business day).

10-Year Inflation-Indexed Bonds

Month of Issuance	Initial Coupon Payment Month	Coupon Payment Months	Month of Redemption	Maturity
May	September	March, September	March	Maturity – 2 months
August	September	March, September	March	Maturity – 5 months
November	March	March, September	March	Maturity – 8 months
February	March	March, September	March	Maturity – 11 months

Note 1: The coupon payment date and redemption date are the tenth of the month.
Note 2: Issuance shall occur on T+1(day of auction + 1 business day).

5-Year Japan Climate Transition Bonds

Month of Issuance	Initial Coupon Payment Month	Coupon Payment Months	Month of Redemption	Maturity
July	December	June, December	June	Maturity – 1 month
January	June	June, December	December	Maturity – 1 month

Note 1: The coupon payment date and redemption date are the twentieth of the month.
Note 2: Issuance shall occur on T+1(day of auction + 1 business day).

10-Year Japan Climate Transition Bonds

Month of Issuance	Initial Coupon Payment Month	Coupon Payment Months	Month of Redemption	Maturity
October	March	March, September	September	Maturity – 1 month
March	June	June, December	December	Maturity – 3 months

Note 1: The coupon payment date and redemption date are the twentieth of the month.
Note 2: Issuance shall occur on T+1(day of auction + 1 business day).

(5) Successful Bids Share for JGBs by Investor Type in FY2024

(Unit: billion yen, %)

	Securities Companies			Banks			Insurance Companies	Short-Term Credit/ Securities Finance Companies	Others	Total for FY2024
		Domestic	Foreign		Domestic	Foreign				
2-Year	21,677.6	15,570.5	6,107.1	2,359.5	2,359.5	0.0	0.0	3.9	0.0	24,041.0
Share	90.2	64.8	25.4	9.8	9.8	0.0	0.0	0.0	0.0	100.0
5-Year	20,158.8	14,094.1	6,064.7	921.7	921.7	0.0	0.0	0.0	0.0	21,080.5
Share	95.6	66.9	28.8	4.4	4.4	0.0	0.0	0.0	0.0	100.0
10-Year	18,149.1	12,331.5	5,817.6	5,696.2	5,696.2	0.0	0.0	0.0	0.0	23,845.3
Share	76.1	51.7	24.4	23.9	23.9	0.0	0.0	0.0	0.0	100.0
20-Year	8,307.3	5,045.0	3,262.3	823.5	823.5	0.0	37.8	0.0	0.0	9,168.6
Share	90.6	55.0	35.6	9.0	9.0	0.0	0.4	0.0	0.0	100.0
30-Year	5,595.5	3,228.0	2,367.5	2,533.8	2,533.8	0.0	125.9	0.0	0.0	8,255.2
Share	67.8	39.1	28.7	30.7	30.7	0.0	1.5	0.0	0.0	100.0
40-Year	4,192.0	1,901.5	2,290.5	0.0	0.0	0.0	5.4	0.0	0.0	4,197.4
Share	99.9	45.3	54.6	0.0	0.0	0.0	0.1	0.0	0.0	100.0
10-Year JGBi	689.4	283.8	405.6	310.0	310.0	0.0	0.0	0.0	0.0	999.4
Share	69.0	28.4	40.6	31.0	31.0	0.0	0.0	0.0	0.0	100.0
5-Year Japan Climate Transition Bonds	624.4	435.0	189.4	75.0	75.0	0.0	0.0	0.0	0.0	699.4
Share	89.3	62.2	27.1	10.7	10.7	0.0	0.0	0.0	0.0	100.0
10-Year Japan Climate Transition Bonds	608.6	398.2	210.4	85.0	85.0	0.0	1.0	0.0	5.0	699.6
Share	87.0	56.9	30.1	12.1	12.1	0.0	0.1	0.0	0.7	100.0
T-Bills	210,816.4	122,713.6	88,102.8	39,756.2	39,756.2	0.0	0.0	1,996.1	1,405.5	253,974.2
Share	83.0	48.3	34.7	15.7	15.7	0.0	0.0	0.8	0.6	100.0

Note 1: Figures may not sum up to the total because of rounding.
Note 2: Figures are the total of price-/ yield-competitive auctions and calculated on a nominal basis.

(6) Issuance of JGBs for Retail Investors

(Unit: billion yen)

Month of Issue	3-Year Fixed-Rate	(interest rate)	5-Year Fixed-Rate	(interest rate)	10-Year Floating-Rate	(first interest rate)	Total
Apr-15	27.5	(0.05%)	11.8	(0.05%)	135.5	(0.26%)	174.8
May-15	40.7	(0.05%)	15.2	(0.05%)	127.8	(0.24%)	183.7
Jun-15	20.5	(0.05%)	11.1	(0.08%)	114.9	(0.28%)	146.6
Jul-15	28.7	(0.05%)	8.2	(0.05%)	159.3	(0.30%)	196.3
Aug-15	19.2	(0.05%)	31.1	(0.09%)	175.3	(0.34%)	225.5
Sep-15	20.2	(0.05%)	7.2	(0.05%)	132.6	(0.26%)	160.1
Oct-15	19.3	(0.05%)	9.2	(0.05%)	131.0	(0.28%)	159.5
Nov-15	21.8	(0.05%)	12.9	(0.05%)	147.6	(0.22%)	182.3
Dec-15	14.5	(0.05%)	3.7	(0.05%)	54.7	(0.21%)	72.9
Jan-16	21.7	(0.05%)	14.3	(0.05%)	189.0	(0.21%)	225.1
Feb-16	15.3	(0.05%)	12.3	(0.05%)	149.0	(0.17%)	176.5
Mar-16	36.5	(0.05%)	31.1	(0.05%)	165.9	(0.05%)	233.5
Apr-16	41.8	(0.05%)	111.7	(0.05%)	246.7	(0.05%)	400.3
May-16	30.2	(0.05%)	85.1	(0.05%)	159.6	(0.05%)	274.9
Jun-16	31.4	(0.05%)	55.5	(0.05%)	123.5	(0.05%)	210.4
Jul-16	45.3	(0.05%)	100.0	(0.05%)	165.3	(0.05%)	310.5
Aug-16	39.6	(0.05%)	93.9	(0.05%)	187.5	(0.05%)	320.9
Sep-16	43.0	(0.05%)	43.6	(0.05%)	82.6	(0.05%)	169.2
Oct-16	42.8	(0.05%)	94.9	(0.05%)	205.8	(0.05%)	343.4
Nov-16	43.4	(0.05%)	68.8	(0.05%)	84.3	(0.05%)	196.4
Dec-16	47.6	(0.05%)	38.4	(0.05%)	105.3	(0.05%)	191.3
Jan-17	69.8	(0.05%)	181.6	(0.05%)	382.8	(0.05%)	634.2
Feb-17	52.3	(0.05%)	170.0	(0.05%)	350.4	(0.05%)	572.7
Mar-17	46.7	(0.05%)	207.6	(0.05%)	677.2	(0.06%)	931.5
Apr-17	46.0	(0.05%)	19.9	(0.05%)	137.1	(0.05%)	203.0
May-17	40.8	(0.05%)	24.0	(0.05%)	124.6	(0.05%)	189.4
Jun-17	38.4	(0.05%)	11.0	(0.05%)	184.0	(0.05%)	233.4
Jul-17	49.4	(0.05%)	33.4	(0.05%)	242.8	(0.05%)	325.6
Aug-17	44.3	(0.05%)	32.5	(0.05%)	274.3	(0.05%)	351.0
Sep-17	42.6	(0.05%)	9.5	(0.05%)	159.4	(0.05%)	211.5
Oct-17	43.8	(0.05%)	17.5	(0.05%)	290.3	(0.05%)	351.6
Nov-17	41.3	(0.05%)	17.6	(0.05%)	218.7	(0.05%)	277.6
Dec-17	47.2	(0.05%)	12.9	(0.05%)	208.1	(0.05%)	268.2
Jan-18	66.5	(0.05%)	20.0	(0.05%)	281.9	(0.05%)	368.5
Feb-18	41.9	(0.05%)	15.8	(0.05%)	278.3	(0.05%)	336.0
Mar-18	36.2	(0.05%)	12.6	(0.05%)	284.5	(0.06%)	333.4
Apr-18	55.1	(0.05%)	14.3	(0.05%)	347.4	(0.05%)	416.9
May-18	35.3	(0.05%)	15.8	(0.05%)	312.4	(0.05%)	363.5
Jun-18	46.6	(0.05%)	17.6	(0.05%)	297.2	(0.05%)	361.3
Jul-18	46.6	(0.05%)	23.6	(0.05%)	356.3	(0.05%)	426.5
Aug-18	49.8	(0.05%)	20.3	(0.05%)	323.6	(0.05%)	393.7
Sep-18	37.9	(0.05%)	11.1	(0.05%)	313.4	(0.09%)	362.4
Oct-18	25.6	(0.05%)	12.0	(0.05%)	335.1	(0.07%)	372.8
Nov-18	27.3	(0.05%)	15.8	(0.05%)	351.7	(0.09%)	394.8
Dec-18	24.5	(0.05%)	8.3	(0.05%)	259.0	(0.09%)	291.8
Jan-19	37.7	(0.05%)	14.3	(0.05%)	310.7	(0.05%)	362.7
Feb-19	38.5	(0.05%)	15.2	(0.05%)	308.5	(0.05%)	362.2
Mar-19	36.0	(0.05%)	27.7	(0.05%)	520.5	(0.05%)	584.2
Apr-19	37.4	(0.05%)	31.5	(0.05%)	369.0	(0.05%)	437.8
May-19	32.9	(0.05%)	14.5	(0.05%)	282.1	(0.05%)	329.6
Jun-19	45.1	(0.05%)	16.8	(0.05%)	309.5	(0.05%)	371.4
Jul-19	57.9	(0.05%)	20.7	(0.05%)	356.6	(0.05%)	435.2
Aug-19	61.5	(0.05%)	19.8	(0.05%)	372.2	(0.05%)	453.5
Sep-19	59.4	(0.05%)	21.7	(0.05%)	335.4	(0.05%)	416.6
Oct-19	59.4	(0.05%)	20.1	(0.05%)	374.8	(0.05%)	454.3
Nov-19	50.0	(0.05%)	19.1	(0.05%)	257.4	(0.05%)	326.5
Dec-19	63.5	(0.05%)	22.5	(0.05%)	435.2	(0.05%)	521.1
Jan-20	93.4	(0.05%)	30.4	(0.05%)	502.3	(0.05%)	626.1
Feb-20	60.4	(0.05%)	16.5	(0.05%)	354.1	(0.05%)	431.0
Mar-20	54.4	(0.05%)	18.0	(0.05%)	372.9	(0.05%)	445.3
Apr-20	57.5	(0.05%)	20.9	(0.05%)	541.6	(0.05%)	620.0
May-20	28.6	(0.05%)	5.4	(0.05%)	22.3	(0.05%)	56.3
Jun-20	30.1	(0.05%)	7.7	(0.05%)	28.5	(0.05%)	66.2
Jul-20	57.0	(0.05%)	13.2	(0.05%)	37.2	(0.05%)	107.4
Aug-20	73.0	(0.05%)	14.1	(0.05%)	48.2	(0.05%)	135.3
Sep-20	77.5	(0.05%)	15.4	(0.05%)	59.8	(0.05%)	152.7
Oct-20	92.9	(0.05%)	25.4	(0.05%)	256.5	(0.05%)	374.8
Nov-20	60.4	(0.05%)	21.1	(0.05%)	294.4	(0.05%)	375.9
Dec-20	49.6	(0.05%)	14.1	(0.05%)	206.7	(0.05%)	270.4
Jan-21	68.9	(0.05%)	30.9	(0.05%)	218.0	(0.05%)	317.7
Feb-21	47.6	(0.05%)	18.6	(0.05%)	181.8	(0.05%)	248.0
Mar-21	49.4	(0.05%)	19.0	(0.05%)	235.8	(0.05%)	304.2
Apr-21	58.2	(0.05%)	13.8	(0.05%)	281.8	(0.09%)	353.8
May-21	48.0	(0.05%)	19.2	(0.05%)	259.7	(0.08%)	326.9
Jun-21	33.7	(0.05%)	12.9	(0.05%)	145.5	(0.05%)	192.1
Jul-21	46.3	(0.05%)	16.6	(0.05%)	166.7	(0.05%)	229.6
Aug-21	45.0	(0.05%)	17.9	(0.05%)	141.8	(0.05%)	204.6
Sep-21	54.1	(0.05%)	25.2	(0.05%)	100.5	(0.05%)	179.8
Oct-21	58.8	(0.05%)	28.4	(0.05%)	139.4	(0.05%)	226.6
Nov-21	37.6	(0.05%)	17.7	(0.05%)	124.9	(0.05%)	180.2
Dec-21	34.7	(0.05%)	12.9	(0.05%)	144.0	(0.07%)	191.6
Jan-22	46.5	(0.05%)	21.5	(0.05%)	254.8	(0.05%)	322.8
Feb-22	31.6	(0.05%)	24.8	(0.05%)	204.5	(0.07%)	261.0
Mar-22	28.5	(0.05%)	19.3	(0.05%)	255.9	(0.11%)	303.8
Apr-22	35.3	(0.05%)	19.1	(0.05%)	289.1	(0.12%)	343.6
May-22	40.1	(0.05%)	14.1	(0.05%)	239.6	(0.13%)	293.8
Jun-22	40.9	(0.05%)	12.1	(0.05%)	233.3	(0.17%)	286.3
Jul-22	52.3	(0.05%)	15.8	(0.05%)	258.9	(0.16%)	327.0
Aug-22	44.1	(0.05%)	13.5	(0.05%)	258.8	(0.17%)	316.5
Sep-22	52.9	(0.05%)	17.5	(0.05%)	175.2	(0.11%)	245.7
Oct-22	42.2	(0.05%)	14.3	(0.05%)	244.5	(0.16%)	301.0
Nov-22	40.0	(0.05%)	11.0	(0.05%)	172.4	(0.17%)	223.5
Dec-22	37.4	(0.05%)	96.0	(0.05%)	128.2	(0.17%)	175.1
Jan-23	33.9	(0.05%)	25.6	(0.07%)	150.2	(0.17%)	209.8
Feb-23	15.1	(0.05%)	53.9	(0.18%)	307.8	(0.33%)	376.9
Mar-23	16.7	(0.05%)	51.1	(0.15%)	251.5	(0.32%)	319.3
Apr-23	16.5	(0.05%)	61.1	(0.18%)	276.5	(0.33%)	354.2
May-23	22.9	(0.05%)	56.3	(0.14%)	158.1	(0.30%)	237.3
Jun-23	24.3	(0.05%)	34.3	(0.09%)	163.2	(0.28%)	221.8
Jul-23	33.1	(0.05%)	21.8	(0.06%)	198.2	(0.29%)	253.1
Aug-23	35.9	(0.05%)	10.6	(0.05%)	153.2	(0.28%)	199.7
Sep-23	18.9	(0.05%)	52.7	(0.14%)	222.5	(0.39%)	294.0
Oct-23	14.0	(0.05%)	49.8	(0.21%)	273.3	(0.43%)	337.1
Nov-23	19.3	(0.09%)	81.3	(0.33%)	245.3	(0.51%)	345.9
Dec-23	21.5	(0.19%)	103.6	(0.42%)	225.0	(0.60%)	350.0
Jan-24	12.4	(0.05%)	63.7	(0.25%)	212.1	(0.46%)	288.2
Feb-24	10.7	(0.05%)	41.3	(0.18%)	192.0	(0.40%)	244.0
Mar-24	8.8	(0.05%)	45.5	(0.25%)	223.9	(0.49%)	278.2
Apr-24	14.5	(0.16%)	45.0	(0.33%)	177.8	(0.47%)	237.3
May-24	24.1	(0.18%)	81.4	(0.36%)	278.8	(0.50%)	384.3
Jun-24	31.4	(0.29%)	96.1	(0.45%)	229.4	(0.57%)	356.8
Jul-24	50.9	(0.40%)	125.4	(0.59%)	288.1	(0.69%)	464.4
Aug-24	38.9	(0.38%)	142.6	(0.61%)	283.9	(0.72%)	465.4
Sep-24	26.8	(0.28%)	44.2	(0.39%)	233.6	(0.61%)	304.6
Oct-24	52.8	(0.38%)	115.4	(0.51%)	208.5	(0.61%)	376.7
Nov-24	50.2	(0.34%)	78.3	(0.46%)	175.2	(0.57%)	303.8
Dec-24	57.5	(0.49%)	120.7	(0.60%)	163.9	(0.65%)	342.0
Jan-25	100.2	(0.60%)	189.4	(0.71%)	223.5	(0.71%)	513.1
Feb-25	55.4	(0.62%)	115.9	(0.77%)	149.5	(0.75%)	320.8
Mar-25	66.5	(0.74%)	148.2	(0.89%)	209.9	(0.83%)	424.6

〈FY Total〉

(Unit: billion yen)

	3-Year Fixed-Rate	5-Year Fixed-Rate	10-Year Floating-Rate	Total
FY2002	–	–	383.5	383.5
FY2003	–	–	2,967.1	2,967.1
FY2004	–	–	6,821.0	6,821.0
FY2005	–	1,128.5	6,142.7	7,271.2
FY2006	–	4,162.7	2,975.6	7,138.3
FY2007	–	3,617.7	1,044.0	4,661.7
FY2008	–	2,051.9	241.0	2,292.9
FY2009	–	1,193.9	165.9	1,359.8
FY2010	462.0	422.1	143.7	1,027.8
FY2011	1,059.0	756.5	1,117.8	2,933.4
Issued in 2012	169.7	97.3	240.6	507.6
FY2012	361.0	204.2	1,111.2	1,676.4
Issued in 2013	87.6	14.5	207.1	309.3
FY2013	606.9	443.3	1,989.7	3,039.9
FY2014	385.4	432.8	1,814.4	2,632.6
FY2015	285.8	168.1	1,682.8	2,136.7
FY2016	533.9	1,251.0	2,770.7	4,555.6
FY2017	538.5	226.8	2,684.0	3,449.3
FY2018	461.0	196.0	4,035.7	4,692.7
FY2019	675.3	251.6	4,321.5	5,248.4
FY2020	692.6	205.7	2,130.7	3,029.0
FY2021	523.1	230.2	2,219.5	2,972.8
FY2022	451.1	257.5	2,709.8	3,418.4
FY2023	238.3	621.9	2,543.2	3,403.5
FY2024	569.2	1,302.4	2,622.2	4,493.8

Note 1: From January 2012 to June 2013, JGBs for Retail Investors have been issued as Reconstruction Bonds.

Note 2: JGBs for Retail Investors issued from April to June 2012 were posted under revenues in FY2011, and those issued from April to June 2013 were posted under revenues in FY2012, because Reconstruction Bonds are accepted to be issued between accounting adjustment term.

Note 3: Amounts of 10-Year Floating-Rate JGBs issued for FY2011 and FY2012 include those of Reconstruction Supporters' Bonds for Retail Investors.

(7) Issuance by the Bank of Japan Rollover

(Unit: billion yen)

FY	Amount of Rollover
FY2015	10,399.9
FY2016	7,999.9
FY2017	3,000.0
FY2018	2,500.0
FY2019	2,200.0
FY2020	2,200.0
FY2021	2,200.0
FY2022	2,200.0
FY2023	2,000.0
FY2024	1,700.0

Note: Figures are calculated on a revenue basis. Actual basis.

(8) Front-Loading Issuance of Refunding Bonds

(Unit: billion yen)

	Maximum Amount of Issuance (Face Value Basis)	Issuance Amount (Revenue Basis)
FY2015 (Issued in FY2014)	29,000.0 (initial plan: 25,000.0)	28,834.1
FY2016 (Issued in FY2015)	44,000.0 (initial plan: 32,000.0)	42,250.9
FY2017 (Issued in FY2016)	56,000.0 (initial plan: 48,000.0)	45,104.6
FY2018 (Issued in FY2017)	56,000.0	49,440.7
FY2019 (Issued in FY2018)	55,000.0	52,463.1
FY2020 (Issued in FY2019)	53,000.0	45,082.7
FY2021 (Issued in FY2020)	43,000.0	9,372.6
FY2022 (Issued in FY2021)	20,000.0	15,135.8
FY2023 (Issued in FY2022)	20,000.0	15,498.8
FY2024 (Issued in FY2023)	35,000.0 (initial plan: 25,000.0)	24,357.9
FY2025 (Issued in FY2024)	44,500.0	24,924.5
FY2026 (Issued in FY2025)	55,000.0	–

Note: Refunding Bonds issued in order to refinance JGBs that will mature in FY X are basically issued in FY X, but they can be issued in FY X-1 within an upper limit authorized by the General Rules for the Special Account Budget of FY X-1. This kind of issuance is called Front-Loading Issuance of Refunding Bonds.

(9) List of Commissions for Issuing JGBs, etc.

Categories		Calculation Formula	Payable to
Bond Sales Fee (New OTC Sales JGBs)	10-Year	0.20 yen per 100 yen nominal par	Handling Institutions
	5-Year	0.15 yen per 100 yen nominal par	
	2-Year	0.10 yen per 100 yen nominal par	
Bond Sales Fee (JGBs for Retail Investors)	10-Year Floating Rate	0.14 yen per 100 yen nominal par	Handling Institutions
	5-Year Fixed Rate	0.11 yen per 100 yen nominal par	
	3-Year Fixed Rate	0.08 yen per 100 yen nominal par	
Bond Issuance Fee		Necessary fee amount permitted by the Minister of Finance	Bank of Japan
Management Fee (JGBs for Retail Investors)		Principal receivable at interest payment × 2/10,000 Except for JGBs held at a self-account (except for trust account)	Handling Institutions
Interest Payment Fee		Principal receivable at interest payment × 0.006/1,000 Except for JGBs held at a self-account (except for trust account)	BOJ Agents, etc.
Redemption Fee	Treasury Bills Financing Bills	Redemption proceeds receivable × 0.9/1,000,000 However, the following upper limit is applicable to fees per JGB category (issue number) Self-account: 10,000 yen; and customer account: 15,000 yen	BOJ Agents, etc.
	Except for Above	Principal receivable × 0.006/1,000 Except for JGBs held at a self-account (except for trust account)	
Premature Redemption Fee (JGBs for Retail Investors)		JGB purchase amount payable × 0.9/1,000	Handling Institutions
Subsidy JGBs Delivery Fee		357 yen per JGB certificate	BOJ Agents, etc.
Subsidy JGBs Redemption Fee (Interest Payment Fee Principal/Interest Payment Fee Redemption Amount Payment Fee)		378 yen per interest coupon or attached coupon	BOJ Agents, etc.
Subsidy JGBs Buy-Back Redemption Fee		1,282 yen per JGB certificate	BOJ Agents, etc.

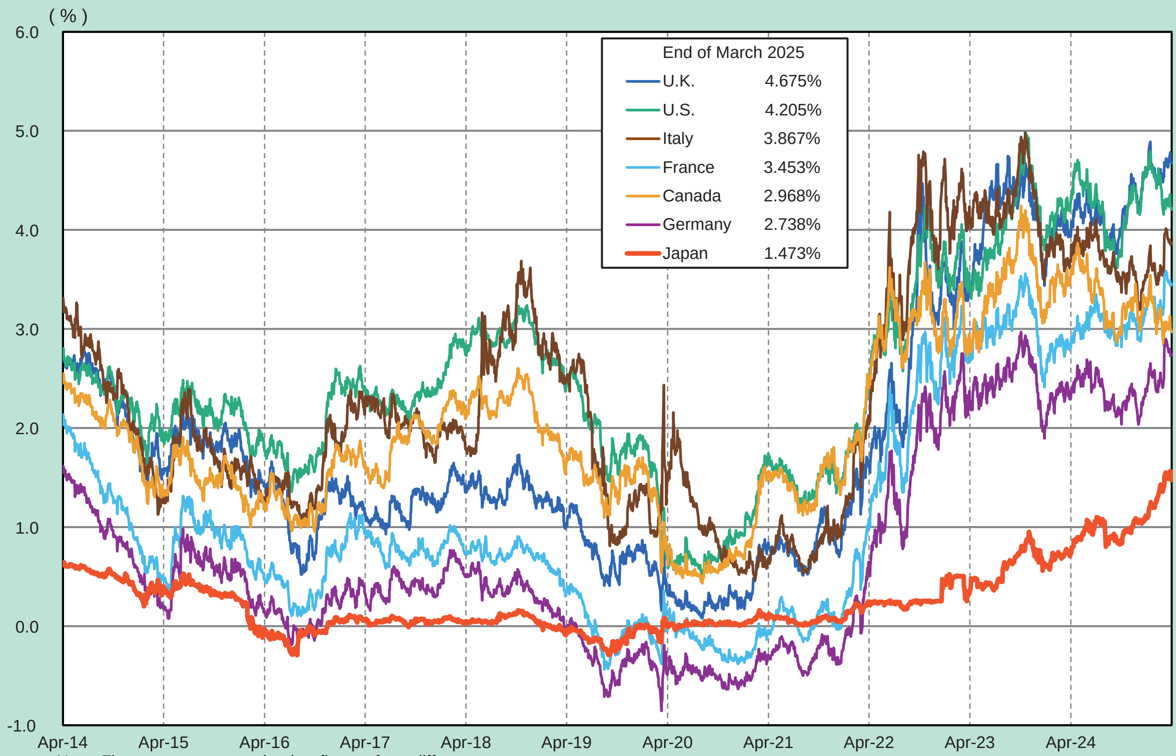
Note: The fees given above do not include consumption tax. Actual fees shall be the amount of the tax added.

3 Secondary Market for Government Bonds

(1) 10-Year JGB Yield

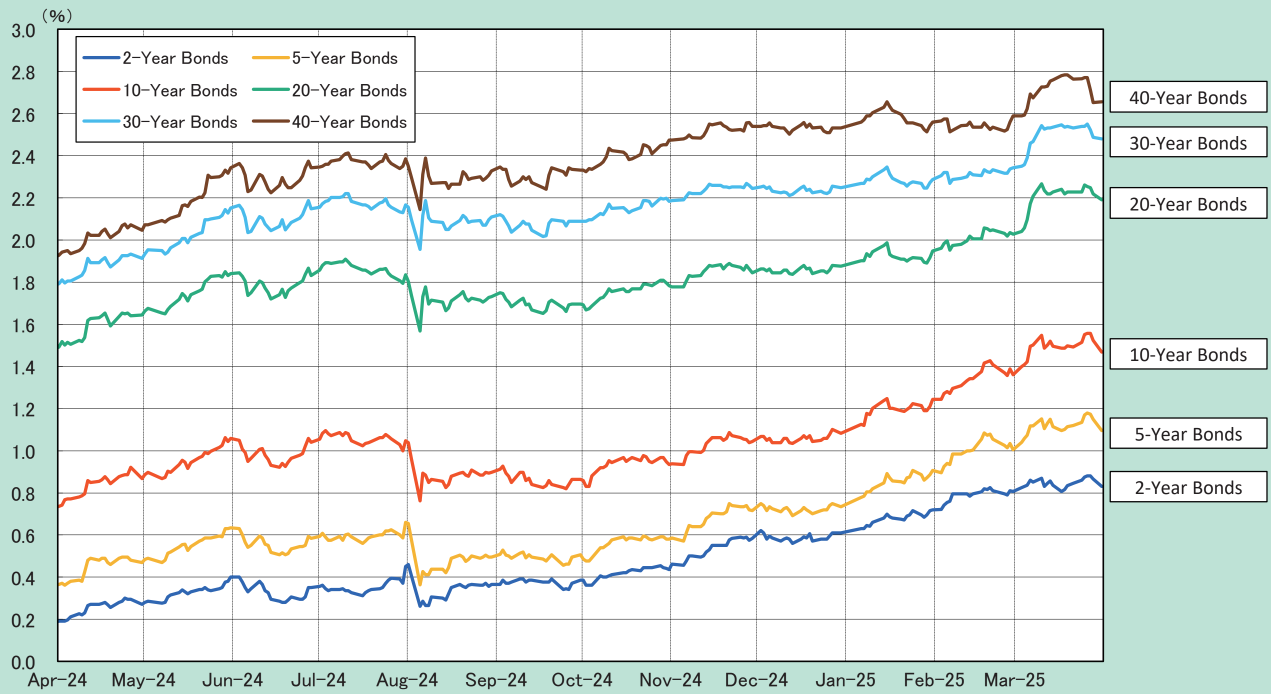
(Source) Nikkei QUICK

(2) 10-Year Government Bonds Yields



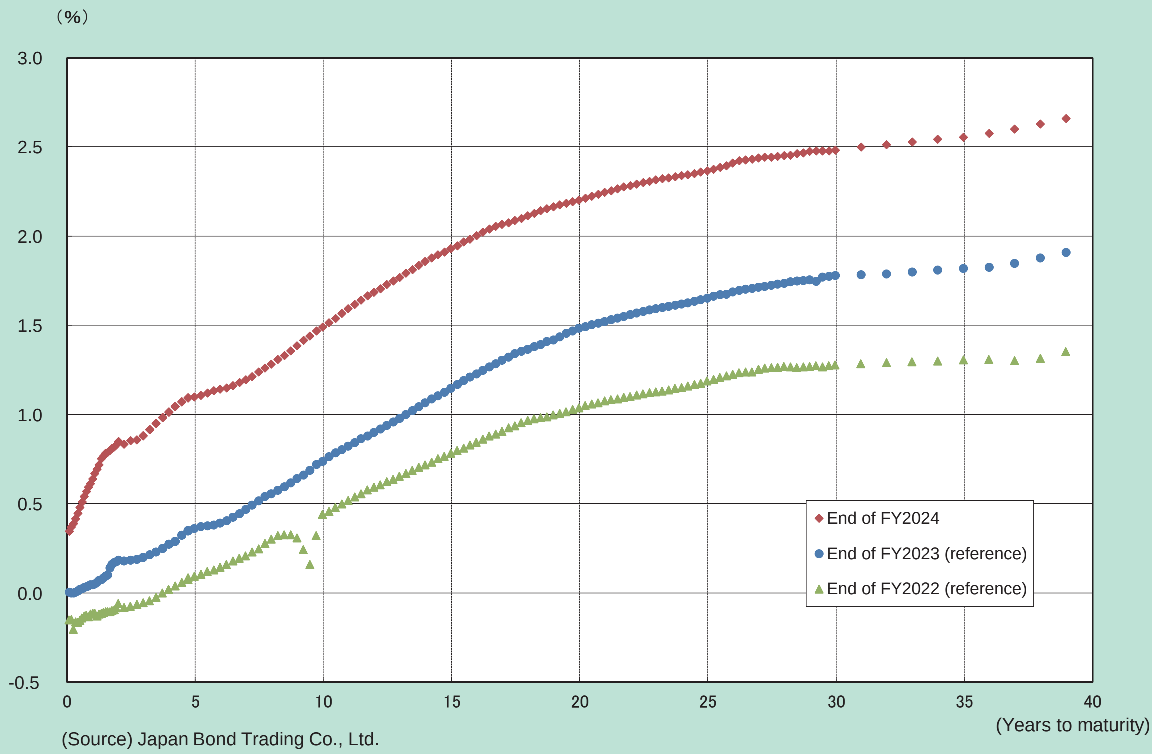
Note: Figures may not match other figures from different sources.
(Source) Bloomberg

(3) Yields of JGBs in FY2024



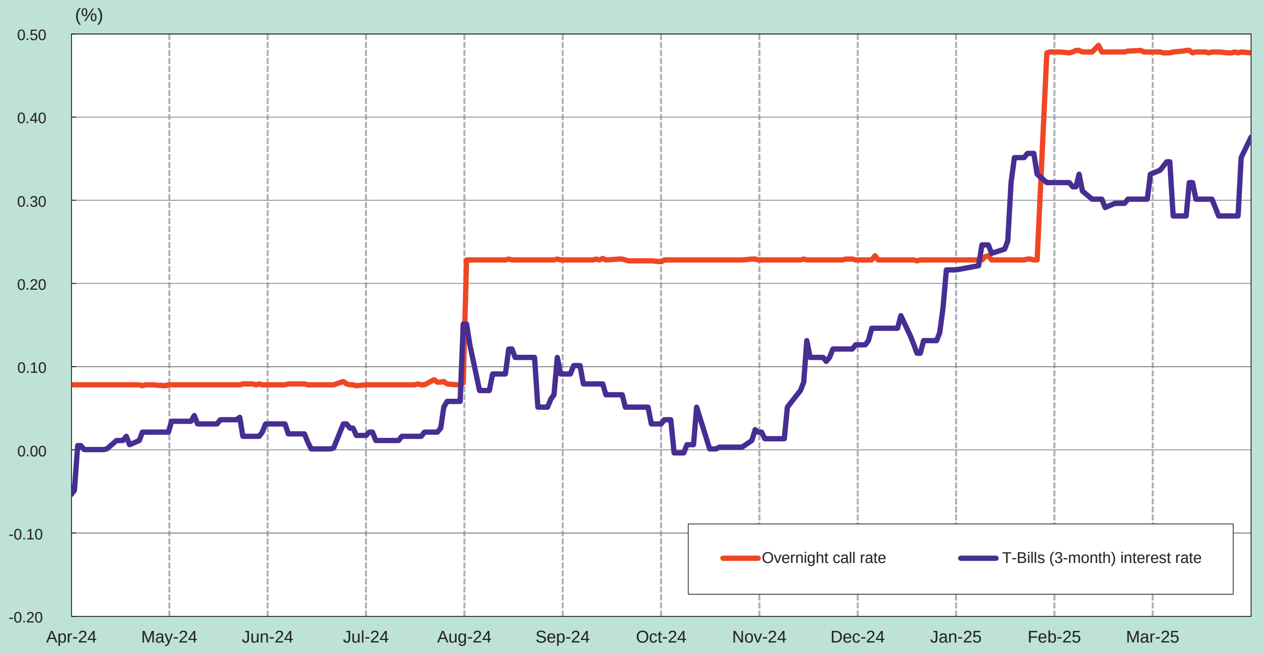
(Source) Nikkei QUICK

(4) JGB Yield Curves



(Source) Japan Bond Trading Co., Ltd.

(5) Various Rates in the Short-term Financial Market in FY2024

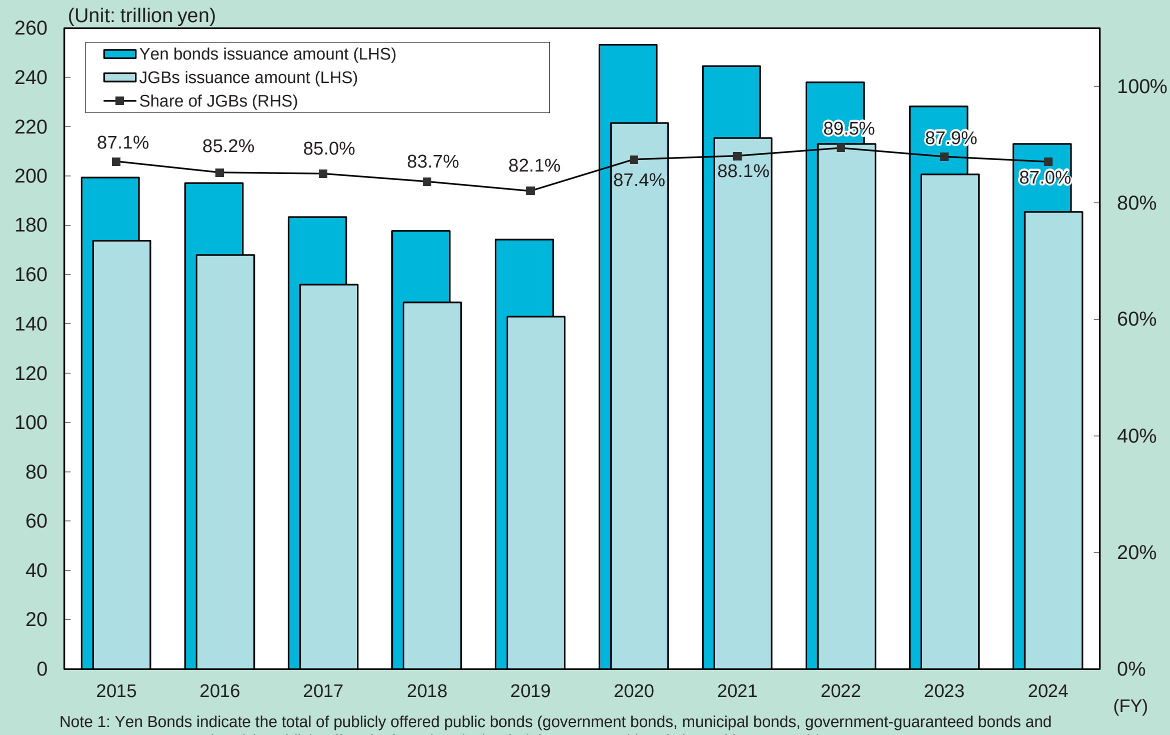


(Sources) Tanshi Association, Japan Bond Trading Co.,Ltd.

(6) Break-Even-Inflation (BEI) Rate

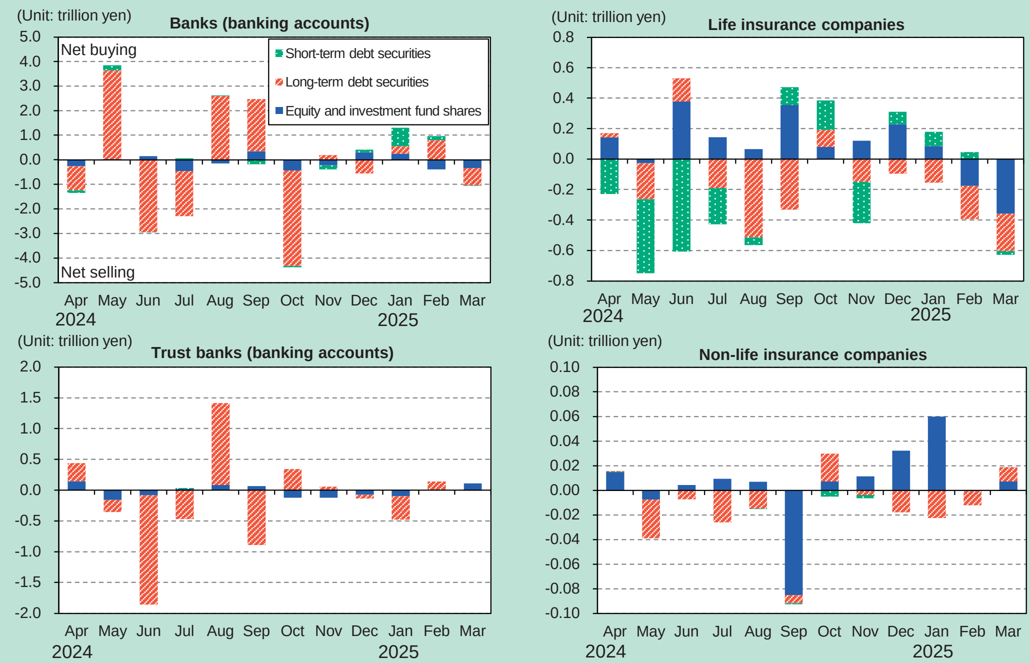
(Source) Japan Bond Trading Co., Ltd.

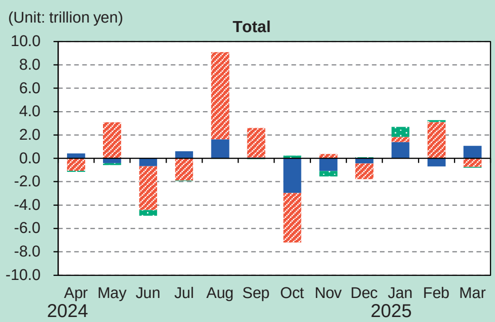
(7) Share of JGBs in Total Issuance Amount of Yen Bonds



Note 1: Yen Bonds indicate the total of publicly offered public bonds (government bonds, municipal bonds, government-guaranteed bonds and FILP-Agency bonds), publicly offered private bonds, bank debentures and bonds issued by non-resident.
Note 2: JGBs include TBs. FBs, converted government bonds, subsidy bonds and subscription bonds are excluded.
(Source) Japan Securities Dealers Association

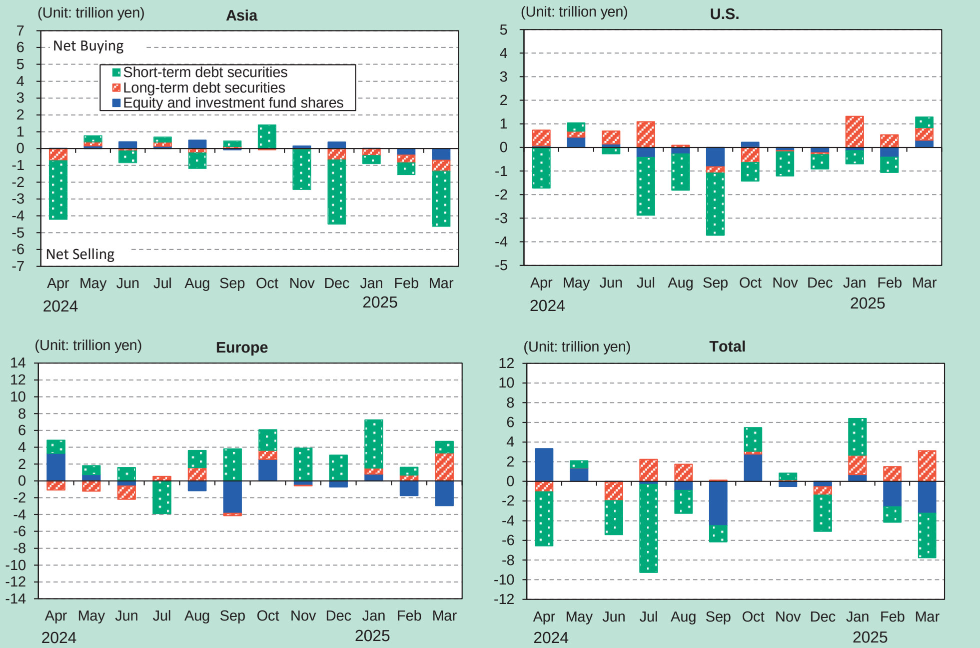
(8) Portfolio Investment Assets in FY2024





Note 1: Figures indicate the situation of investment by residents in securities issued by non-residents.
Note 2: "Long-term debt securities" are securities with an original maturity of more than one year and include central government bonds, government agency securities, supranational bonds, local government bonds, bank bonds, corporate bonds, Samurai bonds, etc.
Note 3: "Short-term debt securities" are securities with an original maturity of no more than one year and include T-Bills, commercial papers, etc.
Note 4: "Total" includes "General government", "Banks (trust accounts)" and "Trust banks (trust accounts)", etc. in addition to the data shown above.
(Source) Ministry of Finance

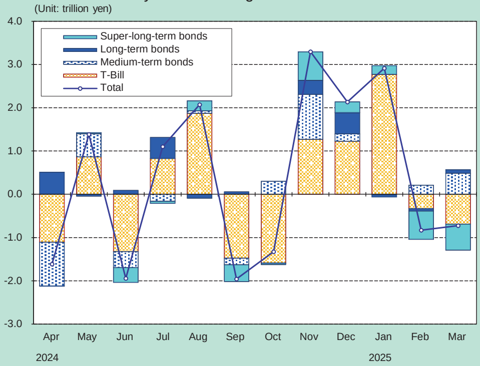
(9) Portfolio Investment Liabilities in FY2024



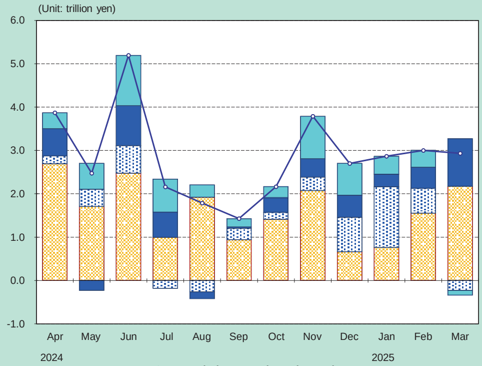
Note 1: The figures indicate the situation of portfolio investment liabilities, meaning the investment by non-residents in securities issued by residents.
Note 2: "Long-term debt securities" are securities with an original maturity of more than one year and include central government bonds, government agency securities, supranational bonds, local government bonds, bank bonds, corporate bonds, and Samurai bonds, etc.
Note 3: "Short-term debt securities" are securities with an original maturity of no more than one year and include T-Bills, commercial papers, etc.
Note 4: "Total" includes "Central and South America", "Oceania" and "Middle East", etc. in addition to the data shown above.
(Sources) Ministry of Finance, Bank of Japan

(10) Trends in JGB Transactions (by investor type) in FY2024

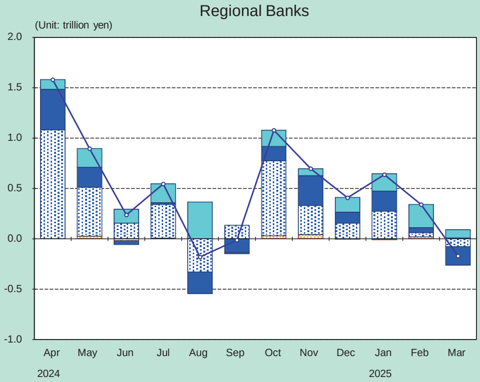
City Banks & Long-term Credit Banks



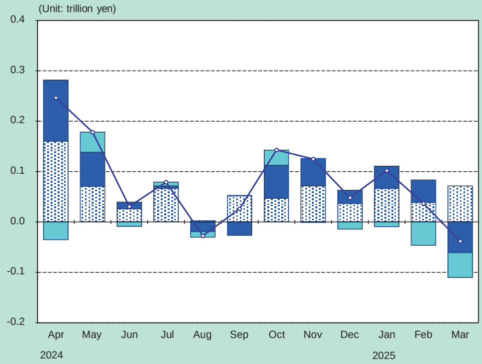
Trust Banks



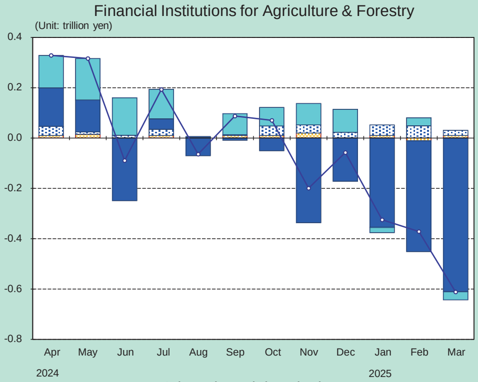
Regional Banks



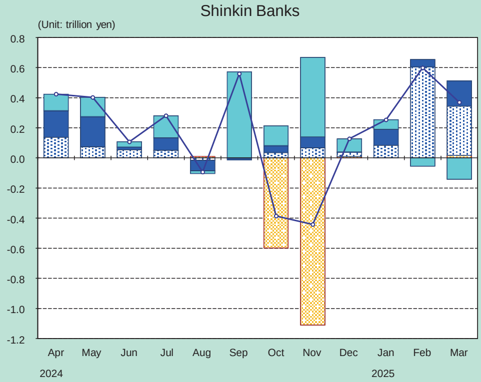
Second-tier Regional Banks



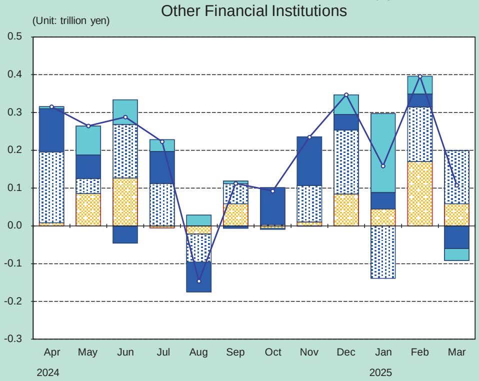
Financial Institutions for Agriculture & Forestry



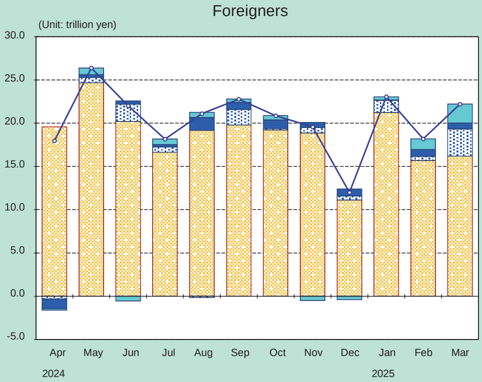
Shinkin Banks



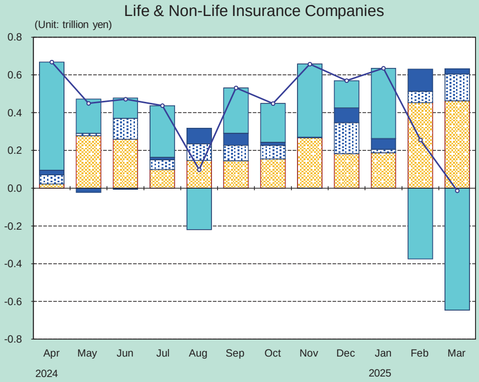
Other Financial Institutions



Foreigners



Life & Non-Life Insurance Companies



Note 1: Turnover figures represent transaction totals (excluding *Gensaki* transactions) by members (securities companies) and special members (registered financial institutions conducting dealing duties, etc.) of the Japan Securities Dealers Association. Figures are calculated on a nominal basis.

Note 2: In addition to the data shown here, the Japan Securities Dealers Association also publishes turnover charts for "Investment Trusts", "Mutual Aid Association of Govt. Offices", "Business Corporations" "Other Corporations" "Individuals", "Others" and "Bond Dealers"

(Source) Prepared by the MOF based on date from the Japan Securities Dealers Association

(11) Trading Volume of Yen Bonds

(Unit: trillion yen)

	Yen Bonds	JGBs					JGBs Share in Total Trading Volume of Yen Bonds
			Super long-term Bonds	Long-term Bonds	Medium-term Bonds	Short-term Bonds	
FY2015	2,812.6	2,764.0	372.9	641.5	723.9	1,025.7	98.3%
FY2016	2,365.5	2,322.8	389.1	471.5	696.2	766.0	98.2%
FY2017	2,301.2	2,257.1	435.3	498.1	567.1	756.6	98.1%
FY2018	2,285.4	2,242.0	459.3	525.1	495.9	761.7	98.1%
FY2019	2,337.2	2,293.9	439.9	500.0	560.8	793.2	98.1%
FY2020	2,650.4	2,605.6	429.1	441.7	454.9	1,279.9	98.3%
FY2021	2,599.4	2,559.0	469.7	517.9	461.3	1,110.0	98.4%
FY2022	2,931.3	2,898.1	504.1	689.3	527.3	1,177.5	98.9%
FY2023	2,922.2	2,881.7	524.7	564.8	696.0	1,096.1	98.6%
FY2024	3,038.4	2,998.3	548.5	573.0	945.9	930.9	98.7%

Note: Bond *Gensaki* transactions are excluded.
(Source) Japan Securities Dealers Association

(12) Trading Volume of JGB Futures

(Unit: trillion yen)

	Trading Volume			Open Interest (End of FY)		
		10-Year JGB Futures	20-Year JGB Futures		10-Year JGB Futures	20-Year JGB Futures
FY2015	849.7	849.1	0.3	7.2	7.2	0.0
FY2016	700.0	699.9	0.0	8.0	8.0	0.0
FY2017	881.5	881.5	0.0	11.7	11.7	0.0
FY2018	1,027.0	1,026.9	0.0	11.2	11.2	0.0
FY2019	955.3	955.3	0.0	6.9	6.9	-
FY2020	712.7	712.7	-	7.7	7.7	-
FY2021	813.0	813.0	-	9.0	9.0	-
FY2022	788.7	788.7	0.0	15.8	15.8	-
FY2023	1,018.4	1,018.4	-	18.9	18.9	-
FY2024	1,177.8	1,177.7	-	14.0	14.0	-

(Source) Japan Exchange Group, Inc.

(13) Trading Volume of Bond *Gensaki*

(Unit: trillion yen)

	Trading Volume			Outstanding (End of FY)	
	Yen Bonds (excluding JGB baskets)	JGBs	JGB Baskets	Transactions other than Subsequent Collateral Allocation Repos (Standard Repos, etc.)	Subsequent Collateral Allocation Repos
FY2015	7,582.8	7,486.9	-	30.5	-
FY2016	6,918.4	6,887.5	-	33.4	-
FY2017	7,622.2	7,579.0	-	40.2	-
FY2018	13,575.8	13,537.7	3,112.7	101.6	14.8
FY2019	17,259.1	17,222.5	6,450.2	133.6	22.7
FY2020	18,843.3	18,837.1	9,085.0	120.6	27.8
FY2021	22,791.3	22,777.5	10,326.1	155.9	22.6
FY2022	34,591.9	34,579.9	10,929.3	192.6	22.0
FY2023	43,768.4	43,758.6	9,919.3	240.9	25.8
FY2024	47,252.6	47,242.5	9,135.8	270.9	29.0

Note 1: The Outstanding at the end of fiscal year is the total outstanding of securities companies and financial institutions for dealing.
Note 2: JGB Baskets and Subsequent Collateral Allocation Repos are traded price base (otherwise nominal).
(Source) Japan Securities Dealers Association

(14) Trading Volume of Bond-Lending

(Unit: trillion yen)

	Lending			Borrowings		
		With Collateral	Without Collateral		With Collateral	Without Collateral
FY2015	8,228.7	8,213.1	15.6	5,809.2	5,736.5	72.7
FY2016	8,547.9	8,535.8	12.1	5,966.5	5,893.2	73.3
FY2017	8,548.4	8,442.5	105.9	5,627.7	5,557.3	70.5
FY2018	5,622.5	5,291.4	331.1	3,601.8	3,518.8	83.0
FY2019	3,090.5	2,781.8	308.7	2,003.5	1,921.6	81.9
FY2020	2,782.6	2,371.9	410.7	1,476.7	1,403.0	73.7
FY2021	2,107.1	1,749.4	357.7	1,305.5	1,233.7	71.8
FY2022	3,012.0	2,588.2	423.8	1,929.2	1,850.0	79.2
FY2023	3,370.2	3,346.2	24.1	2,654.1	2,588.4	65.7
FY2024	3,511.1	3,484.8	26.3	2,902.5	2,827.8	74.6

Note: Trading volume is the total of contracts by all members of Japan Securities Dealers Association.
(Source) Japan Securities Dealers Association

(15) Trading Volume of JGBs Option by OTC

(Unit: trillion yen)

	Total	Call Options		Put Options	
		Buy	Sell	Buy	Sell
FY2015	65.8	32.8	9.1	11.3	12.6
FY2016	68.9	26.8	11.8	15.0	15.3
FY2017	97.9	31.2	20.6	22.6	23.6
FY2018	119.6	35.3	28.9	29.9	25.5
FY2019	131.8	36.1	31.7	33.2	30.8
FY2020	81.0	25.1	18.2	18.8	18.8
FY2021	81.4	25.4	18.0	18.4	19.5
FY2022	155.2	42.0	36.7	37.2	39.4
FY2023	380.5	96.0	95.4	96.4	92.7
FY2024	322.9	82.5	80.2	81.2	79.0

Note 1: Trading volume is the total transaction of securities companies and financial institutions for dealing.
Note 2: Trading volume is on nominal basis.
(Source) Japan Securities Dealers Association

(16) Trading Volume of JGB Futures Options

(Unit: trillion yen)

	Trading Volume	Call	Put	Open Interest (End of FY)	Call	Put
FY2015	102.5	31.3	71.2	0.9	0.2	0.7
FY2016	92.5	28.0	64.5	1.4	0.2	1.2
FY2017	86.2	30.2	56.1	1.6	0.5	1.1
FY2018	70.9	25.7	45.2	0.9	0.3	0.6
FY2019	64.4	31.1	33.4	0.0	0.0	0.0
FY2020	24.6	11.7	12.9	0.1	0.0	0.1
FY2021	16.0	7.5	8.5	0.1	0.1	0.0
FY2022	7.6	3.1	4.4	0.1	0.0	0.1
FY2023	8.5	2.7	5.8	0.1	0.0	0.1
FY2024	4.5	1.9	2.6	0.0	0.0	-

(Source) Japan Exchange Group, Inc.

(17) Outstanding Amount of STRIPS-Principal-Only Book-entry Transfer JGBs

(Unit: billion yen)

	40-Year Bonds		30-Year Bonds		20-Year Bonds		10-Year Bonds		10-Year Japan Climate Transition Bonds		5-Year Bonds		5-Year Japan Climate Transition Bonds		2-Year Bonds		Total	
FY2015	49.6	(13,133.4)	146.4	(76,987.9)	23.9	(174,841.3)	119.3	(301,008.5)	–	(–)	12.1	(160,806.5)	–	(–)	–	(63,932.8)	351.3	(790,710.4)
FY2016	49.6	(16,597.6)	146.4	(88,628.2)	20.7	(192,056.6)	94.4	(302,813.6)	–	(–)	6.5	(160,409.4)	–	(–)	–	(60,419.9)	317.5	(820,925.1)
FY2017	49.6	(20,283.7)	146.4	(100,696.1)	20.6	(208,335.0)	66.4	(308,203.8)	–	(–)	3.6	(156,681.3)	–	(–)	–	(57,975.4)	286.7	(852,175.2)
FY2018	49.6	(23,191.4)	146.4	(111,350.1)	20.6	(226,008.7)	46.1	(314,323.3)	–	(–)	1.2	(147,403.4)	–	(–)	–	(55,436.4)	263.9	(877,713.3)
FY2019	49.7	(26,504.6)	146.4	(121,641.1)	20.6	(243,077.3)	23.0	(313,956.3)	–	(–)	0.4	(138,030.0)	–	(–)	–	(52,360.6)	240.0	(895,569.8)
FY2020	49.7	(30,453.0)	146.4	(133,637.9)	20.6	(261,715.0)	13.9	(316,538.4)	–	(–)	–	(135,198.7)	–	(–)	–	(60,130.9)	230.6	(937,673.9)
FY2021	49.9	(35,098.5)	146.4	(146,955.0)	20.6	(281,354.0)	6.0	(320,319.2)	–	(–)	–	(136,099.3)	–	(–)	–	(71,542.0)	222.8	(991,368.0)
FY2022	50.2	(40,240.8)	146.4	(160,036.2)	20.4	(296,896.8)	3.5	(323,874.0)	–	(–)	–	(138,002.0)	–	(–)	–	(73,629.5)	220.4	(1,032,679.4)
FY2023	50.3	(45,406.6)	146.4	(173,148.9)	20.2	(305,062.0)	1.9	(325,247.3)	–	(799.5)	–	(144,683.3)	–	(799.8)	–	(72,241.6)	218.8	(1,067,389.1)
FY2024	50.3	(50,580.0)	146.4	(186,171.2)	19.4	(312,669.9)	0.8	(328,103.0)	–	(1,499.1)	–	(148,993.5)	–	(1,499.2)	–	(68,585.5)	216.9	(1,098,101.5)

<key> Outstanding Amount of Principal-Only Book-entry Transfer JGBs at the end of each period (Outstanding amount of JGBs qualified for STRIPS)
Note: Figures may not sum up to the total because of rounding.

(18) Results of Liquidity Enhancement Auctions in FY2024

Auction Date	4/16/24	4/18/24	5/2/24	5/24/24	6/11/24	6/13/24	7/16/24	7/22/24	8/22/24	8/27/24	9/19/24	9/24/24
Remaining Maturity Zone (years)	5-15.5	15.5-39	1-5	5-15.5	5-15.5	15.5-39	5-15.5	1-5	5-15.5	15.5-39	5-15.5	1-5
Amount of Competitive Bids (billion yen)	1,872.0	1,131.7	1,791.7	1,810.8	2,068.6	1,469.3	2,054.6	1,624.5	1,978.1	1,233.5	1,915.3	1,903.6
Amount of Bids Accepted (billion yen)	598.6	499.2	498.2	599.3	598.9	498.9	599.4	498.7	649.6	398.4	649.4	499.5
Average Accepted Spread (%)	▲ 0.001	▲ 0.022	▲ 0.008	▲ 0.006	▲ 0.017	▲ 0.024	▲ 0.031	▲ 0.012	▲ 0.005	▲ 0.007	0.013	▲ 0.043
Highest Accepted Spread (%)	▲ 0.001	▲ 0.017	▲ 0.007	▲ 0.002	▲ 0.015	▲ 0.022	▲ 0.029	▲ 0.008	▲ 0.002	▲ 0.005	0.017	▲ 0.041

Auction Date	10/15/24	10/17/24	11/19/24	11/25/24	12/12/24	12/24/24	1/23/25	1/27/25	2/20/25	2/25/25	3/14/25	3/25/25
Remaining Maturity Zone (years)	5-15.5	15.5-39	5-15.5	1-5	5-15.5	15.5-39	1-5	5-15.5	5-15.5	15.5-39	1-5	5-15.5
Amount of Competitive Bids (billion yen)	1,636.8	1,278.7	2,197.2	1,953.6	2,309.2	1,263.3	1,928.8	2,441.2	1,597.6	999.3	1,949.1	1,851.2
Amount of Bids Accepted (billion yen)	649.3	399.3	648.7	499.2	648.5	398.9	499.1	649.2	649.7	399.9	499.2	649.5
Average Accepted Spread (%)	0.006	▲ 0.017	▲ 0.015	▲ 0.009	0.005	▲ 0.017	▲ 0.005	▲ 0.023	▲ 0.022	▲ 0.039	▲ 0.019	0.023
Highest Accepted Spread (%)	0.009	▲ 0.017	▲ 0.013	▲ 0.008	0.005	▲ 0.016	▲ 0.003	▲ 0.020	▲ 0.016	▲ 0.024	▲ 0.016	0.029

(19) Buy-back Results in FY2024

Inflation-Indexed Bonds

Auction Date	Amount of Bids Received (billion yen)	Amount of Bids Accepted (billion yen)	Average Accepted Spread (yen)	Highest Accepted Spread (yen)
4/3/24	88.6	20.0	▲ 0.236	▲ 0.17
5/7/24	71.2	20.1	▲ 0.040	0.09
6/7/24	67.2	20.0	▲ 0.121	▲ 0.09
7/10/24	62.6	20.0	▲ 0.067	▲ 0.05
8/7/24	104.1	20.0	▲ 0.401	▲ 0.25
9/11/24	72.6	20.0	▲ 0.320	▲ 0.32
10/9/24	81.4	20.0	0.102	0.18
11/6/24	91.6	20.0	▲ 0.162	▲ 0.11
12/4/24	54.5	20.0	▲ 0.029	0.03
1/15/25	48.1	20.1	▲ 0.154	▲ 0.06
2/5/25	34.0	20.1	▲ 0.097	▲ 0.05
3/5/25	75.9	20.1	▲ 0.311	▲ 0.31

(20) Buy-back Results

(On nominal basis, billion yen)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
From the Market	120.2	120.4	120.5	481.0	601.6	510.9	240.4	240.6	240.4

(21) Japan's Sovereign Rating by Major Credit Rating Agencies

(Long-term debt denominated in home currency on May 23, 2025)

	Moody's			S&P			Fitch		R&I		JCR
	Aaa			AAA			AAA		AAA	Oct. 31, 00	AAA
Nov. 17, 98	Aa1		Feb. 22, 01	AA+		Jun. 29, 00	AA+	Dec. 21, 11	AA+		AA+
Sep. 8, 00	Aa2		Nov. 27, 01	AA		Nov. 26, 01	AA		AA		AA
Dec. 4, 01	Aa3	May 18, 09 / Aug. 24, 11	Apr. 15, 02	AA−	Apr. 22, 07 / Jan. 27, 11	Nov. 21, 02	AA−		AA−		AA−
May 31, 02	A1	Jun. 30, 08 / Dec. 1, 14		A+	Sep. 16, 15	May 22, 12	A＋		A+		A+
	A2	Oct. 11, 07		A		Apr. 27, 15	A		A		A
	A3			A−			A−		A−		A−
	Baa1			BBB+			BBB+		BBB+		BBB+
	Baa2			BBB			BBB		BBB		BBB
	Baa3			BBB−			BBB−		BBB−		BBB−

【Outlook】

Moody's	S&P	Fitch	R&I	JCR
Stable (Dec. 1, 2014)	Stable (Jun. 9, 2020)	Stable (Mar. 25, 2022)	Stable (Aug. 30, 2018)	Stable (Aug. 9, 2018)

(22) List of Sovereign Ratings by Major Credit Rating Agencies

(Long-term debt denominated in home currency on May 23, 2025)

	Moody's	S&P	Fitch	R&I	JCR
Aaa/AAA	Germany Canada	Germany Canada	Germany	U.S. U.K. Germany France	Japan U.S. U.K. Germany France Canada
Aa1/AA+	U.S.	U.S.	U.S. Canada	Japan	Korea
Aa2/AA	Korea	U.K. Ireland (↑) Korea	Ireland	Ireland	Spain China
Aa3/AA-	U.K. Ireland France	France (↓)	Korea France (↓) U.K.	China Korea	
A1/A+	Japan China (↓)	Japan China			Portugal
A2/A		Spain Portugal (↑)	Japan China	Spain	Italy
A3/A-	Portugal		Spain (↑) Portugal (↑)	Portugal	
Baa1/BBB+	Spain (↑)	Italy		Italy	
Baa2/BBB		Greece	Italy (↑)		
Baa3/BBB-	Italy (↑) Greece		Greece	Greece	
Ba1/BB+					
Ba2/BB					
Ba3/BB-					
B1/B+					
B2/B					
B3/B-					
Caa1/CCC+					
Caa2/CCC					
Caa3/CCC-					
Ca/CC					
C					
SD/RD					

"(↑)"shows that the outlook is positive.
"(↓)"shows that the outlook is negative.

Chapter 2 Financing Bills, Borrowings and Government-Guaranteed Debt

1 Financing Bills (FBs)

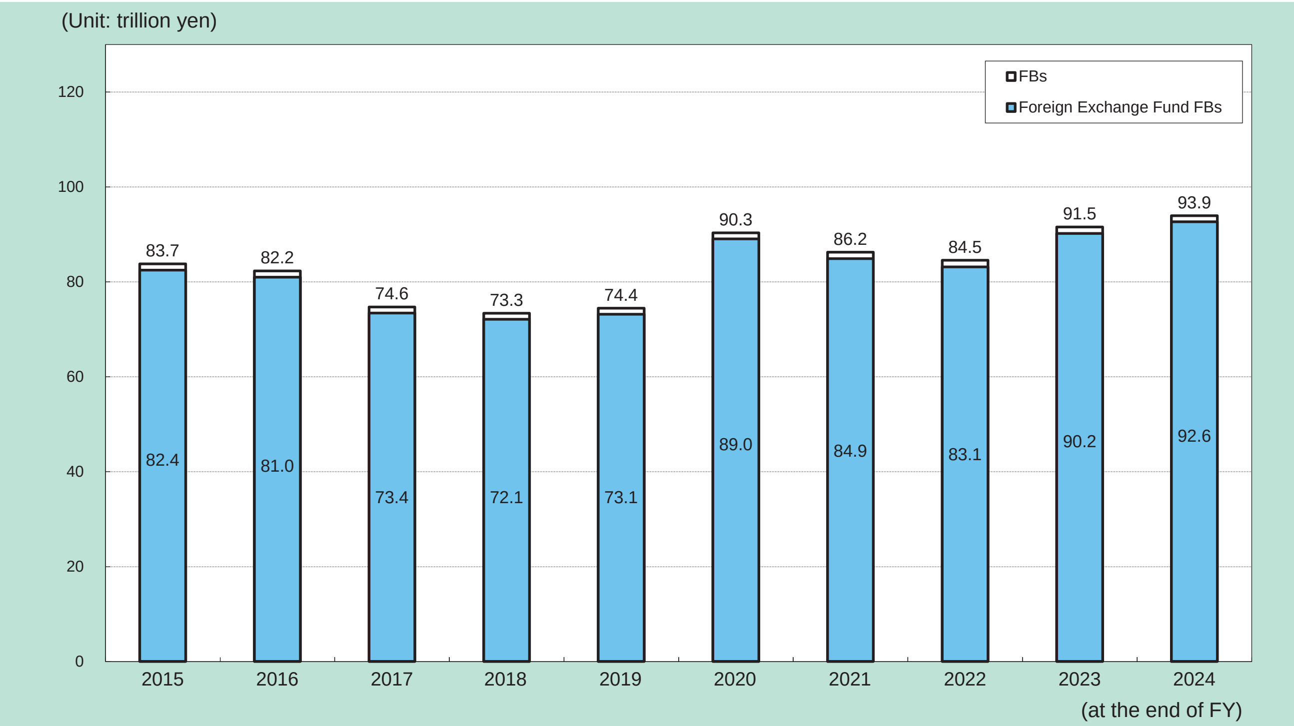
(1) Outstanding Amount of FBs-Breakdown by the Types (as of the end of FY2024)

(Unit: billion yen)

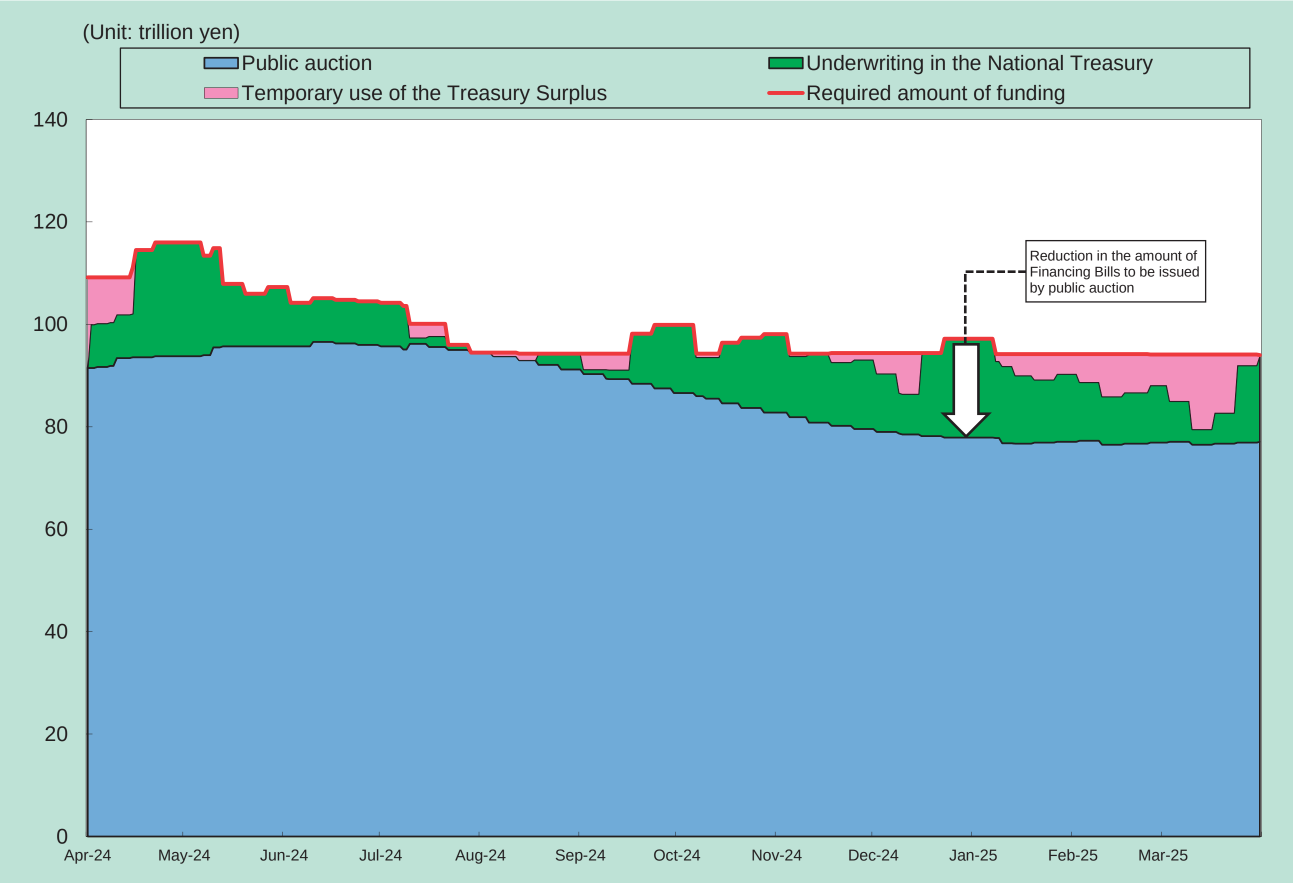
	Treasury FBs	Fiscal Loan Fund FBs	Foreign Exchange Fund FBs	Petroleum FBs	Nuclear Damage Liability Facilitation Fund FBs	Food FBs	Total
Outstanding as of the End of FY2024	—	—	92,613.2	1,160.4	—	126.0	93,899.6
Maximum Issuance Amount in FY2024	20,000.0	15,000.0	195,000.0	1,560.2	2,274.5	267.7	234,102.4
Maximum Issuance Amount in FY2025	20,000.0	15,000.0	195,000.0	1,560.3	3,665.0	274.8	235,500.1

Note 1: FY2024: supplementary budget, FY2025: initial budget.
Note 2: Figures may not sum up to the total because of rounding.

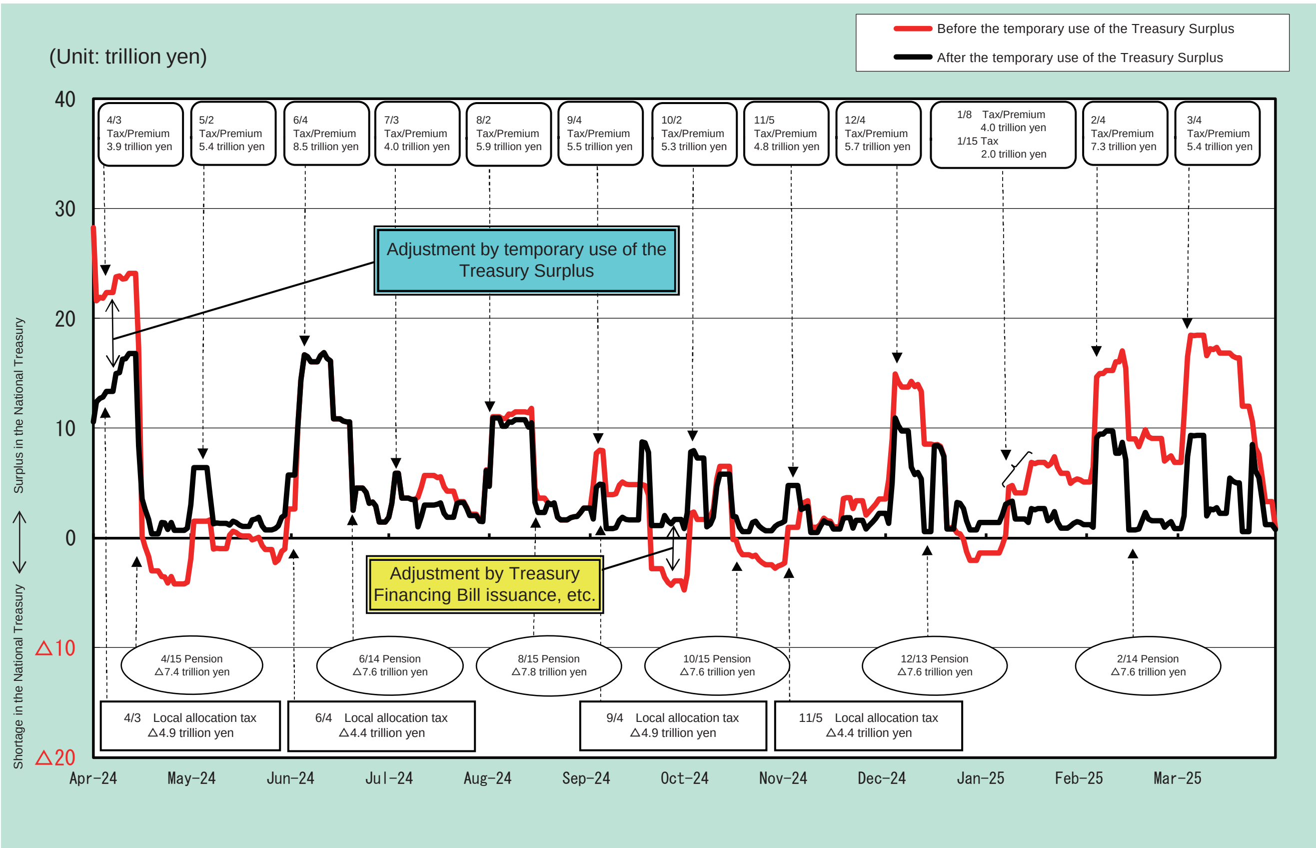
(2) Outstanding Amount of FBs



(3) Issuance Amount of FBs in FY2024-Breakdown by Funding Resources

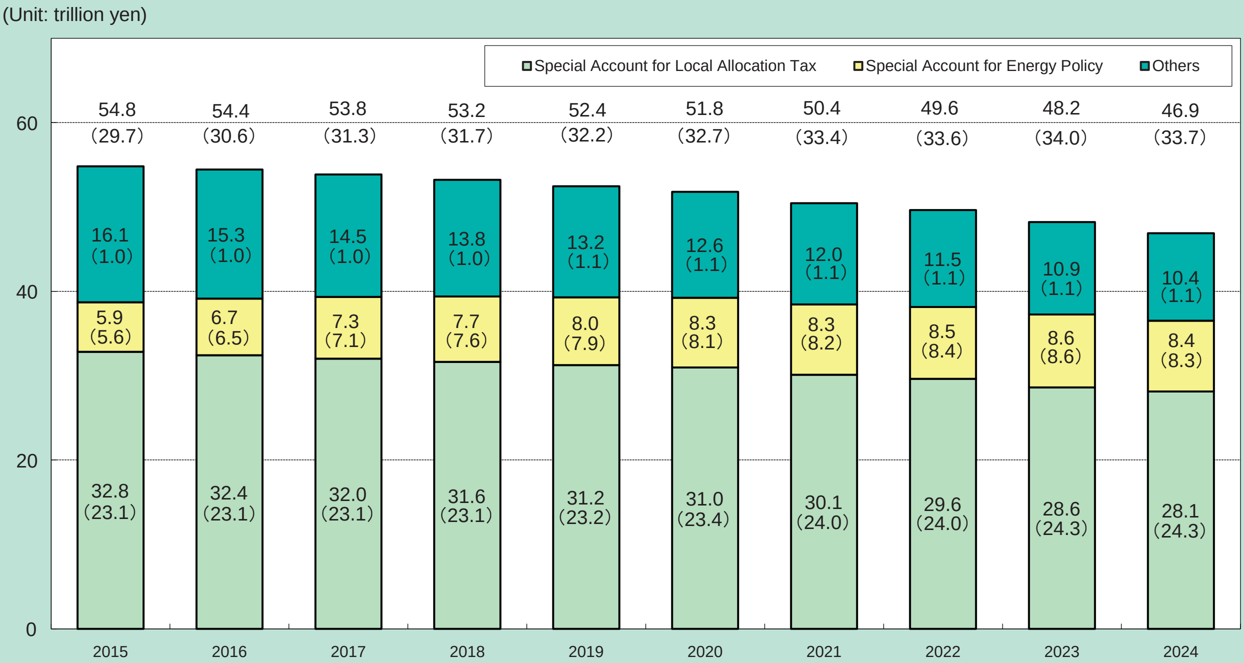


(4) Receipts and Payments on the National Treasury for FY2024



2 Borrowings

(1) Outstanding Amount of Borrowings



Note 1: Figures may not sum up to the total because of rounding.
Note 2: Figures in ( ) are outstanding amounts of borrowings from private financial institutions.

(at the end of FY)

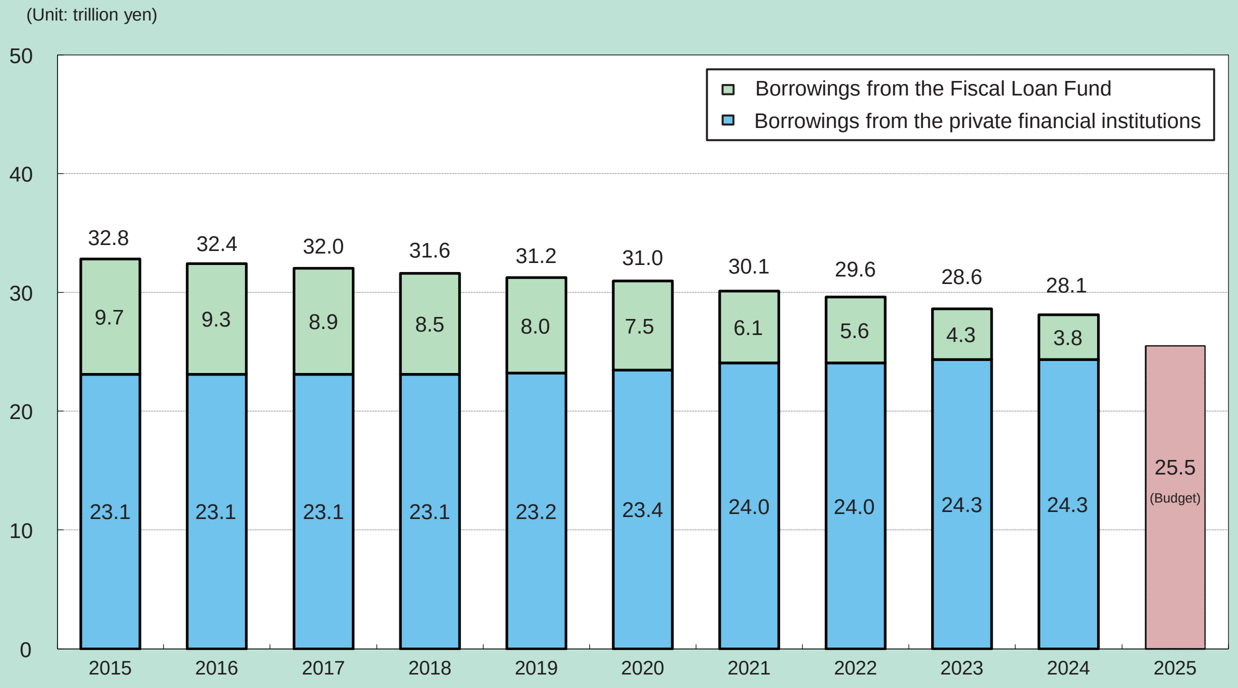
(2) Outstanding Amount of Borrowings-Breakdown by the Types of Account (as of the end of FY2024)

(Unit: billion yen)

Name of Account		End of FY2023	End of FY2024	Creditor		
				Fiscal Loan Fund	Financial Institutions	Others
General Account[1]		7,643.8	7,057.0	7,057.0	–	41.4
	Former Temporary Military Expenditure	41.4	41.4	–	–	41.4
	Allotment of Local Allocation Tax and Local Transfer Tax	7,590.5	7,006.6	7,006.6	–	–
	Former National Centers for Advanced and Specialized Medical Care	11.9	9.0	9.0	–	–
SA for Allotment of Local Allocation Tax and Local Transfer Tax		28,612.3	28,112.3	3,767.3	24,345.0	–
SA for Energy Policy		8,638.2	8,391.5	71.1	8,320.4	–
SA for Pension		1,434.8	1,434.8	1,434.8	–	–
SA for Stable Food Supply		24.0	19.5	13.7	5.9	–
SA for National Forest Debt Management		1,088.2	1,064.1	16.0	1,048.1	–
SA for Motor Vehicle Safety		754.8	788.4	667.4	–	[2]121.0
Total		48,196.2	46,867.5	12,985.8	33,719.3	162.4

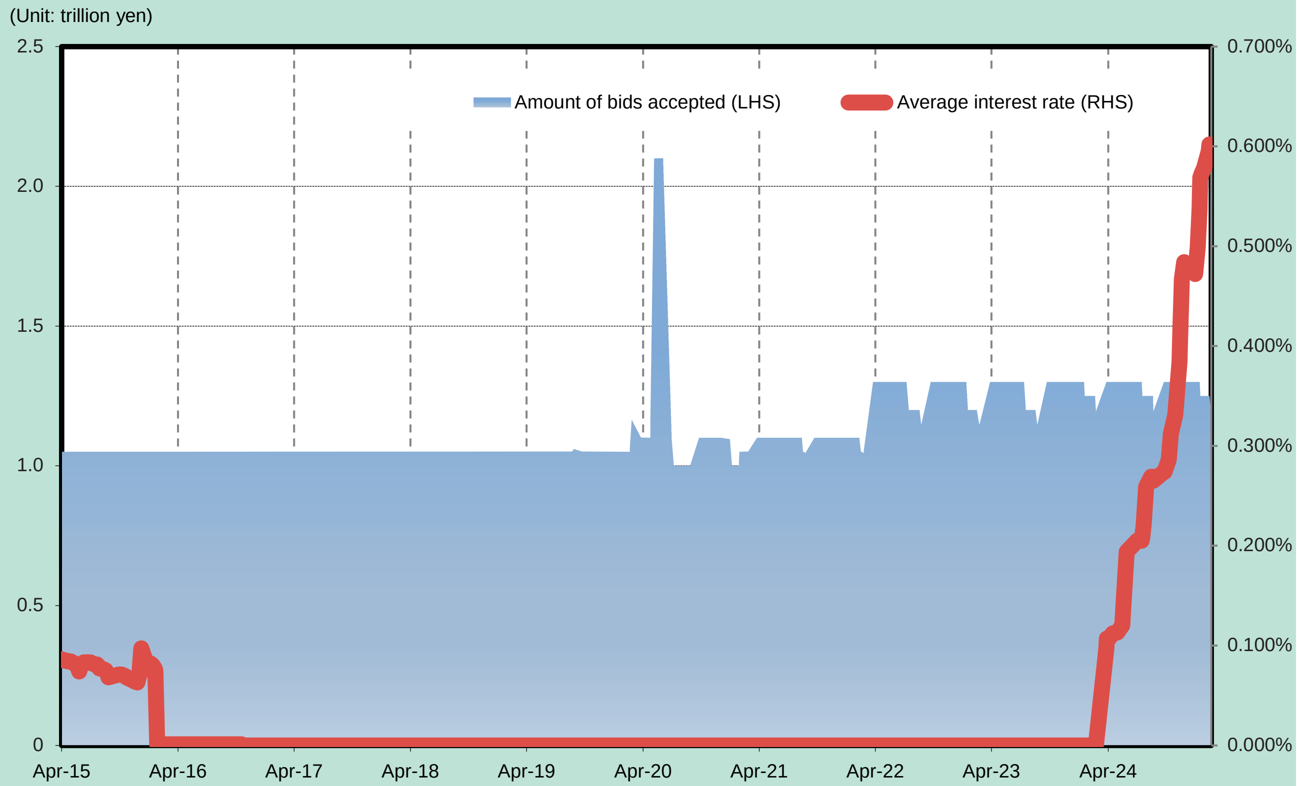
Note 1: For breakdown of the General Account, "Former Temporary Military Expenditure" (41.4) arise from the former Special Account for Temporary Military Expenditure. For "Allotment of Local Allocation Tax and Local Transfer Tax" (7,006.6) and "Former National Centers for Advanced and Specialized Medical Care" (9.0), part of the debt of "Special Account for Allotment of Local Allocation Tax and Local Transfer Tax" (April 2007), and part of the debt of "Special Account for National Centers for Advanced and Specialized Medical Care" (April 2010) were attributed to the General Account, respectively.
Note 2: These loans were made from local governments.
Note 3: Figures may not sum up to the total because of rounding.

(3) Outstanding Amount of Borrowings of the Special Account for Local Allocation Tax



Note: Figures may not sum up to the total because of rounding.

(4) Amount of Bids Accepted and Average Interest Rate at Each Auction by the Special Account for Local Allocation Tax



(5) Auction Results of the Borrowings of the Special Account for Local Allocation Tax in FY2024

Auction Date	Borrowing Date	Maturity Date	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Interest Rate	Highest Interest Rate
4/3/24	4/11/24	10/11/24	8,363.4	1,300.000	0.097%	0.110%
4/5/24	4/15/24	10/17/24	8,082.5	1,300.000	0.107%	0.110%
4/11/24	4/24/24	10/24/24	8,212.5	1,300.001	0.107%	0.115%
4/23/24	5/2/24	11/5/24	7,291.6	1,300.000	0.112%	0.115%
5/8/24	5/16/24	11/15/24	7,200.1	1,300.000	0.113%	0.115%
5/14/24	5/22/24	11/22/24	5,178.4	1,300.001	0.116%	0.120%
5/21/24	5/29/24	11/27/24	4,594.4	1,300.001	0.119%	0.120%
5/23/24	5/31/24	11/29/24	4,765.7	1,300.002	0.120%	0.125%
5/28/24	6/4/24	12/4/24	4,051.0	1,300.000	0.148%	0.200%
6/6/24	6/14/24	12/13/24	6,461.9	1,300.000	0.194%	0.220%
7/9/24	7/18/24	1/16/25	6,406.5	1,300.000	0.205%	0.230%
7/17/24	7/25/24	1/24/25	6,184.4	1,300.000	0.206%	0.220%
7/23/24	7/31/24	1/30/25	5,992.9	1,300.000	0.205%	0.215%
7/25/24	8/5/24	2/4/25	6,102.3	1,250.000	0.209%	0.228%
7/30/24	8/8/24	2/7/25	6,033.5	1,250.000	0.222%	0.240%
8/6/24	8/15/24	2/14/25	5,306.5	1,250.000	0.259%	0.293%
8/22/24	8/30/24	2/28/25	6,927.6	1,250.000	0.269%	0.280%
8/27/24	9/4/24	3/4/25	7,041.3	1,250.000	0.269%	0.275%
8/29/24	9/9/24	3/11/25	6,749.8	1,195.000	0.265%	0.270%
10/1/24	10/11/24	4/11/25	6,596.3	1,300.002	0.274%	0.294%
10/3/24	10/17/24	4/15/25	6,817.4	1,300.000	0.274%	0.285%
10/16/24	10/24/24	4/23/25	6,650.0	1,300.001	0.286%	0.310%
10/23/24	11/5/24	5/7/25	6,535.9	1,300.002	0.312%	0.325%
11/6/24	11/15/24	5/15/25	6,488.9	1,300.000	0.331%	0.347%
11/12/24	11/22/24	5/22/25	6,502.9	1,300.003	0.358%	0.375%
11/19/24	11/27/24	5/27/25	6,317.9	1,300.006	0.384%	0.400%
11/21/24	11/29/24	5/30/25	5,756.9	1,300.000	0.411%	0.475%
11/26/24	12/4/24	6/4/25	4,793.8	1,300.000	0.467%	0.500%
12/4/24	12/13/24	6/13/25	5,971.3	1,300.004	0.484%	0.500%
1/7/25	1/16/25	7/17/25	3,505.0	1,300.000	0.472%	0.500%
1/15/25	1/24/25	7/24/25	3,531.5	1,300.000	0.499%	0.519%
1/21/25	1/30/25	7/31/25	3,338.5	1,300.000	0.538%	0.570%
1/23/25	2/4/25	8/5/25	3,601.5	1,250.001	0.569%	0.590%
1/29/25	2/7/25	8/7/25	3,585.8	1,250.000	0.574%	0.589%
2/4/25	2/14/25	8/14/25	3,576.6	1,250.000	0.578%	0.585%
2/19/25	2/28/25	8/29/25	3,856.8	1,250.000	0.595%	0.614%
2/21/25	3/4/25	9/3/25	3,555.5	1,250.000	0.602%	0.610%
2/26/25	3/11/25	9/10/25	3,337.7	1,195.000	0.601%	0.610%

(6) Auction Results of the Borrowings of the Special Account for the National Forest Debt Management in FY2024

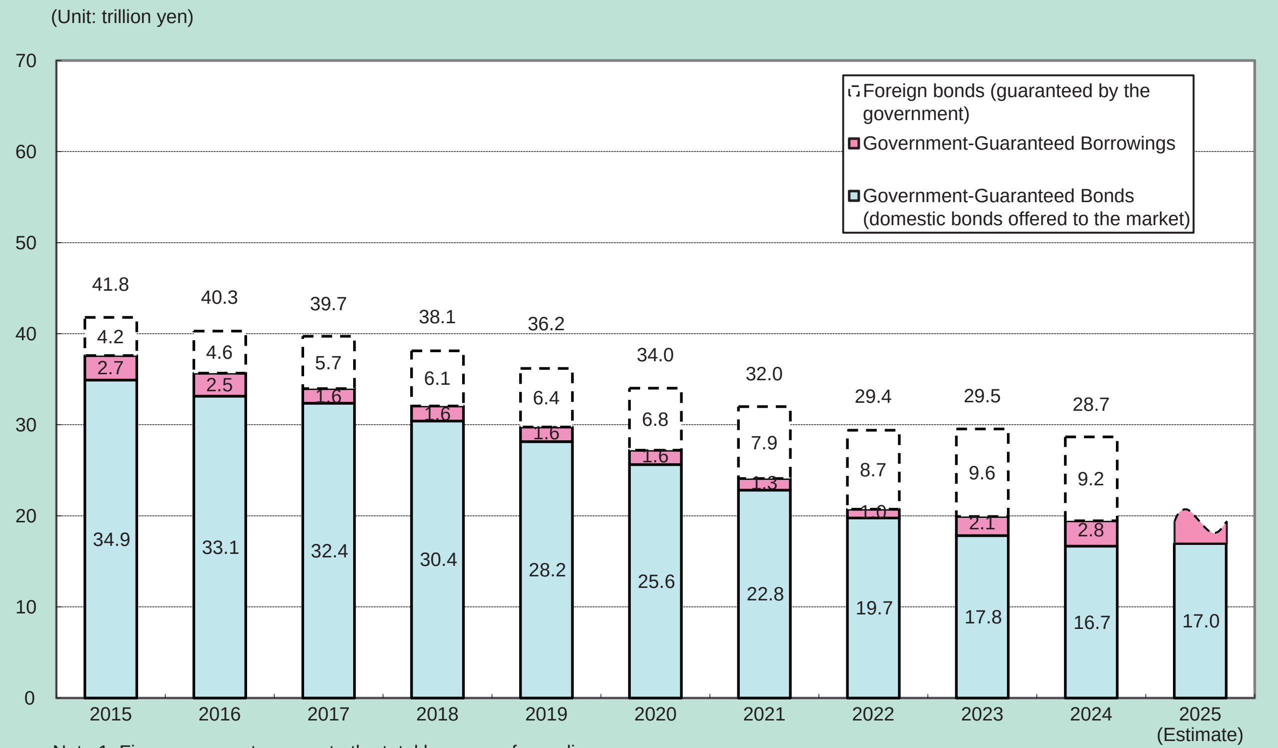
Auction Date	Borrowing Date	Maturity Date	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Interest Rate	Highest Interest Rate
5/16/24	5/27/24	5/25/29	284.6	49.900	0.398%	0.398%
8/15/24	8/26/24	8/25/29	393.4	96.100	0.493%	0.520%
11/14/24	11/25/24	11/25/29	361.9	72.300	0.733%	0.775%
2/14/25	2/25/25	2/25/30	445.6	96.000	0.975%	0.999%

(7) Auction Results of the Borrowings of the Special Account for Energy Policy in FY2024

Auction Date	Borrowing Date	Maturity Date	Amount of Competitive Bids (billion yen)	Amount of Bids Accepted (billion yen)	Average Interest Rate	Highest Interest Rate
4/9/24	4/22/24	4/21/25	4,500.5	814.400	0.181%	0.195%
5/10/24	5/20/24	5/20/25	3,406.9	868.199	0.232%	0.250%
6/11/24	6/20/24	6/20/25	3,244.5	819.900	0.300%	0.330%
7/11/24	7/22/24	7/22/25	4,248.9	795.700	0.310%	0.329%
8/8/24	8/20/24	8/20/25	2,974.7	449.300	0.358%	0.396%
9/10/24	9/20/24	9/22/25	4,042.2	640.200	0.363%	0.389%
10/10/24	10/21/24	10/20/25	3,436.0	630.100	0.396%	0.400%
11/8/24	11/20/24	11/20/25	3,317.5	630.800	0.484%	0.488%
12/10/24	12/20/24	12/22/25	3,136.7	743.000	0.541%	0.550%
1/9/25	1/20/25	1/20/26	2,524.6	742.700	0.592%	0.640%
2/6/25	2/20/25	2/20/26	1,927.6	442.300	0.684%	0.710%
3/11/25	3/21/25	3/23/26	2,417.6	743.800	0.762%	0.810%

3 Government-Guaranteed Debt

(1) Changes in the Outstanding Amount of Government-Guaranteed Debt



(at the end of FY)

Note 1: Figures may not sum up to the total because of rounding.
Note 2: The conversion of Government-Guaranteed foreign bonds into yen is calculated using the spot rate (end-of-fiscal-year) published by the Bank of Japan.

(2) Changes in the Issuance Amount of Government-Guaranteed Bonds (domestic bonds offered to the market)

(Unit: billion yen)

	40-Year Bonds	30-Year Bonds	20-Year Bonds	15-Year Bonds	12-Year Bonds	10-Year Bonds	9-Year Bonds	8-Year Bonds	7-Year Bonds	6-Year Bonds	5-Year Bonds	4-Year Bonds	3-Year Bonds	2-Year Bonds	1-Year Bonds	Total (Note)
FY2015	20.0	120.0	400.0	–	–	1,443.6	–	112.0	–	250.0	–	200.0	–	600.0	–	3,145.6
FY2016	40.0	160.0	400.0	–	–	746.9	–	120.0	–	370.0	–	440.0	–	830.0	–	3,106.9
FY2017	70.0	240.0	400.0	–	–	1,351.4	–	–	–	165.0	–	630.0	200.0	900.0	–	3,956.4
FY2018	100.0	280.0	402.0	–	–	754.1	13.0	–	–	155.0	–	550.0	100.0	750.0	–	3,104.1
FY2019	110.0	300.0	15.0	–	–	272.9	–	50.0	90.0	45.0	–	220.0	150.0	550.0	–	1,802.9
FY2020	70.0	–	92.0	–	–	127.3	–	–	90.0	–	–	510.0	250.0	280.0	–	1,419.3
FY2021	5.0	60.0	83.2	–	80.0	31.0	–	–	20.0	–	160.0	310.0	100.0	280.0	–	1,129.2
FY2022	10.0	–	160.0	65.0	80.0	43.1	–	–	–	–	90.0	150.0	–	350.0	–	948.1
FY2023	–	–	225.0	100.0	40.0	54.0	–	–	280.0	–	933.0	–	100.0	230.0	–	1,962.0
FY2024	–	20.0	240.0	210.0	80.0	405.7	–	–	295.0	–	70.6	290.0	250.0	230.0	–	2,091.3
FY2025 (Plan)	–	20.0	140.0	50.0	20.0	270.5	–	–	260.0	–	142.2	390.0	250.0	480.0	300.0	2,322.7

Note: Apart from the plan shown above, Japan Finance Corporation (JFC) and Development Bank of Japan Inc. (DBJ) plan further issuances (maturity less than 5 years) depending on the progress of projects in FY2025. The maximum amounts of these further issuances are 100 billion yen for JFC and DBJ, respectively.

(3) Actuals for FY2024 and Plans for FY2025 of Government-Guaranteed Bonds and Borrowings

A Government-Guaranteed Domestic Bonds

(Unit: billion yen)

	Outstanding (End of FY2023)	Issuance (FY2024)	Redemption (FY2024)	Outstanding (End of FY2024)	Planned Issuance (FY2025)	Planned Redemption (FY2025)
JFC	435.0	–	165.0	270.0	–	90.0
JEHDRA	11,232.5	895.0	1,420.0	10,707.5	520.0	711.0
JHF	690.0	240.0	–	930.0	65.0	–
New Kansai International Airport Company, Ltd.	160.1	–	30.0	130.1	–	20.0
DBJ Inc.	985.0	115.0	170.0	930.0	130.0	140.0
DICJ	650.0	80.0	570.0	160.0	80.0	80.0
JIC	–	300.0	–	300.0	300.0	–
NDF	800.0	250.0	250.0	800.0	300.0	300.0
PFIPCJ	88.0	–	–	88.0	50.0	–
JOIN	5.0	–	–	5.0	3.5	–
OCCTO	–	–	–	–	450.0	–
JICT	20.0	–	–	20.0	12.0	–
Organization for Promoting Urban Development	120.8	50.0	–	170.8	110.0	11.8
CJIAC	151.8	21.3	25.7	147.4	12.2	15.8
JFM	2,475.0	140.0	610.0	2,005.0	290.0	660.0
Total	17,813.2	2,091.3	3,240.7	16,663.8	2,322.7	2,028.6

B Government-Guaranteed Borrowings

	Outstanding (End of FY2023)	Borrowings (FY2024)	Repayment (FY2024)	Outstanding (End of FY2024)
FPF	159.4	77.0	98.9	137.5
JOGMEC	934.1	846.1	934.1	846.1
DICJ	74.0	177.0	74.0	177.0
JIC	600.0	700.0	600.0	700.0
NDF	200.0	200.0	200.0	200.0
CREB	9.8	3.8	9.8	3.8
OCCTO	120.0	760.0	120.0	760.0
Organization for Promoting Urban Development	4.9	–	0.3	4.6
Total	2,102.2	2,763.9	2,037.1	2,829.0

Note 1: Figures may not sum up to the total because of rounding.
Note 2: Apart from the plan shown above, Japan Finance Corporation (JFC) and Development Bank of Japan Inc. (DBJ) plan further issuances (maturity less than 5 years) depending on the progress of projects in FY2025. The maximum amounts of these further issuances are 100 billion yen for JFC and DBJ, respectively.
Note 3: Calculation are on a nominal value basis.

(4) Issuance Calendar of Government-Guaranteed Domestic Bonds by Agencies in FY2024

10-Year Bonds

Issuance Amount (billion yen)

	Annual Plan	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Annual Total
JEHDRA	503.0	42.0	42.0	42.0	42.0	42.0	42.0	23.0	20.0	20.0	20.0	20.0	20.0	375.0
DBJ Inc.	40.0						20.0							20.0
JOIN	62.6													–
JICT	24.0													–
CJIAC	15.7												10.7	10.7
Nominal Coupon		0.826%	0.937%	1.090%	1.150%	0.953%	1.041%	0.951%	1.100%	1.177%	1.232%	1.356%	1.502%	
Offering Price (yen)		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
Yield		0.826%	0.937%	1.090%	1.150%	0.953%	1.041%	0.951%	1.100%	1.177%	1.232%	1.356%	1.502%	

30-Year Bonds

		Annual Plan	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Annual Total
JHF		10.0								10.0					10.0
	Nominal Coupon									2.247%					
	Offering Price (yen)									100.00					
	Yield									2.247%					
Organization for Promoting Urban Development		10.0											10.0		10.0
	Nominal Coupon												2.362%		
	Offering Price (yen)												100.00		
	Yield												2.362%		

20-Year Bonds

		Annual Plan	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Annual Total
JEHDRA		120.0		20.0		20.0		20.0		20.0		20.0		20.0	120.0
	Nominal Coupon			1.684%		1.930%		1.826%		1.850%		1.955%		2.110%	
	Offering Price (yen)			100.00		100.00		100.00		100.00		100.00		100.00	
	Yield			1.684%		1.930%		1.826%		1.850%		1.955%		2.110%	
JHF		80.0		10.0	10.0	10.0	10.0	10.0	10.0		10.0		10.0		80.0
	Nominal Coupon			1.714%	1.760%	1.927%	1.820%	1.775%	1.738%		1.899%		2.059%		
	Offering Price (yen)			100.00	100.00	100.00	100.00	100.00	100.00		100.00		100.00		
	Yield			1.714%	1.760%	1.927%	1.820%	1.775%	1.738%		1.899%		2.059%		
Organization for Promoting Urban Development		60.0										20.0	20.0		40.0
	Nominal Coupon											1.985%	2.032%		
	Offering Price (yen)											100.00	100.00		
	Yield											1.985%	2.032%		

15-Year Bonds

		Annual Plan	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Annual Total
JEHDRA		120.0	15.0		15.0	15.0	15.0		15.0		15.0	15.0		15.0	120.0
	Nominal Coupon		1.281%		1.497%	1.595%	1.490%		1.456%		1.566%	1.725%		1.988%	
	Offering Price (yen)		100.00		100.00	100.00	100.00		100.00		100.00	100.00		100.00	
	Yield		1.281%		1.497%	1.595%	1.490%		1.456%		1.566%	1.725%		1.988%	
JHF		90.0		15.0	15.0	10.0	10.0	10.0	10.0		10.0	10.0			90.0
	Nominal Coupon			1.384%	1.531%	1.619%	1.460%	1.425%	1.398%		1.598%	1.667%			
	Offering Price (yen)			100.00	100.00	100.00	100.00	100.00	100.00		100.00	100.00			
	Yield			1.384%	1.531%	1.619%	1.460%	1.425%	1.398%		1.598%	1.667%			

12-Year Bonds

		Annual Plan	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Annual Total
JEHDRA		80.0		20.0				20.0		20.0			20.0		80.0
	Nominal Coupon			1.143%				1.177%		1.274%			1.545%		
	Offering Price (yen)			100.00				100.00		100.00			100.00		
	Yield			1.143%				1.177%		1.274%			1.545%		

8-Year Bonds

		Annual Plan	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Annual Total
PFIPCJ		50.0													–
	Nominal Coupon														
	Offering Price (yen)														
	Yield														

7-Year Bonds

		Annual Plan	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Annual Total
JEHDRA		200.0	35.0		35.0		35.0		35.0		35.0		25.0		200.0
	Nominal Coupon		0.502%		0.707%		0.593%		0.684%		0.876%		1.000%		
	Offering Price (yen)		100.00		100.00		100.00		100.00		100.00		100.00		
	Yield		0.502%		0.707%		0.593%		0.684%		0.876%		1.000%		
DBJ Inc.		90.0			30.0					30.0			35.0		95.0
	Nominal Coupon				0.675%					0.845%			1.215%		
	Offering Price (yen)				100.00					100.00			100.00		
	Yield				0.675%					0.845%			1.215%		

5-Year Bonds

		Annual Plan	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Annual Total
JHF		60.0								30.0		30.0			60.0
	Nominal Coupon									0.593%		0.831%			
	Offering Price (yen)									100.00		100.00			
	Yield									0.593%		0.831%			
CJIAC		13.5												10.6	10.6
	Nominal Coupon													1.170%	
	Offering Price (yen)													100.00	
	Yield													1.170%	

4-Year Bonds

		Annual Plan	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Annual Total
NDF		150.0							150.0						150.0
	Nominal Coupon								0.600%						
	Offering Price (yen)								100.00						
	Yield								0.600%						
JFM		270.0				70.0		70.0							140.0
	Nominal Coupon					0.494%		0.450%							
	Offering Price (yen)					100.00		100.00							
	Yield					0.494%		0.450%							

3-Year Bonds

		Annual Plan	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Annual Total
JIC		150.0											150.0		150.0
	Nominal Coupon												0.951%		
	Offering Price (yen)												100.00		
	Yield												0.951%		
NDF		100.0			100.0										100.0
	Nominal Coupon				0.343%										
	Offering Price (yen)				100.00										
	Yield				0.343%										

2-Year Bonds

		Annual Plan	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Annual Total
DICJ		180.0		80.0											80.0
	Nominal Coupon			0.311%											
	Offering Price (yen)			100.00											
	Yield			0.311%											
JIC		150.0						150.0							150.0
	Nominal Coupon							0.409%							
	Offering Price (yen)							100.00							
	Yield							0.409%							

	Annual Plan	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Annual Total
Subtotal of 10-Year Bonds	645.3	42.0	42.0	42.0	42.0	42.0	62.0	23.0	20.0	20.0	20.0	20.0	30.7	405.7
Subtotal of 30-Year Bonds	20.0								10.0			10.0		20.0
Subtotal of 20-Year Bonds	260.0		30.0	10.0	30.0	10.0	30.0	10.0	20.0	10.0	40.0	30.0	20.0	240.0
Subtotal of 15-Year Bonds	210.0	15.0	15.0	30.0	25.0	25.0	10.0	25.0		25.0	25.0		15.0	210.0
Subtotal of 12-Year Bonds	80.0		20.0				20.0		20.0			20.0		80.0
Subtotal of 8-Year Bonds	50.0													–
Subtotal of 7-Year Bonds	290.0	35.0		65.0		35.0		35.0	30.0	35.0		60.0		295.0
Subtotal of 5-Year Bonds	73.5								30.0		30.0		10.6	70.6
Subtotal of 4-Year Bonds	420.0				70.0		70.0	150.0						290.0
Subtotal of 3-Year Bonds	250.0			100.0								150.0		250.0
Subtotal of 2-Year Bonds	330.0		80.0				150.0							230.0
Total	2,628.8	92.0	187.0	247.0	167.0	112.0	342.0	243.0	130.0	90.0	115.0	290.0	76.3	2,091.3

Note: Calculation are on a nominal value basis.

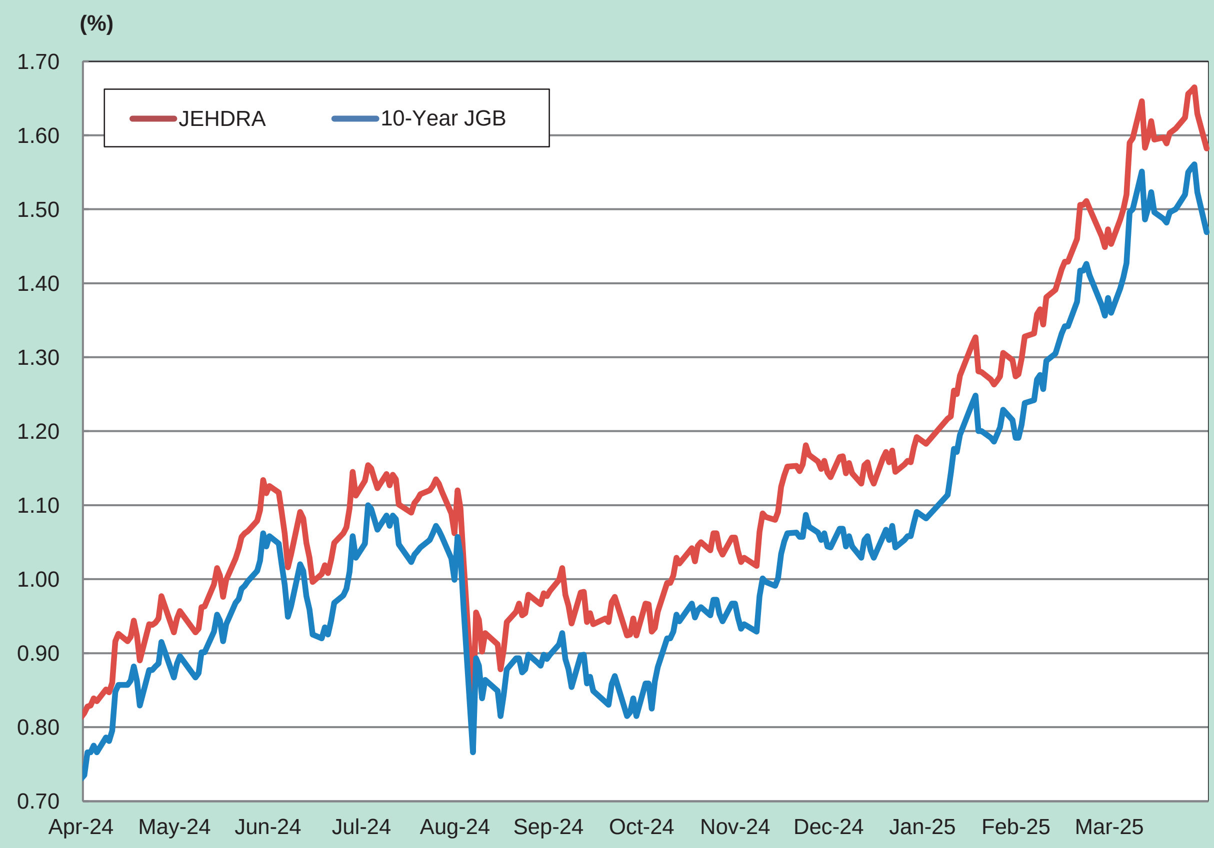
(5) Outstanding Amount of Government-Guaranteed Foreign Bonds – Breakdown by Currencies and by Agencies (as of the end of FY2024)

	US $ (million)	Euro € (million)	UK £ (million)	JPY ¥ (billion)	Total <Conversion in JPY by Government Expenditure and Accounting Rate> (billion yen)
JBIC	37,300	2,500	600		5,660.4
JICA	5,730				796.5
DBJ Inc.	12,450	1,700		100.0	2,083.9
Total	55,480	4,200	600	100.0	8,540.7

(Reference) Government Expenditure and Accounting Rate (FY2024)	US $ 1 = ¥139	€ 1 = ¥149	£ 1 = ¥172

Note 1: Figures may not sum up to the total because of rounding.
Note 2: “Government Expenditure Rate” is the foreign exchanged rate specified by Article 11-2(4) of the Government Expenditure. Regulations of the Ministry of Finance. “Government Accounting Rate” is the foreign exchanged rate specified by Article 14 and 16 of the Government Accounting Regulations of the Ministry of Finance.

(6) Yield of 10-Year Government-Guaranteed Bonds in FY2024

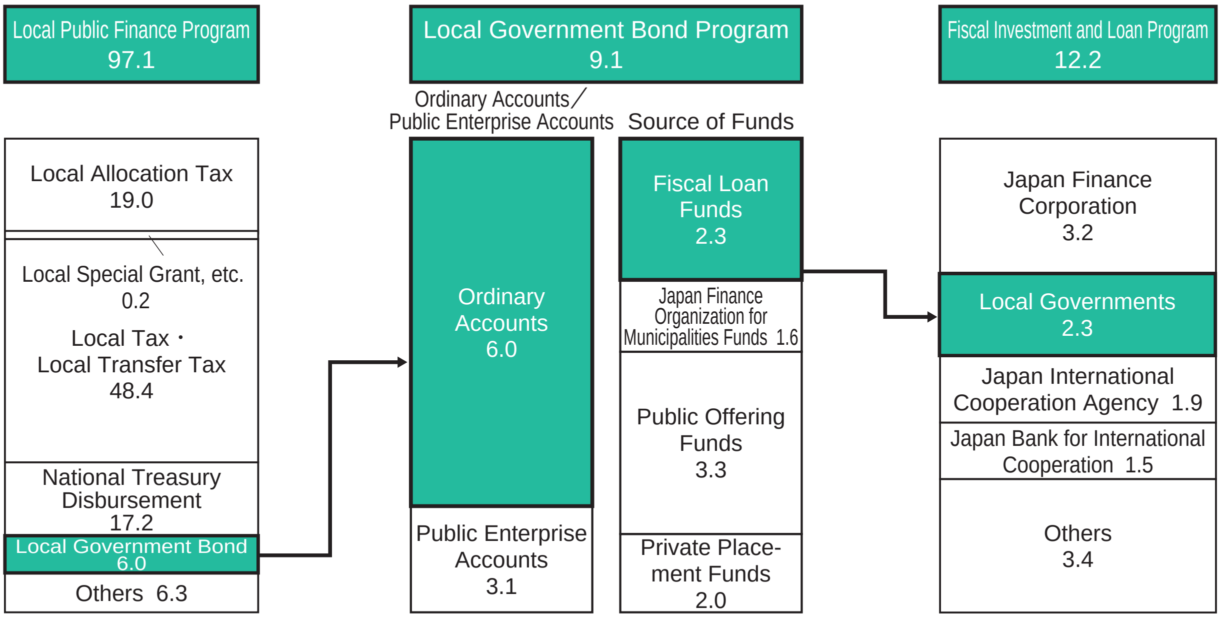


(Source) Japan Securities Dealers Association “Reference Statistical Prices [Yields] for OTC Bond Transactions”

Chapter 3 Other Public Debt

1 Local Government Bonds (LGBs)

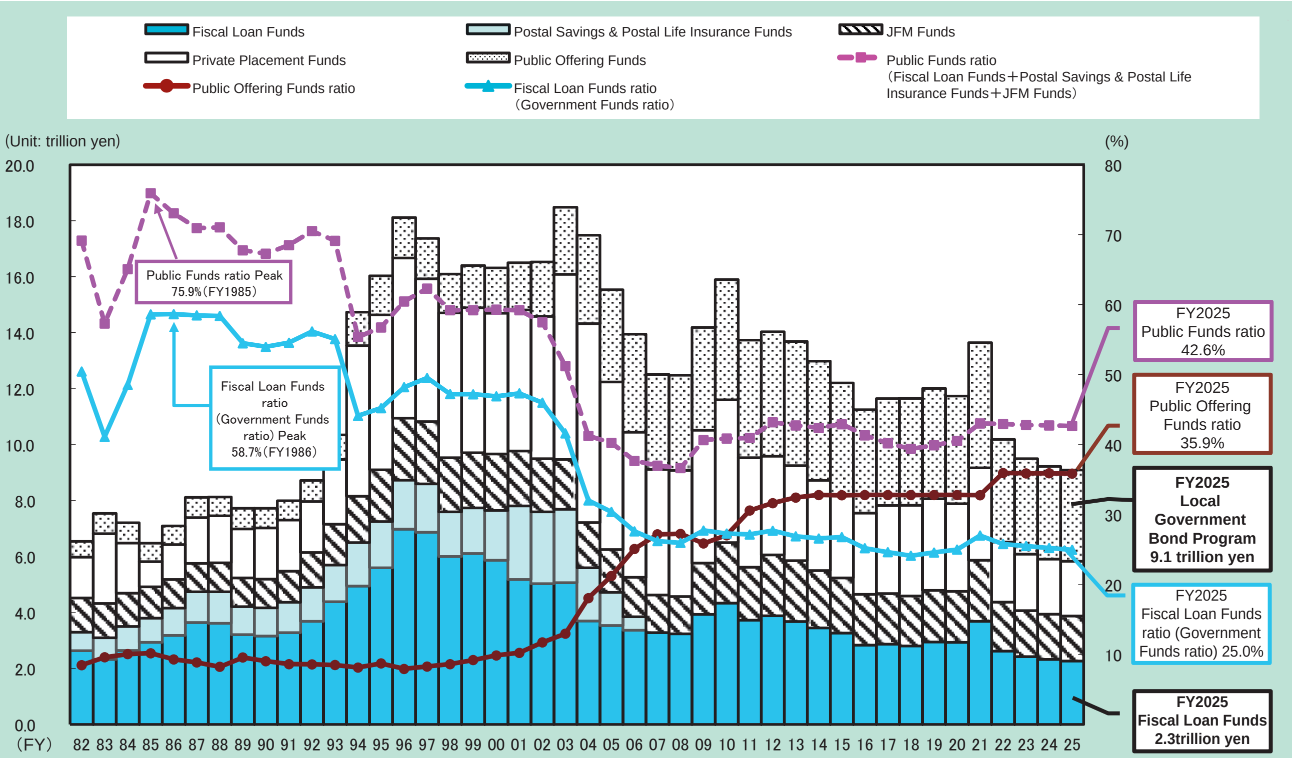
(1) Overview of LGB Program in FY2025



Note: Figures may not sum up to total because of rounding.

(Unit: trillion yen)

(2) LGB Program-Breakdown by Funding Resources

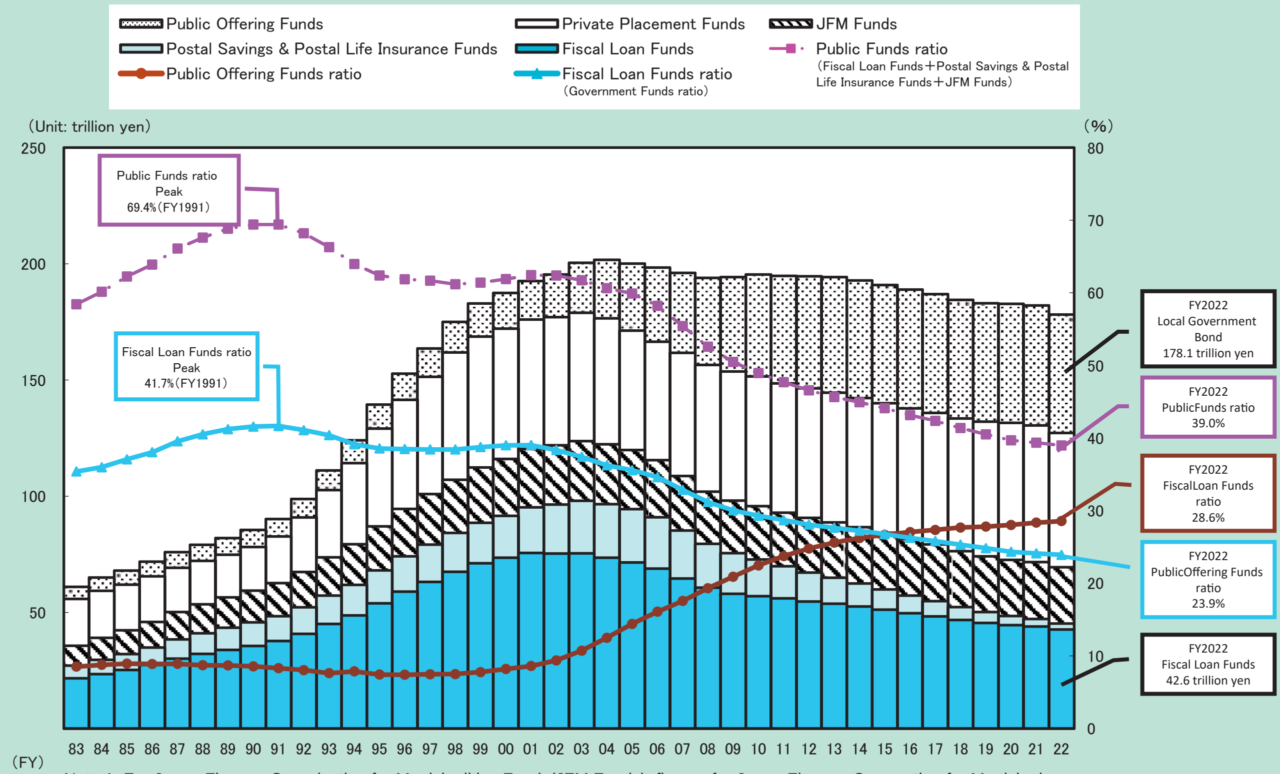


Note 1: For Japan Finance Organization for Municipalities Funds(JFM Funds), figures for Japan Finance Corporation for Municipal Enterprises are used for FY1982 to the first half of FY2008, and figures for Japan Finance Organization for Municipal Enterprises are used for the second half of FY2008.

Note 2: Government Funds includes Postal Savings & Postal Life Insurance Funds until the end of FY2006.

(Source) LGB Program of each year

(3) Outstanding Amount of LGB Program-Breakdown by Funding Resources



Note 1: For Japan Finance Organization for Municipalities Funds(JFM Funds), figures for Japan Finance Corporation for Municipal Enterprises are used for FY1983 to the first half of FY2008, and figures for Japan Finance Organization for Municipal Enterprises are used for the second half of FY2008.
Note 2: The outstanding amounts and the ratios are based on ordinary accounts and public enterprise accounts.
(Source) Japan Local Government Bond Association

(4) Issuance Conditions of Public Offering LGBs in FY2024

	Public Offering LGBs 10-Year Bonds Joint-LGBs Nominal Coupon (%)	Offering Price (yen)	Yield to Subscribers (%)	Tokyo Nominal Coupon (%)	Offering Price (yen)	Yield to Subscribers (%)	(Reference) JGBs (Long term) 10-Year Bonds Nominal Coupon (%)	Average Price (yen)	Yield at Average Price (%)
2024 April	0.856	100.00	0.856	0.942	100.00	0.942	0.8	100.43	0.753
May	0.986	100.00	0.986	1.018	100.00	1.018	0.8	99.48	0.857
June	1.081	100.00	1.081	1.046	100.00	1.046	0.8	97.79	1.048
July	1.165	100.00	1.165	1.083	100.00	1.083	1.1	100.08	1.091
August	0.963	100.00	0.963	0.923	100.00	0.923	1.1	101.57	0.926
September	1.028	100.00	1.028	0.963	100.00	0.963	1.1	101.66	0.915
October	1.029	100.00	1.029	1.038	100.00	1.038	0.9	100.26	0.871
November	1.111	100.00	1.111	1.152	100.00	1.152	0.9	99.12	0.997
December	1.173	100.00	1.173	1.147	100.00	1.147	0.9	98.37	1.084
2025 January	1.286	100.00	1.286	1.323	100.00	1.323	1.2	100.53	1.140
February	1.380	100.00	1.380	1.417	100.00	1.417	1.2	99.47	1.260
March	1.541	100.00	1.541	1.603	100.00	1.603	1.2	98.24	1.404

(Sources) Ministry of Finance, Japan Local Government Bond Association

(5) Issuance Amount of Public Offering LGBs

(Unit: billion yen)

	Nationwide Public Offering LGBs 10-Year Bonds Independent-Type	Joint-Type	2 or 3-Year Bonds	5-Year Bonds	6 or 7-Year Bonds	12,15,18,20,25 or 30-Year Bonds	Total	Citizen Participatory-Type Public Offering LGBs
FY2014	2,693.0	1,474.0	116.0	1,212.0	70.0	1,204.0	6,769.0	174.6
FY2015	2,710.0	1,421.0	60.0	1,171.0	60.0	1,211.0	6,633.0	148.6
FY2016	2,579.0	1,204.0	-	1,010.0	-	1,429.0	6,222.0	37.3
FY2017	2,241.0	1,206.0	-	1,060.0	-	1,586.0	6,093.0	18.2
FY2018	2,348.0	1,207.0	-	1,074.0	-	1,672.0	6,301.0	20.9
FY2019	2,373.0	1,237.0	-	1,168.0	-	1,667.0	6,445.0	15.3
FY2020	2,738.0	1,206.0	-	1,356.0	-	1,685.0	6,985.0	16.3
FY2021	2,648.0	1,375.0	-	1,430.0	-	1,747.0	7,200.0	15.6
FY2022	2,036.5	1,200.0	20.0	1,377.5	-	861.8	5,495.8	18.2
FY2023	2,090.5	1,083.0	15.0	1,563.4	-	642.5	5,394.4	27.2
FY2024	2,168.9	1,075.0	50.0	1,425.0	-	509.8	5,228.7	28.0

Note 1: 2-Year Bonds were not issued in FY2022 and FY2024.
Note 2: 3-Year Bonds were not issued in FY2015 and FY2023.
Note 3: 6-Year Bonds were not issued in FY2014 and FY2015.
Note 4: 11-Year Bonds were not issued in FY2014-FY2023.
Note 5: 12-Year Bonds were not issued in FY2016-FY2024.
Note 6: 18-Year Bonds were not issued in FY2015-FY2024.
Note 7: 25-Year Bonds were not issued in FY2014-FY2015 and FY2022-FY2024.
(Sources) Ministry of Finance, Japan Local Government Bond Association

2 Debt of Incorporated Administrative Agencies, etc.

(1) FY2025 FILP Plan

(Unit: billion yen)

Section	Fiscal Loan	Industrial Investment	Government Guarantee	Total Amount of FILP Financing	(Reference) Own Funds, etc.
<Special Accounts>					
Special Account for Stable Supply of Food	0.9	–	–	0.9	7.5
Special Account for Energy Measures	9.7	–	–	9.7	1,560.3
Special Account for Motor Vehicles Safety	11.2	–	–	11.2	175.5
<Government Financial Institutions>					
Japan Finance Corporation	3,160.8	–	–	3,160.8	(290.0) 2,112.8
The Okinawa Development Finance Corporation	156.5	5.0	–	161.5	(10.0) 13.1
Japan Bank for International Cooperation	720.0	100.0	648.0	1,468.0	(20.0) 942.0
Japan International Cooperation Agency (Incorporated Administrative Agency)	1,702.5	–	180.0	1,882.5	(80.0) 427.5
<Incorporated Administrative Agencies, etc.>					
National Federation of Land Improvement Associations	2.0	–	–	2.0	2.5
The Promotion and Mutual Aid Corporation for Private Schools of Japan	29.4	–	–	29.4	30.6
Japan Student Services Organization (Incorporated Administrative Agency)	514.7	–	–	514.7	(120.0) 76.5
Welfare And Medical Service Agency (Incorporated Administrative Agency)	194.6	–	–	194.6	(20.0) 36.3
National Hospital Organization (Incorporated Administrative Agency)	49.0	–	–	49.0	5.4
National Center for Child Health and Development (National Research and Development Agency)	1.2	–	–	1.2	–
National Center for Geriatrics and Gerontology (National Research and Development Agency)	0.2	–	–	0.2	–
National Institution for Academic Degrees and Quality Enhancement of Higher Education (Incorporated Administrative Agency)	34.8	–	–	34.8	▲ 3.9
Japan Railway Construction, Transport and Technology Agency (Incorporated Administrative Agency)	61.0	2.0	–	63.0	(27.1) 156.7
Japan Housing Finance Agency (Incorporated Administrative Agency)	37.6	–	65.0	102.6	(1,144.1) 1,370.0
Urban Renaissance Agency (Incorporated Administrative Agency)	490.0	–	–	490.0	(110.0) 970.4
Japan Expressway Holding and Debt Repayment Agency (Incorporated Administrative Agency)	–	–	520.0	520.0	(131.0) 2,596.6
Japan Water Agency (Incorporated Administrative Agency)	0.5	–	–	0.5	(8.0) 108.2
Forest Research and Management Organization (National Research and Development Agency)	4.2	–	–	4.2	28.6
Japan Organization for Metals and Energy Security (Incorporated Administrative Agency)	0.4	111.7	–	112.1	99.7
<Local Governments>					
Local Governments	2,269.9	–	–	2,269.9	6,821.9
<Special Corporations>					
Japan Green Investment Corp. for Carbon Neutrality	–	35.0	–	35.0	25.0
Development Bank of Japan Inc.	300.0	70.0	350.0	720.0	(660.0) 1,790.0
Japan Investment Corporation	–	80.0	–	80.0	310.0
Organization for Promoting Urban Development	–	–	110.0	110.0	10.0
Central Japan International Airport Co., Ltd.	–	–	12.2	12.2	(10.2) 28.2
Private Finance Initiative Promotion Corporation of Japan	–	–	50.0	50.0	30.0
Cool Japan Fund Inc.	–	10.0	–	10.0	23.0
Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development	–	16.2	3.5	19.7	2.1
Fund Corporation for the Overseas Development of Japan's ICT and Postal Services Inc.	–	50.0	12.0	62.0	–
Total	9,751.1	479.9	1,950.7	12,181.7	(2,630.4)

Note 1: Figures are based on the initial plan of FY2025.
Note 2: For "(Reference) Own Funds, etc." , figures in ( ) are the amounts procured by the issuance of FILP agency bonds, public bonds without Government Guarantees issued by individual incorporated administrative agencies, etc. in private financial markets.

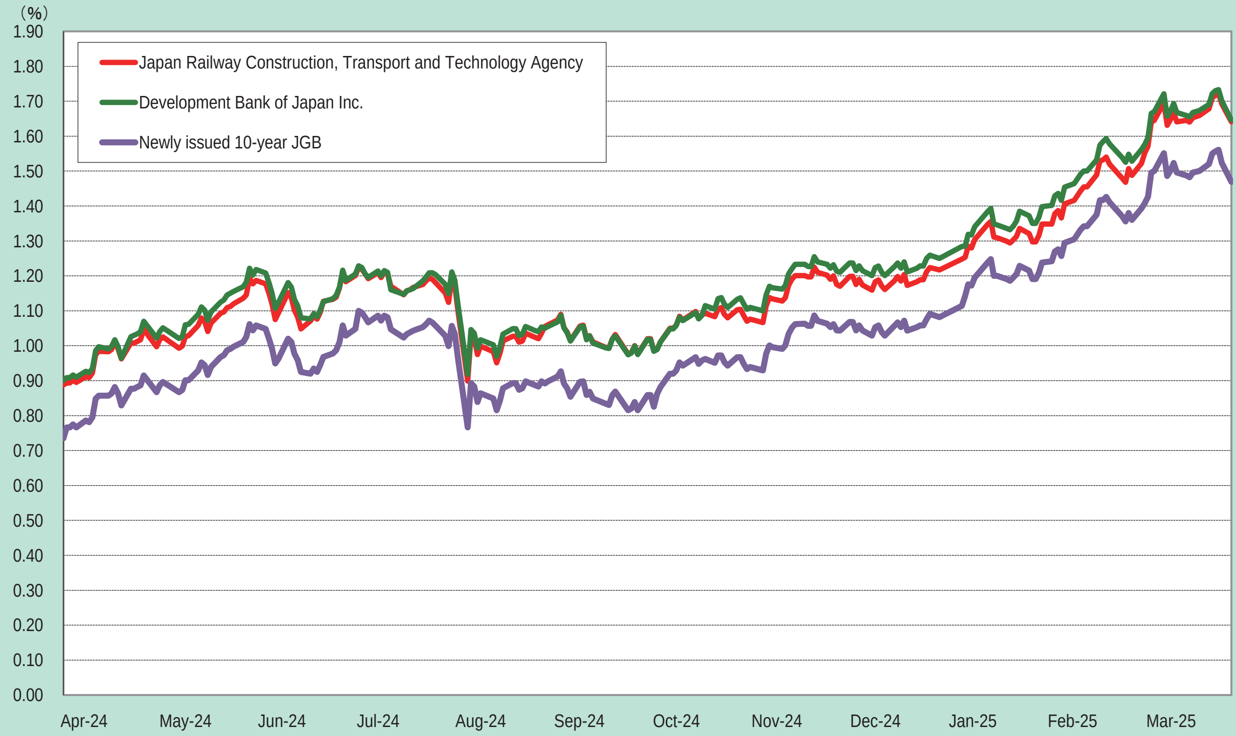
(2) Planned and Actual Issuance Amount of FILP Agency Bonds

(Unit: billion yen)

Agency Name		Amount			
		FY2023		FY2024	FY2025
		Planned Issuance	Actual Results	Planned Issuance	Planned Issuance
Japan Finance Corporation		290.0	20.0	290.0	290.0
	Micro Business and Individual Operations	170.0	10.0	170.0	170.0
	Small and Medium Enterprise Operations	100.0	－	100.0	100.0
	Agriculture, Forestry, Fisheries and Food Business Operations	20.0	10.0	20.0	20.0
The Okinawa Development Finance Corporation		10.0	10.0	10.0	10.0
Japan Bank for International Cooperation		20.0	－	20.0	20.0
Japan International Cooperation Agency (Incorporated Administrative Agency)		80.0	65.0	80.0	80.0
Japan Housing Finance Agency (Incorporated Administrative Agency)		2,164.5	849.2	1,624.3	1,144.1
	Including Straight Bonds	378.5	83.0	255.0	155.0
	Asset Backed Securities	1,786.0	766.2	1,369.3	989.1
Urban Renaissance Agency (Incorporated Administrative Agency)		110.0	67.0	120.0	110.0
Japan Water Agency (Incorporated Administrative Agency)		10.0	10.0	10.5	8.0
Japan Railway Construction, Transport and Technology Agency (Incorporated Administrative Agency)		53.0	53.0	59.8	27.1
Welfare And Medical Service Agency (Incorporated Administrative Agency)		20.0	20.0	20.0	20.0
National Institution for Academic Degrees and Quality Enhancement of Higher Education (Incorporated Administrative Agency)		5.0	5.0	－	－
Japan Student Services Organization (Incorporated Administrative Agency)		120.0	120.0	120.0	120.0
Japan Expressway Holding and Debt Repayment Agency (Incorporated Administrative Agency)		390.0	374.9	250.0	131.0
Central Japan International Airport Co.,Ltd.		9.7	10.0	9.0	10.2
Development Bank of Japan Inc.		640.0	597.4	650.0	660.0
Total 【Number of Agencies】		3,922.2 【14】	2,201.5 【13】	3,263.6 【13】	2,630.4 【13】
	Including Straight Bonds	2,136.2	1,435.3	1,894.3	1,641.3
	Asset Backed Securities	1,786.0	766.2	1,369.3	989.1

Note: Amounts are calculated on a nominal value basis (Revised amounts).

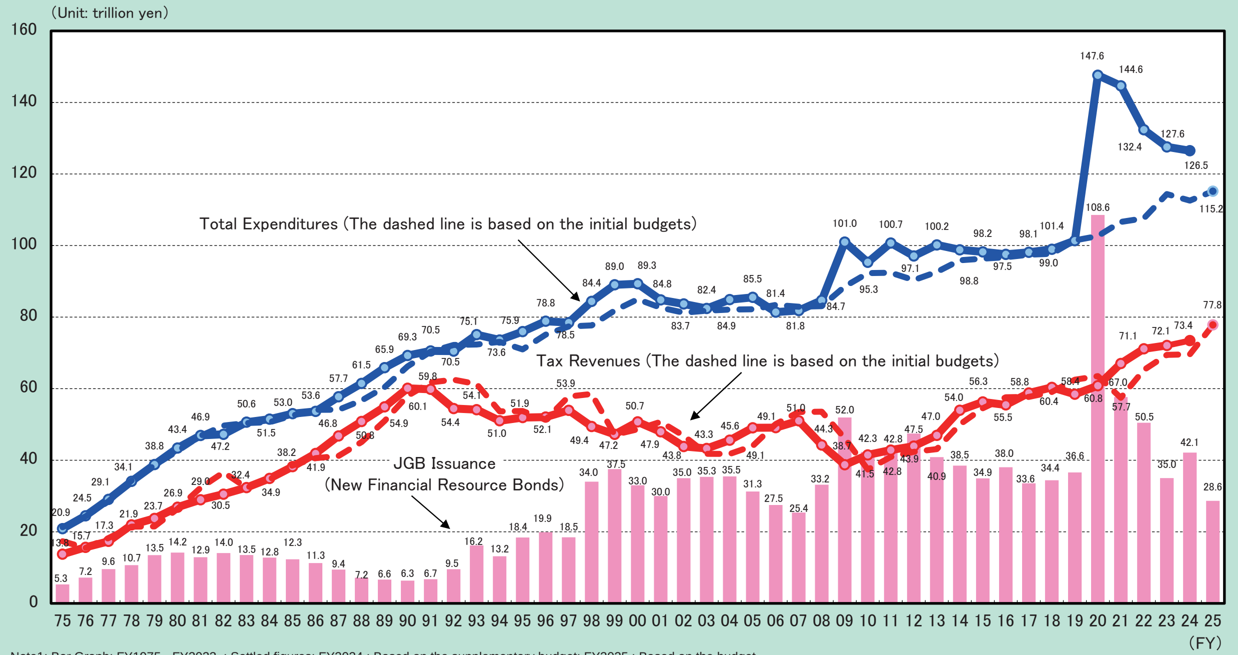
(3) Yields of 10-Year FILP Agency Bonds in FY2024



(Source) Japan Securities Dealers Association "Reference Statistical Prices [Yields] for OTC Bond Transactions"

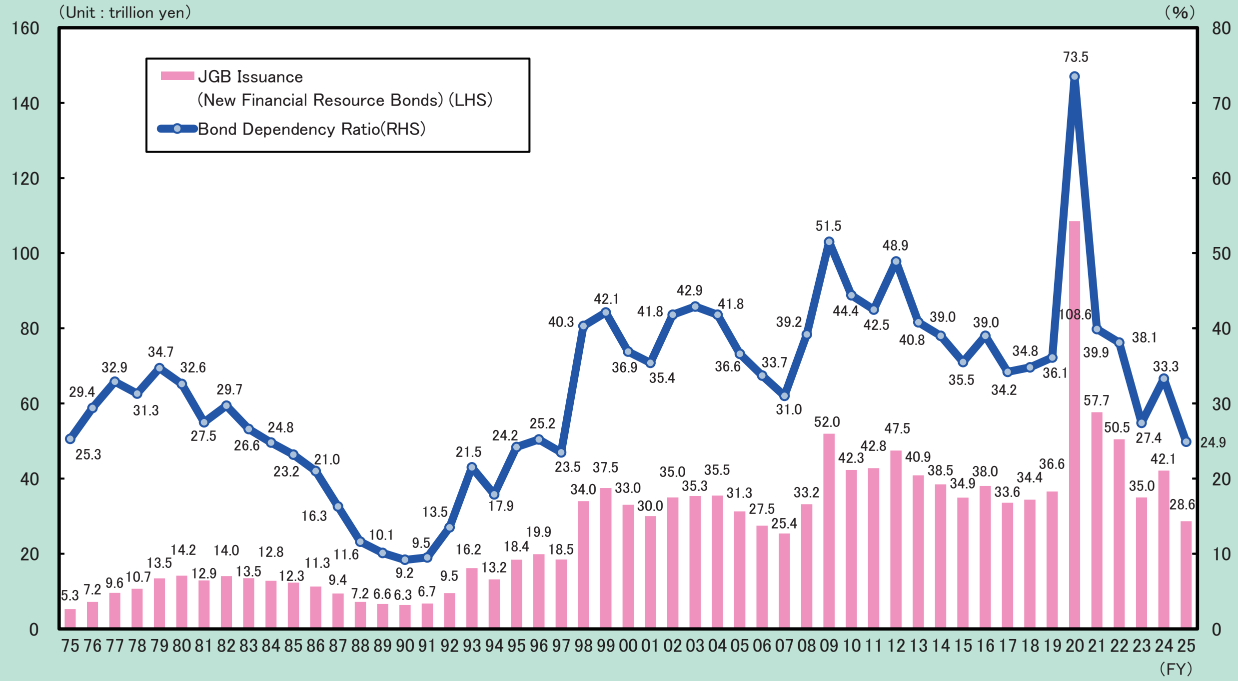
【Supplement】Fiscal Conditions and Debt Outstandings

(1) Trends in General Account Tax Revenues, Total Expenditures and JGB Issuance



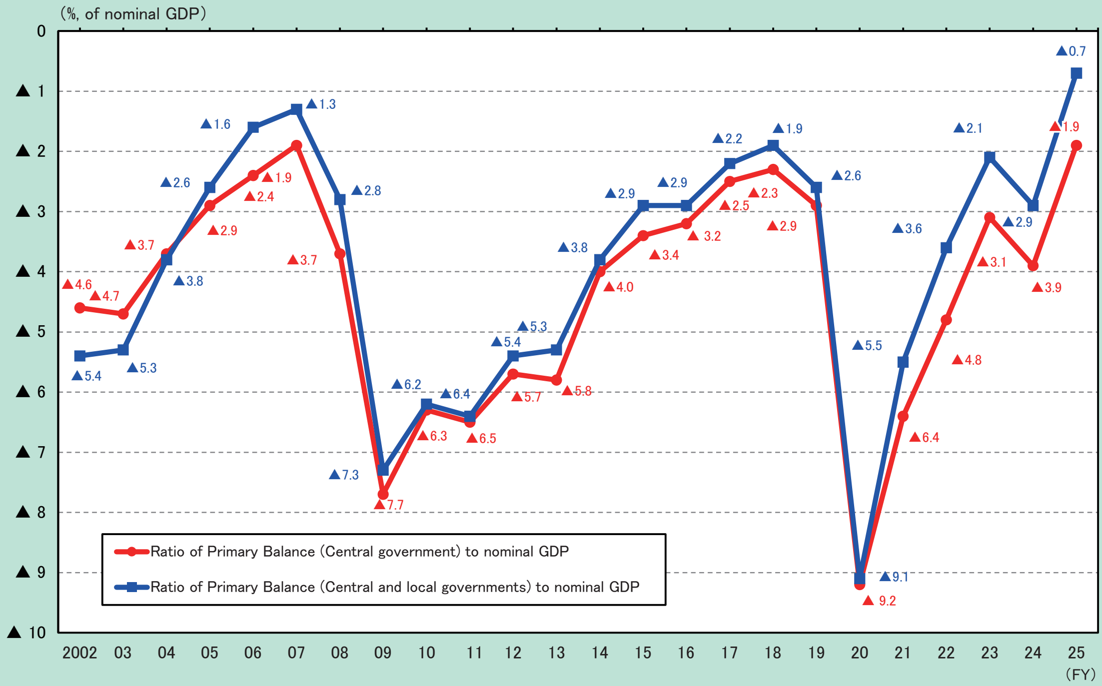
Note1: Bar Graph: FY1975 - FY2023 : Settled figures; FY2024 : Based on the supplementary budget; FY2025 : Based on the budget
Solid lines of line graphs: FY1975 - FY2023 : Settled figures; FY2024 : Based on the supplementary budget
Dashed lines of line graphs: FY1975 - FY2024 : Based on the initial budgets; FY2025 : Based on the budget
Note2: The following bonds are excluded: Ad-hoc special deficit-financing bonds issued in FY1990 as a source of funds to support peace and reconstruction activities in the Persian Gulf region, Tax reduction-related special deficit-financing bonds issued in FY1994 - FY1996 to make up for decline in tax revenue due to a series of income tax cuts preceding consumption tax rate hike from 3% to 5%, Reconstruction bonds issued in FY2011 as a source of funds to implement measures for the reconstruction from the Great East Japan Earthquake and Pension-related special deficit-financing bonds issued in FY2012 and FY2013 as a source of funds to achieve the targeted national contribution to one-half of basic pension.

(2) JGB Issuance and Bond Dependency Ratio



Note1: FY1975 - FY2023 : Settled figures; FY2024 : Based on the supplementary budget; FY2025 : Based on the budget
Note2: Following bonds are excluded: Ad-hoc special deficit-financing bonds issued in FY1990 as a source of funds to support peace and reconstruction activities in the Persian Gulf Region; Tax reduction-related special deficit-financing bonds issued in FY1994-96 to make up for a decline in tax revenue due to a series of income tax cuts preceding consumption tax rate hike from 3% to 5%; Reconstruction bonds issued in FY2011 as a source of funds to implement measures for the reconstruction from the Great East Japan Earthquake, and; Pension-related special deficit-financing bonds issued in FY2012 and FY2013 as a source of funds to achieve the targeted national contribution to one-half of basic pension.
Note3: Bond dependency ratio is calculated as the ratio of bond issuance to general account expenditures.

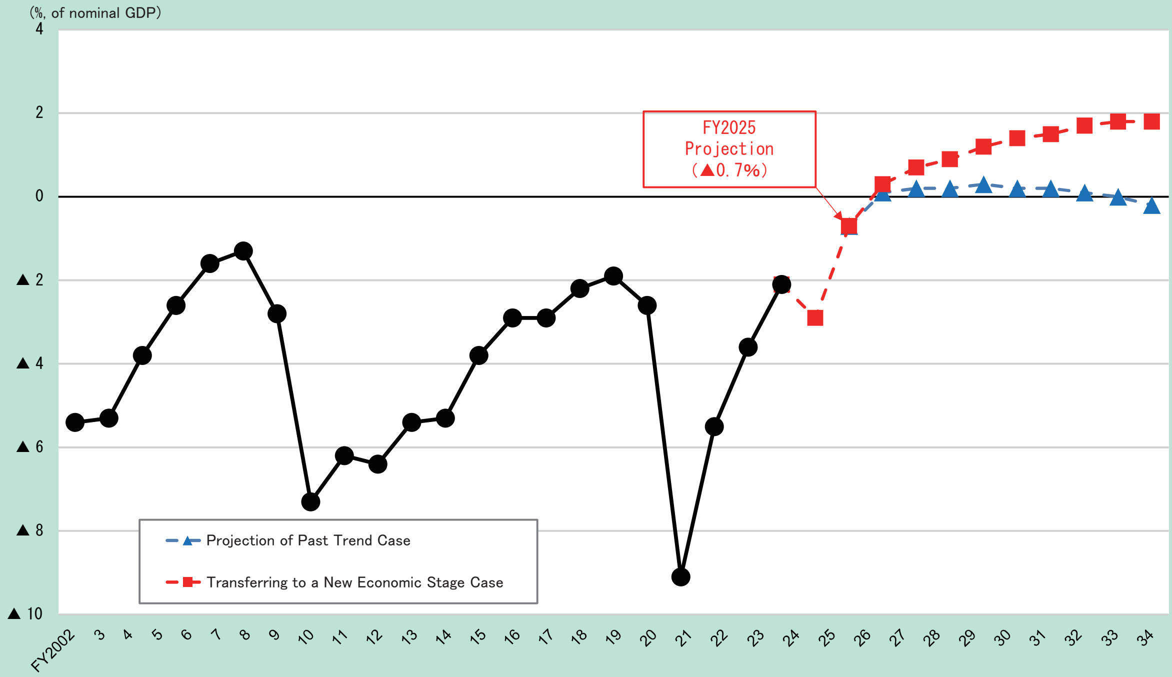
(3) Changes in Ratio of Primary Balance to GDP



Note: The figures above are based on the standards for SNA, excluding the expenditures and the fiscal resources for the measures on recovery and reconstruction, GX, and the AI and semiconductor industry foundation strengthening support

(Source) Cabinet Office "Economic and Fiscal Projections for Medium to Long Term Analysis (17 Jan, 2025)"

(4) Projections in Primary Balance (Central and Local government basis ; percentage of GDP)



Note: The figures above are based on the standards for SNA, excluding the expenditures and the fiscal resources for the measures on recovery and reconstruction, GX, and the AI and semiconductor industry foundation strengthening support

(Source) Cabinet Office "Economic and Fiscal Projections for Medium to Long Term Analysis (17 Jan, 2025)"

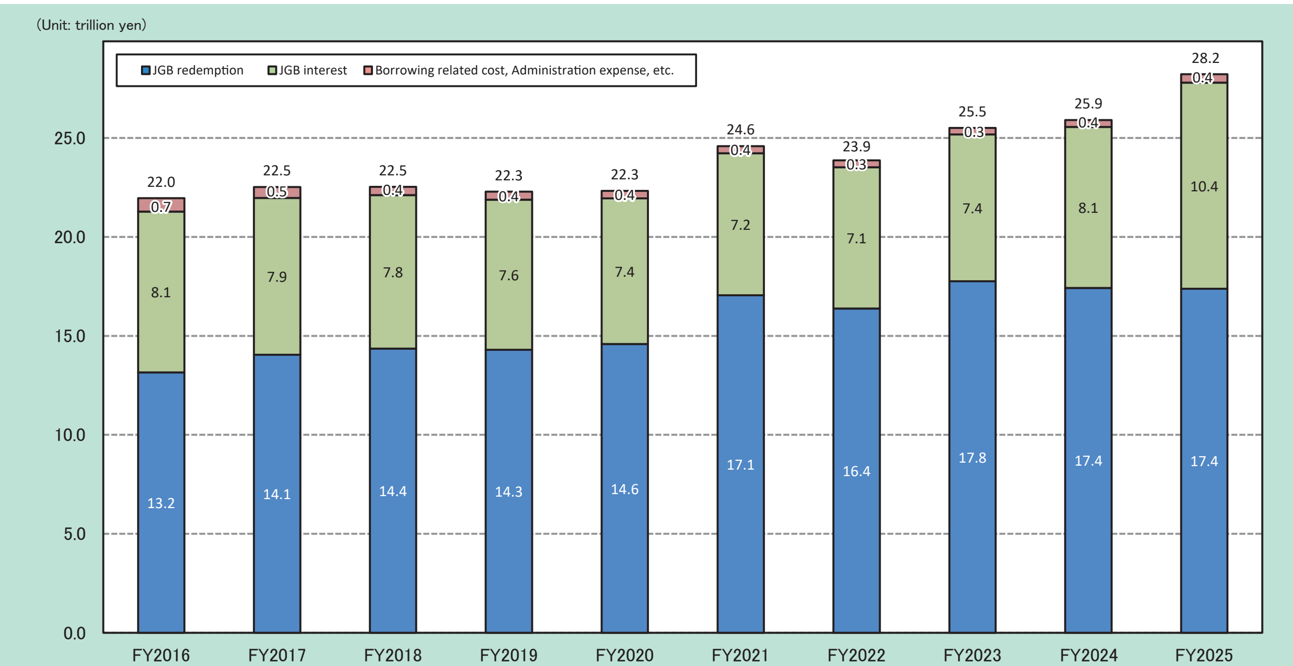
(5) Government Debt-related Expenditures in the General Account-Breakdown by Categories (FY2025)

(Unit : billion yen)

Category	FY2024 (Initial)	FY2025 (Initial)	Changes
Debt Redemption Expenses	17,295.7	17,669.3	373.7
JGB Redemption	16,996.1	17,379.8	383.7
Transfer Funds by the 60-Year Redemption Rule	16,276.3	16,690.6	414.3
Transfer Funds Equivalent to Income from Special Account for Social Infrastructure Improvement	30.4	26.7	▲3.6
Transfer Funds by the Budget	689.5	662.4	▲27.0
Borrowing Redemption	299.6	289.6	▲10.0
Transfer Funds by the 60-Year Redemption Rule	130.8	121.4	▲9.3
Transfer Funds by the Budget	168.8	168.1	▲0.7
Interest and Discount Expenses	9,691.0	10,523.0	832.0
JGB Interest	9,620.3	10,413.1	792.8
Borrowing Interest	10.7	9.9	▲0.9
Financing Bills Discount Expense	60.0	100.0	40.0
Administration Expense	22.4	25.6	3.2
Total	27,009.0	28,217.9	1,208.9

Note: Figures may not sum up to the total because of rounding.

(6) Historical Changes in Government Debt-related Expenditures



(Reference) Average interest rate(%)	1.01%	0.95%	0.91%	0.87%	0.83%	0.78%	0.76%	0.77%	0.83%

Note 1: Figures may not sum up to the total because of rounding.
Note 2: FY2016-FY2023: settlement, FY2024： supplementary budget, FY2025: initial budget.
Note 3: Average coupon is the weighted average of the nominal rate on interest-bearing JGBs.

(7) Projection of the FY2025 Budget Impact on Following Years' Expenditure and Revenue

[CASE 1] 【Case of 3.0% nominal economic growth rate】

(Unit: trillion yen)

		FY2024	FY2025	FY2026	FY2027	FY2028
Expenditure	① Central Debt Service Cost	27.0	28.2	30.6	33.1	35.3
	② Interest Payment	9.7	10.5	12.0	14.1	16.1
	③ Social Security-Related Expenditure	37.7	38.3	38.8	39.3	39.8
	④ Local Allocation Tax Grants, etc.	17.8	19.1	20.5	21.3	21.9
	⑤ Others	30.1	30.0	30.4	30.7	30.8
	⑥ Total Expenditure	112.6	115.5	120.3	124.3	127.8
	⑦ Primary Balance Expenditure	85.9	87.7	90.1	91.6	92.9
Tax Revenue, etc.	⑧ Tax Revenue	69.6	78.4	81.9	85.2	88.0
	⑨ Other Revenues	7.5	8.5	7.8	7.4	7.4
	⑩ Total Revenue	77.1	86.9	89.7	92.6	95.5
⑪ Difference of Balance(⑥−⑩)		35.4	28.6	30.6	31.7	32.4

Reference: According to this calculation, the fiscal balance of the general national account is ▲ 18.5 trillion yen in FY2024, ▲ 11.3 trillion yen in FY2025, ▲ 12.4 trillion yen in FY2026, ▲ 13.0 trillion yen in FY2027, and ▲ 13.5 trillion yen in FY2028. The primary balance of the general national account is ▲ 8.8 trillion yen in FY2024, ▲ 0.8 trillion yen in FY2025, ▲ 0.4 trillion yen in FY2026, +1.0 trillion yen in FY2027 and +2.6 trillion yen in FY2028. Note that the government's fiscal consolidation target is to achieve a primary balance surplus of the central and local governments based on the SNA.

Note: FY2024: Initial budget; FY2025: Draft budget; FY2026-FY2028: Projections based on the systems and policies underlying the FY2025 budget.

a) Figures are mechanically estimated, and they are not prejudicial to any future budget discussions.

b) As for "③ Social Security-related Expenditure," projections are based on the systems and policies underlying the FY2025 budget, in accordance with "Acceleration Plan for Supporting Children and Child-Rearing" under the "Children's Future Strategy".

c) The total expenditures and financial resources for strengthening defense capabilities based on the "Defense Buildup Program" after FY2026 are set at the same level as the FY2025 budget.

d) "⑦ Primary Balance Expenditure" consists of "The Total Expenditure" minus "The Interest Payment" and "Debt Redemption (excluding subsidy bond redemption)".

[CASE 2] 【Case of 1.5% nominal economic growth rate】

(Unit: trillion yen)

		FY2024	FY2025	FY2026	FY2027	FY2028
Expenditure	① Central Debt Service Cost	27.0	28.2	30.5	32.8	34.8
	② Interest Payment	9.7	10.5	11.9	13.8	15.5
	③ Social Security-Related Expenditure	37.7	38.3	38.8	39.2	39.6
	④ Local Allocation Tax Grants, etc.	17.8	19.1	20.2	20.5	20.8
	⑤ Others	30.1	30.0	30.3	30.4	30.3
	⑥ Total Expenditure	112.6	115.5	119.8	123.0	125.5
	⑦ Primary Balance Expenditure	85.9	87.7	89.6	90.5	91.1
Tax Revenue, etc.	⑧ Tax Revenue	69.6	78.4	80.5	82.3	83.5
	⑨ Other Revenues	7.5	8.5	7.8	7.4	7.4
	⑩ Total Revenue	77.1	86.9	88.3	89.7	91.0
⑪ Difference of Balance(⑥−⑩)		35.4	28.6	31.5	33.3	34.6

Reference: According to this calculation, the fiscal balance of the general national account is ▲ 18.5 trillion yen in FY2024, ▲ 11.3 trillion yen in FY2025, ▲ 13.3 trillion yen in FY2026, ▲ 14.6 trillion yen in FY2027, and ▲ 15.7 trillion yen in FY2028. The primary balance of the general national account is ▲ 8.8 trillion yen in FY2024, ▲ 0.8 trillion yen in FY2025, ▲ 1.4 trillion yen in FY2026, ▲ 0.8 trillion yen in FY2027 and ▲ 0.2 trillion yen in FY2028. Note that the government's fiscal consolidation target is to achieve a primary balance surplus of the central and local governments based on the SNA.

Note: FY2024: Initial budget; FY2025: Draft budget; FY2026-FY2028: Projections based on the systems and policies underlying the FY2025 budget.

a) Figures are mechanically estimated, and they are not prejudicial to any future budget discussions.

b) As for "③ Social Security-related Expenditure," projections are based on the systems and policies underlying the FY2025 budget, in accordance with "Acceleration Plan for Supporting Children and Child-Rearing" under the "Children's Future Strategy".

c) The total expenditures and financial resources for strengthening defense capabilities based on the "Defense Buildup Program" after FY2026 are set at the same level as the FY2025 budget.

d) "⑦ Primary Balance Expenditure" consists of "The Total Expenditure" minus "The Interest Payment" and "Debt Redemption (excluding subsidy bond redemption)".

[Reference] Projections of various assumptions of interest rates (Sensitivity analyses based on [CASE 1])

- Change in Debt Service Cost for various assumptions of interest rates from FY 2026 onwards

(unit : trillion yen), ( ) for the amount of Debt Service Cost

Interest Rate (Range of Change from [CASE 1])	FY2025	FY2026	FY2027	FY2028
+ 2％	- (28.2)	+ 1.8 (32.4)	+ 4.3 (37.4)	+ 7.4 (42.7)
+ 1％	- (28.2)	+ 0.9 (31.5)	+ 2.1 (35.2)	+ 3.7 (38.9)
-1%	- (28.2)	▲ 0.9 (29.7)	▲ 2.1 (31.0)	▲ 3.4 (31.9)

Note: The interest rate in [CASE 1] is based on the FY2025 budget, and the interest rates after FY2026 are calculated reflecting implied forward rates.

(8) Cash-flow Projections of the GDCF (Excerpt)

(Unit: billion yen)

	JGB Outstanding at the end of FY	Interest Payment, etc	Redemption amount	Issuance of Refunding Bonds
FY2025	11,178,200	106,600	1,498,100	1,324,700
FY2026	11,312,100	121,100	1,486,600	1,304,100
FY2027	11,452,600	142,000	1,421,500	1,234,900
FY2028	11,598,500	162,500	1,447,900	1,259,600
FY2029	11,741,500	181,600	1,401,600	1,210,500
FY2030	11,881,700	198,000	1,419,300	1,225,500
FY2031	12,019,900	213,800	1,470,400	1,274,500
FY2032	12,155,900	230,000	1,492,900	1,294,700
FY2033	12,290,300	245,000	1,552,500	1,352,700
FY2034	12,424,400	257,900	1,525,600	1,325,700

Note 1: This calculation is based on the same assumptions as in “Case 1” of the “Projection of the FY2025 Budget Impact on Following Years' Expenditure and Revenue.” In and after FY2029, it is assumed that the amount of newly issued bonds is equal to the “Difference of Balance” in FY2028 in the projection, with the same interest rates as those in FY2028.
Note 2: This calculation covers JGBs related to fixed-rate transfers from the General Account and the transfers equivalent to the gap between issuance-price and face value. The Special Bonds for covering Public Pension Funding are included, while the Reconstruction Bonds, the GX Economy Transition Bonds, and the Child Special Bonds (tentative name) are excluded.
Note 3: “Issuance of Refunding Bonds” includes revenues from the Refunding Bonds that are qualified to be issued in the previous fiscal year as stipulated in the “Act on Special Accounts”.
Note 4: “Interest Payments, etc.” includes interests on public bonds, administration expenses and revenues from Special Tobacco Tax (which are brought into the Special Account for Government Bonds Consolidation Funds).
Note 5: This calculation does not assume surpluses to occur.
Note 6: Figures of 10 billion yen or more are rounded off to the nearest one billion.
Note 7: The above data is subject to changes based on different assumptions.

(9) Trends in the Outstanding Amount of JGBs, Financing Bills, Borrowings, and Government-Guaranteed Debt

(Unit: billion yen)

Category	End of FY2015	End of FY2016	End of FY2017	End of FY2018	End of FY2019	End of FY2020	End of FY2021	End of FY2022	End of FY2023	End of FY2024
Government Bonds (JGBs)	910,809.7	934,900.2	959,141.3	976,803.5	987,588.6	1,074,159.6	1,104,680.0	1,136,383.0	1,157,100.9	1,182,884.9
General Bonds (Reconstruction Bonds) (GX Economy Transition Bonds)	805,418.2 (5,945.6) (-)	830,573.3 (6,721.3) (-)	853,178.9 (5,481.3) (-)	874,043.4 (5,376.3) (-)	886,694.5 (5,858.5) (-)	946,646.8 (6,784.5) (-)	991,411.1 (5,430.3) (-)	1,027,097.3 (5,179.2) (-)	1,053,652.6 (4,875.7) (2,447.8)	1,079,734.4 (4,554.4) (3,702.8)
Long-term (10 years or more)	574,789.9	610,823.0	642,401.2	674,899.5	699,182.6	714,746.2	748,116.2	778,266.5	808,426.4	834,426.6
Medium-term (from 2 to 5 years)	194,434.2	186,776.4	183,981.6	175,047.9	163,714.6	159,198.0	174,198.3	183,533.2	194,526.7	202,799.9
Short-term (one year or less)	36,194.1	32,974.0	26,796.2	24,096.1	23,797.4	72,702.6	69,096.6	65,297.6	50,699.6	42,507.9
FILP Bonds	96,115.5	96,250.9	94,525.9	92,245.6	91,090.1	118,645.0	104,624.2	100,836.1	94,598.9	91,406.9
Long-term (10 years or more)	62,811.7	58,692.3	60,631.8	61,600.2	61,627.4	69,131.1	68,438.0	70,182.4	68,873.5	71,596.0
Medium-term (from 2 to 5 years)	33,303.8	37,558.7	33,894.1	30,645.5	29,462.7	39,121.7	36,186.2	30,653.7	25,725.3	19,810.8
Short-term (one year or less)	-	-	-	-	-	10,392.1	-	-	-	-
Subsidy Bonds	134.2	209.4	194.1	144.0	87.0	110.4	151.1	121.6	79.9	41.2
Subscription / Contribution Bonds	4,761.2	4,627.7	4,444.1	4,342.3	4,215.0	3,771.8	3,904.1	4,230.7	5,049.5	6,354.5
Government Bonds issued to Development Bank of Japan	1,324.7	1,324.7	1,324.7	1,324.7	1,324.7	1,324.7	1,324.7	1,324.7	1,324.7	1,324.7
Government Bonds issued to Nuclear Damage Compensation and Decommissioning Facilitation Corporation	3,056.0	1,914.2	5,473.6	4,703.4	4,177.4	3,660.9	3,264.9	2,772.6	2,395.4	4,023.2
Borrowings	54,807.5	54,420.0	54,022.8	53,201.8	52,532.5	52,004.8	50,428.5	49,616.7	48,561.3	46,931.0
Long-term (over one year)	14,861.0	14,032.9	13,218.5	12,526.3	11,851.8	11,234.5	10,645.5	10,147.9	9,591.4	9,000.0
Short-term (one year or less)	39,946.5	40,387.0	40,804.3	40,675.5	40,680.7	40,770.3	39,783.0	39,468.8	38,969.9	37,931.0
Financing Bills	83,748.9	82,239.2	74,648.9	73,349.0	74,418.8	90,299.0	86,198.9	84,499.3	91,499.3	93,899.6
Total	1,049,366.1	1,071,559.4	1,087,813.0	1,103,354.3	1,114,540.0	1,216,463.4	1,241,307.4	1,270,499.0	1,297,161.5	1,323,715.5

Category	End of FY2015	End of FY2016	End of FY2017	End of FY2018	End of FY2019	End of FY2020	End of FY2021	End of FY2022	End of FY2023	End of FY2024
Government-Guaranteed Debt	41,780.6	40,283.2	39,711.7	38,108.7	36,171.0	34,019.9	31,966.2	29,402.3	29,542.4	28,680.8

Note: Figures may not sum up to the total because of rounding.

(10) Long-term Debt Outstanding of Central and Local Governments

(Unit: trillion yen)

	FY1998 <Actual>	FY2003 <Actual>	FY2008 <Actual>	FY2013 <Actual>	FY2014 <Actual>	FY2015 <Actual>	FY2016 <Actual>	FY2017 <Actual>	FY2018 <Actual>	FY2019 <Actual>	FY2020 <Actual>	FY2021 <Actual>	FY2022 <Actual>	FY2023 <Actual>	FY2024 <Estimated>	FY2025 <Budget>
Central Government	390 (387)	493 (484)	573 (568)	770 (747)	800 (772)	834 (792)	859 (815)	881 (832)	901 (850)	914 (870)	973 (964)	1,017 (1,002)	1,053 (1,037)	1,080 (1,055)	1,133 (1,088)	1,159 (1,104)
General Bonds	295 (293)	457 (448)	546 (541)	744 (721)	774 (746)	805 (764)	831 (786)	853 (805)	874 (823)	887 (843)	947 (937)	991 (976)	1,027 (1,012)	1,054 (1,029)	1,104 (1,060)	1,129 (1,074)
Percentage of GDP	55% (55%)	87% (85%)	106% (105%)	145% (141%)	148% (142%)	149% (141%)	152% (144%)	154% (145%)	157% (148%)	159% (151%)	176% (174%)	179% (176%)	181% (178%)	177% (173%)	180% (173%)	179% (171%)
Local Governments	163	198	197	201	201	199	197	196	194	192	192	191	187	183	178	172
Percentage of GDP	30%	38%	38%	39%	38%	37%	36%	35%	35%	35%	36%	34%	33%	31%	29%	27%
Total	553 (550)	692 (683)	770 (765)	972 (949)	1,001 (972)	1,033 (991)	1,056 (1,012)	1,077 (1,028)	1,095 (1,044)	1,106 (1,062)	1,165 (1,156)	1,208 (1,193)	1,239 (1,224)	1,262 (1,238)	1,311 (1,266)	1,330 (1,275)
Percentage of GDP	103% (103%)	131% (130%)	149% (148%)	190% (185%)	191% (186%)	191% (183%)	194% (186%)	194% (185%)	197% (188%)	199% (191%)	216% (215%)	218% (215%)	219% (216%)	212% (208%)	214% (207%)	211% (203%)

(end of FY)

Note 1: GDP in FY1998 - FY2023: actual figures, FY2024 and FY2025: FY2025 Economic Outlook (Cabinet Office)

Note 2: Central Government Debt in FY1998 - FY2023: actual figures, FY2024: based on the supplementary budget, FY2025: based on the budget. Local Governments Debt in FY1998 - FY2023: actual figures, FY2024 and FY2025: based on the Local Government Debt Plan etc.

Note 3: Government general bonds outstanding includes Reconstruction Bonds as a source of funds to implement the measures for the reconstruction from the Great East Japan Earthquake, Pension-related Special Deficit-Financing Bonds as a source of funds to achieve the targeted national contribution to one-half basic pension, GX Economy Transition Bonds and Children Special Bonds.

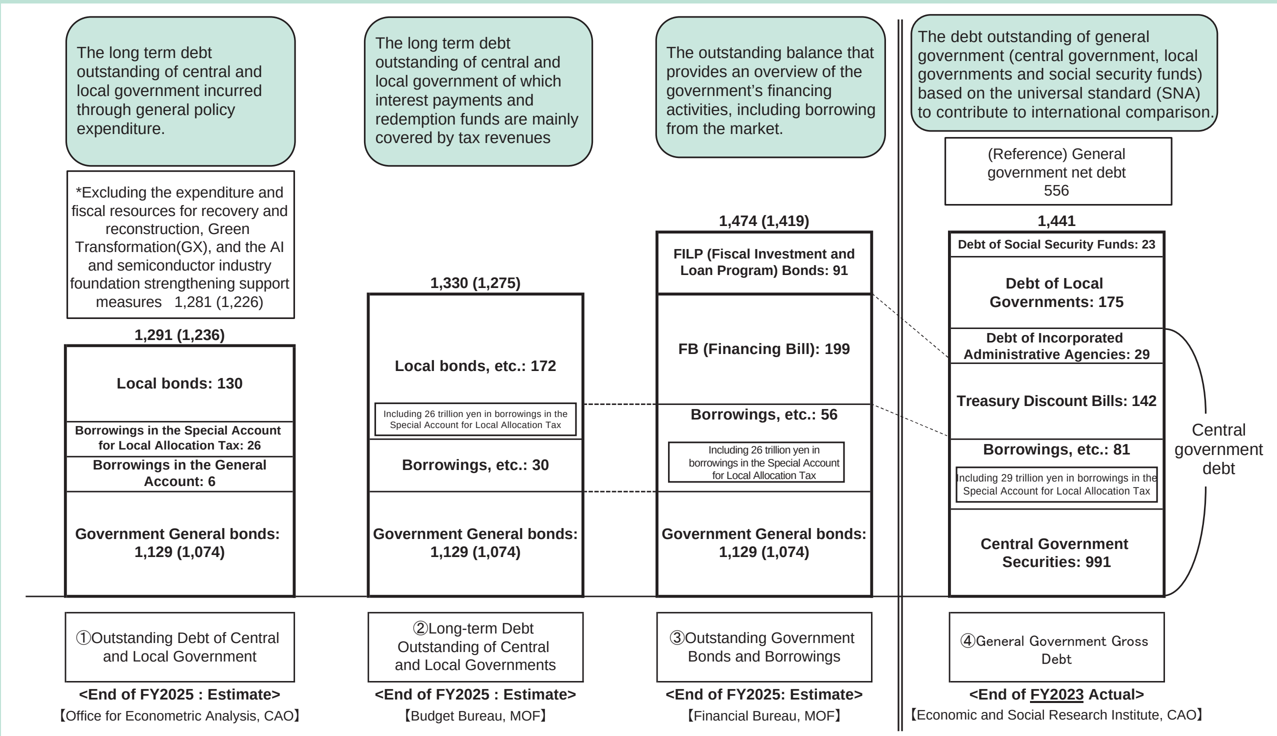
Note 4: FY1998 - FY2023: Figures in parentheses do not include the amount of front-loading issuance of refunding bonds. FY2024 - FY2025: Figures in parentheses do not include the maximum amount of front-loading issuance of refunding bonds.

Note 5: The borrowings in the special account for local allocation and local transfer tax are divided into each figure of the central government and local governments in accordance with their shares of redemption. The amount of the borrowing outstanding incurred by the central government was transferred to the general account at the beginning of FY2007, so that the borrowing outstanding in the special account since the end of FY2007 is equal to the debt of the local governments (approx. 26 trillion yen at the end of FY2025).

Note 6: In addition to the above, Government bond outstanding in the special account for fiscal investment and loan program at the end of FY2025 is approximately 91 trillion yen.

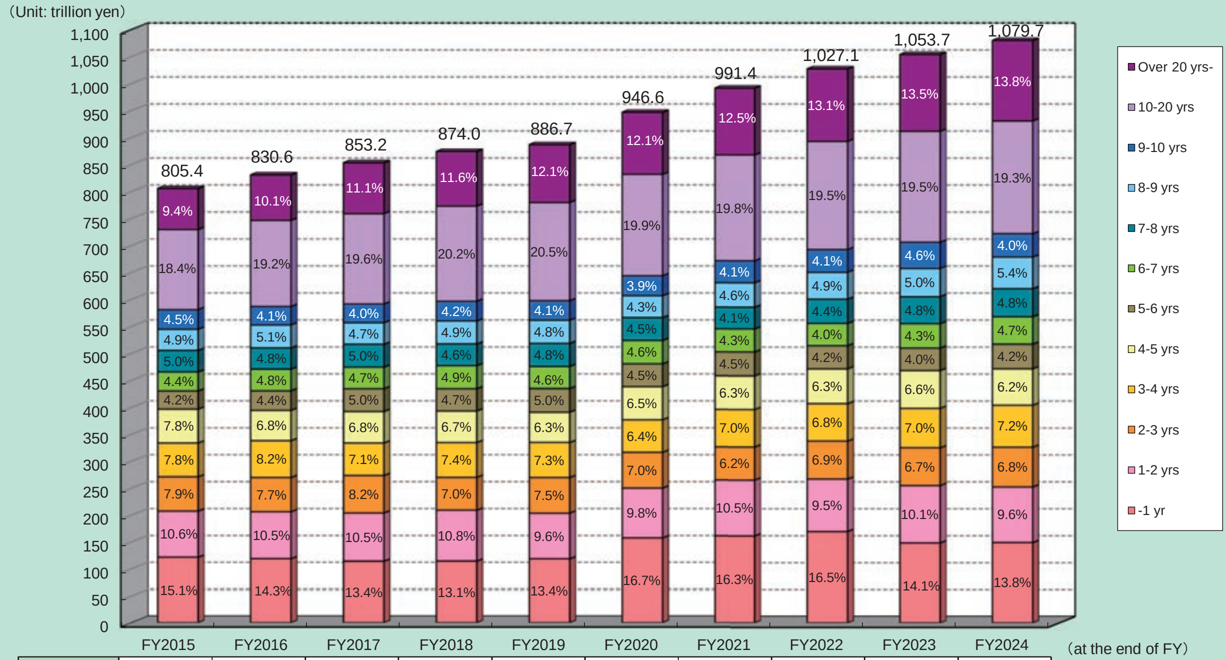
(Reference) Debt Outstanding in various statistics

(Unit: trillion yen)



Note.1: "Special Account for Local Allocation Tax" refers to "Special Account for Local Allocation Tax and Local Transfer Tax".
Note.2: The figures in parentheses do not include the issuance limit of advance refunding bonds for refinancing in the following fiscal year (55.0 trillion yen).
Note.3: Government general bonds at the end of FY2025 includes Reconstruction Bonds (around 4.6 trillion yen).
Note.4: Borrowings in the Special Account for Local Allocation Tax is partly transferred to general account (the borrowings in the general account in ①).
Note.5: Local bonds, etc. in ② includes local bonds, borrowings in the Special Account for Local Allocation Tax, and local public corporation bonds (charged to the ordinary account) (around 14 trillion yen).
Note.6: Borrowings, etc. in ② and ③ = borrowings + government subscription bonds, etc. Borrowings, etc. in ② do not include the borrowings outstanding in the Special Account for Local Allocation Tax (around 26 trillion yen) which local governments bear the burden for redemption.
Note.7: Central government securities in ④ include government general bonds, government compensation bonds and government bonds converted. The borrowings, etc. in ④ includes ---government subscription bonds, etc.
Note.8: In ④, the central government securities and the local government securities included in the debt of local governments are at current market value.
Note.9: The figures in ①, ②, and ③ are based on the budget for FY2025 and the local government debt plan etc.
Note.10: "General government net debt" is a figure excluding general government financial asset (around 885 trillion yen) from "General government gross debt".

(11) Trends in the Breakdown of the Outstanding Amount of General Bonds by Remaining Years to Maturity



	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Average Remaining Maturity	8Y5M	8Y7M	8Y10M	9Y0M	9Y2M	8Y11M	9Y0M	9Y2M	9Y5M	9Y6M
Average YTM (excluding JGBs for Retail Investors)	8Y5M	8Y8M	8Y11M	9Y1M	9Y2M	8Y11M	9Y0M	9Y2M	9Y5M	9Y6M

*years to maturity

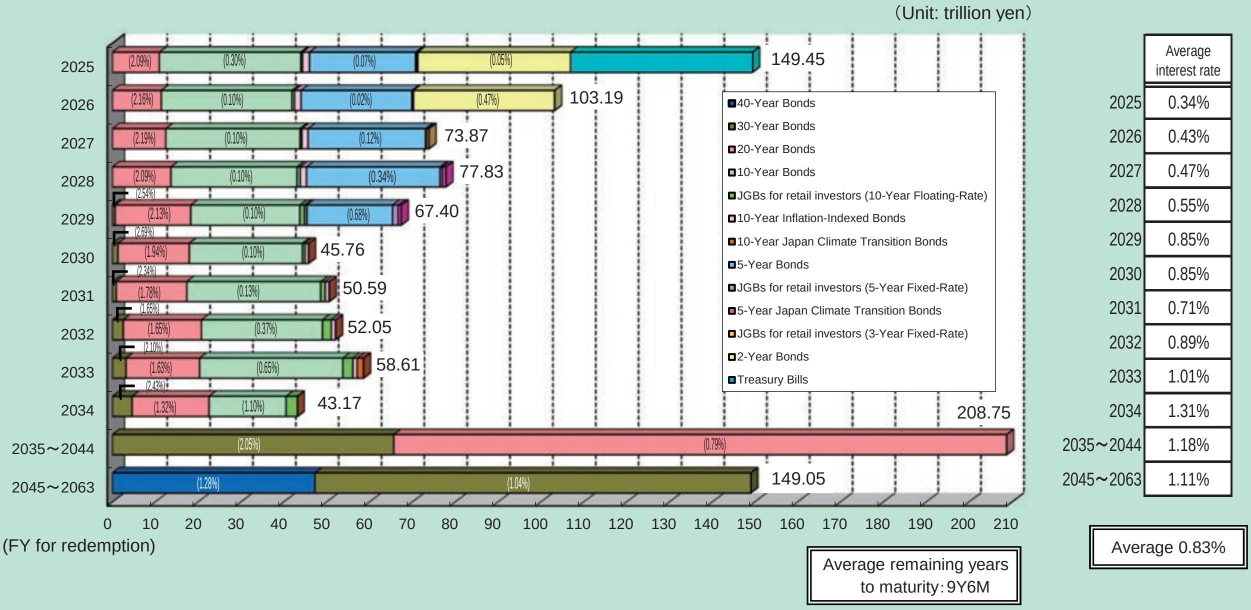
(12) Term-to-maturity Structure of General Bonds (FY2025 Initial Budget Basis)

(Unit: billion yen)

FY	Maturity Redemption	FY	Maturity Redemption
2026	150,761.2	2046	10,123.6
2027	107,085.3	2047	11,935.0
2028	78,359.8	2048	10,362.4
2029	72,668.2	2049	10,425.8
2030	76,774.3	2050	12,716.7
2031	51,287.5	2051	13,206.7
2032	52,693.9	2052	13,656.4
2033	58,108.4	2053	13,543.2
2034	49,553.4	2054	12,372.3
2035	55,781.5	2055	13,698.8
2036	21,365.5	2056	3,117.2
2037	21,407.6	2057	2,169.0
2038	21,242.0	2058	2,658.8
2039	19,940.4	2059	4,162.3
2040	22,391.2	2060	4,130.0
2041	22,855.7	2061	4,653.8
2042	21,857.0	2062	4,512.9
2043	22,452.2	2063	3,129.0
2044	22,096.9	2064	2,393.5
2045	23,898.6	2065	2,986.3
		Total	1,128,534.3

Note: Figures may not sum up to the total because of rounding.

(13) Breakdown of the Outstanding Amount of General Bonds by Maturity Types and Their Average Interest Rate at the end of FY2024



Note 1: Figures in ( ) are the weighted averages of the average interest rates (nominal interest rates) of 2-Year, 5-Year, 10-Year, 20-Year, 30-Year, and 40-Year bonds.

Note 2: In order to hold down medium-to-long term costs, it is insufficient to have a structure of maturity that simply lowers the costs of interest at the issuance. When deciding the issuance amount by maturity, various factors need to be taken into consideration including market needs and trends, the relationship among funding costs, risks of interest rate fluctuations, refunding costs, and future redemption environments.

(14) Outstanding Interest Rate Weighted Average, Interest Payment of General Bonds and Average Years to Maturity

(Unit: trillion yen)

	Outstanding amount of General Bonds	Interest rate weighted average	Interest payments of General Account	Average Remaining Maturity
FY2015	805.4	1.08 %	8.3	8Y5M
FY2016	830.6	1.01 %	8.2	8Y7M
FY2017	853.2	0.95 %	7.9	8Y10M
FY2018	874.0	0.91 %	7.8	9Y0M
FY2019	886.7	0.87 %	7.6	9Y2M
FY2020	946.6	0.83 %	7.4	8Y11M
FY2021	991.4	0.78 %	7.2	9Y0M
FY2022	1,027.1	0.76 %	7.1	9Y2M
FY2023	1,053.7	0.77 %	7.4	9Y5M
FY2024	1,079.7	0.83 %	8.2	9Y6M
FY2025	1,128.5	-	10.5	-

Note: In FY2024, the outstanding amount of General Bonds, interest rate weighted average, and average remaining maturity are as reported. Interest payments of General Account are the supplementary budget.
In FY2025, outstanding amount of General Bonds and interest payments of General Account are the initial budget.

(15) Outstanding Amount of JGBs and T-Bills (Breakdown by Holder)

(Unit: billion yen, %)

Holders	End of FY2015		End of FY2016		End of FY2017		End of FY2018		End of FY2019	
		Share		Share		Share		Share		Share
General Government (excl. Public Pensions)	4,204.5	0.4	3,908.3	0.4	3,672.1	0.3	3,240.5	0.3	3,145.9	0.3
Public Pensions	52,444.4	4.9	46,923.8	4.3	43,771.4	4.0	42,212.7	3.8	37,497.5	3.3
Fiscal Loan Fund	0.5	0.0	1.0	0.0	1.0	0.0	0.5	0.0	0.5	0.0
Bank of Japan	364,415.5	33.8	427,342.9	39.4	459,028.1	41.8	485,989.8	43.2	499,362.0	44.2
Banks	267,018.0	24.7	221,543.5	20.4	204,670.0	18.7	180,339.2	16.0	173,515.5	15.3
Insurance companies	220,955.4	20.5	214,240.5	19.8	214,685.8	19.6	219,456.2	19.5	220,396.7	19.5
Pension Funds	32,607.3	3.0	29,916.5	2.8	29,813.0	2.7	29,404.4	2.6	29,260.7	2.6
Overseas	108,054.3	10.0	113,127.3	10.4	116,377.7	10.6	139,195.0	12.4	141,774.7	12.5
Households	12,373.2	1.1	12,527.3	1.2	12,382.5	1.1	13,258.6	1.2	13,852.5	1.2
Others	17,074.5	1.6	14,161.9	1.3	12,933.9	1.2	12,425.5	1.1	11,826.4	1.0
Total	1,079,147.6	100.0	1,083,693.0	100.0	1,097,335.5	100.0	1,125,522.4	100.0	1,130,632.4	100.0

Holders	End of FY2020		End of FY2021		End of FY2022		End of FY2023		End of 2024 (QE)	
		Share		Share		Share		Share		Share
General Government (excl. Public Pensions)	2,400.3	0.2	2,639.4	0.2	2,652.2	0.2	2,278.5	0.2	21,397.6	1.8
Public Pensions	39,697.9	3.3	45,102.7	3.7	46,724.1	3.8	60,112.2	4.9	62,946.8	5.2
Fiscal Loan Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bank of Japan	541,596.6	44.5	530,547.1	43.3	581,563.5	47.3	580,229.7	47.4	561,263.0	46.3
Banks	205,734.9	16.9	212,343.4	17.3	160,377.9	13.0	161,223.5	13.2	176,380.0	14.5
Insurance companies	219,646.2	18.0	216,313.7	17.7	209,594.6	17.0	198,460.6	16.2	189,447.6	15.6
Pension Funds	29,594.1	2.4	30,520.0	2.5	31,194.0	2.5	31,975.8	2.6	32,189.5	2.7
Overseas	156,176.9	12.8	165,071.4	13.5	173,869.1	14.1	167,772.8	13.7	144,176.7	11.9
Households	13,256.0	1.1	12,550.2	1.0	12,769.4	1.0	13,541.0	1.1	15,059.1	1.2
Others	10,335.5	0.8	9,611.1	0.8	11,017.1	0.9	8,655.4	0.7	9,909.6	0.8
Total	1,218,438.4	100.0	1,224,699.0	100.0	1,229,761.9	100.0	1,224,249.5	100.0	1,212,769.9	100.0

Note 1: Figures are as of the end of the fiscal year, up to FY2023 are revised values, and those for 2024 are preliminary values.
Note 2: “JGBs” includes “FILP Bonds.”
Note 3: “Banks” includes “Japan Post Bank,” “Securities investment trusts,” “Securities companies,” etc.
Note 4: “Insurance companies” includes “Life insurance,” “Nonlife insurance,” and “Mutual aid insurance.”
Note 5: “Others” consists of “Non-financial Corporations” and “Private Non-profit Institutions Serving Households.”
Note 6: Since February 2009, TBs and FBs have been jointly issued as T-Bills.
Note 7: In the Flow of Funds Accounts, JGBs are recorded at market value, and T-Bills are recorded at face value. Figures in financial statements are different in basis from those in Flow of Funds Accounts due to a difference in evaluation methods by holding purpose (book value or market value).
(Source) Bank of Japan, “Flow of Funds Accounts Statistics.”

(16) Balance Sheet of Japanese Government (General Account and Special Accounts) (as of the end of FY2023)

(Unit: million yen)

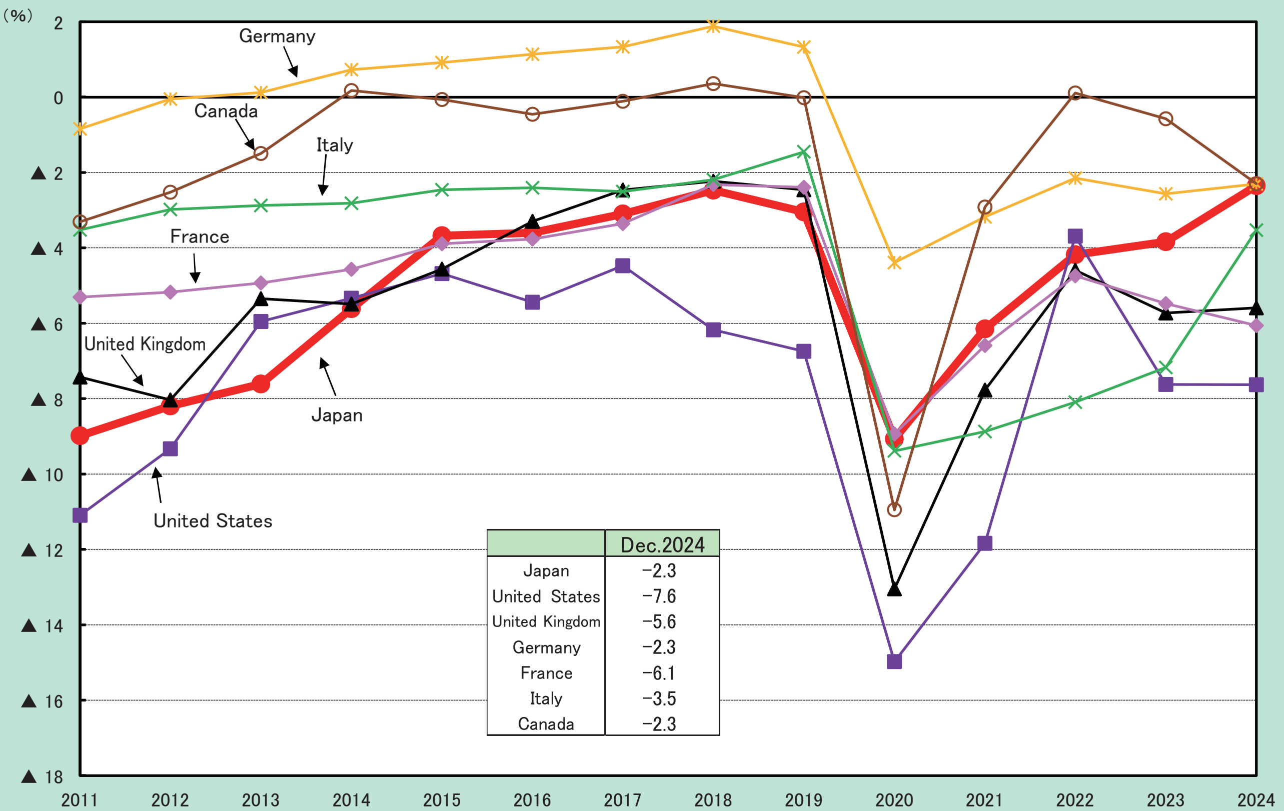
	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)		FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
<Assets>			<Liabilities>		
Cash and Deposits	53,773,803	65,362,244	Accounts Payable	10,720,169	11,137,807
Securities	125,626,121	142,337,737	Reserves Claims	285,283	284,221
Inventories	4,312,670	4,330,240	Accrued Liabilities	1,088,522	1,142,194
Accounts Receivable	6,078,440	6,222,715	Money in Custody	1,591,128	1,653,812
Accrued Income	710,118	936,556	Advance Received	61,996	52,980
Accrued Insurance Premiums (Accrued Reinsurance Premiums)	4,934,122	4,900,389	Deferred Revenues	634,837	616,139
Prepaid Expenses	2,773,061	2,395,994	Prepaid Insurance Premiums (Prepaid Reinsurance Premiums)	33,890	35,263
Loans	125,117,913	122,317,326	Provision for Bonuses	333,830	344,385
Money in Trust	114,716,624	115,629,775	Financing Bills	87,704,559	94,770,857
Other Credits	11,456,689	13,969,883	Government Bonds	1,143,920,530	1,164,288,080
Allowance for Doubtful Accounts	▲ 1,395,374	▲ 1,265,810	Borrowings	33,752,092	34,150,912
Tangible Fixed Assets	194,626,192	196,747,921	Money on Deposit	11,614,038	10,503,938
National Property, excluding Property for Public Use	33,115,158	34,328,978	Insurance Liabilities	9,749,789	9,812,829
Land	19,373,864	19,818,728	Deposit Reserved for the Public Pension	123,031,015	125,506,514
Unfilled Timber	3,955,890	4,068,228	Provision for Retirement Benefits	5,293,394	5,127,187
Buildings	3,385,824	3,384,224	Other Liabilities	12,889,476	14,400,159
Structures	2,519,498	2,511,335			
Machinery and Equipment	0	0			
Ships	1,607,584	1,586,075			
Aircraft	1,041,104	989,681			
Construction in Progress	1,231,391	1,970,705			
Property for Public Use	157,515,657	158,738,059			
Property for Public Use (Land)	40,528,835	40,608,720			
Property for Public Use (Facilities)	116,588,932	117,710,395			
Construction in Progress	397,889	418,943			
Goods	3,989,793	3,677,447			
Other Tangible Assets	5,583	3,435	Total Liabilities	1,442,704,556	1,473,827,288
Intangible Fixed Assets	398,167	461,964	<Difference Between Assets and Liabilities>		
Investments in Capital	97,567,592	103,741,122	Difference Between Assets and Liabilities	▲ 702,008,411	▲ 695,739,226
Total Assets	740,696,145	778,088,061	Total Liabilities and Difference Between Assets and Liabilities	740,696,145	778,088,061

Note 1: Cash and Deposits (65.3trillion yen at the end of FY2023) take into account receipts and disbursements of cash during the “accounting adjustment term” (As of the end of FY2023, the actual balance of government deposits in the Treasury was 15.7 trillion yen and foreign currency deposits was 19.5 trillion yen).

Note 2: Assets held by the government are used largely for direct public purposes such as public property, and not to for sale or exchange into cash.

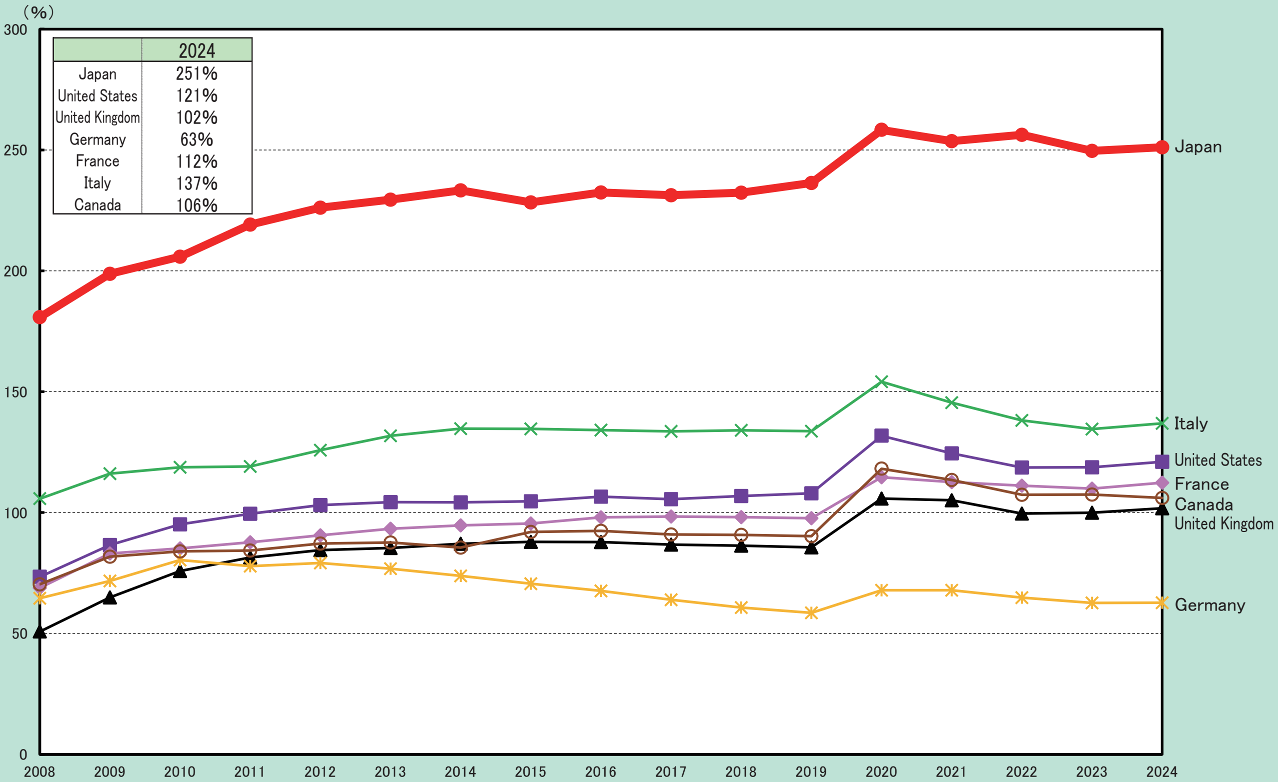
Note 3: Government bonds in the liabilities (1,164.2 trillion yen at the end of FY2023) include government bond balances such as for in Special Accounts for Fiscal Investment and Loan Programs besides general bonds (1,059.1trillion yen) that will be the future burden of the public, and cancel out bonds internally held by the government.

(17) International Comparison of General Government Fiscal Balance to GDP



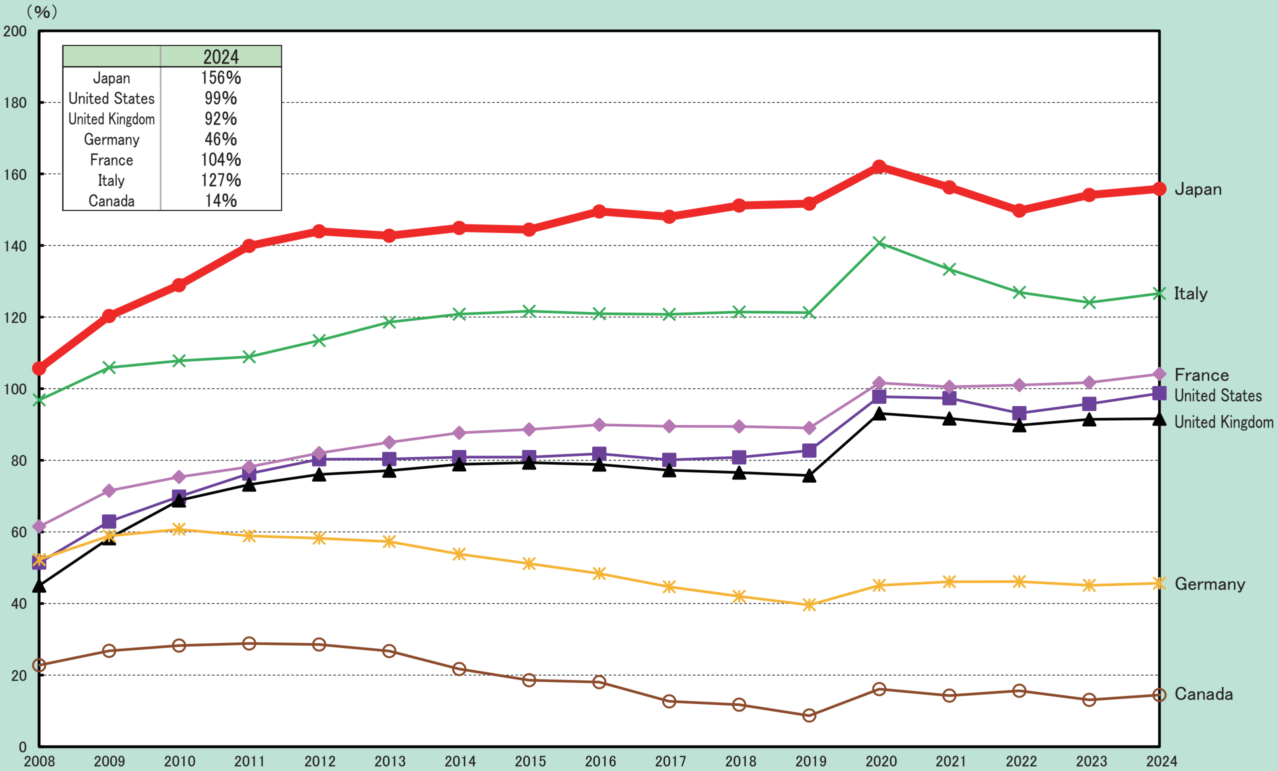
Note 1: The figures represent the general government-based data (the central/local governments and social security funds combined).
Note 2: The 2023-2024 figures for Japan and the 2024 figures for other countries are estimated figures.
(Source) OECD "Economic Outlook 116" (December 4, 2024)

(18) International Comparison of General Government Gross Debt to GDP



Note 1: The figures represent the general government-based data (the central/local governments and social security funds combined).
Note 2: The 2023-2024 figures for Japan and the 2024 figures for other countries are estimated figures.
(Source) IMF "World Economic Outlook" (October 2024).

(19) International Comparison of General Government Net Debt to GDP



Note 1: The figures represent the general government-based data (the central/local governments and social security funds combined).
Note 2: The 2023-2024 figures for Japan and the 2024 figures for other countries are estimated figures.
(Source) IMF "World Economic Outlook" (October 2024).

Supplement Fiscal Conditions and Debt Outstandings

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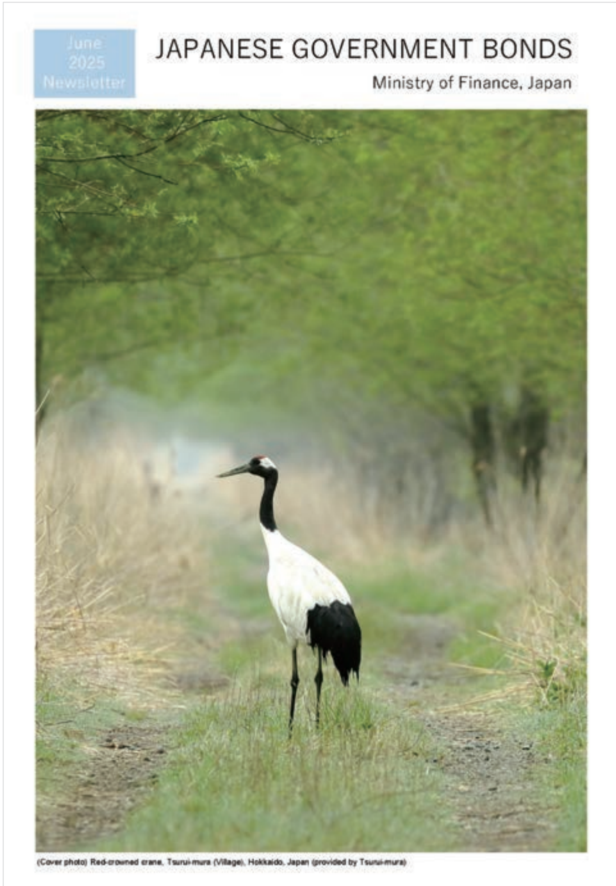
【Reference】JGB-related Publications

＜Yearbook of the Government Debt Statistics＞

＜Newsletters＞



[Webpage on JGB-related Publications]
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Debt Management Report 2025

The Government Debt Management and the State of Public Debts

Financial Bureau, Ministry of Finance

Financial Bureau, Ministry of Finance, JAPAN

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