

Japan in the Capital Markets

April 2026



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Japanese Government Guaranteed International Bonds

4.375%
due January 2036
USD 500,000,000
Issued in January 2026

4.125%
due April 2030
USD 1,000,000,000
Issued in April 2025

Non-Guaranteed International Bonds

2.500%
due September 2029
EUR 600,000,000
<Sustainability Bonds>
Issued in September 2025

3.875%
due August 2028
USD 1,000,000,000
Issued in August 2025

2.625%
due September 2028
EUR 600,000,000
<Sustainability Bonds>
Issued in September 2024

Transition Bonds

0.792%
due August 2027
JPY 10,000,000,000
Issued in August 2025

0.511%
due August 2029
JPY 10,000,000,000
Issued in August 2024

FILP Agency Bonds

2.221%
due January 2036
JPY 20,000,000,000
Issued in January 2026

1.659%
due January 2031
JPY 35,000,000,000
Issued in January 2026

1.366%
due January 2029
JPY 25,000,000,000
Issued in January 2026

Japan in the Capital Markets

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CORPORATE BONDS

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High-yield Japanese corporate bond issuers are set to step up their offshore bond issuance plans in 2026 amid a push to diversify their funding sources. They are likely to see success in dollars and euros provided market conditions hold up, writes Rashmi Kumar

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6 Japan's SSAs focus on flexible strategy, short tenor bonds to navigate choppy markets

Japan's sovereign, supranational and agency (SSA) borrowers continue to be among the most highly regarded issuers in global debt markets, supported by strong credit fundamentals and deep domestic demand. But with a complex geopolitical background, diverging global monetary policies, the Bank of Japan's policy signals, and recent elections in the country, issuers are operating in an unpredictable environment.

Against this backdrop, *GlobalCapital* brought together some of Japan's leading SSA issuers and debt bankers for a roundtable in March 2026. The discussion showed that borrowers are increasingly opting for a more flexible fundraising approach, eyeing short-tenor bonds to cater to investor needs and putting investor relations and communication front and centre. With SSAs' domestic and international funding needs staying steady, if not rising, in the year ahead, this forward-looking and agile mindset puts them in a strong position to navigate a difficult fundraising environment.

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Japan corporate bond onslaught to ramp up offshore as size, tenors appeal

High-yield Japanese corporate bond issuers are set to step up their offshore bond issuance plans in 2026 amid a push to diversify their funding sources. They are likely to see success in dollars and euros provided market conditions hold up, writes **Rashmi Kumar**

Japanese companies rushed to the international bond market in 2025, with issuance particularly strong from those rated triple-B or lower as they sought duration and size in foreign currencies.

They issued a record \$100bn-equivalent in foreign currency bonds last year, a surge driven by a big refinancing wall and a global search for yield by investors in a volatile rate environment, says Masanori Kazama, an executive director in Nomura Securities' international debt capital markets team in Tokyo.

"Investor appetite in the domestic market in Japan is skewed towards the shorter end of the curve in general and is very sensitive to forecasted rate hikes," Kazama tells *GlobalCapital*. "Japanese corporate issuers have searched for alternatives where they can achieve duration and size. Naturally they were led to the dollar market where there was more room for risk taking by investors. Also, there are increasingly more Japanese corporate issuers seeking to diversify their funding sources as part of their corporate strategy."

A number of high profile issuers turned to international bond markets last year.

For example, sub-investment grade SoftBank Group Corp raised about \$4.2bn-equivalent from a multi-tranche euro/dollar combo deal in July 2025 that received a combined orderbook of more than \$15.5bn, shows Dealogic. It followed that up with a triple-tranche \$2.87bn-equivalent euro/dollar outing in October 2025, and priced domestic deals in April, August and November last year.

Nissan Motor Co took \$3bn in July and an additional €1.3bn the same month, while chipmaker Kioxia Holdings Corp raised \$2.2bn in July from its debut dollar transaction.

Technology conglomerate Rakuten Group has been more strategic. It last sold a dollar bond in December 2024 and had printed multi-billion dollar deals to address its 2024-2025 maturities, but pivoted back to the domestic market last year as credit spreads tightened.

But Kazama says there is "very strong" need from Japanese corporates

for international debt, so broader issuance will be strong in 2026 and could match the amount raised in 2025.

"While US hyperscalers have catalysed a surge in debt markets through massive AI-related infrastructure investments, we anticipate a parallel trajectory for Japanese corporates as their domestic AI funding requirements intensify. Furthermore, M&A-driven financing is expected to remain a structural tailwind, potentially fuelling a sustained expansion in Japanese offshore bond supply," adds Kazama.

He reckons this trend can continue beyond 2026 — as long as the market conditions remain similar. "Dollars and euros would likely be the obvious places where Japanese corporate issuers would find duration, size, risk appetite, but that does not exclude other currencies," says Kazama.

Against this backdrop, *GlobalCapital* conducted an interview with Jeremy Tonkin, senior adviser, investor relations, at Rakuten Group to discuss the company's past and future issuance plans and strategy.

Interview: Jeremy Tonkin, Rakuten Group



GlobalCapital: What is the role of offshore markets within Japanese corporates' like Rakuten Group's overall funding strategy?

Jeremy Tonkin, Rakuten Group: Tapping offshore credit markets has allowed Rakuten Group to diversify its funding sources and expand its global investor base, spreading the credit story of Rakuten more widely. Rakuten could demonstrate that financing can be carried out in the foreign bond market during

the investment phase of our mobile business. More generally, we could appeal not only to investors, but also to banks and rating agencies that we have the ability to secure a variety of funding methods or liquidity as we grew our mobile business.

GlobalCapital: What is the motivation for Rakuten to tap offshore bond markets? How do costs offshore compare versus Japanese yen bonds and how has this dynamic changed in the past 12 to 18 months?

Tonkin: When we issue in non-yen currencies, being domiciled in Japan, the intention is to swap the non-yen funds into Japanese yen. Considering the swap market situation in recent years, it has been possible to fix the yen interest rate at about half the US dollar interest rate. This means for Rakuten, rather than a relatively high dollar nominal coupon at around either side of the 10% level which credit investors could enjoy, the interest cost to Rakuten has been around half that level.

This said, 2025 was a watershed year in Rakuten's credit history, to refocus on domestic yen issuance. In July 2025, we issued our first yen sustainability bonds, and in August 2025 we issued ¥130bn (\$816m)

in domestic retail bonds. In October 2025, we issued domestic perpetual subordinated bonds. We believe that being the first non-financial Japanese company to issue yen-denominated perpetual subordinated bonds of size with capital recognition from rating agencies was not only significant for the diversification of our fundraising methods, but also important for the domestic bond issuance market.

In addition, we continued to make progress in our cash conversion cycle, achieving significant improvement year-on-year. Compared with the last dollar bond in December 2024, this yen-denominated perpetual subordinated bond in Japan issued in October 2025 received strong demand from both domestic and overseas investors. The coupon was 4.691%, approximately 50bp lower than the post-currency swap rate on the December 2024 dollar-denominated perpetual subordinated bond, reflecting our credit standing's significant improvement during 2025.

GlobalCapital: Rakuten last sold a dollar bond in December 2024. What are its future fundraising plans?

Tonkin: Currently, Rakuten's financial strategy has not set a specific ratio of yen to foreign currency. Whether we issue in dollars or euros, and swap back to yen, or in yen, we will always consider optimal refinancing methods from the perspective of funding capacity, funding costs, diversification of fundraising methods, domestic and global market environment, accounting capital certification, expansion and diversification of our investor base, and alternative financial instruments. We have a variety of options at our disposal which we can consider, even in volatile environments like the present time.

However, while Rakuten is likely to remain as a potential future issuer in the global and domestic bond markets for refinancing purposes, we are aiming to reduce the group's interest-bearing debt balance over the longer term, actively control our bond redemption schedule, while increasing non-fintech or internet services and mobile Ebitda, and further improve our ability to generate cash flow. The non-fintech net interest-bearing debt to Ebitda ratio was 6.5x for the 2025 financial year. Our intention is to reduce that to six times for FY2026 and to less than five times in the longer term.

GlobalCapital: What is the investor perception of Japanese triple-B rated credits offshore?

Tonkin: We believe the market has recognised our consistent, proactive initiatives to implement financial strategies that strengthen our financial structure. Our credit outlooks from domestic rating agencies were also revised upward to stable in 2025. Since our first issuance of dollar and euro bonds in 2021, Rakuten has held numerous non-deal and deal roadshows, both in person and by Zoom, in the major credit centres of the US, Tokyo, Hong Kong, Singapore and London. The global credit investor base is now familiar with Rakuten's business model

FY2025 Funding

- Successfully re-accessed the Japanese retail market through the issuance of sustainability bonds in July 2025
- Progress made in diversifying funding sources, including the issuance of perpetual subordinated bond domestically and further improvements to the cash conversion cycle

FY2025 Bond Issuances

July	Sustainability bonds	Total ¥30bn
August	Domestic retail bond	¥130bn
→ Re-accessed the domestic retail bond market for the first time since 2023		
October	Yen-denominated perpetual subordinated bond	¥82bn
→ First non-financial company to successfully issue perpetual subordinated bond of size in the domestic market, with capital recognition obtained from rating agencies		

Improved cash conversion cycle

FY2025 ¥173.3bn	Significant improvement YoY ✓ Improving accounts receivable/accounts payable sites ✓ Leveraging point program
FY2024 ¥144.5bn	

Source: Rakuten Group's FY2025 consolidated financial results report, published in February 2026

and financials and is comfortable with our governance. We will continue to engage with global credit investors through NDRs, which we do at least once a quarter.

Rising prices of dollar bonds issued in past years and the lowering of our five-year CDS spreads also reflect improvements in our credit profile. We will continue to work diligently on financial improvement and deepen dialogue with the market to further enhance our evaluation.

GlobalCapital: Would Rakuten consider other currencies beyond dollars and euros for its international debt issuance?

Tonkin: We issued euro bonds in 2021 and swapped them back to yen. All currencies and funding instruments can be considered. We plan to constantly select the optimal currency and funding method while assessing domestic and international market trends, considering factors such as funding capacity, funding costs, diversification of fundraising methods, and the expansion and diversification of our investor base.

GlobalCapital: What challenges have you faced when going offshore — and how did you mitigate them?

Tonkin: For a business like Rakuten, which

Future Financing Policy

- Rakuten Mobile to continue to seek "Self-Funding" solutions to meet its capital needs
- For bond redemptions, will consider early funding solutions by leveraging our access to domestic, international, wholesale and retail markets

Funding needs for Mobile business

Procurement through "Self-Funding" in principle
Cash flow from Internet Services and FinTech businesses
Improving profitability of loss-making businesses
Improving cash conversion cycle
Rakuten Mobile's own procurement (lease finance, securitization, etc.)
Other non-interest-bearing debt financing

Funding needs for corporate bond redemptions

Consider various procurement methods in domestic and overseas markets	
Domestic market	Wholesale bonds
Overseas market	Retail bonds
	Subordinated bonds
	Bank loans
Select the most suitable funding method by closely monitoring trends in exchange rates and interest rates	

has 70-plus services in Japan and 200-plus subsidiaries, it has often taken time to ensure that the IR credit story is being appropriately explained and delivered to the investor base, at a time of capital markets confusion triggered by global political and macro instability in recent years. However, Rakuten has strong and professional finance and IR teams, and has been actively engaging with global credit investors for the last five years.

GlobalCapital: What are your concerns around downgrade risks and rating volatility and how these can affect investor appetite and your funding strategy?

Tonkin: Because Rakuten Group has fintech businesses under its umbrella, maintaining a high rating is an important theme of our financial capital strategy, ensuring stable fundraising and reducing financial costs. In addition to significantly strengthening our financial base through various non-interest-bearing debt financing methods, we aim to achieve a balance between investment and financial performance and maintain or improve our rating by improving leverage through profitability in our mobile business. We hope to return to investment grade status with S&P as soon as possible. 🌐

Helping build vibrant regional communities

JFM, Japan's sole municipal finance agency, raises funds from the global debt market to provide concessionary financing to municipal entities for vital public projects including water infrastructure, transportation systems, and healthcare facilities.

January 2026 EUR 750,000,000 2.750% Reg S Green Bonds due 2031	July 2025 USD 750,000,000 4.125% 144A/Reg S Bonds due 2030	April 2025 USD 1,000,000,000 4.375% 144A/Reg S Bonds due 2030	January 2025 EUR 500,000,000 2.750% Reg S Green Bonds due 2030	April 2024 USD 1,500,000,000 5.000% 144A/Reg S Bonds due 2029	January 2024 EUR 500,000,000 2.875% Reg S Green Bonds due 2029
September 2023 USD 750,000,000 5.125% 144A/Reg S Bonds due 2026	April 2023 USD 1,000,000,000 4.125% 144A/Reg S Bonds due 2028	February 2023 EUR 500,000,000 3.375% Reg S Green Bonds due 2028	September 2022 EUR 1,250,000,000 2.375% Reg S Bonds due 2027	January 2022 USD 750,000,000 1.500% 144A/Reg S Green Bonds due 2025	September 2021 EUR 1,000,000,000 0.100% Reg S Bonds due 2031



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Japan's SSAs focus on flexible strategy, short tenor bonds to navigate choppy markets

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Against this backdrop, *GlobalCapital* brought together some of Japan's leading SSA issuers and

debt bankers for a roundtable in March 2026. The discussion showed that borrowers are increasingly opting for a more flexible fundraising approach, eyeing short-tenor bonds to cater to investor needs and putting investor relations and communication front and centre. With SSAs' domestic and international funding needs staying steady, if not rising, in the year ahead, this forward-looking and agile mindset puts them in a strong position to navigate a difficult fundraising environment.

GlobalCapital: We have had a combination of global and domestic market volatility this year. Globally, trade tariffs and the Middle East war have roiled markets. In Japan, monetary policy and the February elections for Japan's Lower House have been in focus. Against this backdrop, how are Japan's SSA issuers navigating the fundraising environment domestically and internationally?

Keisuke Nakayama, Development Bank of Japan (DBJ): In fiscal year 2025, covering the period from April 2025 to March 2026, we issued bonds totalling ¥993.9bn, broadly in line with the initial issuance plan of ¥1.01tr. As you rightly mentioned, throughout fiscal year 2025, the market environment has remained highly uncertain, reflecting economic and monetary policies across countries, geopolitical risks and, in Japan, national elections. Under these circumstances, DBJ has closely monitored market conditions and investor sentiment. From a full-year perspective, we sought to front-load bond issuance and for individual transactions, we made efforts to announce and price each bond transaction as early as practical. In the domestic market, DBJ issued transition bonds in August 2025, marking the second consecutive year of such issuance. Through careful and extensive marketing,

we were able to attract a larger number of ESG investors compared with the previous fiscal year. In overseas markets, we conducted a total of four transactions: two US dollar-denominated government-guaranteed bonds, one dollar-denominated non-government-guaranteed bond, and one euro-denominated sustainability bond. In particular, in the dollar market, we issued two bonds of \$1bn each, thereby enhancing market liquidity. Both domestically and internationally, our ongoing and proactive communication with investors has proven effective, leading to participation from new investors.

Kei Arakawa, Japan Finance Organization for Municipalities (JFM): For fiscal year 2025, JFM's plan was to raise ¥1.74tr from the bond market. We have been able to exceed that target by raising around ¥1.8tr instead. Looking back, volatility was very significant in the market, and against this backdrop, JFM became flexible with the timing of its deals. That was an important focus for us. For example, for our international bond, we usually determine the price for funding based on the new fiscal year budget in April, at the beginning of the fiscal year, but in 2025, we determined the price in March for the first time and issued the bond in April. Also, previously, renewal

Roundtable participants

Keisuke Nakayama, director, division of financing, treasury department, Development Bank of Japan (DBJ)



Kei Arakawa, director, finance, finance department, Japan Finance Organization for Municipalities (JFM)

Masanori Kazama, executive director, international debt capital markets, Nomura Securities



Moderator:
Rashmi Kumar, contributing editor, *GlobalCapital*

of the GMTN programme has been a challenge, but for our July 2025 deal, we managed to expedite the programme renewal. Therefore, we were able to issue at a better timing.

In Japan, the rising interest rate has been an important trend, so investors have been looking for shorter tenors. To cater to that, JFM issued three-year bonds in the fiscal year, showing we can be more flexible and that the voice of investors is of utmost importance



“We would like to continue issuing ESG bonds so that we can smoothly support our loan and investment activities, including in the sustainability area”

Keisuke Nakayama, Development Bank of Japan (DBJ)

to us. More specifically, investor relations was an important focus for us in Japan as well as overseas. Some 290 IR meetings were held so we can have a better understanding of investor needs and tailor our funding strategy accordingly.

GlobalCapital: What were some of the key questions raised by investors during these IR meetings?

Arakawa, JFM: The rising interest rate environment in Japan was a major topic and among the most frequently asked questions from international investors. Also, in October 2025, there was a change in Japan's leadership with a new prime minister installed, which received significant attention, and finally, there was interest around changes to the fiscal policy of Japan.

Nakayama, DBJ: We also faced similar questions as JFM. From the international market, there was interest in the political situation, as well as the monetary and economic situation in Japan. For domestic investors, we saw a shift in demand toward shorter tenors.

GlobalCapital: As a debt capital markets banker, what has your experience been since the beginning of the year? What questions are you getting from issuers and investors and what advice have you been giving them?

Masanori Kazama, Nomura Securities: In the past three months, there has been so much to cover in Japan. Political changes have occurred with a new prime minister, which was a historic comeback of a strong Liberal Democratic Party to lead Japan. There were also other sensitive issues to tackle, like the deterioration of relations between Japan and China, and more recently, the Iran conflict. The direction is very opaque. Therefore, the new

administration has to take into consideration many different types of events in Japan and globally. They are focused on proactive fiscal policy, and this is an area where we received many questions from investors. Also, the Japanese interest rate is rising, and issuers in Japan are now not only interested in domestic issuance but in foreign bond issuance, too.

Let me give you some numbers. From January to December 2025, yen bond issuance from Japanese issuers exceeded \$100bn-equivalent, versus about \$60bn in 2024. This was an increase of more than 1.5 times. Taking into consideration the impact of the Japanese interest rate environment, there is a good sign that issuance will continue in 2026 and volumes could be at least as large as last year. The SSAs represented here at this roundtable have issued about \$10bn or so on an annual basis. Additionally, the Japanese government has Strategic Investment Initiatives with the US, so I believe there is going to be a further increase in bond volumes. We are receiving many questions in this area from investors: how much issuance will we see and what is the issuance strategy of Japanese issuers?

GlobalCapital: What is your funding plan for the new financial year? Can you talk to us about the planned funding size and the currency mix — and what could be different from last year?

Arakawa, JFM: For fiscal 2026, the major topics to think about include the change in prime minister from last year, and a large supplementary budget that has to be funded based on a proactive fiscal policy. This means for 2026, the municipal governments' borrowing will increase compared to the previous year. This is a major topic for JFM as we provide loans to the municipal government, so JFM's lending is likely to increase as well. Taking this into consideration in 2026, we are

planning to raise ¥1.8tr in domestic bonds, and ¥300bn-equivalent in overseas bonds. In terms of currency mix, it's the same as last year: 80% yen-denominated and 20% foreign currency-denominated. Investors are looking for shorter tenor, so we are going to issue a new two-year yen bond, and internationally, we will issue US dollar and euro bonds.

Nakayama, DBJ: For domestic bonds, we plan to continue issuing Fiscal Investment and Loan Program (FILP) agency bonds on a regular quarterly basis in three, five and 10-year tenors. In addition, depending on market conditions, we are considering ESG bonds, as well as issuance in other tenors. We also plan to issue government-guaranteed bonds in seven and 10-year tenors. For international bonds, we are planning government-guaranteed bonds in five and 10-year tenors, as well as non-government-guaranteed sustainability bonds and non-labelled bonds with tenors of around three to five years. In terms of currency composition, we expect over 50% to be in Japanese yen, with the remainder in international currencies, specifically US dollars and euros. Overall, we do not anticipate any significant changes to our funding plan compared with fiscal year 2025.

GlobalCapital: How has the investor base for dollars and euros evolved for SSA issuers? How do expectations differ when it comes to tenors and sizes and ESG disclosures?

Nakayama, DBJ: Through our continuous issuance activity and IR activity, we feel that our investor base has been steadily broadening and deepening, both geographically and across different investor types. Our four international bond issuances differ in terms of product characteristics, such as whether they are government-guaranteed or non-guaranteed, currency, tenor, and ESG labelled or non-labelled. As a result, we see some differences in the investor base depending on these preferences. We have also received positive feedback on issuing a \$1bn size, with some investors noting that the larger size supports improved liquidity.

In fiscal year 2025, when engaging with investors through IR activities, we felt that ESG-related questions were somewhat fewer than before.

On the other hand, there are still investors who continue to invest in ESG or maintain a strong interest in ESG themes. From DBJ's perspective, we would like to continue issuing ESG bonds so that we can smoothly support our loan and investment activities, including in the sustainability area.

Arakawa, JFM: For the 2025 fiscal year, we successfully expanded the investor base for both our dollar and euro bonds. More specifically, for dollar bonds, investor interest from the American sub-continent was low previously, but we are now seeing more demand. We are also seeing more investors in our euro bonds than before as they diversify away from dollars. For example, asset managers in continental Europe, and pension funds and insurance firms are some of the new participants. We have been regularly working on a five-year maturity foreign bond, and demand for it seems steady.

On ESG, it is true that interest in this topic seems to be going down. However, some investors read our Impact Report to a very detailed level and raise some very detailed questions. Our Impact Report comes with photographs to make it easier for readers, so we will continue with this so it will become easier for investors to understand our ESG and impact focus areas.

GlobalCapital: You mentioned the rise in interest from the American subcontinent. What has driven that?

Arakawa, JFM: We are seeing more interest from US investors partly, but also from Canada and Central America. These investors had been focusing on US investment before but are now starting to diversify into new geographies.

GlobalCapital: From Nomura's point of view, what are you hearing from international investors? Are you seeing a change in how they perceive Japanese SSA bonds?

Kazama, Nomura: The level of interest for Japanese SSA issuers remains high among foreign investors. Many things may be happening in the world, but the fact that the US dollar is a key currency remains unchanged. That seems to be the general view. Under such circumstances, we are seeing a

flight to quality, which attracts global investors to Japanese SSA dollar and other currency bonds.

GlobalCapital: How much appetite is there for less traditional currencies?

Kazama, Nomura: The level of interest is difficult to quantify, but Japanese SSA issuance was about \$12bn-equivalent in 2025. Compared to that, the level of interest seems much higher. Most issuance from Japanese SSAs is increasingly denominated in dollars, and as investors consider regional diversity more, the euro may also attract a high level of interest. Therefore, investors are focused on dollar and euros, so issuers' funding strategy will remain largely unchanged. It's also the advice I would give them. For other currencies, if there is a special need, it can be accommodated, or if there is a possibility of arbitrage, we will provide advice accordingly.

GlobalCapital: Where are we seeing real money investor depth versus opportunistic demand – and are Japan's SSA issuers taking advantage of those dynamics?

Kazama, Nomura: When we compare real-money investors and opportunistic investors, they're both important for SSAs and are continuing to show strong demand. In terms of dynamics, there is no significant change for the time being. However, real-money investors are also trying to diversify their investments and are placing importance on Japanese SSAs for that.

GlobalCapital: What is your view of funding costs internationally so far, and its future trajectory? How much of a higher funding cost are Japanese issuers willing to accept to maintain a presence in the international bond market?

Arakawa, JFM: At JFM, our take is that our funding cost will increase when the interest rate increases and so we have to reflect that in our lending interest rate as well. While JFM's borrowers will have to pay higher interest rates, it will lead to better revenue for us, so the impact on JFM overall is limited.

Having said that, when we compare the domestic and international markets, we focus

DBJ's bond issuance in the 2025 fiscal year
DBJ sold four global bonds and six yen-denominated bonds

Deal value (in \$m equivalent)	Currency	Pricing date
1,000.0	Dollar	April 1, 2025
617.2	Yen	April 10, 2025
869.6	Yen	July 3, 2025
69.6	Yen	July 3, 2025
679	Yen (transition bond)	August 8, 2025
1,000.0	Dollar	August 20, 2025
697.0	Euros (sustainability bond)	August 28, 2025
529.6	Yen	October 8, 2025
500	Dollar	January 7, 2026
510.2	Yen	January 9, 2026

Japan's 2025 fiscal year runs from April 1, 2025, to March 31, 2026

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on relative competitiveness. In making this comparison, we also need to consider the swap cost from foreign currency into Japanese yen. As funding costs in the domestic bond market are increasing, we will continue to compare with the foreign bond market and seek to fund ourselves efficiently. Of course, even in cases where the cost in overseas markets exceeds that in the domestic market, we may still tolerate such costs and issue bonds in overseas markets.

Nakayama, DBJ: While it has become more difficult to gauge the future path of interest rates, we aim to seek fair pricing that reflects market conditions at each issuance and to achieve optimal funding as a result.

GlobalCapital: Are you looking to become more tactical in your bond issuance? Does predictability still matter most to investors?

Nakayama, DBJ: We recognise that a wide range of factors are influencing the market environment, including economic and monetary policies in different countries as well as geopolitical risks. Against this backdrop, we believe it is important to remain flexible in our issuance approach, including the timing of issuance windows, while closely monitoring these developments. From an investor perspective, we feel that predictability remains an important factor when considering investment strategies and making individual bond investment decisions, including whether an issuer is a regular issuer.

“Many things may be happening in the world, but the fact that the US dollar is a key currency remains unchanged”

Masanori Kazama, Nomura Securities



Arakawa, JFM: Foreseeability is very important for investors, in terms of issuance schedule as well as the currency. We must issue bonds in a stable manner. But the interest rate environment is beset with volatility, and when the market trends change dramatically, we have to be more agile and make decisions in a more flexible manner. We try to take that into consideration as we make decisions.

Kazama, Nomura: A tactical fund procurement process is a prevailing need. It has been essential before and is still the case. But for this year, there is significant volatility in the interest rate environment, and the market environment is subject to change. So rather than being agile, I would say a more flexible approach is warranted, but it has to be foreseeable. In that regard, regular issuance is very important. It does not have to follow a rigid schedule, and more flexibility can be added, so long as issuers are engaging actively with investors. Communication with investors is more important than ever.

GlobalCapital: What is your approach to investor engagement expected to be like in the new year?

Arakawa, JFM: We will continue to emphasise a good relationship with investors. Face-to-face IR meetings will continue alongside virtual meetings, allowing us to have broad investor dialogues and communication. Additionally, we would like to discuss JFM's Impact Report with investors at a high level. By doing so, we can maintain and further expand our investor base.

When it comes to roadshows, last year we went to the Middle East for investor meetings for the first time in a while. This may be difficult to repeat this year, but depending on time and circumstances, we would do roadshows in Europe, the Americas and in Asia, and would like

to visit non-conventional markets if the opportunity allows.

Nakayama, DBJ: There has been no particular change in our approach to investor engagement compared with before. As market conditions evolve, we would like to continue creating as many opportunities as possible for direct dialogue with investors, to understand whether there have been any changes in their investment strategies, expectations of issuers, market views, or areas of interest.

GlobalCapital: As a DCM banker, are you seeing more interest among issuers for non-deal roadshows?

Kazama, Nomura: Issuers have not changed. They're always open. They're always looking to engage with investors. But as the others just mentioned, they're not just going after conventional investors; they're becoming even more open, visiting wider geographical areas to have dialogue with a wider base of investors. That is what they are aspiring and willing to do to further solidify and strengthen their investor base through more open communication, and we are more than willing to support that.

GlobalCapital: We have discussed ESG issuance a little already. But are the SSA issuers here considering any new ESG products as part of your funding toolkit this year?

Nakayama, DBJ: In fiscal year 2025, we issued sustainability bonds for the 11th consecutive year. As one of our key products, we intend to continue issuing them on an ongoing basis. As for transition bonds, in fiscal year 2025 we issued them domestically for the second consecutive year. We have also begun considering issuance from fiscal year 2026 onward. In terms

of the proportion of ESG-related issuance within our overall bond issuance plan, we do not anticipate any major changes in fiscal year 2026 compared with fiscal year 2025.

Arakawa, JFM: JFM has been issuing green bonds twice a year in the domestic market and once a year overseas. In 2025, we raised ¥52bn from green bonds in the domestic market. Offshore, we sold our largest issuance outside of Japanese yen, which was a €750m bond that was backed by very strong demand from investors. For the next financial year, we will continue with our issuance programme: about ¥20bn in yen-denominated green bonds, and issue benchmark-sized euro or dollar green bonds. We will determine the actual issuance size based on investor demand.

GlobalCapital: What differences are you seeing now in how domestic versus international investors engage on ESG deals?

Nakayama, DBJ: We do not see any particularly significant differences and we recognise that there are investors, both domestically and internationally, who continue to place importance on – or are becoming more active in – investing in ESG-related transactions. More recently among domestic investors, we have observed growing interest in bonds where the use of proceeds aligns with individual investors' investment themes, even when the bonds do not necessarily carry an ESG label that complies with international standards.

Arakawa, JFM: Foreign demand remains strong for green bonds. We have issued seven euro green bonds in the past, including one in January 2026. That deal had the second largest demand of all our euro green bonds, with interest particularly strong from European investors. The level of spread on ESG bonds may have additional significance and value in the future for global investors, but strong demand for our bonds seems to be continuing. There is also strong need for green bonds in the domestic market, so I am confident we will see strong support for our yen green bonds this year.

GlobalCapital: What is your expectation for the overall

Japanese ESG bond market for the new financial year, in terms of both issuance volumes and product choice?

Kazama, Nomura: In Japan, ESG demand and popularity remain strong. Interest is very high, regardless of label. Domestically, labels are becoming less important – whether green, sustainable, or social – although they may be important for foreign investors. When bonds are labelled, it becomes a bit more attractive for foreign investors.

Also, spread is an important focus, and if it has an ESG label there is interest in investing. But furthermore, climate change is so much more dramatic today. The global environment is constantly changing due to climate change, so promoting this needs to be important going forward. It's not just about being green or social – labelling is not the important part. We need to use the funds to contribute to the global environment. This is important and we are working with the Japanese ministries in promoting the issuance of transition bonds.

GlobalCapital: From a pricing perspective, is there an advantage for issuers in doing ESG bonds versus traditional bonds?

Kazama, Nomura: A pricing premium in Japan, as well as in the international market, is very difficult to extract these days.

GlobalCapital: Can you explain more about how you're working with the ministries to promote transition bonds?

Kazama, Nomura: We are working with the Ministry of Finance and the Ministry of Economy, Trade and Industry (METI) to go outside Japan and promote the effectiveness of transition bonds. This discussion is taking place with investors and issuers so overseas markets can also start preparing to sell transition bonds. It's not an easy decision, so I don't think change will occur immediately, but it's important to continue to educate issuers as well as the investor base on the importance of this area.

GlobalCapital: Let's look ahead now. What is your main worry when it comes to raising funds, and

how do you plan to overcome some of the market-driven challenges?

Nakayama, DBJ: We feel that the funding environment has become increasingly volatile, with a growing number of risk factors to consider, and it has become more difficult to assess the scale and duration of the impact of individual events. As financial market volatility rises, there is some concern this could lead to a more cautious or negative stance among investors toward bond investments. From our perspective, we would like to remain highly attentive to changes in market conditions, engage in careful and ongoing dialogue with investors, and approach our funding activities with flexibility, including by considering multiple scenarios.

Arakawa, JFM: In the recent past, we did not face big issues in raising funds, but when we look at the outlook going forward, we have to be prepared for increased volatility. That is a concern and we will also include the global conflict risk in that. From that point of view, my response is similar to DBJ's. We cannot just identify one scenario. We have to be more flexible and prepare for different outcomes. Investor engagement and communication will be of utmost importance. This market dynamic, as well as prevailing investment needs, are subject to changes. We must be abreast of these changes as we continue with our fund procurement. That's our strategy.

Kazama, Nomura: The most significant concern is the geopolitical risk – that is first and foremost on my mind because it's difficult to predict and it isn't as if we can prepare for such events.

Beyond that, the issuance amount continues to increase from

JFM's international and domestic bond issuance in fiscal 2025

JFM's green euro bond in January attracted solid investor interest

Deal value (in \$m equivalent)	Currency	Pricing date
288.1	Yen	April 10, 2025
115.2	Yen	May 13, 2025
540.0	Yen	June 10, 2025
433.1	Yen	July 8, 2025
750.0	Dollar pro-bond	July 23, 2025
222.8	Yen	August 13, 2025
324.8	Yen	September 9, 2025
301.4	Yen	October 9, 2025
129.7	Yen	November 12, 2025
175.1	Yen green bond	November 12, 2025
218.6	Yen	December 9, 2025
876.6	Euros green bond	January 8, 2026
201.4	Yen	January 14, 2026
127.9	Yen	February 10, 2026
94.7	Yen	March 10, 2026
500.0	Dollar	March 25, 2026

Japan's 2025 fiscal year runs from April 1, 2025, to March 31, 2026. Excludes deals issued under JFM's Flexible Issuance Programme (FLIP) © Dealogic 2026

Japan, so it is important for us to provide appropriate advice to firms. There is a tendency for the timing of issuance from SSAs in Japan to be concentrated, so we have to respond to their funding needs while coordinating deal timings better. Furthermore, product as well as tenor and currency must be considered carefully by all Japanese SSA issuers so they can optimise market demand. That is the type of advice we are providing. At Nomura, we are doing our utmost to collect information so we can convey this information to issuers and respond to their questions. We have to make sure that the essence of their strategy is incorporated in their communication with investors overseas and we will do our best to facilitate this process. ©

“The interest rate environment is beset with volatility and when the market trends change dramatically, we have to be more agile and make decisions in a more flexible manner”

Kei Arakawa, Japan Finance Organization for Municipalities (JFM)

