



# Tokyo Metropolitan Government (TMG)

## Bureau of Finance, November 2023

# ① Basic Overview of Tokyo

## ② Financial Highlights

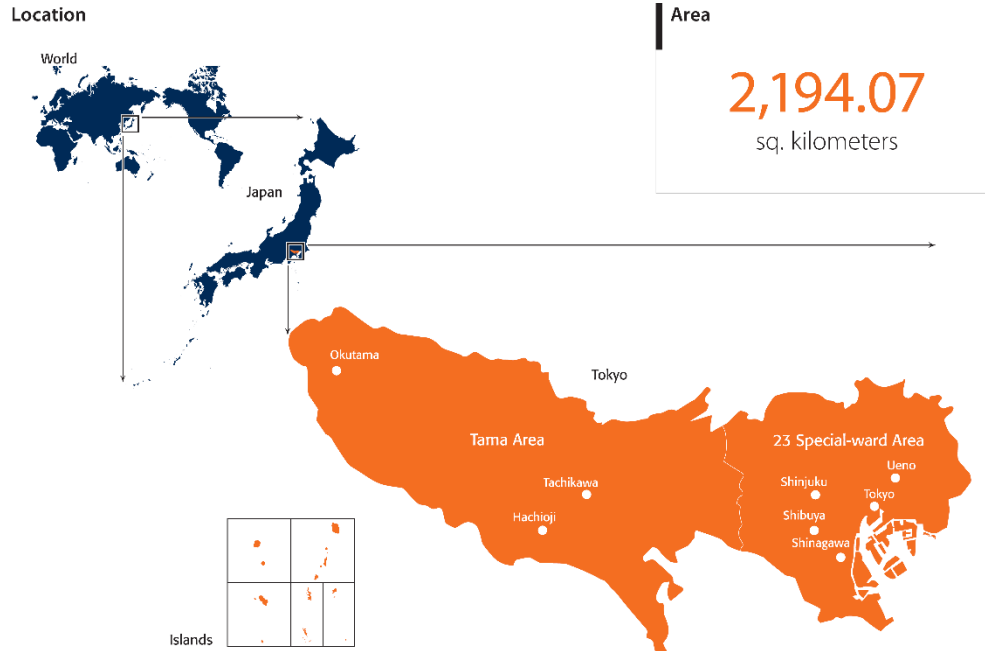
## ③ TMG Bonds

## ④ Appendix

# Tokyo at a Glance

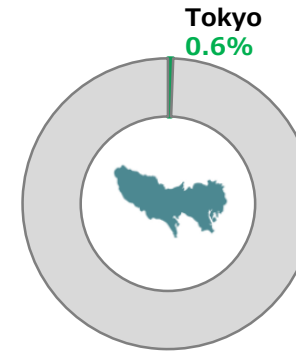
*Tokyo is the center and primary engine of Japanese economy*

## Location



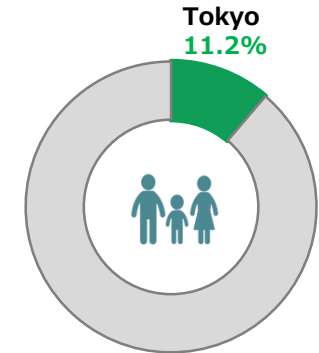
## Area

**Tokyo: 2,194km<sup>2</sup>**  
**Japan: 377,969km<sup>2</sup>**



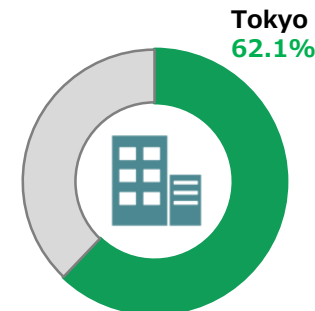
## Population

**Tokyo: 14.0mn**  
**Japan: 124.9mn**



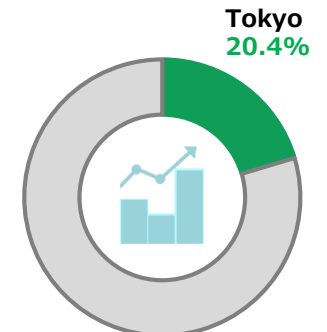
## Number of Companies with Paid-in Capital of above JPY 5bn

**Tokyo: 1,089 Companies**  
**Japan: 1,753 Companies**



## GDP

**Tokyo: JPY 110tn**  
**Japan: JPY 538tn**



\*Area as of April 1<sup>st</sup> 2023

\*Population as of October 1<sup>st</sup> 2022

\*Number of companies as of FY2021

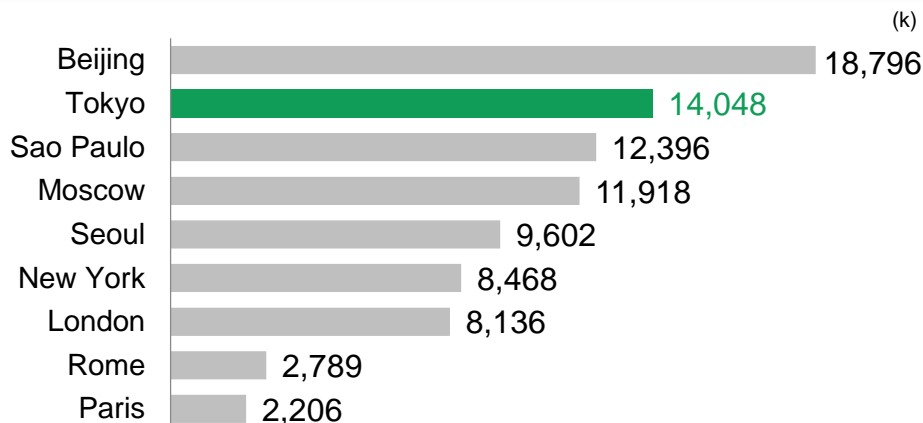
\*GDP as of FY2020

Source: Tokyo Metropolitan Government, Geospatial Information Authority of Japan, Ministry of Internal Affairs and Communications, National Tax Agency Japan, Cabinet Office

# Tokyo at a Glance

Tokyo compared to the world

## Population

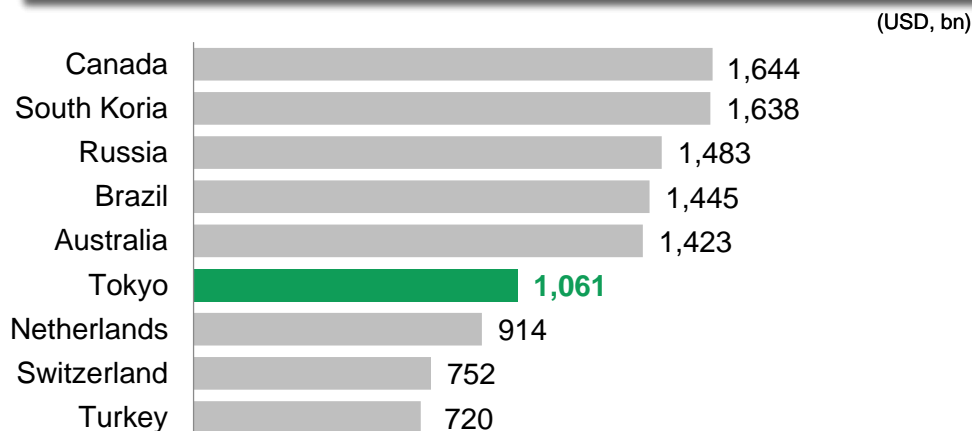


## Productive Age (15~64 yrs) Ratio

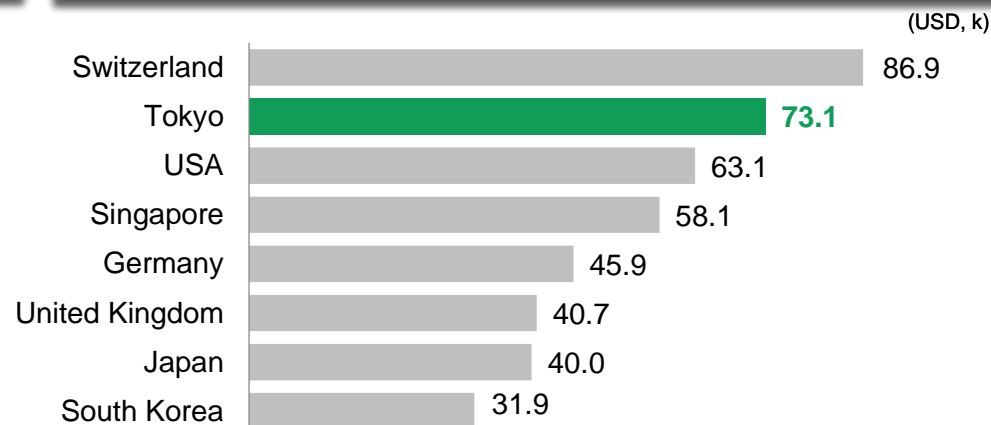
Rank	Country	Ratio (%)
1	South Korea	72.00
2	Saudi Arabia	71.56
3	Thailand	70.08
4	Brazil	69.87
5	Colombia	69.60
⋮		
17	Russia	67.01
18	Mexico	66.64
⋮		
50	Israel	59.96
51	Japan	59.36
52	Pakistan	58.55

Tokyo (2022): 69.99

## Nominal GDP



## Nominal GDP (Per Capita)



\*Populations in Tokyo as of October 1<sup>st</sup> 2022

\*GDP as of CY2020 except for TMG; TMG refers to FY2020

\*Applied FX rate: USDJPY=106.73 (as of 2020)

Source: Tokyo Metropolitan Government, Statistics Bureau of Japan

# Key Highlights

## Sound Fiscal Management

- High independent revenue ratio and low mandatory spending facilitates flexible fiscal management.
- High financial flexibility developed through organized reserve fund management and continuous effort on reducing outstanding debt for future financial needs.
- Municipal Bonds in Japan have systematic safeguards.
- SACP (Stand-alone Credit Profile)<sup>1</sup> is **aa+**, our **A+ credit rating**<sup>2</sup> is capped by Japan's sovereign rating.

## Capital Markets Activities

- FY2023's issuance plan: About JPY 520bn (≈USD 3.5bn<sup>3</sup>) (April 2023-March 2024)
- Regular issuance of benchmark international bonds in global capital market.
- Promoting the expansion of domestic ESG market and the achievement of SDGs from financial sector through constant issuances of JPY-denominated ESG bonds for institutional investors.

## Tokyo's Strategies

- In order to respond proactively to the emergence of global issues such as infectious diseases, climate crises and disputes, where conventional practices are no longer applicable, and the rapid decline in birthrates in Japan, TMG has formulated **"Future Tokyo: Tokyo's Long-Term Strategy Version Up 2023"**.
- To realize "Zero Emission Tokyo" that will contribute to achieving net zero CO2 emissions worldwide by 2050, TMG has announced **"Carbon Half"** that will halve GHG emissions by 2030 compared to 2000.

<sup>1</sup> SACP (Stand-alone credit profile) refer to Standard & Poor's opinion of an issue's or issuer's creditworthiness, in the absence of extraordinary intervention from its parent or affiliate or related government, and is only one component of a rating.

<sup>2</sup> On June 9<sup>th</sup> 2020, the outlook on the "A+" long-term sovereign credit rating on Japan was revised from positive to stable by S&P, which reflects S&P's view that the COVID-19 outbreak has set back Japan's fiscal stabilization process. Following this revision, on June 10<sup>th</sup> 2020, S&P has revised down the TMG's outlook on the long-term issuer credit rating from positive to stable.

<sup>3</sup> USDJPY=150.18 (as of October 31<sup>st</sup> 2023)

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# (1) TMG's Revenue and Expenditure

*FY2023's general account revised budget marks JPY 8,479bn*

## TMG's Revenue, Expenditure and Balance (General Account)

(JPY, bn)

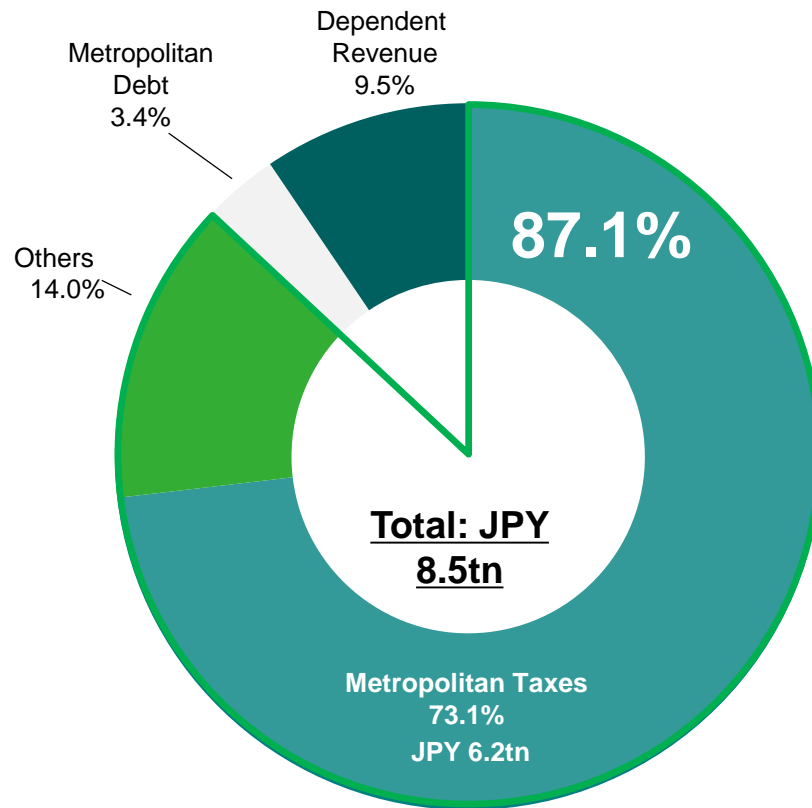
Classification		FY2019	FY2020	FY2021	FY2022	FY2023
		Actual	Actual	Actual	Actual	Estimated in Revised Budget
Revenue		7,672	8,689	9,747	9,333	8,479
	Metropolitan Taxes	5,632	5,350	5,848	6,164	6,201
Expenditure		7,445	8,487	9,462	9,048	8,479
Balance		227	202	286	285	0

## (2) Revenue Sources

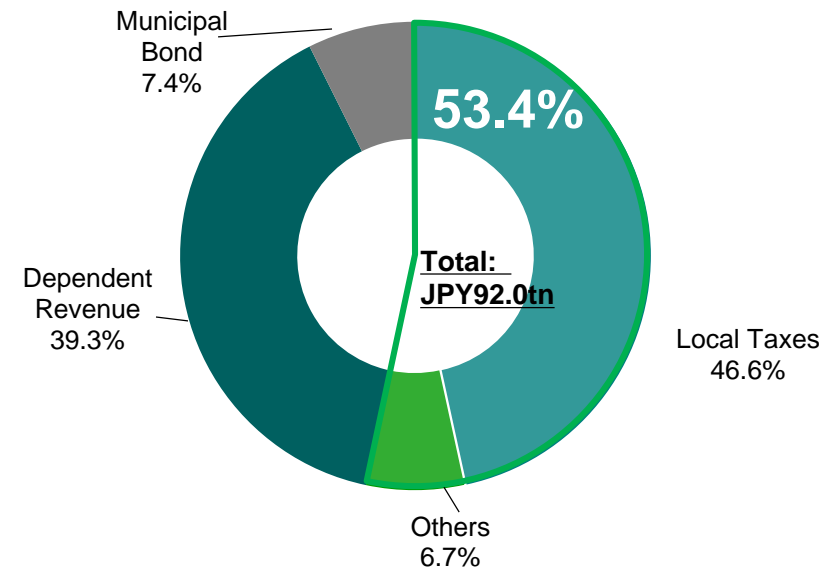
TMG's high independent revenue ratio provides flexibility in its fiscal management

### Breakdown of Revenue Sources

TMG's Independent Revenue<sup>1</sup> Ratio **87.1%**  
(FY2023 General Account Revised Budget)



Independent Revenue Ratio of  
All Local Governments in Japan **53.4%**



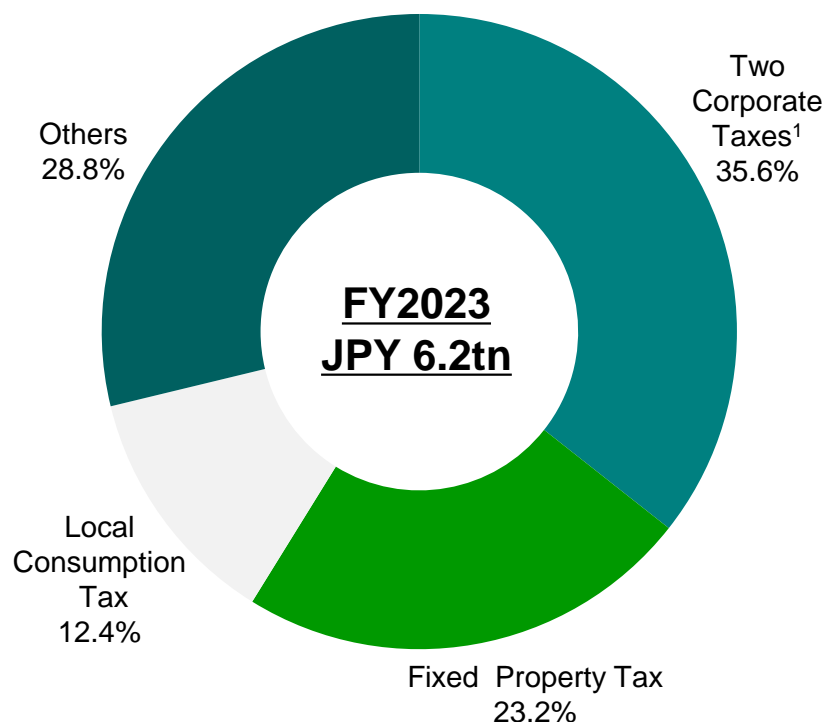
<sup>1</sup> Independent revenue : revenue which a local government can raise on its own without depending on the central government (i.e., local taxes, usage charges, charges for services, commissions, property revenues and miscellaneous revenue, etc.). Dependent revenue consists of local transfer tax, national treasury disbursement and etc.



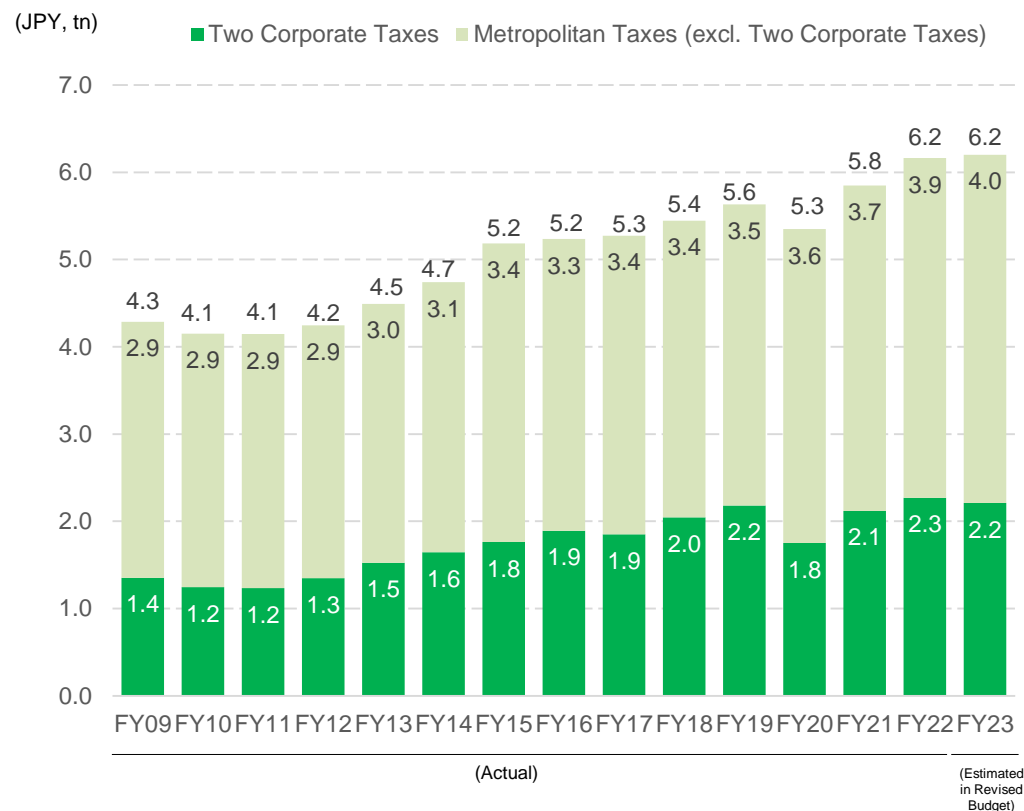
# (3) Diverse Tax Revenue Sources

TMG's tax revenue has diverse sources and has been steadily increasing

## Breakdown of Metropolitan Taxes



## Trends in Metropolitan Tax Revenue



<sup>1</sup> Corporate Enterprise Tax, together with Corporate Inhabitant Tax, constitutes Two Corporate Taxes.

Corporate Enterprise Tax is a tax levied on corporations that are established in Tokyo and being engaged in profit-earning business in Tokyo.

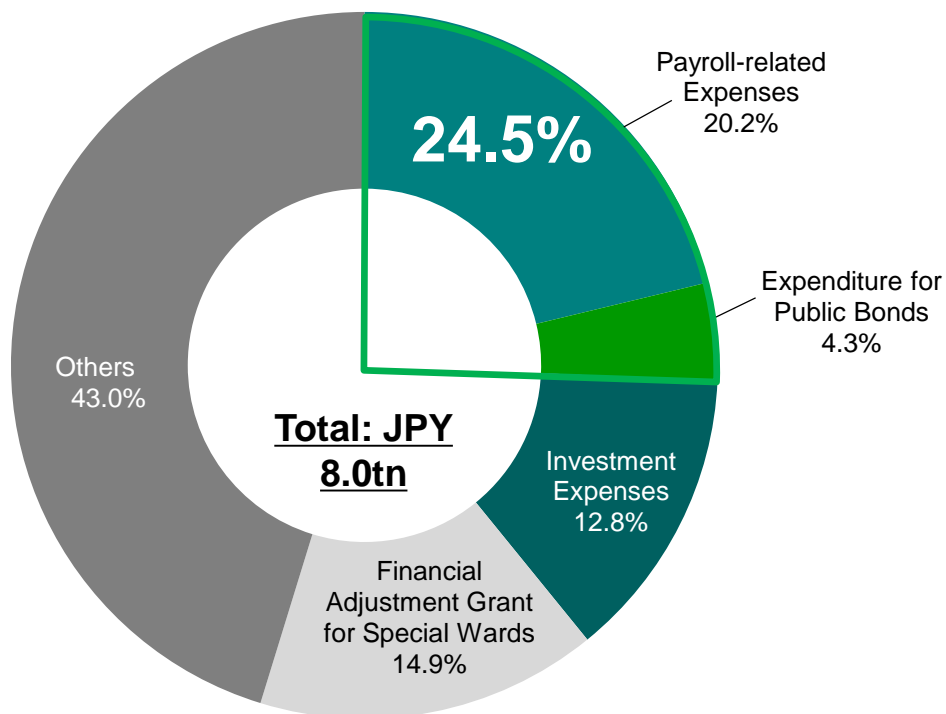
Corporate Inhabitant Tax is a tax levied on offices or business establishments in Tokyo which is included as part of Residents Tax.

# (4) Spending

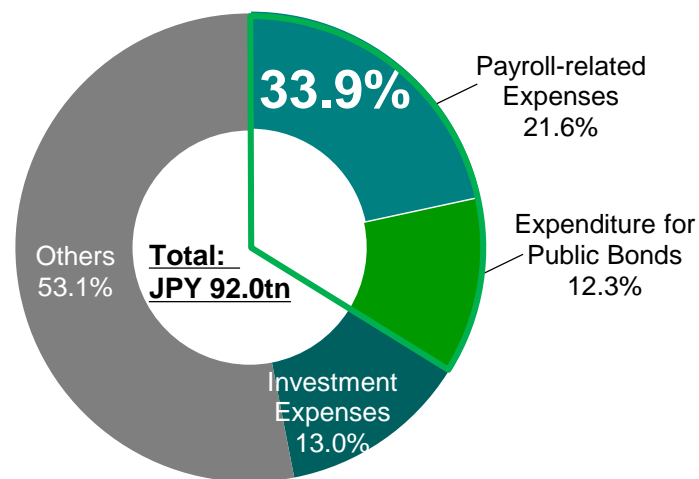
TMG's low mandatory spending facilitates its flexible fiscal management

## Breakdown of Expenditure

TMG Mandatory Fixed Expenses Ratio<sup>1</sup> **24.5%**  
(FY2023 General Account Original Budget)



Mandatory Fixed Expenses Ratio of All Local Governments in Japan **33.9%**



<sup>1</sup> Mandatory Fixed Expenses Ratio is the ratio of Mandatory Fixed Expenses (Payroll-related expenses + Expenditure for Public Bonds) to total expenses in the TMG's General Account Budget.

# (5) Reserve Funds for Future Obligations

TMG has a total JPY 3.9tn of Reserve Funds set aside for future obligations

## Reserve Fund

(JPY, bn)

**Funds for General Purposes** 649.8

Adjusting Fund for Finance 649.8

**Funds for Special Purposes** 1,722.7

Tokyo resilience promotion fund 300.0

Fund to promote the installation of renewable energy equipment in new buildings, etc. (provisional name) 150.0

Others 1,272.7

**Sinking Fund** 1,542.6

**Total** 3,915.1

(As of March 31<sup>st</sup> 2023)

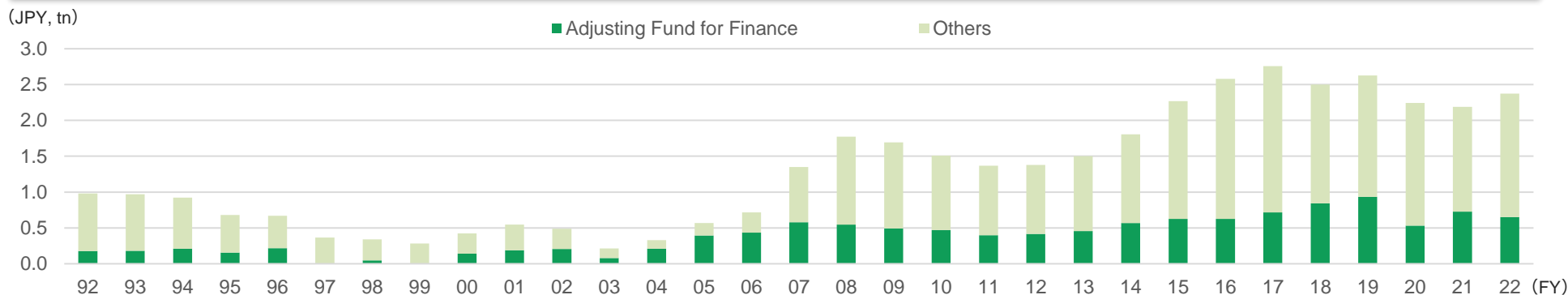
### Funds for General Purposes

- ✓ As of March 31<sup>st</sup> 2023 (FY2022 results) TMG had roughly JPY 649.8bn set aside as funds to be used for general purposes.

### Sinking Fund

- ✓ TMG reserves a sinking fund to address future obligations.
- ✓ TMG has reserved JPY 1.5tn as a sinking fund in its general account in FY2022, about 20% of the outstanding TMG bonds.

## Outstanding Reserve Fund (Based on Ordinary Account Results)<sup>1</sup>



<sup>1</sup> Based on Ordinary Account and does not include Sinking Fund, etc.

Applied new scheme for Reserve Funds implemented since FY2017 for the calculation of past years' amounts as well.

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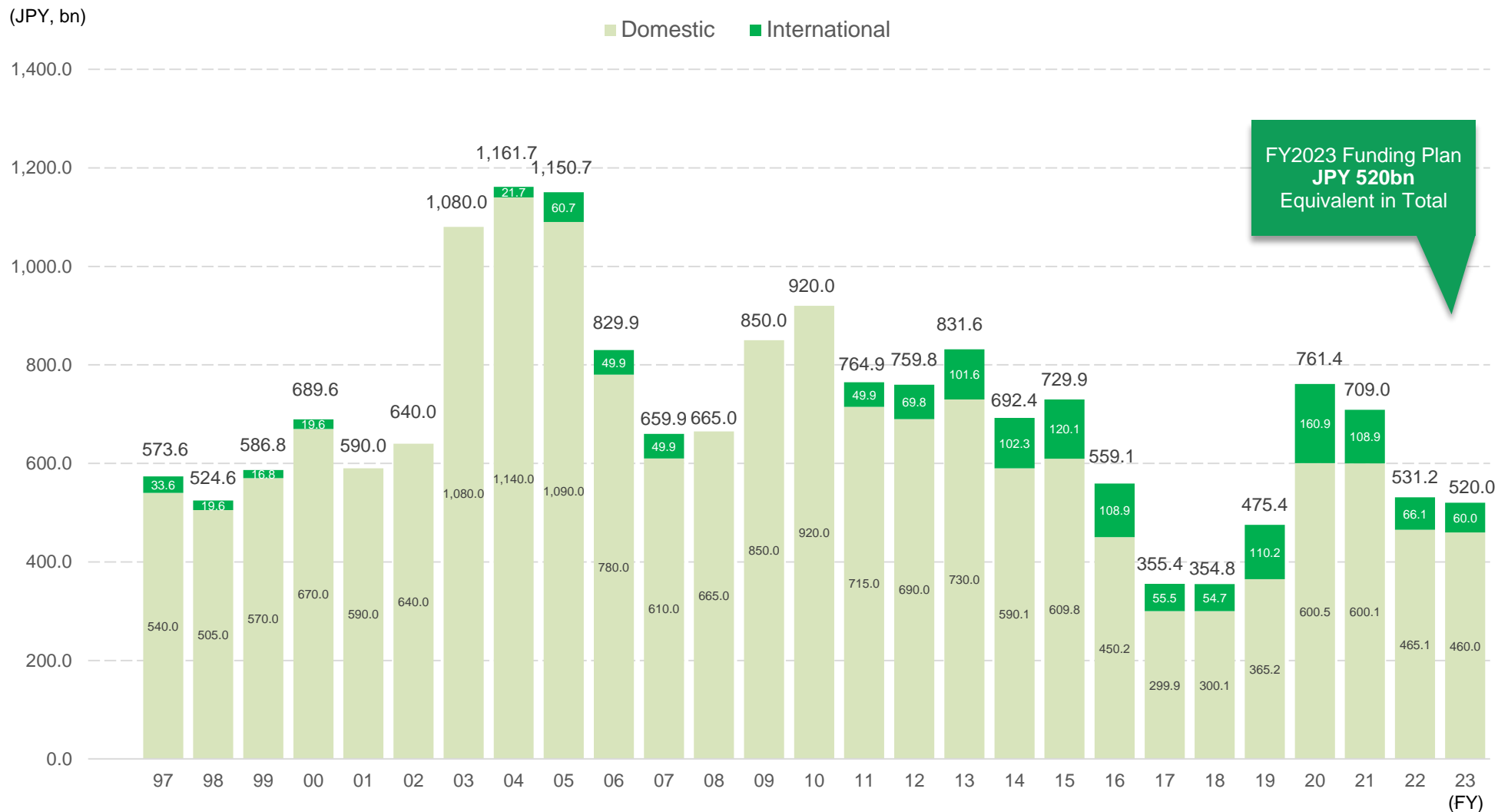
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# (1) TMG's Issuance Amount of Public Bonds

*Continuous issuances of benchmark-sized international bonds*



\*Based on all accounts (including refunding bonds)

\*FY2023 is based on issuance plan.

\*Non-JPY denominated bonds' issuance amounts are calculated upon FX rate on their issuance date, rounding down the amount under JPY 100mn.

## (2) TMG's Commitment to the International Capital Markets

TMG has successfully managed to provide a wide range of products, and committed to international capital markets

### Case Study: TMG's Latest Issuances in USD

#### May 2023: USD 144A / Reg.S 3yr 500mn

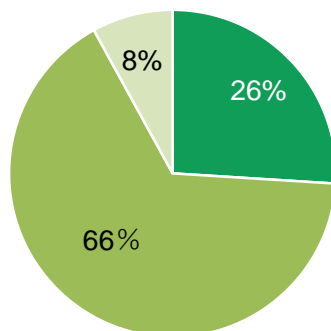
Pricing Date	May 23 <sup>rd</sup> 2023
Format	144A / Reg.S
Issue Amount	USD 500mn
Tenor	3yr
Coupon (%)	4.625%
Launch Spread (vs MS)	SOFR MS+84bp
Launch Spread (vs Treasury)	T+68.84bp
Listing	London & Tokyo PRO-BOND

#### Key Highlights:

- Successful execution of a USD 500mn 3yr transaction
- The orderbook was 6.6x oversubscribed, swelling to \$3.3bn
- Distribution centered on high quality investors with 35% allocations to CB&OI and 31% allocations to Bank

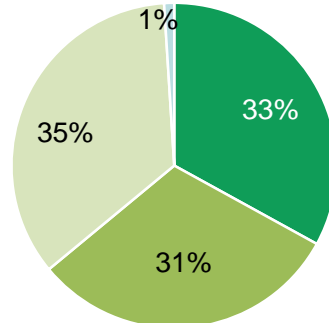
By Region

■ Asia ■ EMEA ■ US



By Investor Type

■ AM/HF ■ Bank ■ CB/OI ■ Ins/Pen ■ Others



#### June 2022: USD 144A / Reg.S 3yr 500mn

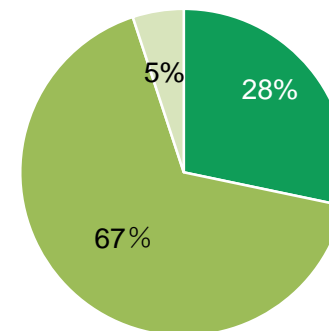
Pricing Date	June 7 <sup>th</sup> 2022
Format	144A / Reg.S
Issue Amount	USD 500mn
Tenor	3yr
Coupon (%)	3.375%
Launch Spread (vs MS)	SOFR MS+57bp
Launch Spread (vs Treasury)	T+49.63bp
Listing	London & Tokyo PRO-BOND

#### Key Highlights:

- Successful execution of a USD 500mn 3yr transaction
- The orderbook was 1.5x oversubscribed, swelling to \$740mn
- Distribution centered on high quality investors with 75% allocations to CB&OI with diversified regions

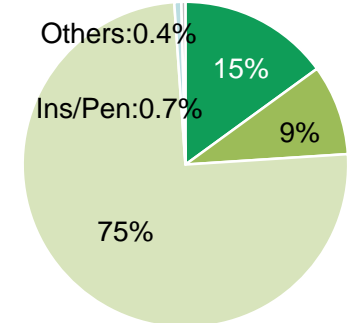
By Region

■ Asia ■ EMEA ■ US



By Investor Type

■ AM/HF ■ Bank ■ CB/OI ■ Ins/Pen ■ Others



\*Investors' breakdowns are consolidated at the time of allocation

### (3) TMG's Domestic Issuance Summary for 2022-2023

TMG has continuously issued JPY-denominated domestic bond

#### TMG's Issuance Record Since FY2022 (JPY-denominated Public Bonds Only)<sup>1</sup>

- ✓ TMG has continuously issued JPY-denominated domestic bond as the primary municipal bond issuer in Japan, providing by far the highest liquidity to the JPY municipal bond market.

	2022									2023									
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
5yr									JPY 70bn  0.230%				JPY 60bn  0.300%						
10yr	JPY 20bn  0.289%	JPY 20bn  0.294%	JPY 20bn  0.304%	JPY 30bn  0.344%	JPY 20bn  0.275%	JPY 20bn  0.369%	JPY 20bn  0.439%	JPY 20bn  0.429%	JPY 20bn  0.529%	JPY 20bn  0.794%	JPY 20bn  0.740%	JPY 30bn  0.740%	JPY 20bn  0.750%	JPY 20bn  0.657%	JPY 20bn  0.676%	JPY 20bn  0.678%	JPY 20bn  0.739%	JPY 20bn  0.800%	JPY 20bn  0.894%
20yr				JPY 20bn  0.905%															
30yr									JPY 15bn  1.594%										
ESG bond																			
5yr			JPY 30bn  0.110% <i>Social</i>				JPY 15bn  0.175% <i>Green</i>				JPY 30bn  0.349% <i>Social</i>				JPY 30bn  0.190% <i>Social</i>				JPY 20bn  0.398% <i>Green</i>
30yr							JPY 15bn  1.568% <i>Green</i>												JPY 20bn  1.815% <i>Green</i>

<sup>1</sup> Issuance records in the table are based on each pricing date.



# (4) TMG's Funding Program for FY2023

TMG is planning to raise approximately JPY 520bn in total for FY2023

## Plan for FY2023 Public Offerings<sup>1, 2</sup> : Total JPY 520bn equivalent (≈USD 3.5bn)

### ✓ International Bonds: About 60bn JPY Equivalent (≈USD 400mn)

	2023										2024			FY2023 Total
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
International Bonds	About 60bn (≈USD 400mn) in total												About 60bn (≈USD 400mn)	

### ✓ Domestic Bonds: About 460bn JPY in Total (≈USD 3.1bn)

	2023										2024			FY2023 Total
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
10-year Bonds <sup>3</sup>	About 20bn (≈USD 133mn) once a month <sup>3</sup>												About 240bn (≈USD 1.6bn)	
Medium-Term and Super Long-Term Bonds	About 40bn (≈USD 266mn) per single issuance												About 40bn (≈USD 266mn)	
Green Bonds							About 50bn (≈USD 333mn) in total						About 50bn (≈USD 333mn)	
Social Bonds	About 60bn in total (≈USD 400mn)												About 60bn (≈USD 400mn)	
Flex Term	Maturity not yet determined												About 70bn (≈USD 466mn)	

USDJPY=150.18 (as of October 31<sup>st</sup> 2023)

<sup>1</sup>As of April 1<sup>st</sup> 2023. This plan is subject to change at any time.

<sup>2</sup>The issue amount of FY2023 will depend on funding needs and market conditions.

<sup>3</sup>10-year bond's funding amount is subject to increase according to the funding needs of TMG.

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# (1)Tokyo's Long-term Strategy

*Overcome the crisis and clear a path for Tokyo's bright future*

- ✓ In March 2021, TMG proudly announced **"Future Tokyo: Tokyo's Long-Term Strategy"**.
- ✓ For the policy development, TMG has set the concepts of **"Structural Reform"** and **"Sustainable Recovery"** as the center of their "Future Tokyo" strategy.
- ✓ The strategy provides **Tokyo's 20 visions to be achieved in 2040s**, aiming to realize Tokyo to become a safe, beautiful, and enjoyable city leading the world with the whole nation of Japan and, enable people to shine. It is constituted of **20+1 strategies towards 2030** and **122 projects**.
- ✓ In order to respond proactively to the emergence of global issues such as infectious diseases, climate crises and disputes, where conventional practices are no longer applicable, and the rapid decline in birthrates in Japan, TMG has formulated **"Future Tokyo: Tokyo's Long-Term Strategy Version Up 2023"**.
- ✓ In order to realize a sustainable Tokyo in the face of a rapidly changing, increasingly complex and sophisticated society and a declining population, we intend to focus on the following 4 principals across all fields: **"People" as a Source of Growth, The World's Choice and World Leading City, Safe, Secure and Sustainable Tokyo**, and **Initiatives beyond The Conventional Framework**.



## <Examples of the strategies and projects>

- ✓ **Strategy12: Strategy for a Tokyo That Has Earning Potential and Generates Innovation**
- ✓ Our Vision: a Tokyo that achieves high productivity and leads the global economy, where people, goods, money, and information gather from all over the world.
- ✓ Project Example: **Project to realize "Global Financial City: Tokyo"**
  - Formulate **"Global Financial City: Tokyo" Vision 2.0** to advance Tokyo's status as a world-class global financial city
  - By strongly promoting **"Tokyo Green Finance Initiative,"** which is a strategic initiative to develop Tokyo's green finance ecosystem, TMG will create a virtuous cycle involving the environment and the economy from Tokyo and simultaneously promote the greenifying of Tokyo's "urban system" and "financial system," aiming to improve the lives of Tokyo residents and achieve sustainable economic development



- ✓ On July 13<sup>th</sup> 2023, TMG announced **"Tokyo Sustainability Action 2023"**, which outlines the TMG's initiatives and approaches for realization of the SDGs.
- ✓ This publication is positioned as a revised version of "Tokyo Sustainability Action" which was released in 2021 and based on "Future Tokyo: Tokyo's Long-Term Strategy" and has been prepared as a Voluntary Local Review (VLR), an international initiative in which local governments voluntarily review their measures and progress to achieve the SDGs, and submit a public report on the results of the review to the United Nations.



# (2)TMG's Environmental Goals

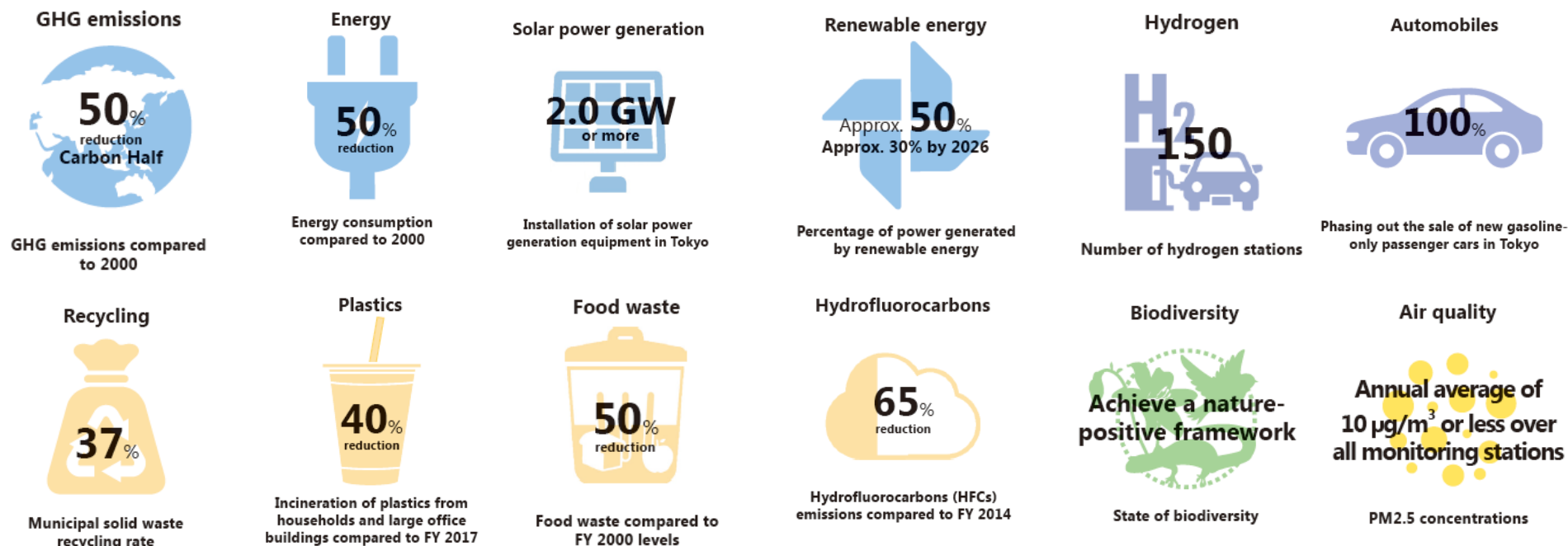
TMG determines policy targets and goals to develop cutting-edge environmental and energy initiatives.

- ✓ To realize "Zero Emission Tokyo" that will contribute to net zero CO2 emissions worldwide by 2050, TMG has announced "Carbon Half" that will halve GHG emissions by 2030 from a 2000 baseline.
- ✓ In September 2022, TMG formulated the new "Tokyo Environmental Master Plan", and created a new system\* regarding mandatory solar power generation installation on new small- and medium-sized buildings such as detached houses in December 2022. \*The system will be enforced from April 2025

Tokyo Environmental Master Plan  
September, 2022



## 2030 Targets



Sources: "Zero Emission Tokyo Strategy 2020 Update & Report", March 2021, "Tokyo Environmental Master Plan"  
"Basic Policy for Revision of Ordinance Programs to Achieve Carbon Half"

# (3)TMG's ESG Bonds

Promoting the expansion of domestic ESG bond market and the realization of SDGs from financial sector through constant issuances of ESG bonds

## Issuance History of TMG's ESG Bonds (JPY for Institutional Investors, AUD/USD for Retail Investors)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023(Plan)
Green Bonds	Tokyo Environmental Supporter Bond AUD 125mn	The 1st JPY 10bn AUD 117mn	The 2nd JPY 10bn USD 89mn	The 3rd JPY 10bn USD 94mn	The 4th JPY 20bn AUD 139mn	The 5th JPY 30bn AUD 122mn	The 6th JPY 40bn AUD 110mn	The 7th JPY 50bn equivalent in total
		SPO (Pre-issuance review)				Post Issuance Review (obtained in the following year of issuance)		
		Inaugural green bonds issued by a Japanese local government						
Social Bonds						The 1st, 2nd JPY 60bn	The 3rd, 4th JPY 60bn	The 5th, 6th JPY 60bn in total
						SPO (Pre-issuance review)		
						Post Issuance Review (obtained in the following year of issuance)		
						Inaugural social bonds issued by a Japanese local government		

**Continuous Issuance of ESG Bonds to Promote the Expansion of Domestic ESG Bond Market**

\*In FY2020, TMG issued JPY 60bn bond with full net proceeds to be used in accordance with TMG's COVID-19 response measures.

## ESG Bonds Issuance Summary in FY2022 and FY2023

	Green Bonds Series 7 FY2023		Green Bonds Series 6 FY2022	Social Bonds Series 5 FY2023
	For Institutional Investors		For Retail Investors <sup>1</sup>	For Institutional Investors
Tenor	5yr	30yr	5yr	5yr
Currency	JPY		AUD	JPY
Coupon	0.398%	1.815%	3.630%	0.190%
Amount	JPY 20bn	JPY 20bn	AUD 110mn	JPY 30bn
Pricing Date	October 13 <sup>th</sup> 2023		December 8 <sup>th</sup> 2022	June 23 <sup>rd</sup> 2023
SPO	ISS Corporate Solutions (ICS)			R&I

<sup>1</sup> For domestic investors only

# (4)Use of Proceeds / SPO (Tokyo Green Bonds Series 7)

*Promoting the expansion of domestic ESG bond market and the realization of SDGs from financial sector through constant issuances of ESG bonds*

- TMG has carefully selected the eligible projects that have positive environmental impacts
- Obtained Second Party Opinion from ISS ESG that the Tokyo Green Bonds Framework is in line with ICMA's Green Bond Principles

## Eligible Projects for Tokyo Green Bond Series 7 (22 projects)

### Realization of Zero Emissions through Energy Decarbonization and the Sustainable Use of Resources

- Heat island countermeasures (heat insulation and water absorption)
- Rebuilding and repairing of facilities\*
- Installation of LEDs for facilities and roads
- Installation of photovoltaic power generation equipment at metropolitan public housing projects
- Environmental improvements at metropolitan schools (promotion of zero-emissions initiatives)
- Storage battery installation projects for the use of renewable energy sources
- Development of cycling routes and areas
- Development of medium and small size rivers
- Development of tidal wave protection facilities
- Development of sediment disaster countermeasure facilities and coastal protection facilities
- Development of Tokyo port facilities and islands coastal protection facilities
- Installation of charging infrastructure for zero-emission vehicle (ZEV)
- Purchase of zero-emission vehicles(ZEV)
- Promotion of ZEB within TMG-owned facilities
- Energy conservation within water facilities
- Energy conservation and global warming prevention within sewage facilities
- Improvement of centralized sewerage system
- Flood countermeasures



Installation of solar power generation equipment

### Realization of a Prosperous Society in Harmony with the Environment that Continues to Benefit from Biodiversity

- Rebuilding and repairing of facilities\*
- Development of parks
- Greening along watersides
- Development of the marine park

### Realization of a Better Urban Environment that Ensures the Safety and Health of Tokyo Residents

- Use of environment friendly metropolitan buses

SPO  
Obtained

ICS

- In line with Green Bond Principles
- Obtained SPO that all the project categories indicated below can be mapped with respective SDGs goals, and contributing to those goals as well

Use of Proceeds		Contribution or Obstruction	Sustainable Development Goals	
Green Real Estate Development	Improved energy and resource efficiency in green real estate	Contribution	7 AFFORDABLE AND CLEAN ENERGY	13 CLIMATE ACTION
	Sustainable plantings in green real estate	Contribution	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION
Renewable Energy	Rooftop PV system	Contribution	7 AFFORDABLE AND CLEAN ENERGY	13 CLIMATE ACTION
Pollution Prevention and Control	Wastewater treatment facility	Contribution	6 CLEAN WATER AND SANITATION	
Clean Transportation	Public transport vehicles	Contribution	13 CLIMATE ACTION	
	Clean transportation charging stations	Contribution	7 AFFORDABLE AND CLEAN ENERGY	13 CLIMATE ACTION
	Clean transportation Plug-in hybrid vehicles / Electric motorcycles	Contribution	7 AFFORDABLE AND CLEAN ENERGY	13 CLIMATE ACTION
Adaptation to Climate Change	Flood prevention (excluding dams)	Contribution	13 CLIMATE ACTION	
Pedestrian and cycling paths	Pedestrian and cycling infrastructure Heat insulation on roads and pedestrian and pedestrian paths	Contribution	7 AFFORDABLE AND CLEAN ENERGY	13 CLIMATE ACTION



# (5)Use of Proceeds / SPO (Tokyo Social Bonds Series 5)

*Promoting the expansion of domestic ESG bond market and the realization of SDGs from financial sector through constant issuances of ESG bonds*

- TMG has carefully selected the eligible projects that are for those who are in need of social support
- Obtained Second Party Opinion from Rating and Investment Information, Inc. (R&I) that the Tokyo Social Bonds Framework is in line with ICMA's Social Bond Principles

## Eligible Projects for Tokyo Social Bond Series 5 (28 projects)

### Disaster countermeasures for facilities and infrastructure

- Removal of utility poles
- Development of facilities for parks designated as emergency evacuation sites
- Earthquake and water resistance of river facilities
- Construction of waste disposal sites in the Port of Tokyo
- Subsidize costs for safety measures
- Earthquake resistance of Tokyo metropolitan high schools
- Installation and reinforcement of emergency backup power generation systems in water supply and other facilities
- Duplication and renewal of raw water transmission facilities
- Earth quake countermeasures for water reclamation centers and pumping facilities



Removal of utility poles

### Promotion of industry and employment continuity and generation

- Renovation of employment and job placement promotion facilities etc.

### Infrastructure development for long-term care services

- Provision of subsidies to develop geriatric health services facilities
- Provision of subsidies to develop special nursing homes for the elderly

### Measures for aging public facilities and infrastructure

- Life extension of bridges
- Life extension of port facilities
- Port renovation
- Fishing port renovation
- Renovation of Tokyo metropolitan libraries
- Renovation of cultural facility
- Upgrade of fire stations
- Improvement of the Tokyo islands' internet environment
- New establishment, expansion and renewal of water supply stations
- Reconstruction of facilities in water reclamation centers and pumping stations

### Building an educational environment to fully draw out the individuality and potentials of each

- Construction and renovation of Tokyo metropolitan schools
- Construction and renovation of schools for special needs education

### Development of child welfare facilities

- Construction and renovation of facilities for individuals (children) with intellectual disabilities
- Provision of subsidies to develop facilities for individuals (children) with disabilities
- Developing child welfare facilities


























### Universal design for accessible public facilities

- Make sidewalks barrier-free

SPO  
Obtained



- In line with Social Bond Principles
- Obtained SPO that all the project categories indicated below can be mapped with respective SDGs goals, and contributing to those goals as well

Use of Proceeds	Sustainable Development Goals			
Disaster countermeasures for facilities and infrastructure				
Measures for aging public facilities and infrastructure				  
Promotion of industry and employment continuity and generation	 			
Building an educational environment to fully draw out the individuality and potentials of each				 
Infrastructure development for long-term care services				
Development of child welfare facilities				
Universal design for accessible public facilities	 			



# (6) TMG's Accounts

## Local Governments' Ordinary Accounts

— Account Classification defined at Local Autonomy Law etc.

■ Unified Account Classification at Public Finance in Japan

### General Accounts

- Fundamental accounts for TMG, which comprehensively manage cashflows for administration
- Main revenue source is tax income
- Include all types of expenditures imperative for basic operation of local governments

### Special Accounts

- The Special Accounts are established for the execution of specific projects or in cases where there is a necessity for treating specific revenues and expenditures separately from the general ones
- 18 Special Accounts in total

### Public Enterprise Accounts

- Accounts managing cashflows of financially independent public enterprises(i.e. waterworks, underground railways, hospitals, etc.)
- 9 Public Enterprise Accounts in total

# (7)FY2022 Results - Ordinary Account

## Ordinary Account Results

(JPY, bn)

Classification	FY2022	FY2021	Increase/ Decrease	Rate of Change (%)
Annual Revenue	9,755	10,139	-384	-3.8
Metropolitan Tax	6,187	5,872	315	5.4
Two Corporate Taxes	2,269	2,119	150	7.1
National Treasury Disbursements	1,259	2,515	-1,256	-49.9
TMG Bonds	239	249	-10	-3.9
Others	2,071	1,504	567	37.7
Annual Expenditure	9,188	9,590	-401	-4.2
General Expenditure	6,292	7,504	-1,212	-16.1
Expenditure for Public Bond	385	367	18	5.0
Others	2,511	1,718	792	46.1
Formal Balance	567	550	17	—
Fiscal Revenue to be carried forward	564	549	15	—
<b>Actual Balance</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>—</b>

\*These figures reflect the cash flows until 31<sup>st</sup> May in the following fiscal year which are attributable to the receivables and payables accrued in the relevant fiscal year.

# (8)FY2022 Results - Public Enterprise Accounts

## Public Enterprise Accounts Results (FY2022)

(JPY, bn)

Account	Profit/Loss Account <sup>1</sup>			Capital Account <sup>2</sup>		
	Revenues	Expenditures	Current Balance	Revenues	Expenditures	Capital Balance <sup>3</sup>
Hospitals	49	44	6	0	2	-2
Central Wholesale Market	21	40	-19	0	9	-9
Urban Redevelopment Project	0	—	0	—	6	-0
Waterfront Area Development Project	40	26	14	0	7	-7
Port and Harbor Project	5	4	1	—	2	-2
Transportation	58	60	-1	10	13	-3
Urban Rapid Transit Railway	150	147	3	45	75	-30
Electric Power	1	1	0	—	0	-0
Waterworks	361	332	29	34	160	-126
Industrial Waterworks	20	27	-6	2	1	1
Sewerage	395	373	21	150	338	-188

<sup>1</sup>The profit/loss account is an account that records current revenues and expenditures relating to the operation of the business, such as fee revenues, payroll expenses, rent, operating costs, interest expenses and depreciation expenses.

<sup>2</sup>The Capital Account is an account that records capital revenues and expenditures, such as revenue from borrowings, revenue from the sale of properties, expenditures for construction and improvement and expenditures for repayment of borrowings.

<sup>3</sup>The "Capital Balance" figures in the above table do not take into account any balances transferred between fiscal years or any deficit compensations made.

# (9)Key Financial Indicators and the Ratios

Ratio	Details	Results (%)					
		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Ordinary Balance Ratio	Ordinary Balance Ratio is the ratio of the "general revenue sources for the ordinary expenses (such as personnel expenses and bond expenses)" to the "total of ordinary general revenue sources (such as the Metropolitan taxes and local debt with some exceptions)", which indicates flexibility of fiscal structure. For the purpose of calculating the weighted average of all prefectures, "special share of revenue decrease compensation loans" and "extraordinary financial measures loans" are not included in the ordinary general revenue sources.	82.2	77.5	74.4	84.9	77.8	79.5
		(103.0)	(100.7)	(99.8)	—	—	—
Ratio of Bond Expenses Burden	Ratio of Bond Expenses Burden is the ratio of the "general revenue sources for Bond Expenses" to the "general revenue sources", which indicates fiscal burden level of Bond Expenses by showing the amount of the general revenue sources appropriated to Bond Expenses.	8.5	6.8	5.6	5.3	5.0	4.7
		(18.6)	(18.2)	(17.7)	—	—	—
Financial Capability Index	Financial Capability Index is an average over three fiscal years (including the fiscal year indicated) of standard financial revenue (being an amount calculated in accordance with the Local Allocation Tax Act of Japan (Act No. 211 of 1950, the "Local Allocation Tax Act") as being a certain proportion of standard tax revenues) divided by standard financial needs (being the annual amount of expenditure estimated to be required for a local authority to perform its administrative affairs at a reasonable level, as calculated in accordance with the Local Tax Allocation Act).	1.162	1.179	1.177	1.150	1.073	1.064
		(0.52)	(0.52)	(0.52)	—	—	—
Real Debt Payment Ratio	Real Debt Payment Ratio is the ratio of the "general revenue resources appropriated to pay off bonds" to the "standard financial scale". The term "standard financial scale" denotes the scale of ordinary general revenue sources which would normally be raised or received by the relevant local authority under normal conditions (being the total of the standard tax revenue and ordinary local allocation tax).	1.6	1.5	1.5	1.4	1.5	1.2
		(11.4)	(10.9)	(10.5)	—	—	—
Future Burden Ratio	Future Burden Ratio is the ratio of the "future debts including those of the public-private joint sector as well as expected future debts on the General Account" to the "standard financial scale".	12.5	22.7	23.6	24.2	37.5	17.3
		(173.1)	(173.6)	(172.9)	—	—	—

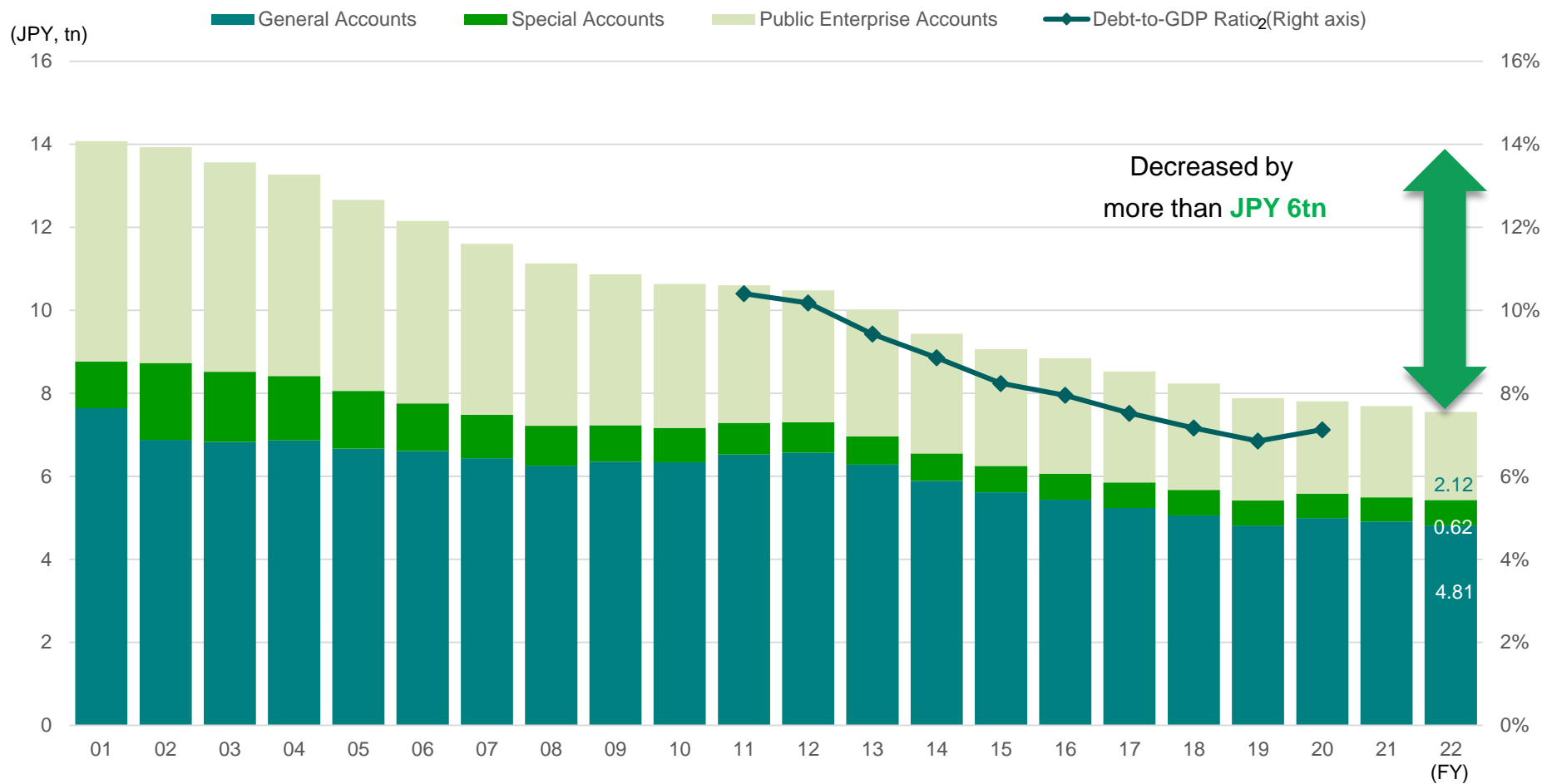
\* In the table, top line figures indicate those of TMG and the bottom line figures in parenthesis indicate simple or weighed average of all prefectures.

Source: White Paper on Local Public Finance, Outline of the Ratio for Determining Soundness and Financial Shortfall Ratio based on fiscal 2015 to 2019 account settlements (each published by Ministry of Internal Affairs and Communications).

# (10) TMG's Outstanding Debt

TMG has been successful in reducing its outstanding debt

## Trends in TMG's Outstanding Debt (All Accounts)<sup>1</sup>

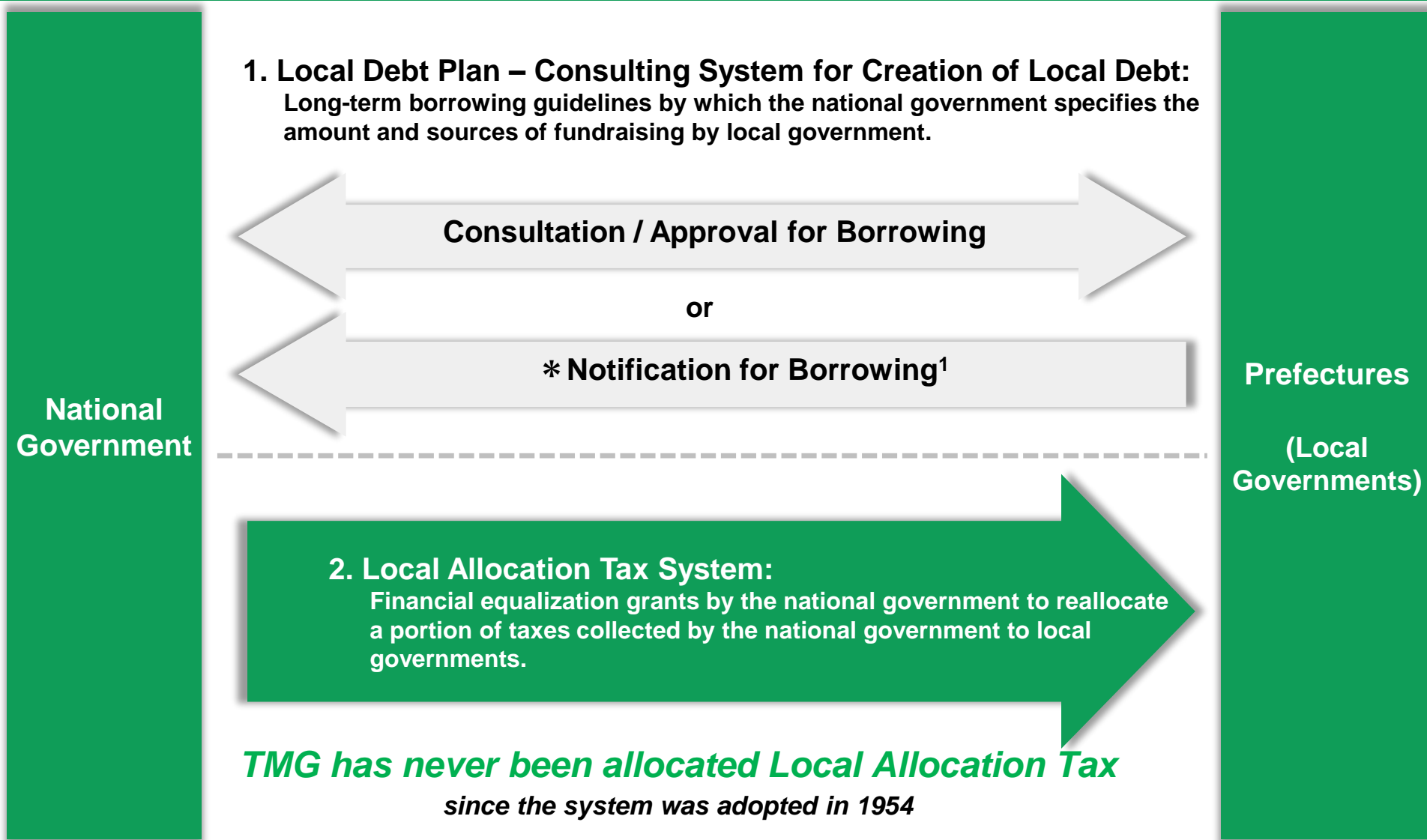


<sup>1</sup> Excluding Nippon Telegraph and Telephone Bonds from All Accounts

<sup>2</sup> Total Outstanding Debt vs Tokyo's GDP Ratio is calculated based on TMG's nominal GDP figures from FY2011 onward, when GDP calculations refer to the latest method/criteria.

# (11) Systematic Safeguards for Local Government Bonds in Japan

*Local Government Bonds in Japan have systematic safeguards*



<sup>1</sup> Local governments that meet the following requirements, such as TMG, can issue LGBs without consulting with the Minister for Internal Affairs and Communications or the prefectural governor.

1) Real debt payment ratio is less than 18%, 2) real deficit is 0, 3) consolidated real deficit ratio is 0, 4) future burden ratio is less than 400% (prefectures and government-ordinance-designated cities) or 350% (municipalities)

# (12) TMG Credit Profile

*Solid credit ratings on TMG's fiscal management and wealthy economy from S&P Global Ratings (S&P)*

## Extract from TMG Rating Report by S&P as of October 11<sup>th</sup> 2023

- ✓ ***“We view TMG's economy as the key strength for the rating. TMG is at the heart of Japan's economy and attracts widespread economic, political, and other value-added activities that support diverse job opportunities in a variety of industries, along with high residential income. ”***
- ✓ ***“In our view, TMG's flexible financial management will likely continue, while expenditure on priorities will likely increase. Under the leadership of Governor Yuriko Koike, TGM has been making active use of reserves and striving to secure financial resources through project reviews. The TMG treasury team's record leads us to think **it will maintain sufficient control to preserve disciplined financial management.**”***
- ✓ ***“We forecast TMG's balance after capital accounts will remain slightly positive over the next two years. We expect TMG's tax revenue to remain high even compared with pre-pandemic levels.”***
- ✓ ***“We expect TMG to maintain a very low debt burden compared with its Japanese peers and similar to that of international peers.”***

### Rating(S&P)

Issuer Credit Rating <sup>1</sup>		Stand-Alone Credit Profile <sup>2</sup>
TMG	Japan	TMG
A+/Stable	A+/Stable	aa+

<sup>1</sup> TMG's A+ credit rating is capped by Japan's sovereign rating.

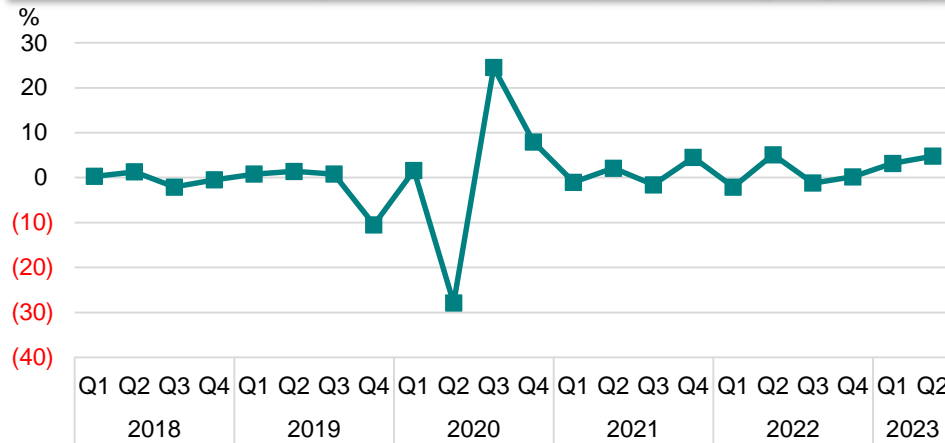
On June 9<sup>th</sup> 2020, the outlook on the “A+” long-term sovereign credit rating on Japan was revised from positive to stable by S&P, which reflects S&P's view that the COVID-19 outbreak has set back Japan's fiscal stabilization process. Following this revision, on June 10<sup>th</sup> 2020, S&P has revised down the TMG's outlook on the long-term issuer credit rating from positive to stable.

<sup>2</sup> SACPs (Stand-alone credit profile) refer to S&P's opinion of an issue's or issuer's creditworthiness, in the absence of extraordinary intervention from its parent or affiliate or related government, and is only one component of a rating.



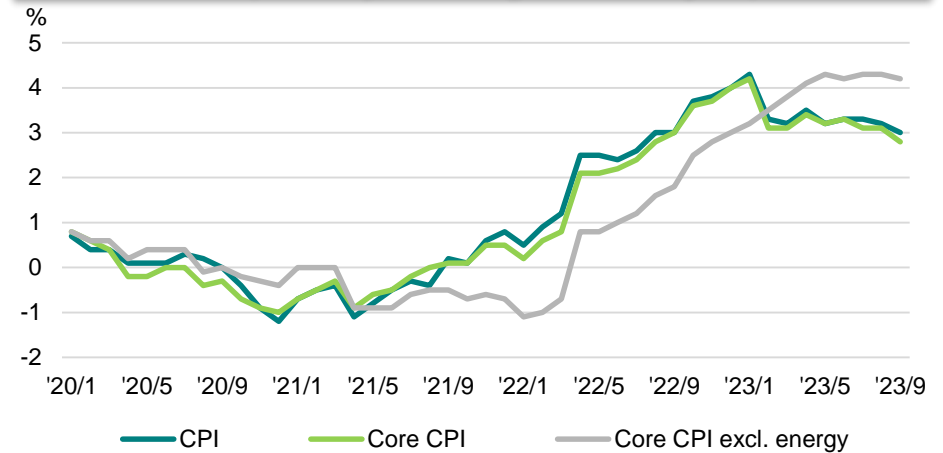
# (13) Macro Environment and BOJ Monetary Policy

Real GDP Growth (QtoQ, Annualized, Seasonally Adjusted)



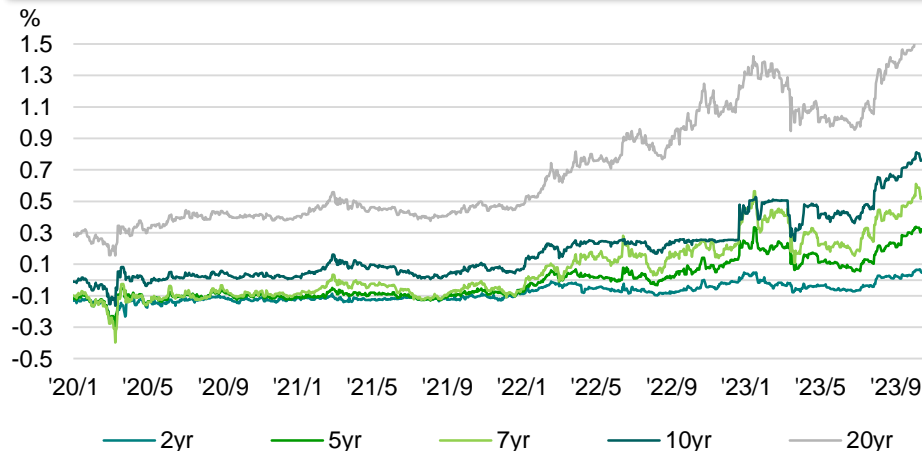
Source: "National Accounts of Japan" from the cabinet office

CPI (Monthly,% Change over the year)



Source: e-Stat

JGB



Source: Bloomberg

Summary of BOJ Monetary Policy

YCC	Policy-Rate	<ul style="list-style-type: none"> <li>Minus 0.1%</li> </ul>
	Long-term interest rate	<ul style="list-style-type: none"> <li>The Bank will purchase a necessary amount of JGBs without setting an upper limit so that 10-year JGB yields will remain at around zero percent</li> <li>The Bank will regard the upper bound of 1.0% for 10-year JGB yields as a reference in its market operations</li> </ul>
Asset purchases		<ul style="list-style-type: none"> <li>ETF with upper limits of about 12tn yen</li> <li>J-REITs with upper limits of about 180bn yen</li> <li>Maintain the outstanding of CP at about 2tn yen</li> <li>Corporate bonds at about the same pace as prior to the COVID-19 pandemic</li> </ul>
BOJ MPM schedule		<ul style="list-style-type: none"> <li>Dec 18-19, Jan 22-23, Mar 18-19</li> </ul>

Source: "Statement of Monetary Policy" as of October 31<sup>st</sup> 2023 from Bank of Japan

# Contact / IR Document Link

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