

Summary of Fiscal Year 2019 "Tokyo Metropolitan Government Annual Financial Report"

Summary of Fiscal Year 2019 Ordinary Account

Report P3 -

- The actual balance of revenues and expenses was 127.7 billion yen in the black.
- The ordinary balance ratio and the ratio of expenses for public bonds maintained low levels (high fiscal flexibility).

<Settlement Results> (in billion yen, %)

Item	FY2019	FY2018	Change in amount	Percentage of change
Total annual revenues (A)	8,112.9	7,868.8	244.1	3.1
Total annual expenses (B)	7,581.1	7,379.0	202.1	2.7
Proforma balance (C = A - B)	531.7	489.7	42.0	-
Fiscal revenues to be carried forward (D)	404.0	362.4	41.6	-
Actual balance (C - D)	127.7	127.3	4.0	-
Ordinary balance ratio	74.4	77.5	-	-
Ratio of expenses for public bonds	5.6	6.8	-	-
Current TMG bonds balance	3,831.7	4,039.4	(207.7)	(5.1)

- Actual balance of revenues and expenses was **127.7 billion yen in the black**.
- Ordinary balance ratio was **74.4%**
- Ratio of expenses for public bonds was **5.6%**
- Current TMG bonds balance was a year-on-year **decrease of 5.1% or 207.7 billion yen**

<Annual Revenues> (in billion yen, %)

Item	FY2019	FY2018	Change in amount	Percentage of change
Metropolitan taxes	5,732.6	5,462.5	270.1	4.9
Two corporate taxes	2,180.1	2,044.7	135.4	6.6
Local transfer taxes	271.5	276.8	(5.3)	(1.9)
National treasury disbursements	354.8	337.5	17.3	5.1
Funds Transfers	444.3	420.3	24.0	5.7
TMG bonds	138.6	142.7	(4.2)	(2.9)
Other	1,171.0	1,228.8	(57.8)	(4.7)
Total revenues	8,112.9	7,868.8	244.1	3.1

- Metropolitan tax revenues **increased by 4.9% or 270.1 billion yen**
- Increased revenues from two corporate taxes due to corporate earnings remaining strong, etc.
- Funds transfers **increased by 5.7% or 24.0 billion yen**
- Strategic utilization of funds for the realization of 3-cities, etc.

<Annual Expenses> (in billion yen, %)

Item	FY2019	FY2018	Change in amount	Percentage of change
General expenses	5,222.4	5,343.7	(121.3)	(2.3)
Personnel expenses	1,532.1	1,512.3	19.7	1.3
Investment expenses	1,117.1	1,476.0	(358.9)	(24.3)
Subsidizing expenses	1,501.1	1,335.4	165.7	12.4
Others	1,072.1	1,020.0	52.1	5.1
Expenses for public bonds	406.0	474.5	(68.4)	(14.4)
Tax-related expenses, etc.	1,952.7	1,560.8	391.9	25.1
Total expenses	7,581.1	7,379.0	202.1	2.7

- General expenses **decreased by 2.3% or 121.3 billion yen**
- Decreases in investment expenses, etc.
- Expenses for public bonds **decreased by 14.4% or 68.4 billion yen**
- Decreases in redemption funds for principal and interest
- Tax-related expenses, etc. **increased by 25.1% or 391.9 billion yen**
- Increases in reserves for fiscal adjustment funds, etc.

<Ratios set forth by the Fiscal Consolidation Law> (Unit: %)

Real deficit ratio	Consolidated real deficit ratio	Real debt payment ratio	Future burden ratio	Capital shortage ratio
—	—	1.5	23.6	—
[5.55]	[10.55]	[25.0]	[400.0]	[20.0]

- Real debt payment ratio was **1.5%**.
 - Future burden ratio was **23.6%**.
- ⇒ This is below the standard set by the state.

*1 Without deficit, the real deficit ratio and the consolidated real deficit ratio is not shown.

*2 Without capital shortage, the capital shortage ratios are not shown for every public enterprise account.

*3 Figures in [] are figures set forth by the early consolidation standard, etc.

Analysis Based on New Public Accounting

Report P15 -

<Balance Sheet> (in billion yen)

Item	FY2019	FY2018	Change in amount
Total assets	35,188.2	34,562.6	625.6
Administrative assets	7,998.2	7,751.3	246.8
Fund reserves	4,474.6	4,391.3	83.3
Total liabilities	6,510.8	6,736.7	(225.8)
TMG Bonds	5,414.2	5,667.5	(253.2)
Total net assets	28,677.4	27,825.9	851.5
Total liabilities and net assets	35,188.2	34,562.6	625.6
Ratio of liabilities to assets	18.5%	19.5%	-

Asset/liability stock information analysis

- Assets increased from the previous year to **35.1882 trillion yen**
- Increased administrative assets, fund reserves, etc.
- Liabilities decreased from the previous year to **6.5108 trillion yen**
- Decreased TMG bonds, etc.
- Net assets increased from the previous year

<Administrative Cost Statement> (in billion yen)

Item	FY2019	FY2018	Change in amount
Ordinary balance			
Ordinary revenues	6,697.7	6,366.4	331.3
Local taxes	5,739.5	5,463.8	275.7
Ordinary expenses	5,981.7	5,647.7	334.0
Subsidizing expenses, etc.	1,331.6	1,131.6	200.0
Ordinary balance	716.0	718.6	(2.6)
Special balance	4.0	(618.4)	622.5
Balance for the current period	720.0	100.2	619.8

Analysis including costs without cash expenses

- Ordinary revenues increased by **331.3 billion yen**
- Increased local taxes, etc.
- Ordinary expenses increased by **334.0 billion yen**
- Increased subsidizing expenses, etc.

<Cash Flow Statement> (in billion yen)

Item	Amount
Balance of administrative service activities	946.9
Balance of social capital improvement activities	(696.8)
Balance of administrative activities cash flow	250.1
Balance of financing activities	(208.1)
Balance carried forward from the previous year	489.7
Proforma balance (carried forward to the next year)	531.7

Analysis of factors behind changes in cash flow

- The balance of administrative service activities cash flow stood at **250.1 billion yen in net revenues**.
- The balance of financing activities was **208.1 billion yen in net expenses**.

TMG Comprehensive Financial

Report P42 -

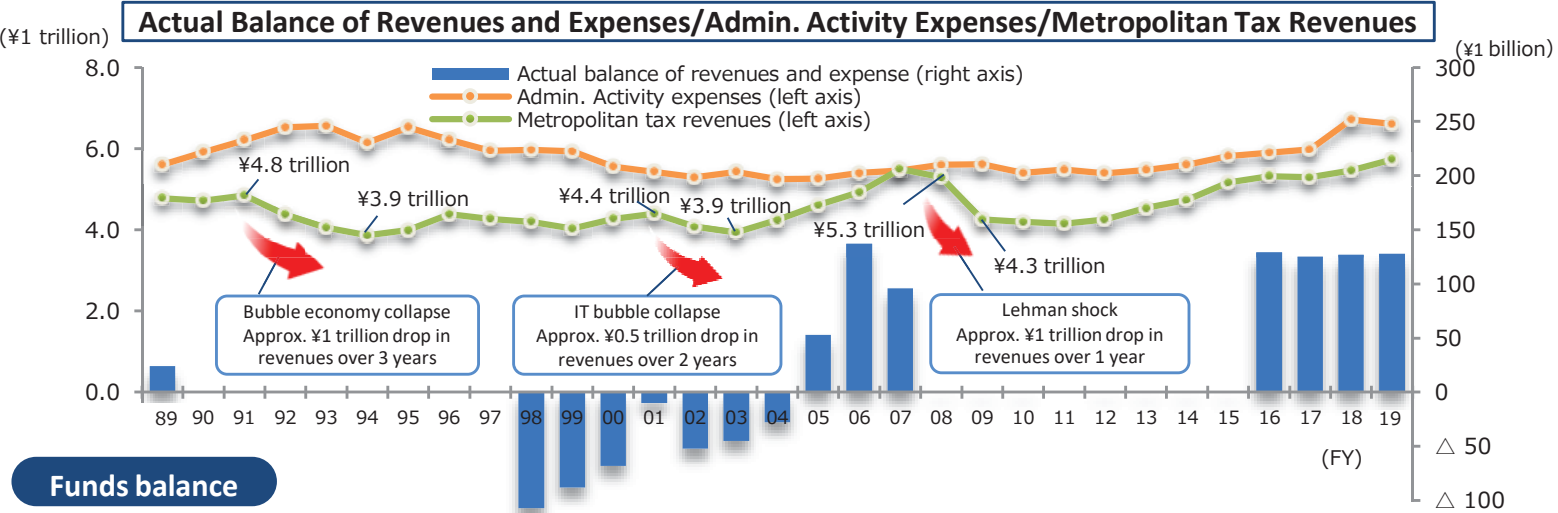
<Balance Sheet> (in billion yen)

Item	FY2019	FY2018	Change in amount
Total assets	49,075.8	48,446.1	629.6
I Current assets	4,173.1	4,071.5	101.6
II Fixed assets	44,902.6	44,374.6	528.0
III Deferred assets	0	0	(0)
Total liabilities	13,665.8	14,009.9	(344.1)
I Current liabilities	1,498.1	1,365.2	132.8
II Fixed liabilities	9,949.6	10,421.3	(471.7)
III Deferred revenues	2,218.0	2,223.3	(5.2)
Total net assets	35,410.0	34,436.2	973.8
Total liabilities and net assets	49,075.8	48,446.1	629.6

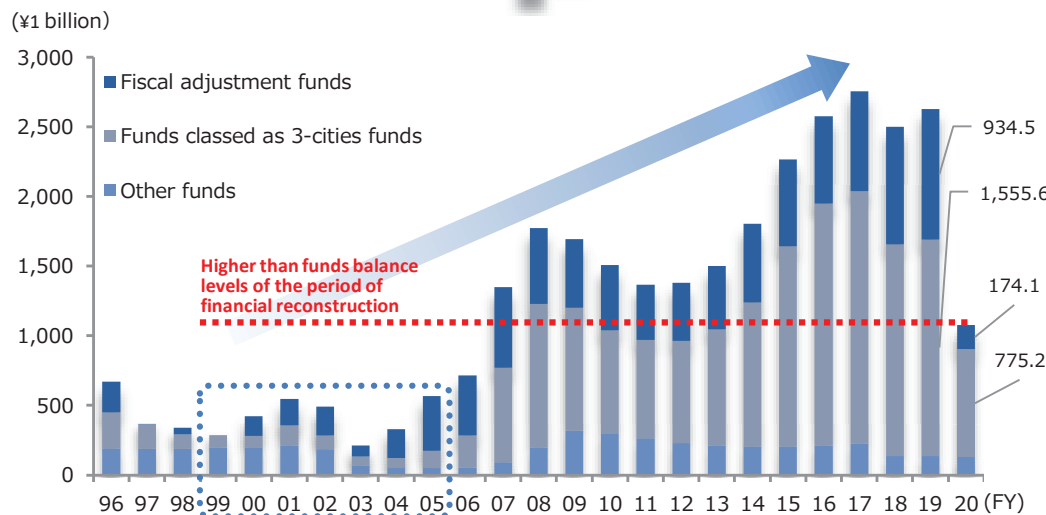
- The scope of TMG Comprehensive Financial Statements covers all TMG accounts (ordinary accounts, "special accounts", and public enterprise accounts), TMG Policy Cooperation Bodies (34 bodies), and local independent administrative corporations (3 corporations).
- Assets increased from the previous year to **49.0758 trillion yen**.
- Liabilities decreased from the previous year to **13.6658 trillion yen**.
- Net assets increased from the previous year to **35.4100 trillion yen**.

TMG's financial condition in FY2019

- The structure of metropolitan tax revenues is unstable and susceptible to economic fluctuations, and as TMG is a non-receiving body in terms of ordinary local allocation tax, **compared to other municipalities, financial management that incorporates greater preparations for tax revenue fluctuations is essential.**
- Under this financial structure, **we examined TMG's financial capabilities, with an eye to providing ongoing responses to pressing issues facing Tokyo, such as measures against COVID-19, etc.**



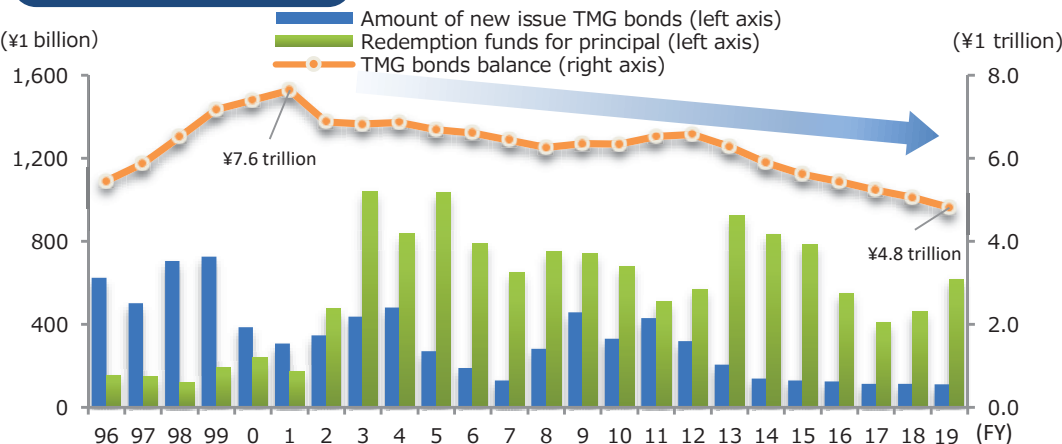
Funds balance



- Fiscal adjustment funds balance as of end FY2019 was **934.5 billion yen.**
- Due to proactive use as the main resource for measures against COVID-19, the **forecast balance for end FY2020 is 174.1 billion yen**
- Balance including funds for the realization of 3-cities, etc. **maintained levels higher than the period of financial reconstruction.**

Systematic utilization of funds to promote the steady implementation of measures into the future.

TMG bonds balance



- After peaking in FY2001, new issue and conversion issue of TMG bonds was curbed
- TMG bonds balance was **reduced to 4.8 trillion yen** as of end FY2019, **down approx. 40% from peak levels.**

Steady build-up of stamina to accommodate additional issuance of TMG bonds in preparation for reduced revenues in the future

*General account basis

- In preparation for significant reductions in tax revenues due to economic fluctuations and future financial demands, TMG is **systematically building fund reserves and continuing to reduce TMG bonds balance**
- TMG will **bring into full play the financial capabilities** nurtured to date, and **promptly execute measures against COVID-19.**

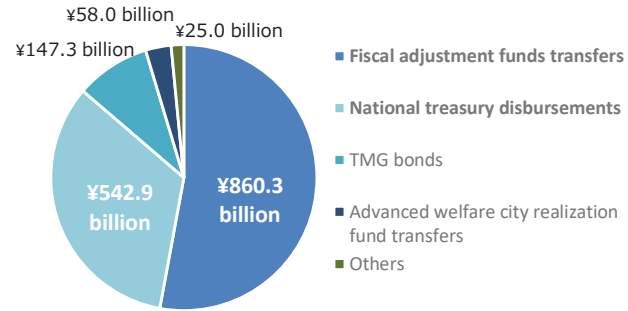
Responses to COVID-19

- As a response to the spread of COVID-19, TMG is utilizing various financial resources such as financial adjustment funds and national treasury disbursements, etc. for **the implementation of emergency measures on a scale equivalent to a total of approx. ¥1.6 trillion.**

Responses through supplementary budgets, etc.

Measures column	Supplementary budget amounts, etc.
Measures to prevent the spread of COVID-19	¥649.5 billion
Reinforcement and enhancement of safety nets that support economic activities and the livelihoods of Tokyo citizens	¥908.9 billion
Approaches aiming for compatibility with infection prevention measures and socio-economic activities	¥17.7 billion
Approaches to overcome immediate crises by promoting transformation of social structures	¥57.4 billion
Total	¥1,633.5 billion

<Breakdown of financial resources for emergency measures>



Financial management according to changes in the environments surrounding TMG finances

In view of the significant impact of COVID-19 on Tokyo's economy, **even harsher environments surrounding TMG finances are envisaged for the future.**

Utilization of funds for the realization of 3-cities

- Other than fiscal adjustment funds, TMG is also systematically building reserves for funds for specified purposes, and is also proactively utilizing these funds for measures against COVID-19.
- Funds for the realization of 3-cities have **secured a balance approximately nine times greater than the balance at end FY1999 during the period of financial reconstruction.**

<End of FY1999>

Item	Fund balance
Social infrastructure development fund	¥85.4 billion

<End FY2020 (forecast)>

Item	Fund balance forecast
Safe city	¥156.0 billion
Smart city	¥500.4 billion
Diversity	¥72.2 billion
Preparation funds for the Tokyo 2020 Games	¥46.6 billion
Total	¥775.2 billion

Funds are utilized as financial resources for a variety of TMG finance issues, including responses to COVID-19

Project review approaches

- In order to respond to the various issues faced by TMG finances, within the scope of limited financial resources, project review approaches have been further enhanced to **improve the efficiency and effectiveness every project.**

Utilization of TMG bonds

- In preparation for reduced revenues in the future, **the basic theme of controlling TMG bonds issuance will continue**, in order to build up TMG bond issue margin.
- As TMG bonds provide a **function that aims to balance the burden between generations and an adjustment function for financial resources between fiscal years, effective utilization in accordance with objectives and conditions is important.**

<Flow: Dependency on bond issuance (FY2020 initial budget base)>

TMG	State	Local financing program
2.8%	31.7%	10.2%

Suitably Low level

<Stock: TMG bonds balance per Tokyo citizen>

Item	Balance per citizen
FY2001	¥630,000
FY2020	¥340,000

Approx. 50% reduction

TMG bond functions can be brought into maximum play without placing a large burden on future generations

<FY2021 budget formation (Review through post-verification)>

In addition to **reviews that consider the status of COVID-19 and changes in social conditions, reviews that consider approaches to policy reviews** were also implemented

Creation of projects with ever higher levels of efficiency and effectiveness

[Working towards future financial management]

- In addition to dealing with pressing issues, beginning with measures against COVID-19, TMG needs to prepare for disasters, and steadily promote measures to create a society in which everyone can live in peace and participate with vitality.
- Furthermore, taking into consideration approaches towards the greater refinement of Tokyo's "earning capabilities" and perspectives of SDGs and sustainable recovery, there is a need for the **assertive deployment of measures that will lead to sustainable growth** for Tokyo.
- In addition, **approaches to create a new society are also important**; such as approaches towards improvements in productivity due to the acceleration of digitalization, and structural reforms for Tokyo with an eye to a future where COVID-19 has been overcome, etc.
- Consequently, by bringing **into full play the financial capabilities, such as funds and TMG bonds nurtured to date**, further enhancing project review approaches, and **sustaining a sound fiscal foundation, the missions imposed on TMG finances will be assuredly fulfilled.**