

Summary of Fiscal Year 2021 "Tokyo Metropolitan Government Annual Financial Report"

Summary of Fiscal Year 2021 Ordinary Account

- Due to increases in expenses accompanying measures against COVID-19, and consequent increases in national treasury disbursements, **total annual revenues and total annual expenses reached their highest ever recorded values of 10,139.0 billion yen and 9,589.5 billion yen respectively.**
- Continuing from the previous fiscal year, actual balance was nearly balanced (1 billion yen)**
- Funds balance was 2,187.2 billion yen** (falling by 54.5 billion yen compared to the previous fiscal year), and **TMG bonds balance was 3,919.4 billion yen** (falling by 69.5 billion yen from the previous fiscal year), mainly due to the utilization of preparation funds for the Tokyo 2020 Games.

Settlement Results

Item	FY2021	FY2020	(in billion yen, %)	
			Change in amount	Percentage of change
Total annual revenues (A)	10,139.0	9,054.7	1,084.3	12.0
Total annual expenses (B)	9,589.5	8,609.5	979.9	11.4
Proforma balance (C=A-B)	549.5	445.1	104.4	-
Fiscal revenues to be carried forward (D)	548.6	444.2	104.3	-
Actual balance (C-D)	1.0	0.9	0.1	-
Ordinary balance ratio	77.8	84.9	-	-
Ratio of expenses for public bonds	5.0	5.3	-	-
Funds balance	2,187.2	2,241.7	Δ 54.5	Δ 2.4
TMG bonds balance	3,919.4	3,988.9	Δ 69.5	Δ 1.7

Summary

- The actual balance was nearly balanced at 1 billion yen.**
- Mainly due to the increase in metropolitan tax revenues, **the ordinary balance ratio reached 77.8%** (a decrease of 7.1 points compared to the previous fiscal year).
- Mainly due to decreased redemption funds for principal and interest for TMG bonds, **the ratio of expenses for public bonds was 5.0%** (an improvement of 0.3 points compared to the previous fiscal year).

Annual Revenues

Item	FY2021	FY2020	(in billion yen, %)	
			Change in amount	Percentage of change
Metropolitan taxes	5,871.5	5,293.0	578.5	10.9
Two corporate taxes	2,119.2	1,751.9	367.4	21.0
Local transfer taxes	53.3	47.3	6.0	12.7
National treasury disbursements	2,514.6	1,220.9	1,293.7	106.0
Funds transfers	284.8	680.0	Δ 395.1	Δ 58.1
TMG bonds	248.5	491.7	Δ 243.2	Δ 49.5
Other	1,166.2	1,321.8	Δ 155.6	Δ 11.8
Total revenues	10,139.0	9,054.7	1,084.3	12.0

Summary

- Mainly due to increased revenues from the two corporate taxes following a recovery in corporate earnings, **metropolitan tax revenues increased by 10.9% or 578.5 billion yen.**
- Mainly due to increases in grants related to anti-Covid measures, **national treasury disbursements increased by 106.0% or 1,293.7 billion yen.**
- Funds transfers decreased by 58.1% or 395.1 billion yen**, mainly due to decreases in withdrawals from funds.

Annual Expenses

Item	FY2021	FY2020	(in billion yen, %)	
			Change in amount	Percentage of change
General expenses	7,504.1	6,595.6	908.4	13.8
Personnel expenses	1,541.8	1,526.2	15.7	1.0
Investment expenses	766.9	843.3	Δ 76.4	Δ 9.1
Subsidizing expenses	3,914.1	2,560.2	1,354.0	52.9
Other	1,281.2	1,666.0	Δ 384.8	Δ 23.1
Expenses for public bonds	367.1	388.2	Δ 21.1	Δ 5.4
Tax-related expenses, etc.	1,718.3	1,625.7	92.6	5.7
Total expenses	9,589.5	8,609.5	979.9	11.4

Summary

- Mainly due to the increase in subsidizing expenses for anti-Covid measures, **general expenses increased by 13.8% or 908.4 billion yen.**
- Due to the decrease in redemption funds for principal and interest, **expenses for public bonds decreased by 5.4% or 21.1 billion yen.**
- Mainly due to increases in deposits to the special wards fiscal adjustment account, **tax-related expenses increased by 5.7% or 92.6 billion yen.**

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 ratios
-	-	1.5	37.5	-
(5.72)	(10.72)	(25.0)	(400.0)	(20.0)

※ Without deficit, the real deficit ratio and the consolidated real deficit ratio are not shown. Also, without capital shortage, the capital shortage ratios are not shown for every public enterprise account.
※ Figures in () are figures set forth by the national government in the early consolidation standard, etc.

Summary

- The real debt payment ratio was **1.5%**.
- The future burden ratio was **37.5%**.

⇒ This is below the standard set by the state.

Financial Reporting through the New Public Accounting System

Balance Sheet

(in billion yen)

Item	FY2021	FY2020	Change in amount
Total Assets	35,538.8	35,436.0	102.7
Administrative assets	8,079.5	8,084.1	Δ 4.5
Infrastructure assets	15,024.5	14,972.0	52.5
Fund reserves	4,047.9	4,119.7	Δ 71.8
Total liabilities	6,582.3	6,678.2	Δ 95.8
TMG bonds	5,491.9	5,580.1	Δ 88.1
Total net assets	28,956.5	28,757.8	198.6
Total liabilities and net assets	35,538.8	35,436.0	102.7

Summary

- **Administrative assets** such as TMG schools, and **infrastructure assets** such as roads and bridges, account for **about 70%** of the **35,538.8 billion yen** asset total.
- **TMG bonds** account for **about 80%** of the **6,582.3 billion yen** liabilities total.
- Total net assets came to **28,956.5 billion yen**, an increase of 198.6 billion yen compared to the previous fiscal year.

Administrative Cost Statement

(in billion yen)

Item	FY2021	FY2020	Change in amount
Ordinary balance			
Administrative revenues	8,751.1	6,892.7	1,858.4
Local taxes	5,834.5	5,340.3	494.1
Administrative expenses	8,592.5	6,922.2	1,670.3
Subsidizing expenses, etc.	3,682.0	2,338.5	1,343.5
Ordinary balance	120.0	Δ 69.5	189.5
Special balance	Δ 14.9	72.3	Δ 87.3
Balance for the current period	105.0	2.8	102.2

Summary

- Total administrative revenues was **8,751.1 billion yen**, of which **local taxes** accounted for **about 70%**.
- Total administrative expenses was **8,592.5 billion yen**, of which **Subsidizing expenses, tax-related expenses, and payroll-related expenses** accounted for **about 80%**.
- The balance for the current period came to **105.0 billion yen**, an increase of 102.2 billion yen compared to the previous fiscal year.

Cash Flow Statement

(in billion yen)

Item	Amount
Balance of administrative service activities	420.6
Balance of social capital improvement activities	Δ 246.4
Balance of administrative activities cash flow	174.2
Balance of financing activities	Δ 69.8
Balance carried forward from the previous year	445.1
Proforma balance (carried forward to the next year)	549.5

Summary

- The balance of administrative activities cash flow stood at **174.2 billion yen in net revenues, mainly due to increased metropolitan tax revenues.**
- The balance of financing activities was **69.8 billion yen in net expenses, due to curbs on TMG bonds issuance.**

TMG Comprehensive Financial Statements

(in billion yen)

Item	FY2021	FY2020	Change in amount
Total assets	49,184.0	49,090.0	93.9
I Current assets	3,907.4	3,593.5	313.8
II Fixed assets	45,276.5	45,496.4	Δ 219.8
III Deferred assets	0	0	Δ 0
Total liabilities	13,375.1	13,530.6	Δ 155.5
I Current liabilities	1,300.1	1,306.7	Δ 6.6
II Fixed liabilities	9,880.6	10,018.1	Δ 137.4
III Deferred revenues	2,194.3	2,205.7	Δ 11.4
Total net assets	35,808.9	35,559.3	249.5
Total liabilities and net assets	49,184.0	49,090.0	93.9

Summary

- The scope of TMG comprehensive financial statements covers the **ordinary account for TMG itself, 3 special accounts outside of the scope of the ordinary account, 11 public enterprise accounts, and for organizations other than TMG, 33 policy cooperation bodies, and 3 local independent administrative corporations.**
- Totals for the TMG comprehensive balance sheet showed an **increase to 49,184.0 billion yen** for total assets, a **decrease to 13,375.1 billion yen** for total liabilities, and an increase to **35,808.9 billion yen** for total net assets, compared to the previous fiscal year.

Fiscal Year 2021 Financial Results Topic

In order to protect the livelihoods of Tokyo citizens and Tokyo's economy from the impact of COVID-19, the TMG has focused all its strengths on the promotion of measures while undertaking flexible responses such as the formation of successive supplementary budgets.

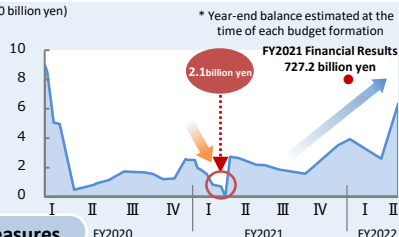
Overview of measures against COVID-19 (FY2021, General Accounts)

Basis of measures	Actual budget (After deduction of amount to be carried forward)	Settled amount	Execution ratio
Measures against COVID-19	3,272.1 billion yen	2,562.8 billion yen	78.3 %
1 Measures to prevent the spread of COVID-19 Spread prevention assistance fund, bed securing fee subsidy, vaccination promotion support, etc.	2,729.3 billion yen	2,100.0 billion yen	76.9 %
2 Reinforcement/enhancement of safety nets that the support economic activities and livelihoods of Tokyo citizens Small and medium enterprise financing system, etc., livelihood welfare funds loans subsidy, etc.	463.3 billion yen	427.1 billion yen	92.2 %
3 Approaches aiming for compatibility with spread prevention measures and socio-economic activities Expansion of anti-Covid measures in schools, introduction of free testing such as PCR, etc.	61.3 billion yen	20.7 billion yen	33.8 %
4 Approaches to overcome immediate crises by promoting transformation of social structures Emergency support for trials to establish working-from-home practices, etc.	18.2 billion yen	15.0 billion yen	82.4 %

Fiscal adjustment funds

- Proactive utilization for the TMG's own anti-Covid measures to support the livelihoods of Tokyo citizens and Tokyo's economy
- Funds down to 2.1 billion yen, almost total depletion, as of June 2021
- Recovered to 727.2 billion yen as of the Fiscal Year 2021 Financial Results due to deposits enabled through increased tax revenues and careful examination of annual expenses

(100 billion yen)

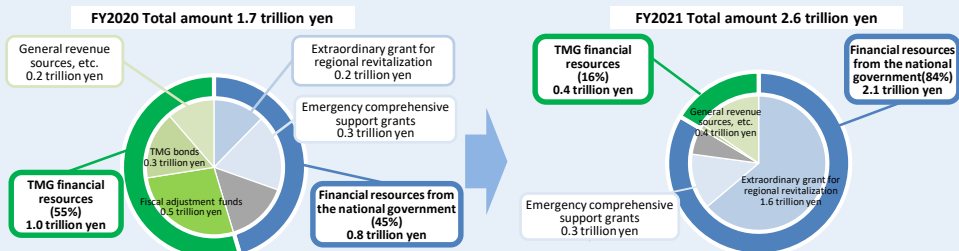


Financial Support

National government grants related to anti-Covid measures

- As measures against COVID-19 represented a common issue for the nation as a whole, successive requests were submitted to the national government for financial resource measures in relation to regional burden
- From November 2020 onwards, the national government established the "cooperation request promotion section" under the extraordinary grant for regional revitalization. With this, each local authority was able to utilize national government grants to cover the majority of the financial resources for the spread prevention assistance fund.
- Appropriate implementation of measures utilizing financial resources from the national government, through the allocation of emergency comprehensive support grants to approaches taken to end infection, such as reinforcement/enhancement of medical care provision structures and vaccination promotion support.

Breakdown of financial resources for anti-Covid measures



FY2021 Financial Management and TMG Financial Conditions

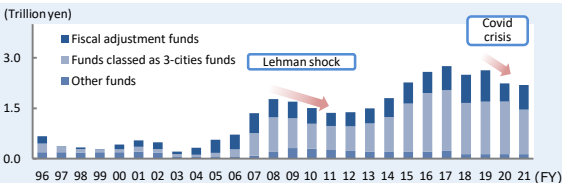
- In FY2021, financial management was undertaken with an eye to the future, while fully focusing efforts on approaches that protect the livelihoods of Tokyo citizens and Tokyo's economy.
- TMG finances at the time of the Fiscal Year 2021 Financial Results indicate that, continuing from FY2020, financial capabilities have been maintained at a certain level.
- However, with ongoing difficulties in forecasting future TMG finances, maintaining financial capabilities will be essential for the flexible and proactive implementation of necessary measures without missing any opportunities.

Looking forward to the FY2023 Budget Formation

Within this backdrop of an unprecedented surge of challenges such as the battle against COVID-19 and dramatically changing international affairs, **the TMG will promote sustainable financial management from the perspectives of maintaining financial capabilities and promoting the metabolism of measures**, in order to ensure the fulfillment of missions imposed on TMG finances.

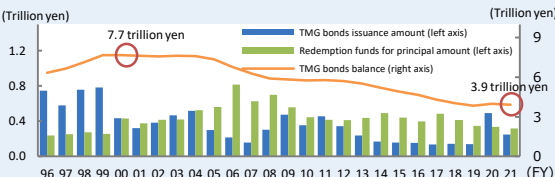
Strategic fund management

- Based on experience gained through utilization of financial resources in times of **rapid falls in revenues** due to economic fluctuations, etc. and **rapid increases in expenses** in response to crises, the **securing of balances at a certain level is vital**.
- Steady build-up of funds, and strategic utilization, for the deployment of stable and flexible measures**



Strategic utilization of TMG bonds

- Implementation of curbs on TMG bonds issuance** by utilizing some of the financial resources generated from growth in metropolitan tax revenues.
- Systematic and strategic utilization** with burden on future generations taken into consideration.



Integrated implementation of policy reviews and project reviews

- Approaches have been reinforced from **perspectives of greater focus on achievements, such as reviews of digital aspects for project reviews, and the enhancement of review content through the introduction of third party opinions in relation to project unit selection of policy reviews.**

Flow of integrated implementation of policy reviews and project reviews



Mechanisms that promote independent reviews by each bureau

- Even at the budgetary request stage, mechanisms that further reinforce approaches to eliminate wasteful aspects and promote independent reviews by each bureau are vital.
- For projects requiring further reviews, the **metabolisms of policies will be further improved through the implementation of ceilings, which in principle, will be set as minus 10% of the total amount, etc.**

Speeding up project execution

- For the **early passing on of policy achievements to Tokyo citizens**, TMG is speeding up project execution by expanding utilization of zero TMG action for bearing deficits, etc.

Basic thoughts looking forward to the FY2023 budget formation

- With the ever accelerating pace of change in this current age, all sectors, such as energy, national defence, food, economy, etc. are facing their greatest challenges since WWII. Furthermore, **based on clouded economic trends**, such as infection trends and the protraction of the Ukraine situation, etc. **the situation concerning the forecasting of Tokyo's future financial environment remains difficult.**
- Within this backdrop, **there is a need to concentrate the wisdom of the world and the wisdom of TMG as a whole, fully face "what needs to be done", and proactively deploy bold policies that break down conventional concepts from a long-term perspective.**
- In order to proactively deploy policies while pursuing sustainable financial management, **appropriate utilization of financial capabilities, such as funds and TMG bonds, along with thorough approaches to eliminate any wasteful aspects and the maintaining of a robust financial foundation, will be essential.**
- Furthermore, along with the **further heightening of policy metabolism** through reviews and redesigns based on new issues, etc. that may require attention in the future, working to **speed up project deployment** for the swift delivery of policy achievements to Tokyo citizens is also vital.
- The resolute promotion of these approaches will lead to the **steady evolution of Tokyo into a shining city that embraces both "growth" and "maturity", and the realization of a bright "Future Tokyo".**