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Tokyo Sustainability Bonds

Impact Report

October 2025

Tokyo
Sustainability Bonds
Impact Report

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Tokyo Sustainability Bonds Impact Report

As interest in realizing a sustainable world is growing across the globe, wide-ranging initiatives must be implemented in the fields of economy, society, and the environment at not only the national level, but also the local government level.

Against this backdrop, the Tokyo Metropolitan Government has formulated the Tokyo 2050 Strategy: Unlocking a Better Future. Under this strategy, we are working to address various challenges, with the aim of making Tokyo the world' s best city: a city that enables each and every person to shine and feel happy, and achieves a balance between maturity and ongoing growth.

The power of finance can help find solutions to social problems. New flows in finance open paths for society to take. Seeking to generate flows promoting the use of Japan' s valuable capital resources in advancing environmental policies and addressing social issues in our country, the Tokyo Metropolitan Government became the first local government in Japan to issue green bonds in 2017, and later began issuing social bonds starting in 2021. Moreover, last year, in the interest of attracting investment from a wide range of sources, not only within Japan but also from abroad, we issued sustainability bonds in international markets. Through these efforts and more, the Tokyo Metropolitan Government is taking the initiative to generate momentum for using investment funds from diverse investors in promoting decarbonization measures and policies for those in need of social support, with the ultimate aim of realizing a sustainable and resilient world.

To ensure that these initiatives can be steadily advanced into the future, it is essential to secure transparency, such as confirming the situation of funds procured after bond issuance and better reporting, so that investors can continue investing with peace of mind. For that reason, the Tokyo Metropolitan Government has prepared the Tokyo Sustainability Bond Impact Report to show in an easy-to-understand manner the situation and social impacts of projects that were allocated funds raised through bond issuance, and also provide a total picture of the goals and individual projects.

Amid the global expansion of sustainable finance, the Tokyo Metropolitan Government will continue taking concrete actions to find solutions to environmental and social problems, while also working to make Tokyo a leading city for sustainable and resilient finance to financially support the realization of a sustainable and resilient world.

I hope this report will serve to deepen your understanding of Tokyo' s sustainability bonds.

KOIKE Yuriko
Governor of Tokyo

The Future that Tokyo Sustainability Bonds aim to realize

(From the Tokyo Sustainability Bonds Framework)

1. **Strongly promote TMG' s measures** backed by the support provided by companies and investors through their **investment in Tokyo Sustainability Bonds**.
2. **Stimulate the sustainable finance market** by accelerating the trend of utilizing market funds to find solutions to environmental and societal challenges.
3. **Realize a bright future Tokyo where people shine and contribute to achieving the SDGs** through these efforts.

Targets and Actions of TMG

Actions taken by TMG

September 2015

Adoption of the SDGs

The SDGs – Global Goals to be achieved by 2030 – were adopted at a UN summit meeting in September 2015.
Composed of 17 goals to usher in a sustainable world, the SDGs represent common goals to be achieved by all countries, including the developed, as well as developing countries.

March 2021

Development of the "Future Tokyo" Strategy

Against this backdrop, the TMG formulated "Future Tokyo: Tokyo's Long-Term Strategy" in March 2021, providing a vision for Tokyo in the 2040s, and presenting strategies for 2030 and projects for strategy implementation.
Centered on "people," the key driver of Tokyo's development, the Strategy's direction is aligned with the vision of the SDGs to create an inclusive society that leaves no one behind.

March 2025

Development of the Tokyo 2050 Strategy: Unlocking a Better Future

Society continues to change at an unforeseeable speed with the climate crisis is intensifying, birthrates are declining and populations aging, and technologies like generative AI are advancing at an explosive pace. In such times, we must transform this accelerated change into opportunity and chart a course for further leaps forward. The "2050 Tokyo Strategy" is a new compass for metropolitan governance, compiling policies to be implemented by 2035 to realize the vision of Tokyo we aim to achieve in the 2050s.

Tokyo, The best city in the world

- a city balances maturity and ongoing growth where all individuals shine and feel a sense of wellbeing.

Environmental field

- **2019** — **Zero Emission Tokyo Strategy**
  A vision, concrete actions and a roadmap to realize Zero Emission Tokyo by 2050, contributing to global net zero CO_2 emissions
- **2021** — **TMG announced "Carbon Half," a commitment to halving GHG emissions by 2030**
- **2022** — **Tokyo Environmental Master Plan was revised**
  Setting out specific targets and the shape of initiatives based on the recognition that actions in the period up to 2030 are extremely important to realize the visions for 2050.
- **2025** — **Development of the Zero Emission Tokyo Strategy: Beyond Carbon Half**
  The new target of reducing greenhouse gas emissions by 60% or more by 2035 (compared to 2000) and 31 individual targets to achieve the new target were set to promote effective initiatives.
  A new program covering solar power generation, thermal insulation, and energy efficiency performance for newly built detached houses and other buildings was launched.
- **2030** — **"Carbon Half" to be achieved**
- **2035** — **Reduction of greenhouse gas emissions by 60% or more**
- **2050** — **"Zero Emission Tokyo" to be achieved**

Realizing a green and resilient global city Tokyo opening up a future

Principal Use of Proceeds from Tokyo Sustainability Bonds

Principal Use of Proceeds

Green Projects

Realization of zero emissions through decarbonization of energy system and the sustainable use of resources

Realization of a prosperous society in harmony with nature that continues to benefit from ecosystem services

Social Projects

Disaster countermeasures for public facilities and infrastructure

Measures for aging public facilities and infrastructure

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

Overview and Framework of the Tokyo Sustainability Bonds

■The table below overview of The Tokyo Sustainability Bonds in FY2024.

For Institutional Investors

Series name	Tokyo Metropolitan Government public international bond (No. 7 Euro denominated Eurobonds)
Currency	Euro
Tenor	5yr
Issue Amount	EUR 300 million (approx. JPY 48.7 billion)
Coupon	2.625%
Offering price	99.764% of face value
Pricing Date / Settlement Date	Wednesday, October 16, 2024 / Thursday, October 24, 2024
Redemption date	Wednesday, October 24, 2029
Ratings	A+ (S&P Global Rating Japan Inc.)
External Review	Moody's Japan Inc.

Tokyo Sustainability Bonds Framework

- The Tokyo metropolitan government developed the Sustainability Bonds Framework (August 2024) consisting of components including the Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting in accordance with the Green Bond Principles, the Social Bond Principles, and the Sustainability Bond Guidelines established by the International Capital Market Association (ICMA).
- For the issuance of the Tokyo Sustainability Bonds, we obtained a review (second party opinion) from Moody's Japan K.K. in August 2024, and it shows that the Tokyo Sustainability Bonds are aligned with the Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines.

Outline of the Tokyo Sustainability Bonds Framework

1. Use of Proceeds	■ Projects listed on pages 7–10 and other projects
2. Process for Project Evaluation and Selection	■ Evaluate projects for eligibility using ESG criteria and select projects that qualify for financing through Tokyo Sustainability Bonds to be issued in the current fiscal year. In addition, as for the evaluation of green projects and social projects, priority is given to the environmental aspects and the social aspects, respectively
3. Management of Proceeds	■ Management by identifying the use of the allocated funds through classification into accounting segments under TMG's budget rules. ■ Funds to be allocated to projects selected for the fiscal year in principle. ■ Documents required for financial statements to be prepared after the end of each fiscal year for approval by the Tokyo Metropolitan Assembly.
4. Reporting	■ Information on the amount of funds to be allocated to and the expected environmental impact of each selected project to be posted on the TMG website before issuance, followed by disclosure of the actual amount allocated to and expected impact of each selected project by the end of the following fiscal year.

Second Party Opinion

MOODY'S

- Aligned with the Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines.
- All financed projects were recognized as contributing positively to achieving the SDGs (see the table below).

■ Green Project

Eligible Categories	Sustainable development goals
Realization of zero emissions through decarbonization of energy systems and the sustainable use of resources	
Realization of a prosperous society in harmony with nature that continues to benefit from ecosystem services	

■ Social Project

Eligible Categories	Sustainable development goals
Disaster countermeasures for facilities and infrastructure	
Measures for aging public facilities and infrastructure	
Building an educational environment to fully draw out the individuality and potentials of each student	

*Framework and second-party opinion are available on the TMG website at:
https://www.english.metro.tokyo.lg.jp/w/006-101-000968

Projects Financing and Impact of the Tokyo Sustainability Bonds

The proceeds from the issuance of the Tokyo Sustainability Bonds in FY 2024 are allocated to finance expenditures for new green projects (JPY 19.799 billion), refinance expenditures for existing green projects (JPY 2.906 billion, related to the refinancing of the No. 3 Tokyo Green Bonds issued in FY 2019), and finance expenditures for new social projects (JPY 26 billion).
The sum of the allocated proceeds (48.705 billion yen) is the amount obtained by converting the amount of foreign-currency-denominated bonds issued (0.3 billion euros issued) at the exchange rate at the time of determination of the terms.

- The proceeds were allocated to five projects aligned with two environmental categories of green projects, four projects aligned with two environmental categories refinancing of green projects, and five projects aligned with three categories of social projects.
- Approx. 40% of the total proceeds were allocated to the “Disaster countermeasures for public facilities and infrastructure” category of social projects and approx. 30% were allocated to the “Realization of zero emissions through decarbonization of energy systems and the sustainable use of resources” category of green projects.

These projects, assessed and selected before the sustainability bond issue, were made public in October 2024 in line with the process for project evaluation and selection and the reporting method specified in the Tokyo Sustainability Bonds Framework. The proceeds of some JPY48.7 billion from the Tokyo Sustainability Bonds were managed according to the management method set forth in the Framework and allocated in their entirety to those projects in FY2024.

Green Projects

● New Financing Portion

NO.	Environmental category	Project name	Allocation results (million of yen)	Environmental impact	
1	Realization of zero emissions through decarbonization of energy systems and the sustainable use of resources	Heat island countermeasures (improving heat reflection and water retention of roads)	1,354	Length of cool pavement installed	10km
2		Installation of PV systems in metropolitan housing	550	Anticipated annual power generation by installed PV facilities	624,770 kWh
3		Development of small and medium-sized rivers	11,605	Completion of river development	68.6%
				Storage capacity of regulating reservior	1,056,500㎥ (by the end of FY2025)
4	Realization of a prosperous society in harmony with nature that continues to benefit from ecosystem services	Development of metropolitan parks	6,000	Developed land area	23,557.77㎡
5		Greening of waterfronts	290	Developed land area	2,107㎡
		Total	19,799		

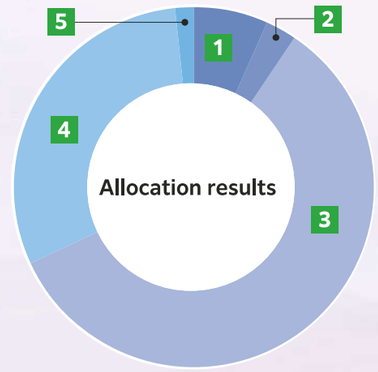
*Environmental impact refers to the positive impact on the environment yielded by the end of FY2024 or expected to be yielded.
*The figures for the impact and allocated results for eligible projects represent the amounts before post-issuance evaluation by a third party.

● Refinanced Portion

NO.	Environmental category	Project name	Refinanced amount (million of yen)	Environmental impact		number of years elapsed	Remaining period of permission (years)
1	Realization of zero emissions through decarbonization of energy systems and the sustainable use of resources	Heat island countermeasures (improving heat reflection and water retention of roads)	713	Length of cool pavement installed	15.500km	5	5
2		Development of small and medium-sized rivers	1,760	Completion of river development	67.5%	5	25
				Storage capacity of regulating reservior	1,056,300㎥ (by the end of FY2025)		
3	Realization of a prosperous society in harmony with nature that continues to benefit from ecosystem services	Development of metropolitan parks	173	Developed land area	11,800㎡	5	15
4		Greening of waterfronts	260	Developed land area	7,059㎡		
		Total	2,906				

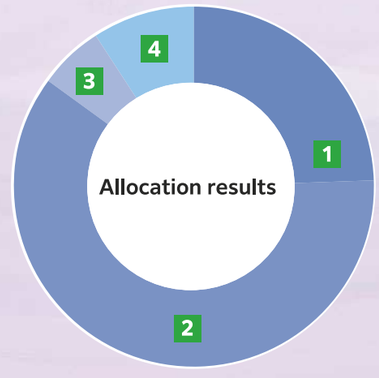
*Environmental impact refers to the positive impact on the environment yielded by the end of FY2019 or expected to be yielded.
*The figures for the impact and refinanced amount for eligible projects represent the amounts before post-issuance evaluation by a third party.
*Remaining period of permission refers to "the period of permission (redemption) declared to the Ministry of Internal Affairs and Communications at issuance of the local government bond (within the limit of the life period of the public or official facilities whose construction is to be financed by the local government bond), or the period of redemption set within that limit", minus "the number of years elapsed since the completion of the asset".

Breakdown of allocated amount



1 Heat island countermeasures (improving heat reflection and water retention of roads) 6.8%
2 Installation of PV systems in metropolitan housing 2.8%
3 Development of small and medium-sized rivers 58.6%
4 Development of metropolitan parks 30.3%
5 Greening of waterfronts 1.5%

Breakdown of refinanced amount



1 Heat island countermeasures (improving heat reflection and water retention of roads) 24.5%
2 Development of small and medium-sized rivers 60.6%
3 Development of metropolitan parks 6.0%
4 Greening of waterfronts 8.9%

Projects Financing and Impact of the Tokyo Sustainability Bonds

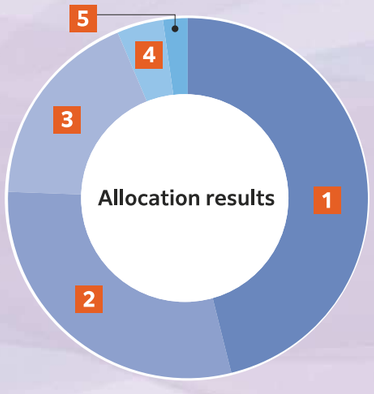
Social Projects

● New Financing Portion

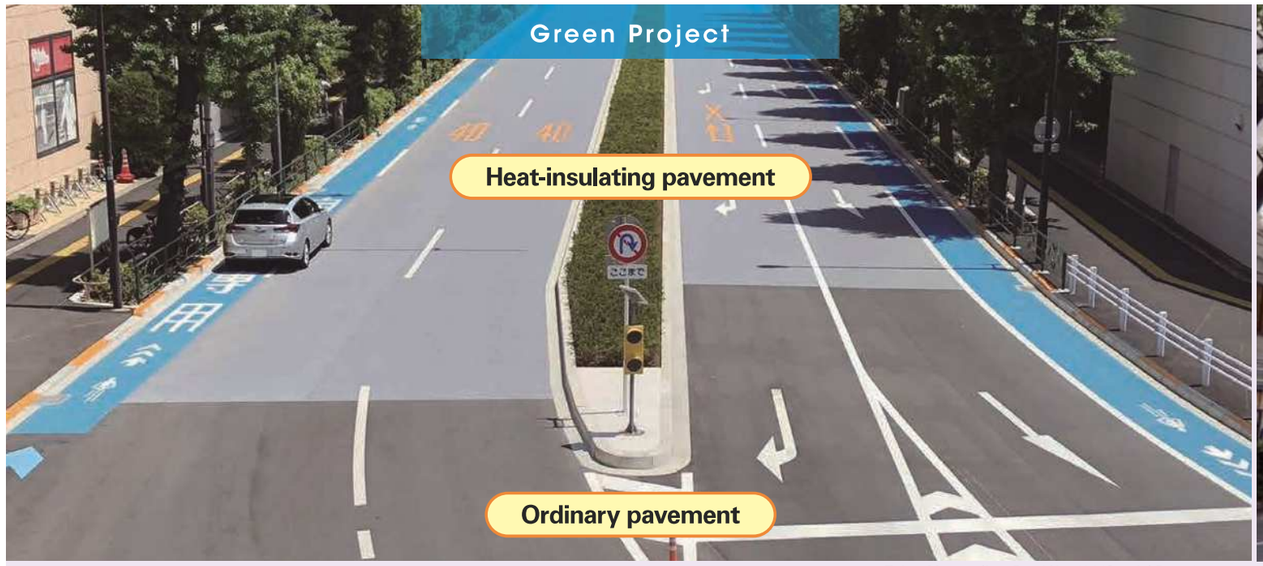
NO.	Project categories	Project name	Social issues addressed	Target Populations	Allocation results (millions of yen)	KPI	Impact	Related SDGs
1	Disaster countermeasures for public facilities and infrastructure	Removal of utility poles	Strengthening urban disaster management functions (Securing safe and enjoyable walking spaces) (Creating a scenic city)	Those who may be affected by blocked roads or power line breaks due to collapsed utility poles in the event of a natural disasters (Road users including those who use strollers and wheelchairs)	12,000	Length completed	26,017m	
2		Earthquake and water resistance of river facilities	Securing seismic and water resistance of river facilities in order to protect the low lying eastern part of Tokyo from flooding resulting from earthquake triggered tsunami and other causes	Residents of the low-lying eastern part of Tokyo	7,700	Length completed	5.0km	
3	Measures for aging public facilities and infrastructure	Life extension of bridges	Maintaining and managing sustainable infrastructure and securing the safety and security of users	Local residents and others who use metropolitan roads	4,700	Cumulative number of life- extension projects begun	180 bridges (cumulative) (by the end of FY2030)	
4		Improvement of the Tokyo islands' internet environment	Securing a stable internet environment in the Tokyo islands	Local residents (island habitants)	1,060	Number of upgraded islands	2 islands (by the end of FY2025) *1 island will be completed by the end of FY2024	
5	Building an educational environment to fully draw out the individuality and potentials of each student	Construction and renovation of schools for special needs education	Supporting proactive efforts toward the independence and social participation of young children and students with disabilities	Pre-schoolers and elementary, middle school and high school students with disabilities	540	School capacity	School capacity classes for students requiring: 1,066 students Physical disability: 111 students Visual disability: about 71 individuals (by the end of FY2030)	
				Total	26,000			

*Environmental impact refers to the positive impact on the environment yielded by the end of FY2024 or expected to be yielded.
*The figures for the impact and allocated results for eligible projects represent the amounts before post-issuance evaluation by a third party.

Breakdown of allocated amount



1 Removal of utility poles 46.2%
2 Earthquake and water resistance of river facilities 29.6%
3 Life extension of bridges 18.1%
4 Improvement of the Tokyo islands' internet environment ... 4.1%
5 Construction and renovation of schools for special needs education 2.1%



Tokyo Metropolitan Road No. 434 (Special Route)

Combating the urban heat island effect

Realizing zero emissions

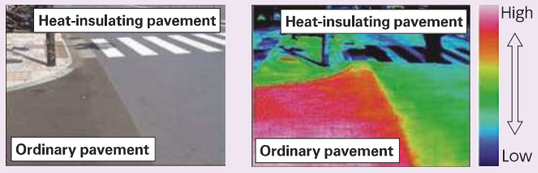
Rationale for the project

- As Tokyo experiences hotter summers with increasing numbers of extremely hot days and sweltering nights, it is essential to **tackle the urban heat island effect** that underlies this phenomenon.
- Measures against the urban heat island effect include **heat-insulating and water-retaining pavement** to suppress the rise in the road surface temperature, implemented in conjunction with road maintenance works in Center Core areas and other business areas. This effectively helps **reduce the rise in the road surface temperature by up to 8-10°C.**

Description of pavement techniques

＜**Heat-insulating pavement**＞

- Heat shield applied to the road surface prevents heat from accumulating in the pavement.



Visual image　　Infrared thermal image

＜**Water-retaining pavement**＞

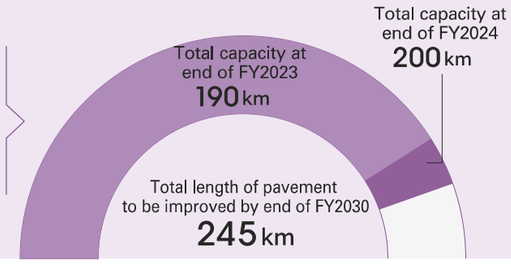
- The heat of evaporation of water seeping into the water-retaining agent in the pavement reduces the rise in the road surface temperature.

Objective of the TMG (planned)

Total length of heat-insulating and water-retaining pavement in FY2030: about 245km

Impact　**Length of pavement completed in FY2024**

10km



Created in FY2024

- **Chiyoda Ward, Chuo Ward, Minato Ward, Shinagawa Ward,** etc.

Contribution to SDGs

Nakasugi-dori Avenue (Asagaya Minami 3-chome, Suginami Ward)

Removal of Utility Poles

Disaster countermeasures for infrastructure

Rationale for the project

- The many utility poles in Tokyo not only obstruct the daily movement of **wheelchair/stroller users and older persons** but also **affect the movement of residents and life-saving activities in the aftermath of a disaster**, etc., especially if they **collapse onto the street** in an earthquake or other disaster.
- For this reason, we are promoting the maintenance of the removal of utility poles by storing the electric wires that are **stretched on the road underground.**
- We are also removing utility poles from coastal roads in the Tokyo Port area, etc. **to prevent disruptions in the transport of emergency aid and containerized international transportation in the event of a disaster.**

Objective of the TMG (planned)

2040s　Tokyo metropolitan roads*1 *2 — 2,328km cleared of utility poles

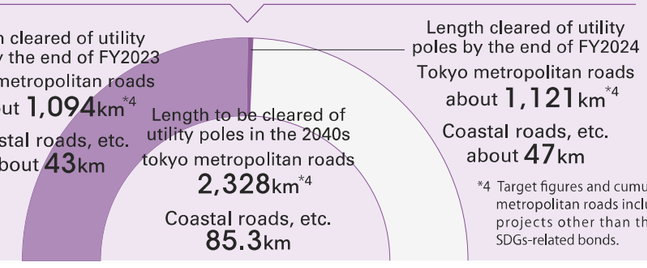
Coastal roads, etc. (Tokyo Port area)*2 — 85.3km cleared of utility poles

*1 Metropolitan roads with sidewalks of 2.5 meters or more in width,to be completed to the planned width.
*2 The lengths indicate the segments of roads cleared of utility poles and not the total lengths of the roads covered.

Impact*3　**Length cleared of utility poles by the end of FY2024**

Tokyo metropolitan roads 26.0km　**Coastal roads, etc. 3.6km**

*3 While the proceeds from the Tokyo Sustainability Bonds in FY 2024 were allocated only to the metropolitan road improvement project in this project category, the improvement of port roads and other roads is considered to be included in the same project, and their results and impacts are presented together.



*4 Target figures and cumulative results for metropolitan roads include figures from projects other than those funded by SDGs-related bonds.

Created in FY2024

- **Kannana-dori Avenue, Nakasugi-dori Avenue, Tama New Town-dori Avenue,** etc.
- **Port of Tokyo (Oi area, Aomi area)**

Contribution to SDGs

Issuance Result of TMG's Sustainable Bonds (Appendix)

- To capture the momentum of the SDGs and ESG, TMG issued Tokyo Environmental Supporter Bonds in FY2016.
- With the issuance of Tokyo Green Bonds in FY2017, the TMG became the first local government in Japan to issue green bonds, thus contributing to the development of the domestic market since its inception.
- In response to the momentum toward sustainable recovery both in Japan and overseas, in FY2020 TMG issued bonds earmarked for action to cope with the COVID-19 pandemic. In FY2021, TMG launched Tokyo Social Bonds – the first of its kind for a Japanese local government – to assist Tokyo residents and businesses in need of social support.
- TMG has also gradually scaled up the issuance of bonds since the initial offer of JPY20 billion. In addition to the continued issuance of Tokyo Social Bonds, Tokyo Green and Blue Bonds were issued in FY2024, and Tokyo Sustainability Bonds in foreign currency were also issued. In FY2025, we will upgrade the Tokyo Sustainability Bonds and issue the TOKYO Resilience Bonds in international markets. By continuing to issue sustainable bonds, we aim to become a leading city in "Sustainable and Resilient Finance," supporting the realization of a sustainable and resilient society from a financial perspective.

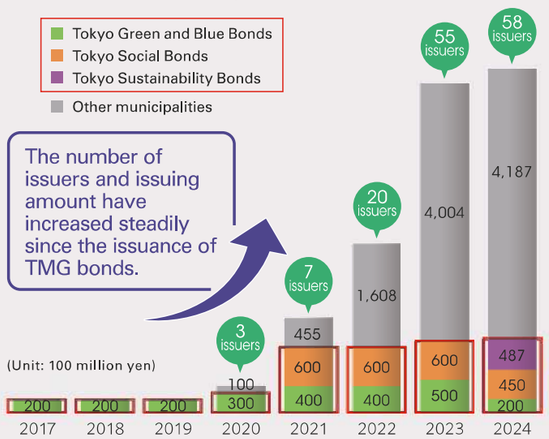
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Green* bonds	Series1 JPY20 billion (JPY10 billion)	Series2 JPY20 billion (JPY10 billion)	Series3 JPY20 billion (JPY10 billion)	Series4 JPY30 billion (JPY10 billion)	Series5 JPY40 billion (JPY10 billion)	Series6 JPY40 billion (JPY10 billion)	Series7 JPY50 billion (JPY10 billion)	
Green and Blue Bonds *		1st green bond issued by Japanese local government				Upgraded to Green and Blue Bonds		Series8 JPY20 billion (JPY10 billion)
Social bonds					COVID-19 Response Bonds **: JPY60 billion	Series1&2 JPY60 billion	Series3&4 JPY60 billion	Series5&6 JPY60 billion	Series7&8 JPY45 billion
Sustainability Bonds (Foreign)								Series1 JPY48.7 billion

1st social bond issued by Japanese local government

1st sustainability bond issued in foreign currency by a Japanese local government

*The figures shown in parentheses ( ) are the amounts of the Tokyo Green Bonds and Tokyo Green and Blue Bonds issued for individual investors (estimated amounts converted to yen, bonds worth 10 billion yen are issued every year).
**All bonds have been certified by a third party excluding those issued in FY2020 to finance measures against COVID-19 (JPY60 billion).

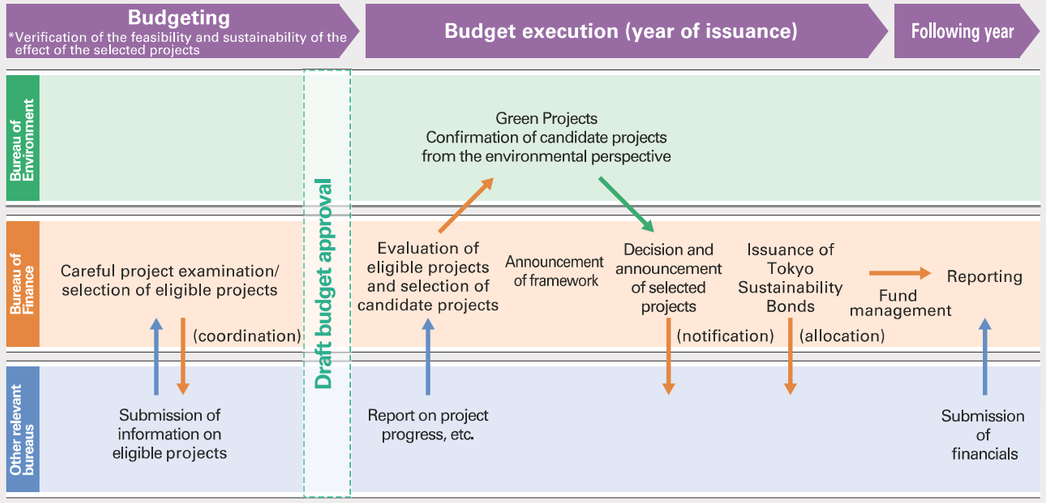
TMG sustainable bonds' share in the domestic sustainable municipal bond market



Awards won

- **Refinitiv Japan, K.K.**
  "DEALWATCH AWARDS2022"
  Sustainable Finance Issuer of the Year
  "TMG made its presence felt by **proactively engaging in financing with ESG bonds.** It attracted immense demand by enhancing communication both in Japan and overseas and gaining **endorsement from investors.**"
- **Japan Times**
  "Sustainable Japan Award2023"
  Jury's Special Award, ESG Category
  "Including Green and Social Bond issues, **the forward-looking initiatives of TMG substantially contribute to the activation of the local government ESG bond market.**"
- **Environmental Finance (British journal specialized in environmental finance),**
  - **"Environmental Finance Bond Awards 2023"**
    Social Bond of the Year – local authority/municipality
    "**As the first local government to participate in the sustainable bond market**, TMG demonstrated a wide range of use of proceeds by expanding the scope of financed projects in its June 2022 issue."
  - **"Sustainable Debt Award 2025"**
    Sustainability Bond of the Year – local authority/municipality
    The Tokyo Sustainability Bonds are the first ESG-labeled foreign bonds for the Tokyo metropolitan government, and Moody's provided a second party opinion that "the bonds demonstrate a significant contribution to sustainability and the expected impact of the eligible projects is significant."

Process from Project Selection to Reporting (Appendix)



<Budget planning phase>

- The Bureau of Finance selects eligible projects and the projects to be financed by the proceeds in consultation with the bureau responsible for each project and the department responsible for the environment.
- Where stipulated by the applicable law, such as the Local Government Finance Act, a local government may issue local bonds as specified in the budget, which needs to be adopted by the local assembly before the start of the fiscal year concerned. TMG bonds, including Tokyo Sustainability Bonds, are issued in accordance with this procedure. The feasibility of the selected projects and the sustainability of their effects are also verified in the budgetary process.

<Budget execution phase>

- We manage the allocation of proceeds to selected projects following the issuance of Tokyo Sustainability Bonds while clarifying the use of the allocated funds by classifying the revenue budget into accounting segments under the TMG budget rules.

<Fiscal year after issuance>

- Regarding reporting, we publish the results of fund allocation by the end of the fiscal year following the issuance of Tokyo Sustainability Bonds.
- With regard to the revenues and expenditures of the TMG, including those pertaining to the projects financed by the proceeds of Tokyo Sustainability Bonds, documents required for financial statements are prepared after the end of the fiscal year, reviewed by the Audit and Inspection commissioners, and then submitted to the Tokyo Metropolitan Assembly for approval, along with the commissioner's opinion.
- Throughout this process, the TMG ensures the appropriateness and transparency of the evaluation and selection of financed projects as well as fund management.

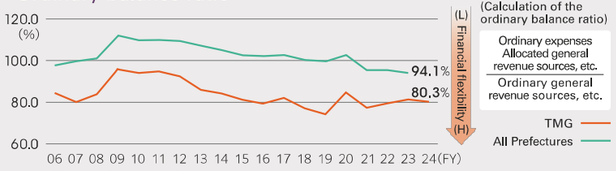
Financial Standing of TMG (Appendix)

*Based on financial results of ordinary account for FY2024

- TMG's ordinary balance ratio and ratio of expenses for public bonds in FY2024 stood at 80.3% and 5.1%, respectively, highlighting greater financial flexibility than the prefectural average.
- Assets and liabilities on the balance sheet come to total ¥37,173.4 billion and ¥6,195.1 billion, respectively, resulting in a total net worth (difference between assets and liabilities) of ¥30,978.2 billion.
- The aggregate balance sheet of the TMG, including special accounts and public enterprise accounts and policy cooperation bodies, etc., as well as ordinary account, shows total assets of ¥51,039.1 billion, total liabilities of ¥13,071.3 billion, and a total net worth of ¥37,967.7 billion.

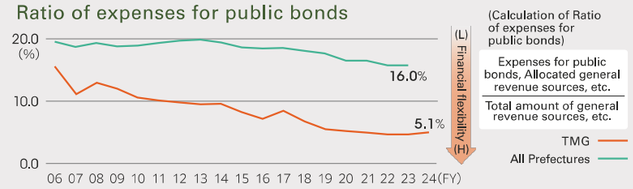
* "Ordinary account" refers to the accounts of each local government systematically restructured under the standards set by the Ministry of Internal Affairs and Communications to understand the financial status of local governments and analyze all local finance plans, among others.

Ordinary balance ratio



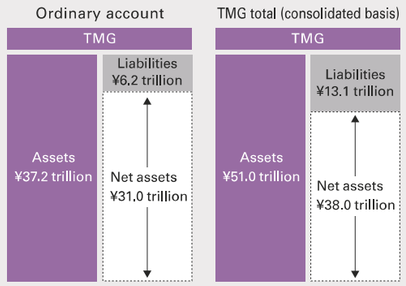
*The ratio for each prefecture is a weighted average, and it was calculated excluding followings from the regular general revenue sources. FY 2006: tax reduction compensation bonds and temporary fiscal countermeasure bonds. FY 2007–2019: the special portion of revenue shortfall compensation bonds and temporary fiscal countermeasure bonds. FY 2020–2021: the special portion of revenue shortfall compensation bonds, and special deferral bonds and temporary fiscal measures bonds. FY 2022–2023: the special portion of revenue shortfall bonds and temporary fiscal measures bonds.

Ratio of expenses for public bonds

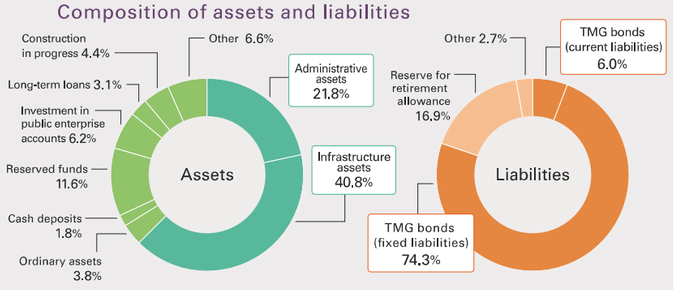


*The ratio for all prefectures represents a weighted average excluding partial administrative cooperation associations, etc.

Balance sheet



Composition of assets and liabilities

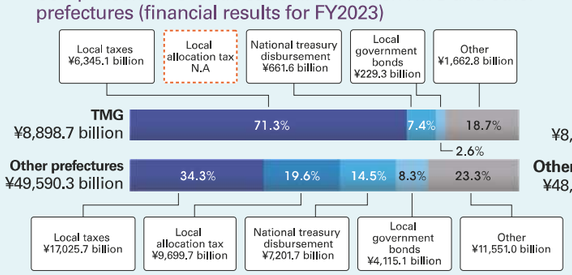


*Percentages do not add up to 100% due to rounding.

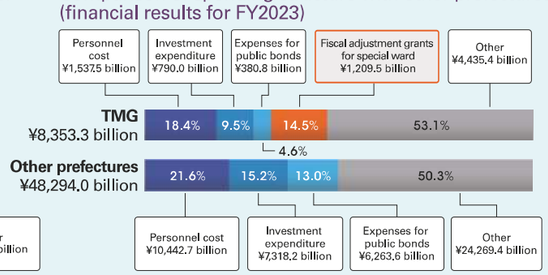
Characteristics of TMG finance

- As compared with the local finance plan, the revenue structure of TMG has the following characteristics: (1) high dependence on local taxes; (2) no local allocation tax granted from the national government; (3) low dependence on national treasury disbursement; and (4) low dependence on local government bonds. All these characteristics indicate considerably higher financial autonomy and flexibility than other local governments in general.
- As regards the structure of expenditure, one of the characteristics of the TMG is the disbursement of grants for financial adjustments under the Special Ward System. The low ratio of expenses for public bonds, mainly for redemption of local bonds, also indicates greater financial flexibility than other prefectures.

Comparison of revenue structure between TMG and other prefectures (financial results for FY2023)



Comparison of spending structure with other prefectures (financial results for FY2023)



For further information on the results of ordinary account in FY2024, please visit:
https://www.zaimu.metro.tokyo.lg.jp/zaisei/kessan/r6/6nenjizaimuhoukokusho (TMG Annual Financial Report, FY2024).

Safety and Liquidity of TMG Bonds (Appendix)

Tokyo Sustainability Bonds Impact Report

<Safety>

- The TMG is capable of financing the redemption of its bonds in a stable manner as it depends mostly on its own sources of revenue, such as local taxes, which it has power to impose.
- The BIS applies 0% risk weighting to local government bonds, including TMG bonds, because the national government guarantees necessary funding for the repayment of principal and interest, for example by setting the total amount of the local allocation tax at a level to ensure a balance between total expenditure, including public bond costs, on the one hand, and total revenue on the other.
- In recognition of its disciplined fiscal administration, the TMG enjoys from S&P Global Ratings Japan Inc. the A+ rating in the long-term issuer credit, and the aa+ rating in the stand-alone credit profile, or rating specific to the TMG, net of any influence from the national government.

<Liquidity>

- TMG bonds account for some 5% of the publicly offered local government bonds by amount issued, and some 8% by amount outstanding.

BIS risk weighting

Japanese govt bonds	Govt-backed bonds	TMG bonds	FILP agency bonds	Bank debenture Finance bonds
0%	0%	0%	10%	20%

Rating of TMG bonds

Issuer credit rating	Stand-alone credit file
A+ (Capped by the national government's rating)	aa+

Rating obtained from S&P Global Rating Japan Inc.

Publicly offered local government bond market (FY2024)

*Excluding citizen participatory-type public market offering bond.