

CITY OF YOKOHAMA

Introduction to Yokohama City Bonds

Financial Resources Division
Financial Affairs Department
Finance Bureau

April 2025

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1

Basic Overview of Yokohama City

2

Funding Plan for Public Offerings

3

Financial Highlights

4

Yokohama Medium-term Plan for FY2022-2025

1

Basic Overview of Yokohama City

2

Funding Plan for Public Offerings

3

Financial Highlights

4

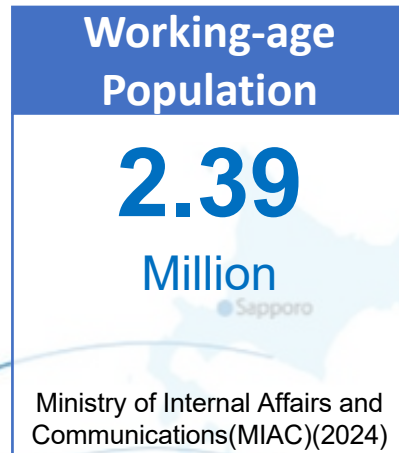
Yokohama Medium-term Plan for FY2022-2025

Basic Overview of Yokohama City ①

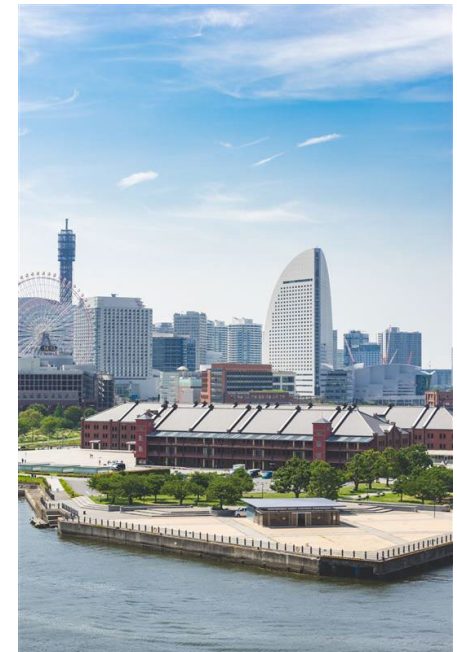
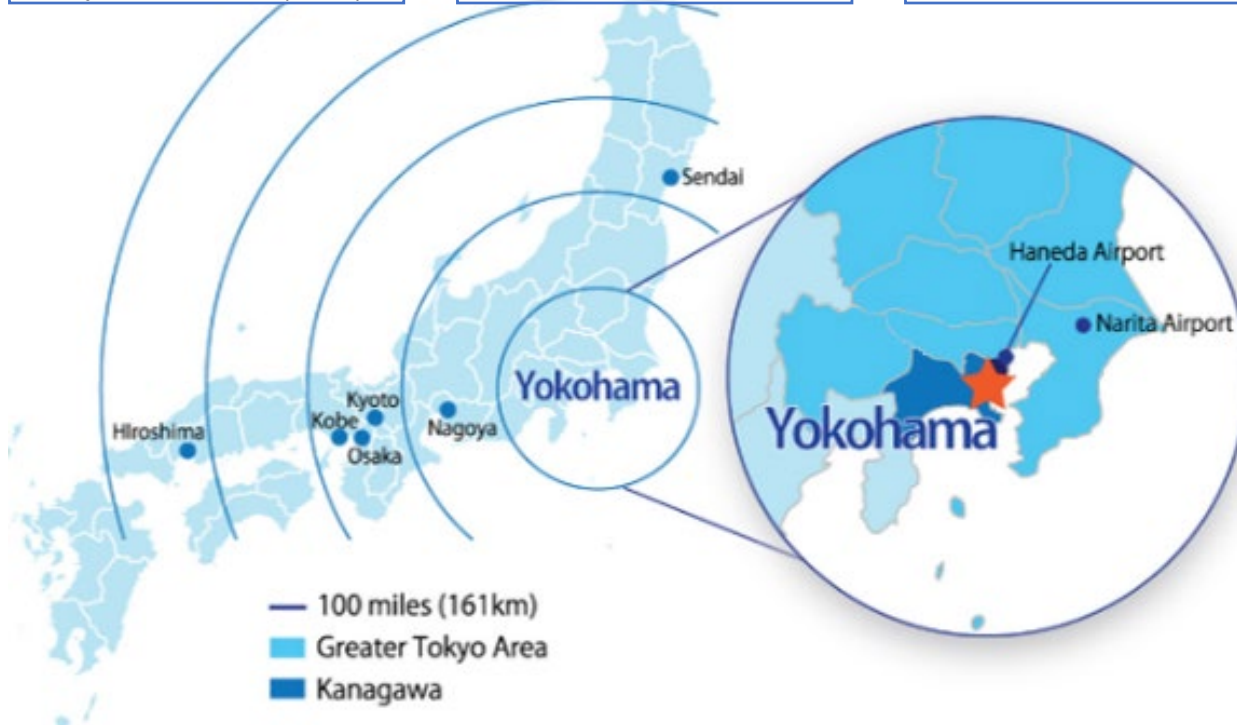
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Dominican Republic:
USD 94.2bn
Luxembourg:
USD 85.6bn
Sri Lanka:
USD 88.6bn
(Word Bank (2021))



Basic Overview of Yokohama City ②

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Number of Port Arrivals

1st

Ocean-going ships
in Japan

MLIT(2022)

GREEN × EXPO 2027

2027

International Horticultural
Expo 2027, Yokohama,
Japan

Climate Change

Zero

Carbon by 2050

“Most Livable City” Ranking

1st

in Kanto region
SUUMO
(2018~2025)



- ❑ The Port of Yokohama is one of the leading comprehensive ports in Japan, and is utilized for both commercial and industrial functions
- ❑ EXPO 2027 Yokohama (International Horticultural Expo 2027 Yokohama) has been recognized at the BIE* General Assembly
- ❑ Proactively engaged in decarbonization target of “Zero Carbon Yokohama” by 2050

• *The Bureau International des Expositions, France

1

Basic Overview of Yokohama City

2

Funding Plan for Public Offerings

3

Financial Highlights

4

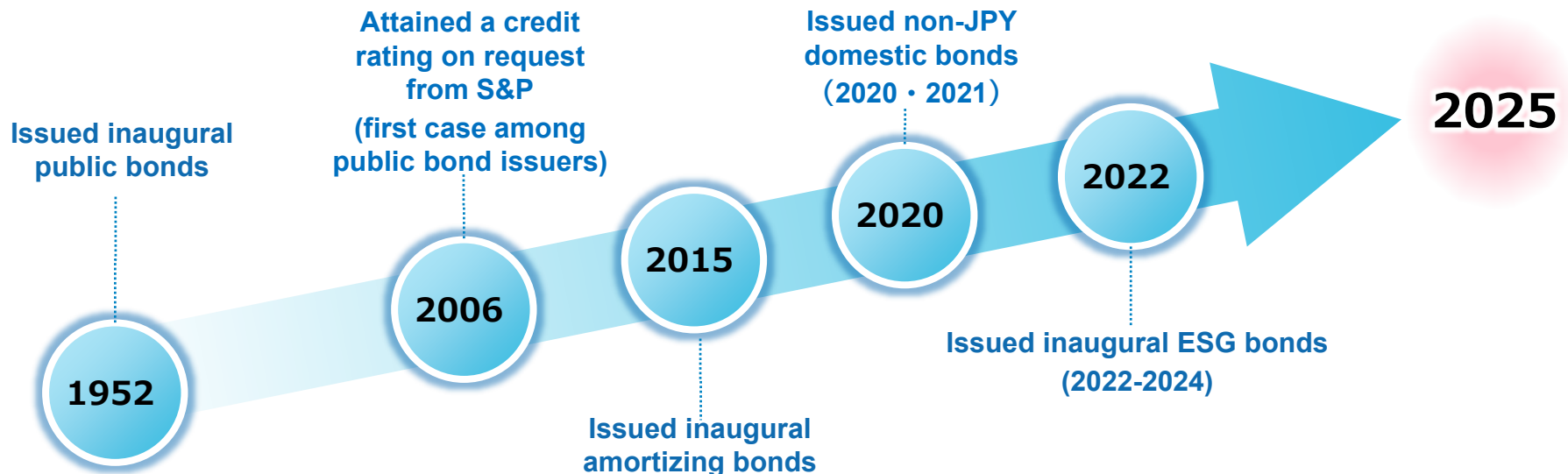
Yokohama Medium-term Plan for FY2022-2025

Basic Concept of Yokohama City Bond

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Basic Concept

- Ensure elaborated bond issuance process with consideration of investors opinions and preferences
- Aiming for appropriate sales through dialogue with wide range of investors



Yokohama City's Credit Profile

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Ratings (Moody's) Long-Term Rating	
Yokohama City	Japan
A1/Stable	A1/Stable

BIS Risk Weights	
Yokohama City	Japan
0%	0%

- ❑ **Same rating as Japanese Government Bonds**
- ❑ **Only 12 local governments in Japanese municipalities obtain Moody's ratings**

(Reference) Yokohama City's Credit Profile

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Extract from Credit Opinion for Yokohama City by Moody's as of April 7th 2025

- *“Yokohama is a residential suburb of the Tokyo Metropolitan Area, housing more than 3.7 million residents — the largest population among ordinance-designated cities in Japan. This city is internationally recognized for its efficient public transportation system and robust infrastructure, facilitating seamless commutes to its business districts and attracting global corporations.”*
- *“Yokohama city has a track record of fiscal discipline, managing operating and capital spending through strong internal controls and planning, which helps it better control its spending through the cycles. The city's fiscal discipline is further demonstrated through its medium-term plan for 2022-25 and strategic long-term projection extending to 2065, detailing future revenue and expenditure plans. **These forward-looking plans are designed to proactively address the budgetary challenges likely to arise from an aging population and demographic decline.**”*
- *“The city has focused its fiscal strategy on controlling spending because of its relatively lower level of tax revenue from the business sector than that of other cities we rate.”*
- *“Yokohama has clear and prudent debt management and investment policies to minimize the financial risk related to investments and debt.”*
- *“Yokohama will maintain sound fiscal performance;
Yokohama generally benefits from stable revenue trends. Its tax revenue is less volatile than that of most prefectures and other large cities, because of the city's higher share of individual income tax (close to 50% of its tax revenue) and property tax revenue (one-third of its tax revenue), and lower reliance on more volatile sources of tax revenue related to the business sector.”*
- *“The considerable level of oversight and supervision exercised by the central government, as well as the well-developed equalization system of transfers through the local allocation tax (LAT) system, ensures that credit issues at the RLG level are identified and addressed early. **We also assess that there is a very high likelihood of the Japanese government stepping in to provide immediate financial assistance.**”*

FY2025 Public Bond Issuance Plan

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Issuance Plan FY2025

☐ **JPY 170bn** in Total (Same amount compared to FY2025 Plan)

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	FY2025 Total
Medium-term Bonds*		JPY 130bn											Initial Plan: JPY 170bn
10-year Bonds	40bn												
Super Long-term Bonds*													

*Medium-term bonds: bonds with terms longer than a year and shorter than 10 years. Super long-term bonds: bonds with terms longer than 10 years

- ☐ Total issuance amount is subject to change in accordance with market conditions
- ☐ Flexible funding management: tenor and redemption type will be decided upon market conditions
- ☐ Aiming at continued issuance of ESG bonds
- ☐ Non-JPY domestic bonds to be issued upon market conditions and investor demands

Issuance Result FY2024

*Sustainability bonds

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	FY2024 Total
Medium-term Bonds*	5yr 40bn						5yr 10bn						Results: JPY 141bn (Initial Plan: JPY 150bn)
10-year Bonds				10bn			40bn	13bn Amortizing	ESG 8bn				
Super Long-term Bonds*		20yr 20bn											

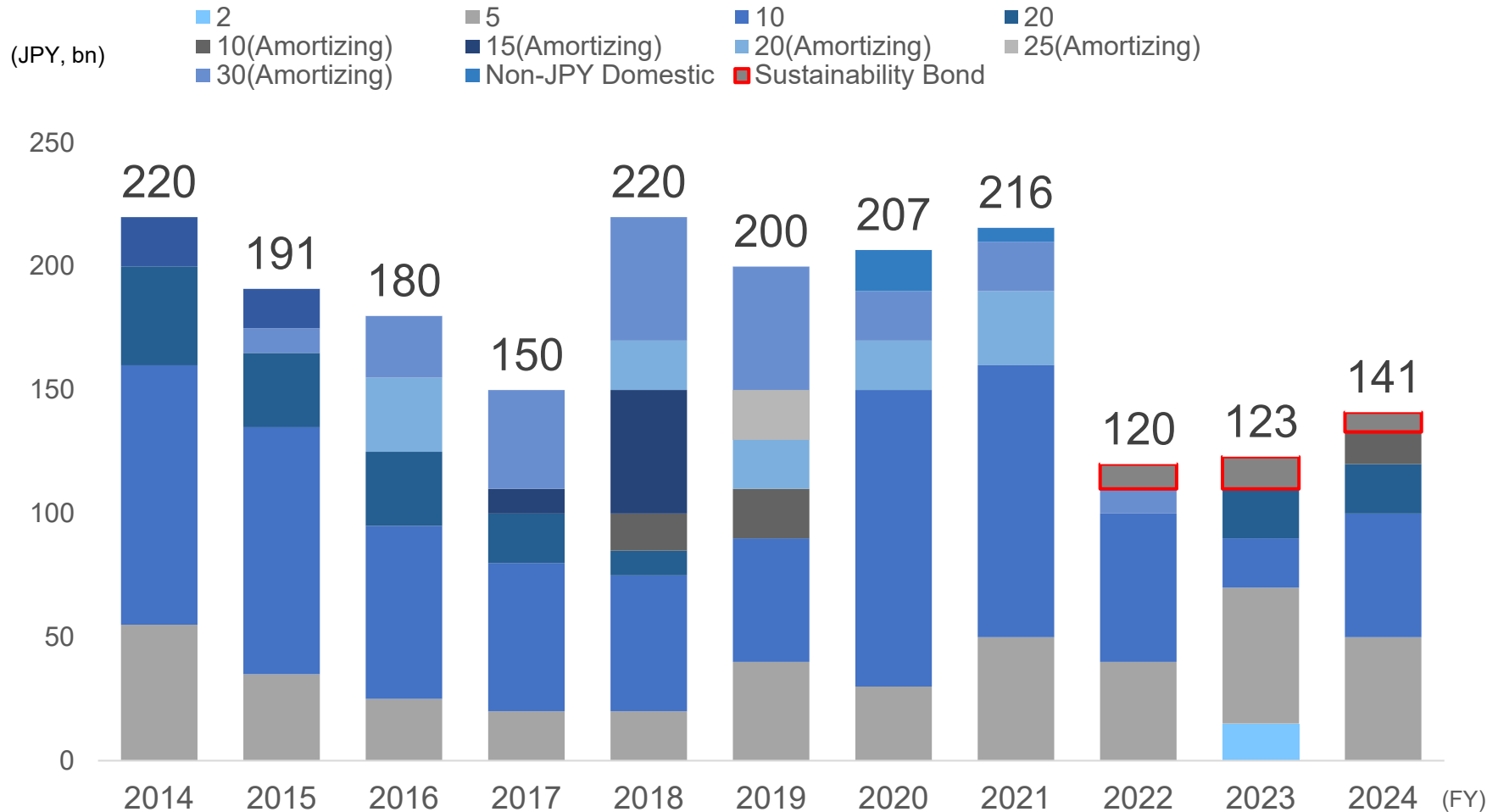
Public Bond Issuance History

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Continued Issuance in Diversified Tenors upon Investors' Demand



Yokohama City's ESG Bond

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❑ Yokohama has been issuing Sustainability Bond since FY2022

Sustainability Bond Use of Proceeds		
	Project Category	Target Project Details
Green	<ul style="list-style-type: none"> • Clean transportation • Energy efficiency • Climate change adaptation 	<ul style="list-style-type: none"> • Development of Eastern Kanagawa Rail Link • Aging school buildings renovation project • River improvement • Sewerage improvement etc.
Social	<ul style="list-style-type: none"> • Affordable basic infrastructure • Access to essential services • Socioeconomic advancement and empowerment 	<ul style="list-style-type: none"> • Construction and renovation of infrastructure facilities • Development of day-care Centers • Development of elementary and junior high schools • Development of support facilities for disabled people etc.

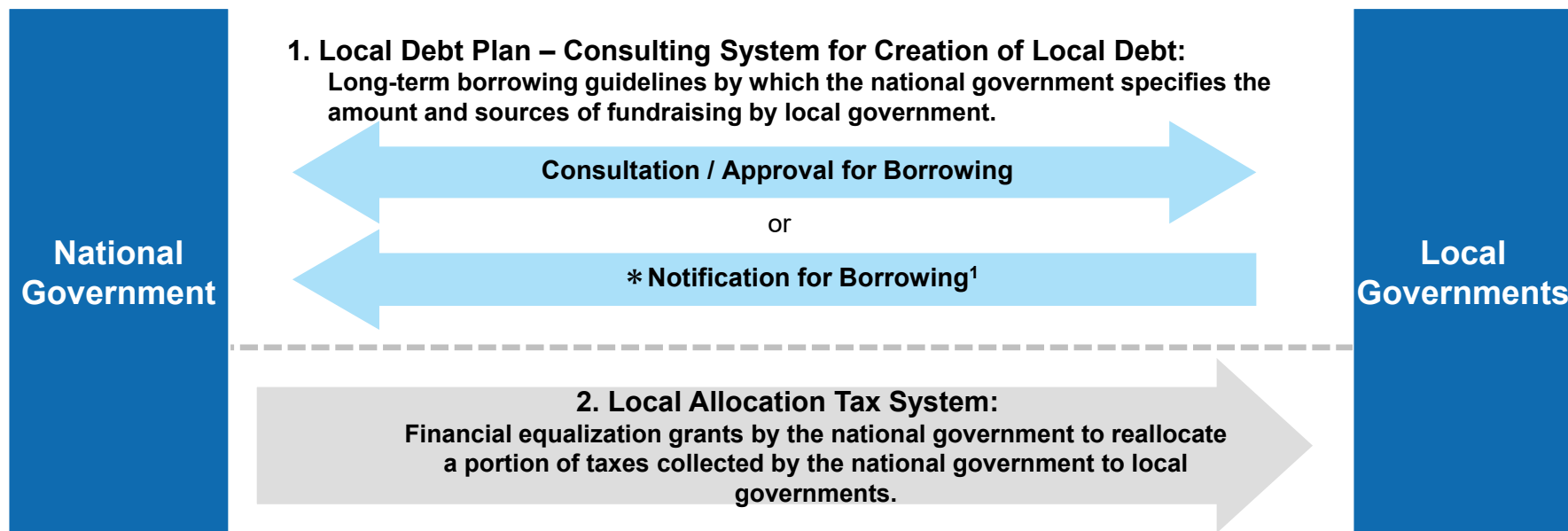
Yokohama's Sustainability Bond (FY2022-2024): Issuance Summary			
Year	2022	2023	2024
Total Amount	JPY 10bn	JPY 13bn	JPY 8bn
Tenor	5yr/30yr	5yr/10yr/30yr	10yr
Issue Date	December 20 th	December 22 nd	December 17 th
Ratings	A1(Moody's)		
SPO	R&I		

Local Government Bond System in Japan

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Systematic Safeguards for Local Government Bonds in Japan



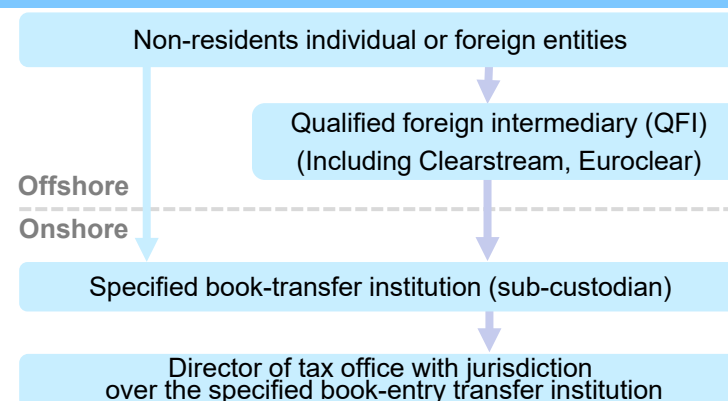
Tax Exemption for Non-Resident Investors (J-BIEM)

Tax Exemption for Offshore (Non-Resident) Investors

- ❑ The interest gains of Japanese local government bonds that are owned by non-resident or foreign corporations which settled by the book-entry system are exempted from withholding tax

Conditions

- ❑ Payment of interest must be made via the Japan Securities Depository Center, Inc.
- ❑ Nonresident individuals, etc., must hold the bonds through qualified foreign intermediaries or specified book-entry transfer institutions, etc.
- ❑ An Application Form for Withholding Tax Exemption must be submitted.



¹ Local governments that meet the following requirements 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)

1

Basic Overview of Yokohama City

2

Funding Plan for Public Offerings

3

Financial Highlights

4

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FY2025 Budget

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❑ Initial Budget of General Accounts: JPY 1,984bn (+3.6% from FY2024)

(Unit: JPY bn)

Account Classification	FY2025	FY2024	Increase and Decrease	Rate of Change
General Accounts	1,984	1,916	68	3.6%
Special Accounts	1,365	1,308	57	4.4%
Public Enterprise Accounts	639	611	28	4.5%
Total	3,988	3,835	153	4.0%

- **Expected city tax revenue: JPY 946bn (+JPY 63bn from FY2024)**
- **City bond issuance amount in general accounts: JPY 103bn (-JPY 4bn from FY2024)**

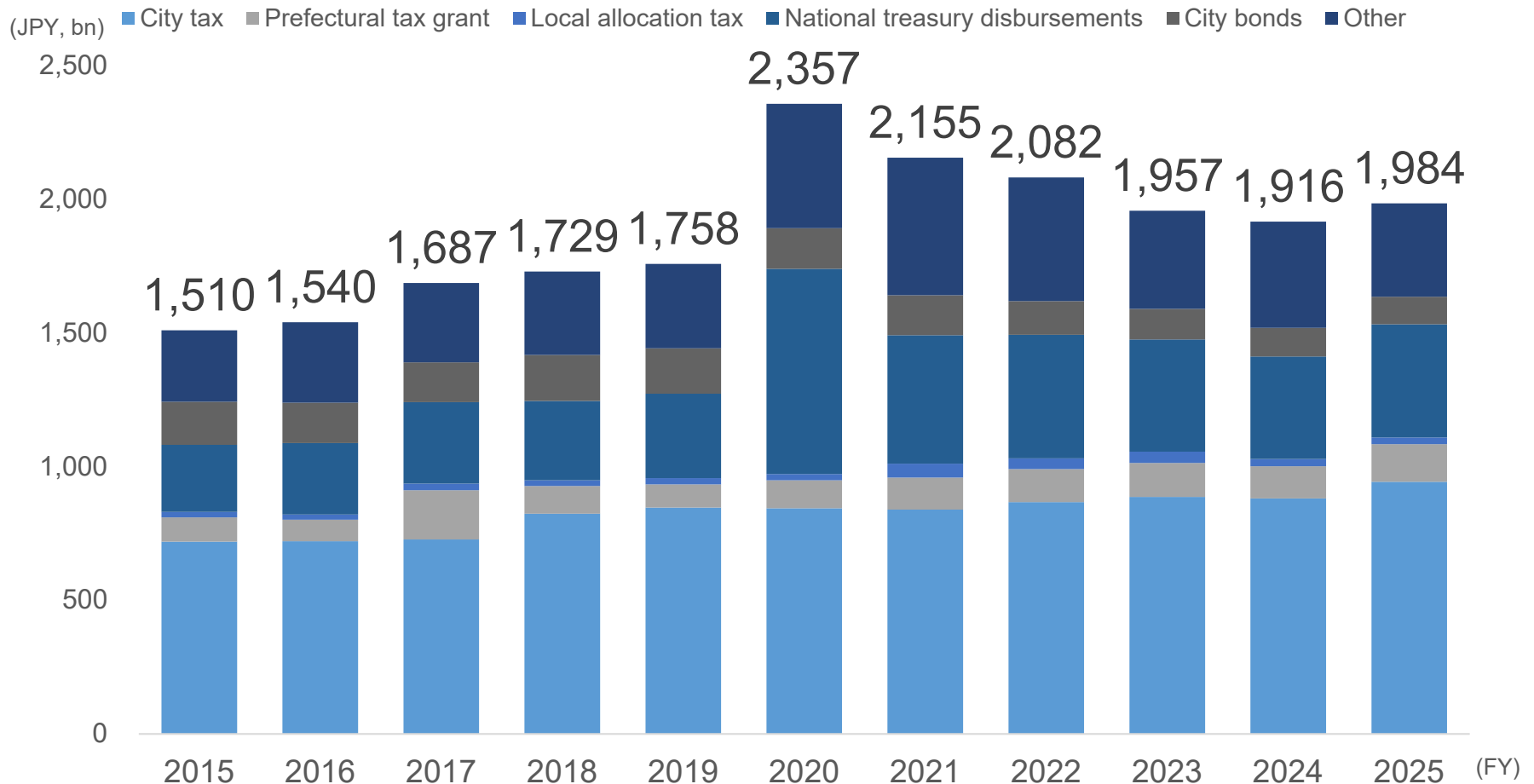
Trend of Revenue Sources

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□ Initial Budget of General Accounts: +3.6% from FY2024



*Figures up to FY2023 are based on actual results, and figures of FY2024 and FY2025 are based on initial budget amount

City Tax Revenue Structure

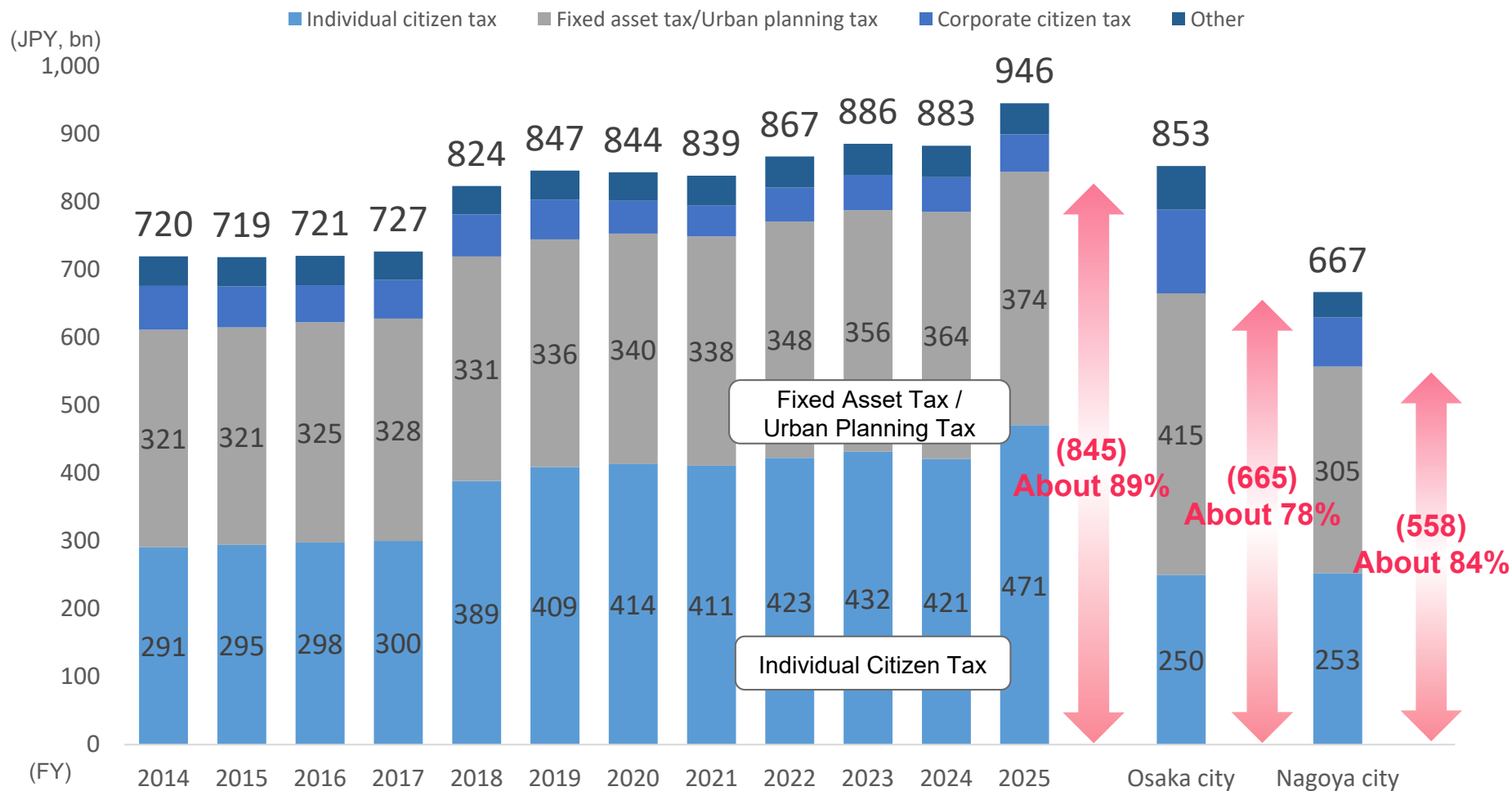
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☐ Trends in the Breakdown of Tax Revenue in Comparison with Other Designated Cities

➤ Tax revenue structure resistant to economic changes



*Figures up to FY2023 are based on actual results, and figures of FY2024 and FY2025 are based on initial budget amount

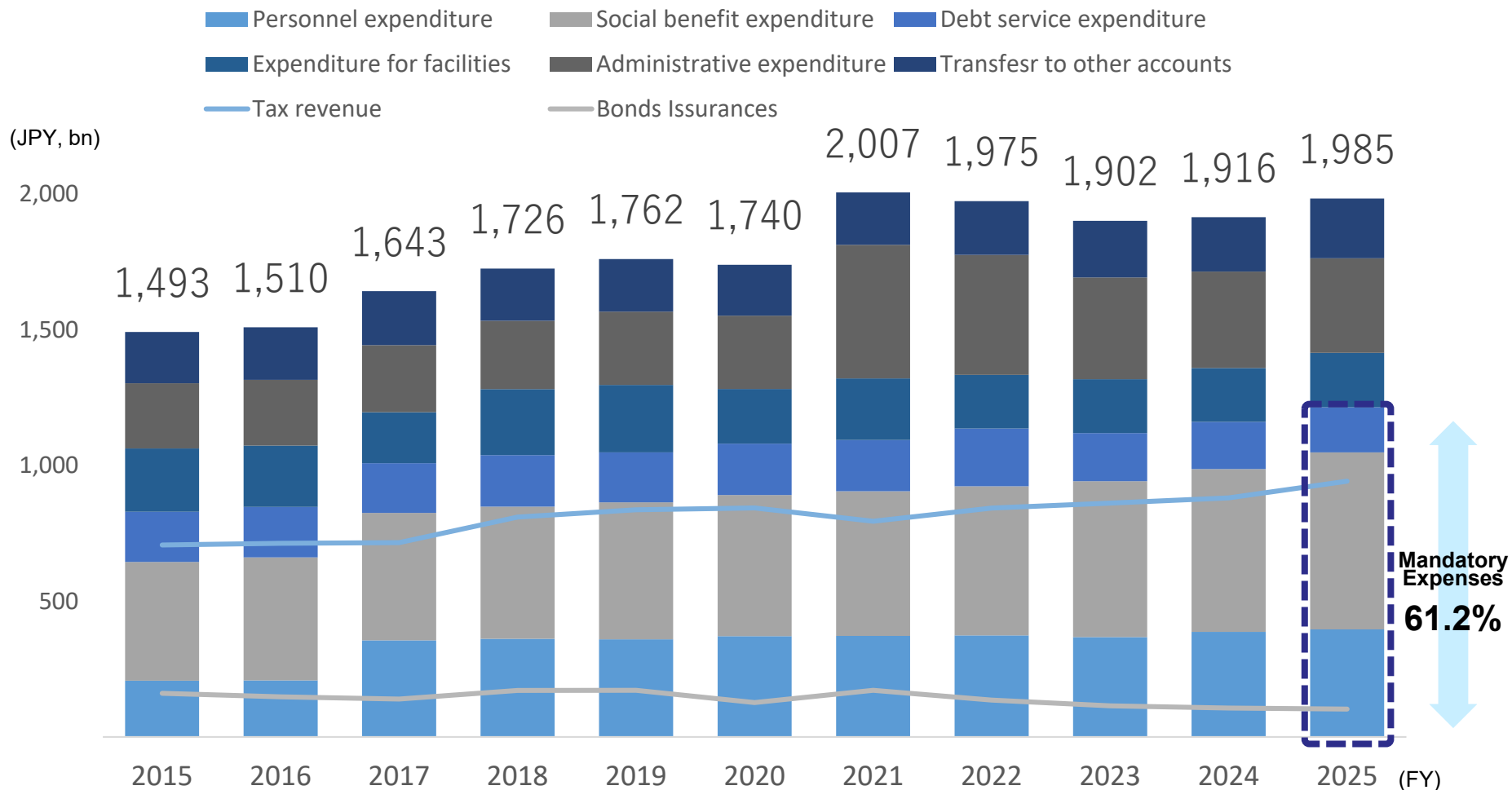
Trend of Expenditures

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- ❑ **Mandatory expenses such as social benefit expenditure have been increasing, whereas expenditure for facilities has been decreasing**



*Figures are based on initial budget amount

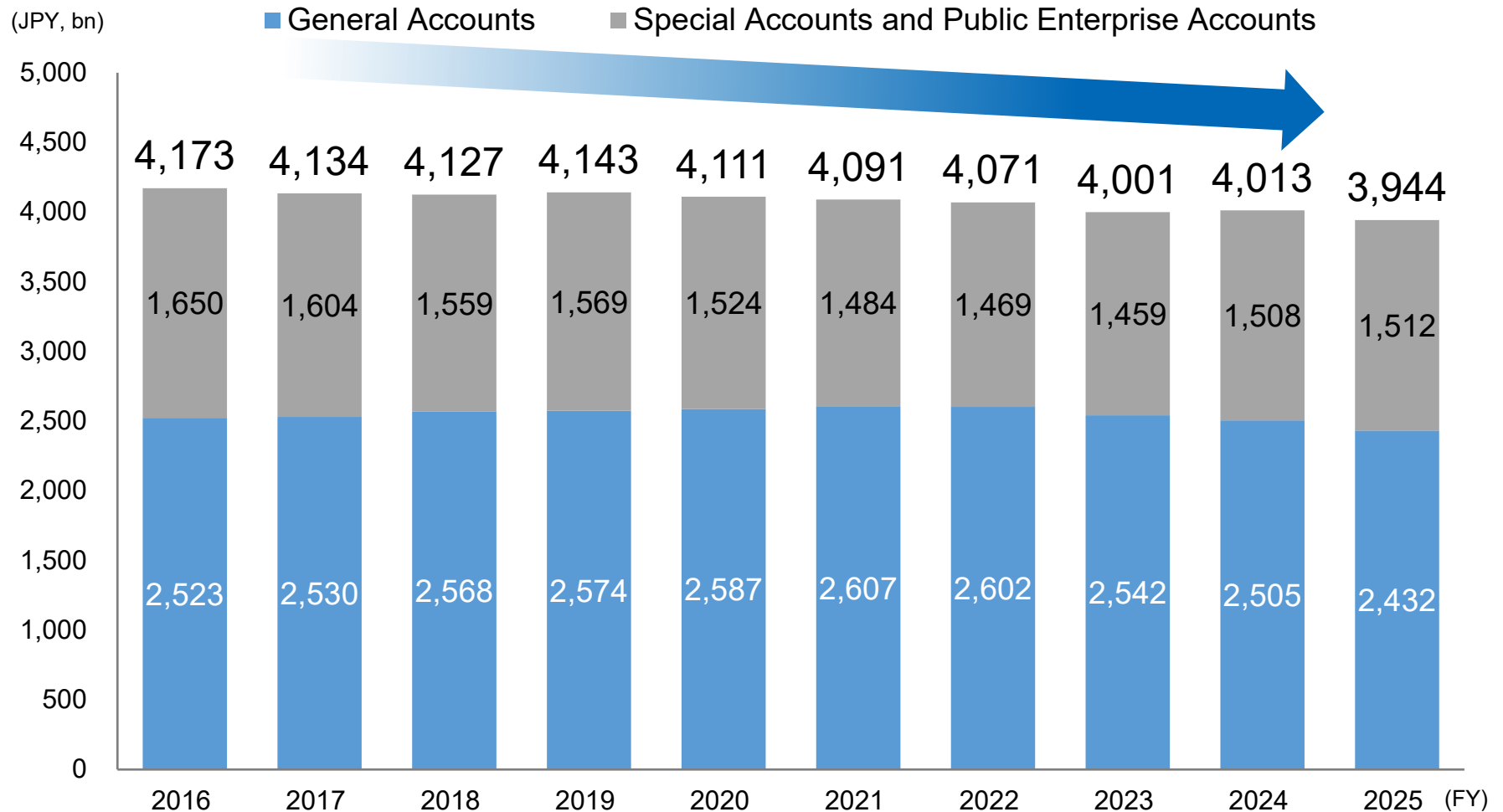
Trend of Outstanding Debt

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❑ Outstanding bond amount decreased by more than JPY200bn over the past 10 years



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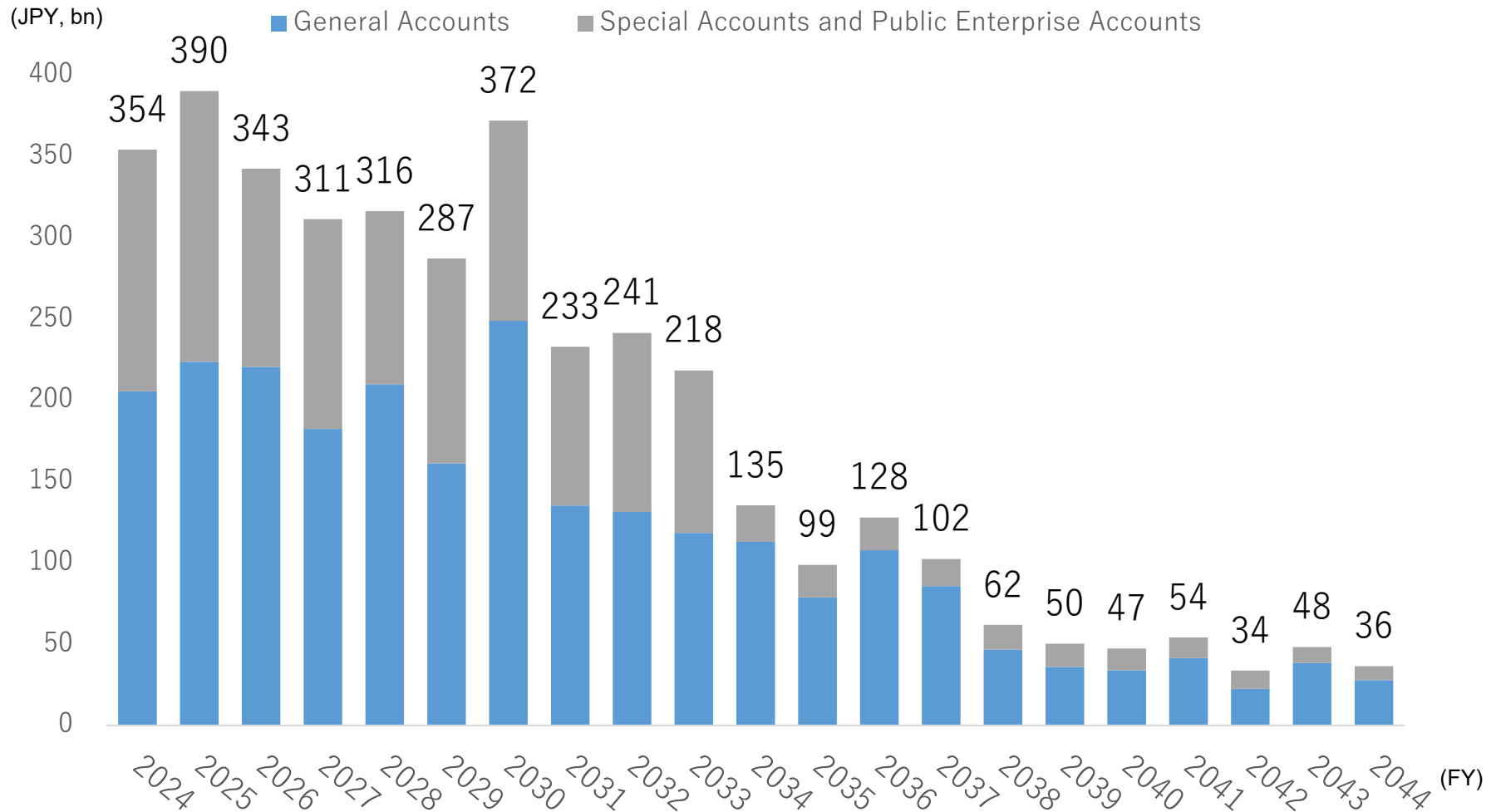
Redemption Schedule

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☐ Redemption amount of JPY 300bn+ scheduled on annual basis until FY2028



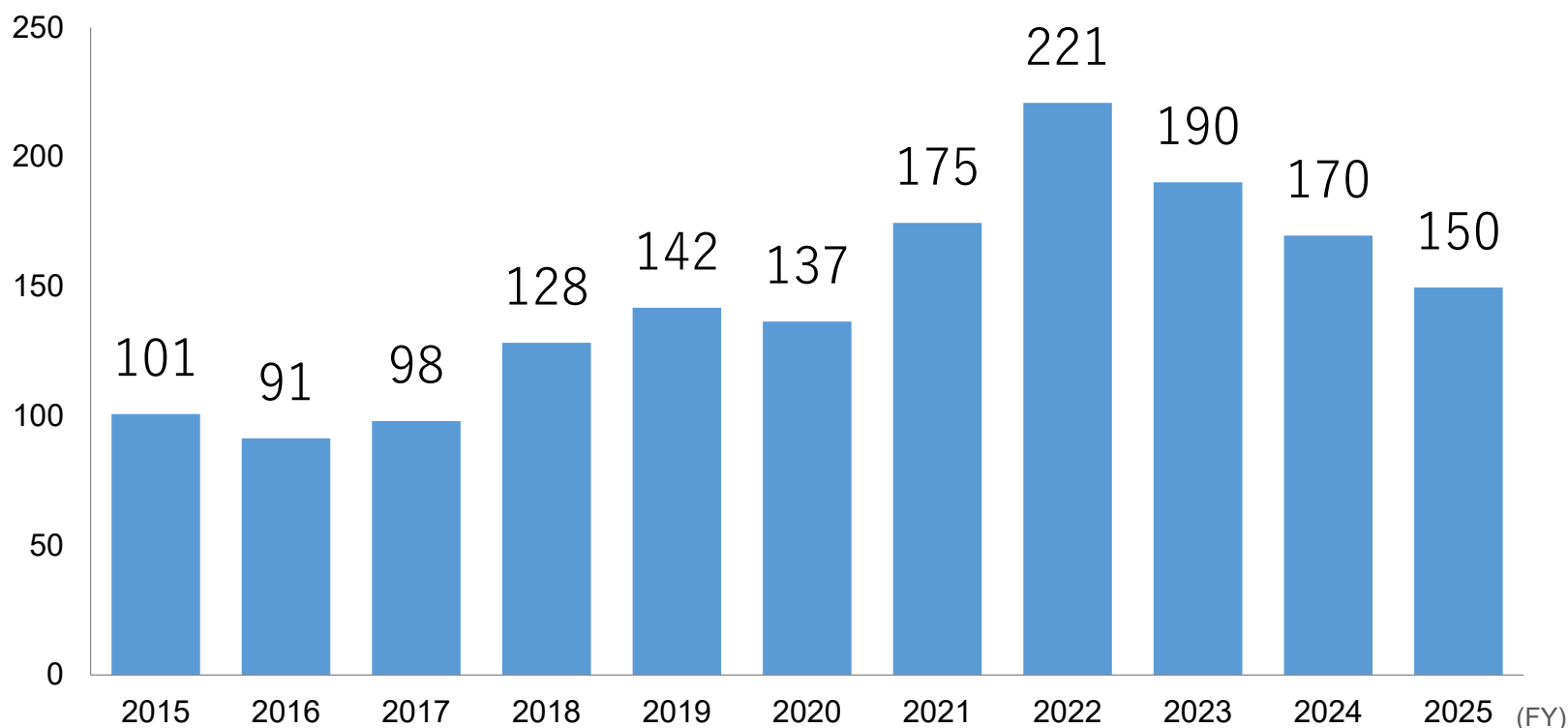
*As of FY2023 actual results

Historical Balance of Sinking Fund

☐ Stable Accumulation and Management of Sinking Fund in Preparation for Future Redemption

➤ Trends in the Outstanding Amount of Sinking Fund (FY2015-2025)

(JPY, bn)



Secure timely payment for the City bond redemption

1

Basic Overview of Yokohama City

2

Funding Plan for Public Offerings

3

Financial Highlights

4

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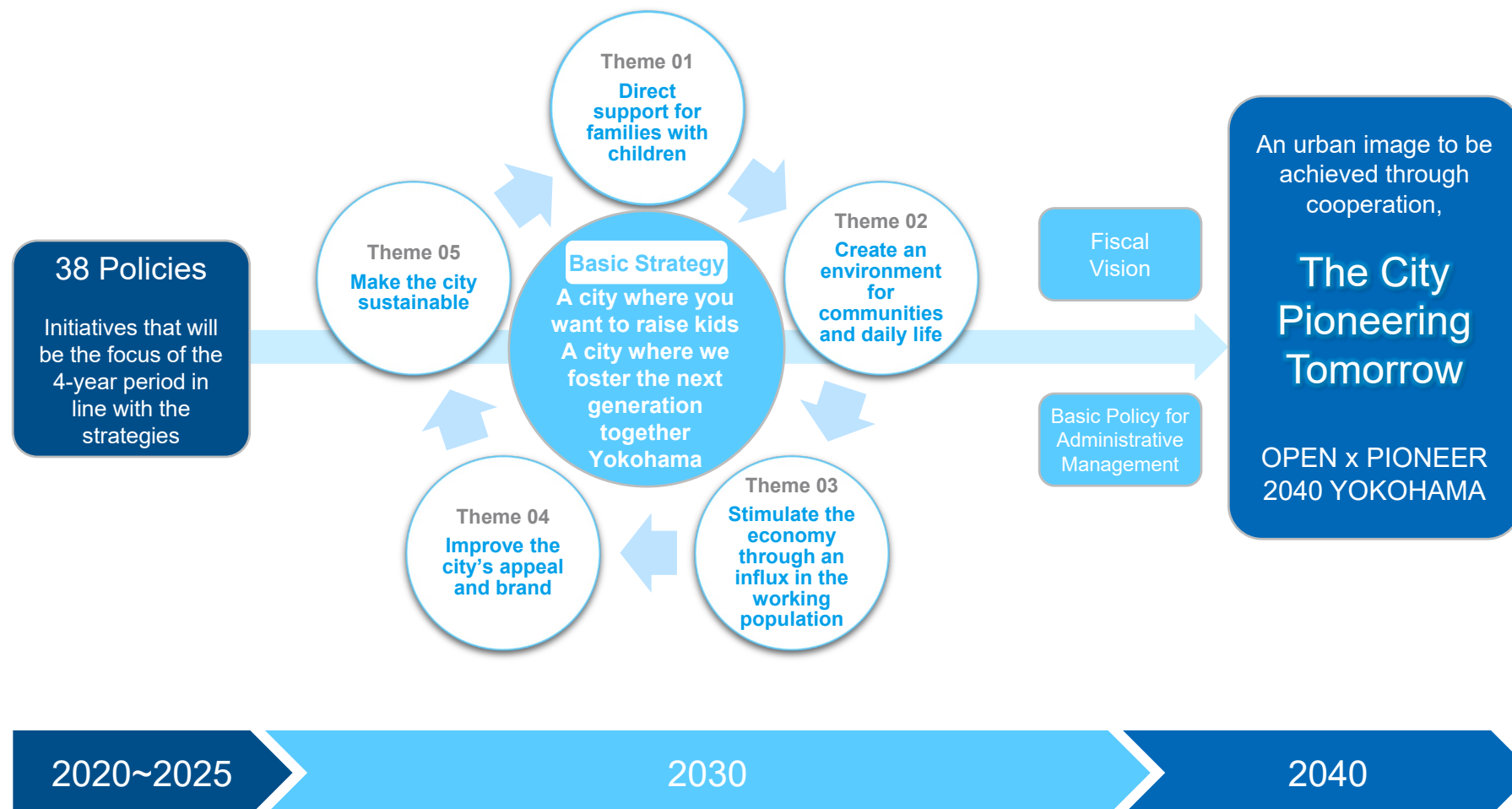
Overview of Yokohama's Mid-Term/Long-Term Strategy

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The Yokohama Medium-term Plan for 2022 to 2025 shows an urban image to be achieved through cooperation as the ideal form of Yokohama in 2040



Utilization of Municipal Bonds and Outstanding debt from General Accounts

- **Yokohama City is committed to debt management from a long-term perspective, and utilizing municipal bonds in an organized and strategic way**

(JPY, bn)

	FY2022 Result	FY2023 Result	FY2024 Forecast	FY2025 Forecast	Total for four years
Municipal bond utilization amount	126	114	107	103	Approx. 450
Construction municipal bonds	94	98	100	103	Approx. 395
Bonds for the extraordinary financial measures	31	17	7	-	Approx. 55
Outstanding debt from General Accounts	2,602	2,542	2,505	2,432	

*Municipal bond utilization amount for the time being for the four years starting from FY2022 (under consideration)

Contacts

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©Port of Yokohama Cruise Ship Photo Contest



If you have any questions, please feel free to contact below.

Yokohama City Bond Official Website

<https://www.city.yokohama.lg.jp/lang/residents/en/about-us/other/business/toshika/sitemap.html>



Yokohama City Official Website

<https://www.city.yokohama.lg.jp/>



For Inquiries Related to Yokohama City Bond

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Email: za-sisai@city.yokohama.lg.jp

Yokohama City Open Data Portal

<https://data.city.yokohama.lg.jp/>

Yokohama City Financial Dashboard

<https://zaiseidashboard.city.yokohama.lg.jp/>

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