



Introduction to Yokohama City Bonds

Financial Resources Division
Financial Affairs Department
Finance Bureau

March 2025

明日をひらく都市
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Yokohama Medium-term Plan for FY2022-2025

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Yokohama Medium-term Plan for FY2022-2025

Basic Overview of Yokohama City ①



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Population of Yokohama City

3.77
Million

City of Yokohama(2025)

Working-age Population

2.39
Million

Ministry of Internal Affairs and Communications(MIAC)(2024)

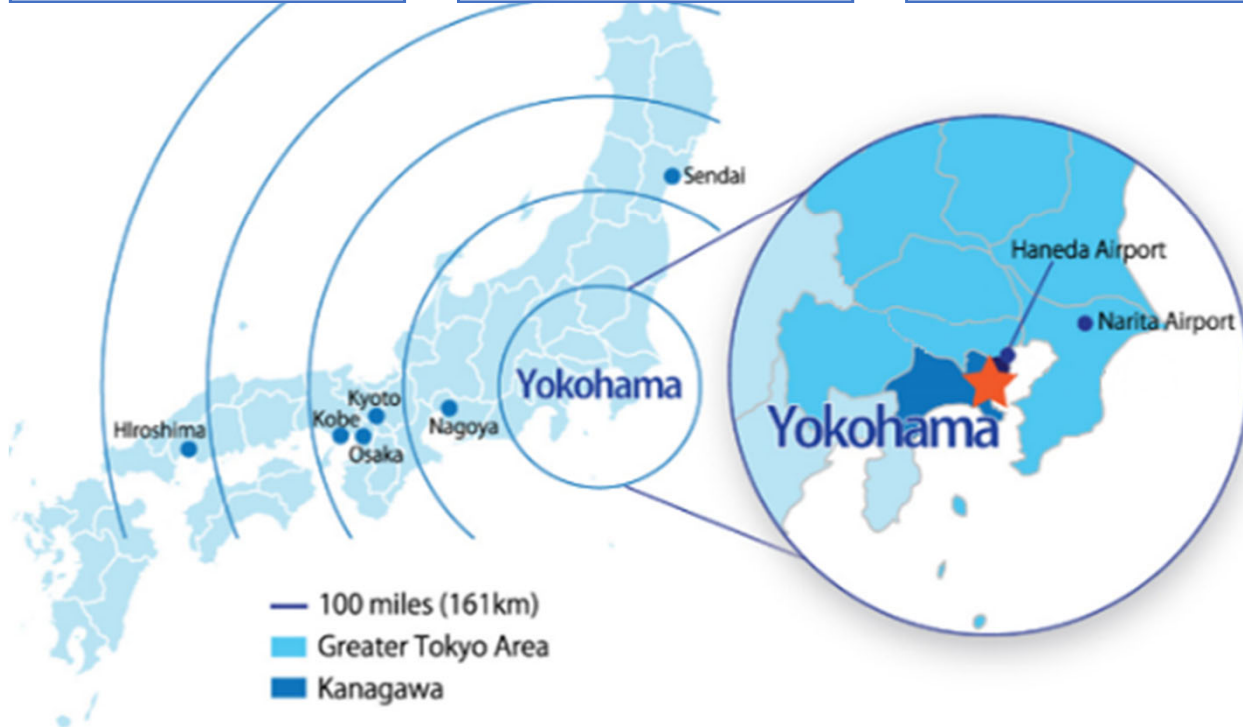
GDP

JPY **14,645**
Billion
(≒USD 97.6bn)

City of Yokohama(2021)

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)



©Port of Yokohama Cruise Ship Photo Contest

- ❑ 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

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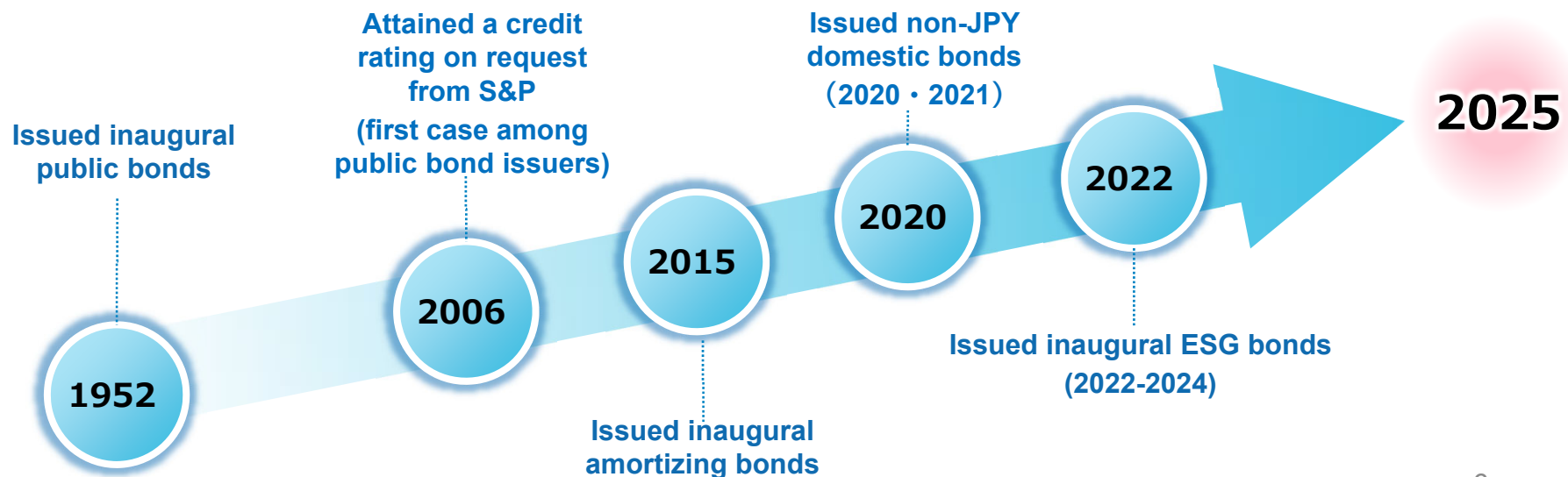
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Yokohama Medium-term Plan for FY2022-2025

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 4th 2024

“Yokohama has the largest population among cities designated by government ordinance in Japan. As an industrial hub and port city neighboring Tokyo, it draws a multitude of global corporations. Its distinctive historical and cultural features, such as Chinatown, contribute to its reputation as an international city.”

“Yokohama city has a track record of fiscal discipline, controlling operating and capital spending through strong internal controls and planning, which helps it better contain its spending through the cycles. This discipline is also reflected in its long-term projection to 2065, which lays out plans for future revenue and spending. We believe these plans will ensure that the city can proactively manage its future budget gap resulting from an ageing and decreasing demographic profile.”

“The city has focused its fiscal strategy on controlling spending because of its relatively lower level of tax revenue from the business sector than other RLGs. In some other jurisdictions, faster tax revenue growth tended to accelerate expenditure growth, which could not be easily curbed when tax revenue growth declined.”

“Yokohama has clear and prudent debt management and investment policies to minimize the financial risk related to investments and debt. The city also provides high-quality information with disclosures that are transparent, timely and accurate. In addition, the city's audit process is in line with the national legal framework.”

“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, given 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 strain from the pandemic on Yokohama's tax revenue and its broader credit profile was limited. Larger subsidies from the central government to cover pandemic-related costs have also allowed the city to sustain its strong operating surplus“

“The city maintained some cash surpluses even during the peak of its capital spending program.”

“The considerable level of oversight and supervision exercised by the central government, as well as the welldeveloped 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 that the Japanese government would step in to provide immediate 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*	Initial Plan: JPY 170bn												
10-year Bonds													
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

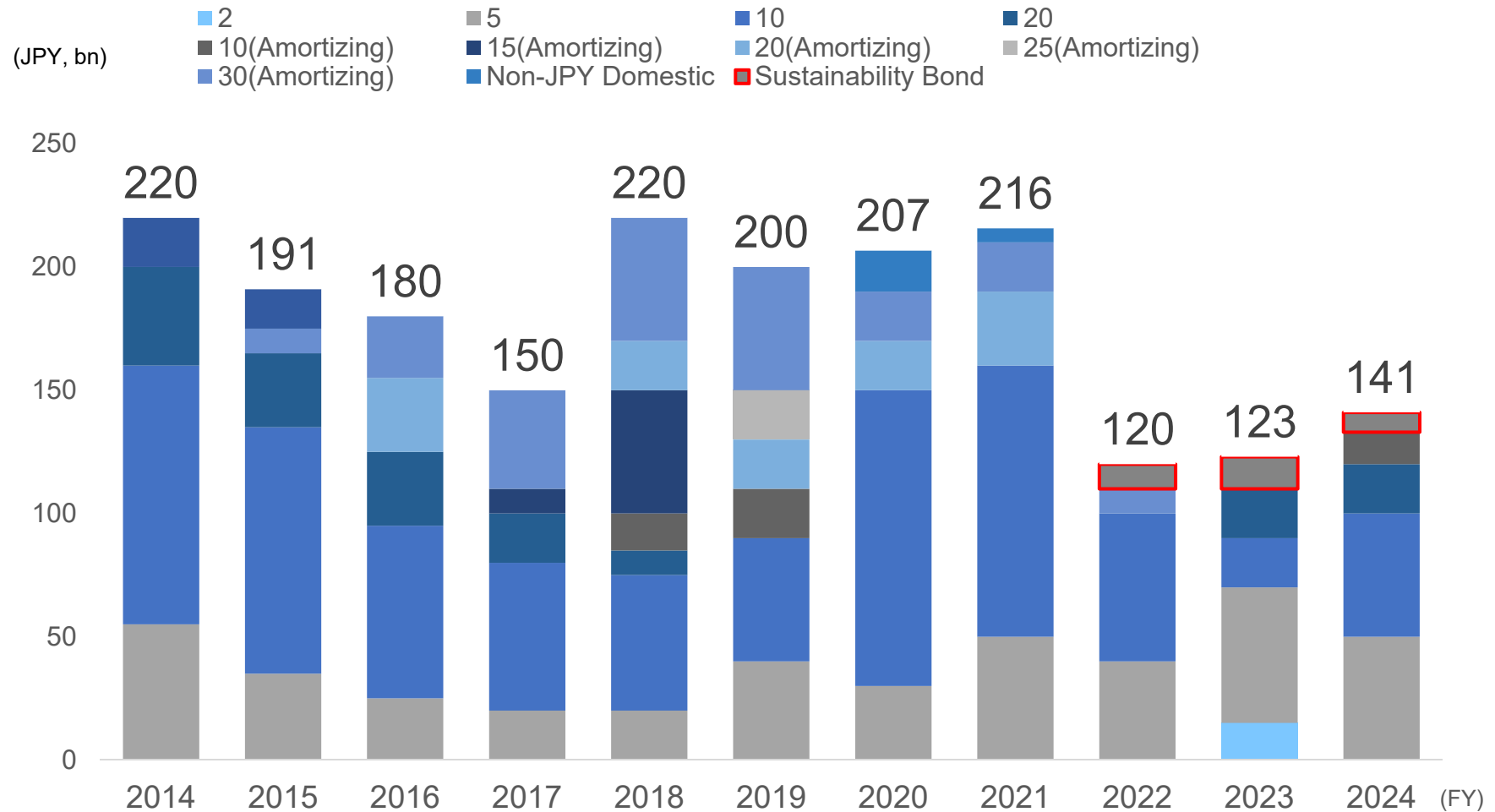
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	FY2024 Total
Medium-term Bonds*	5yr 40bn						5yr 10bn						Results: JPY 141bn (Initial Plan: JPY 150bn)
10-year Bonds				10bn			40bn	13bn <small>Amortizing</small>	ESG 8bn				
Super Long-term Bonds*		20yr 20bn											

Public Bond Issuance History



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Continued Issuance in Diversified Tenors upon Investors' Demand



Yokohama City's ESG Bond



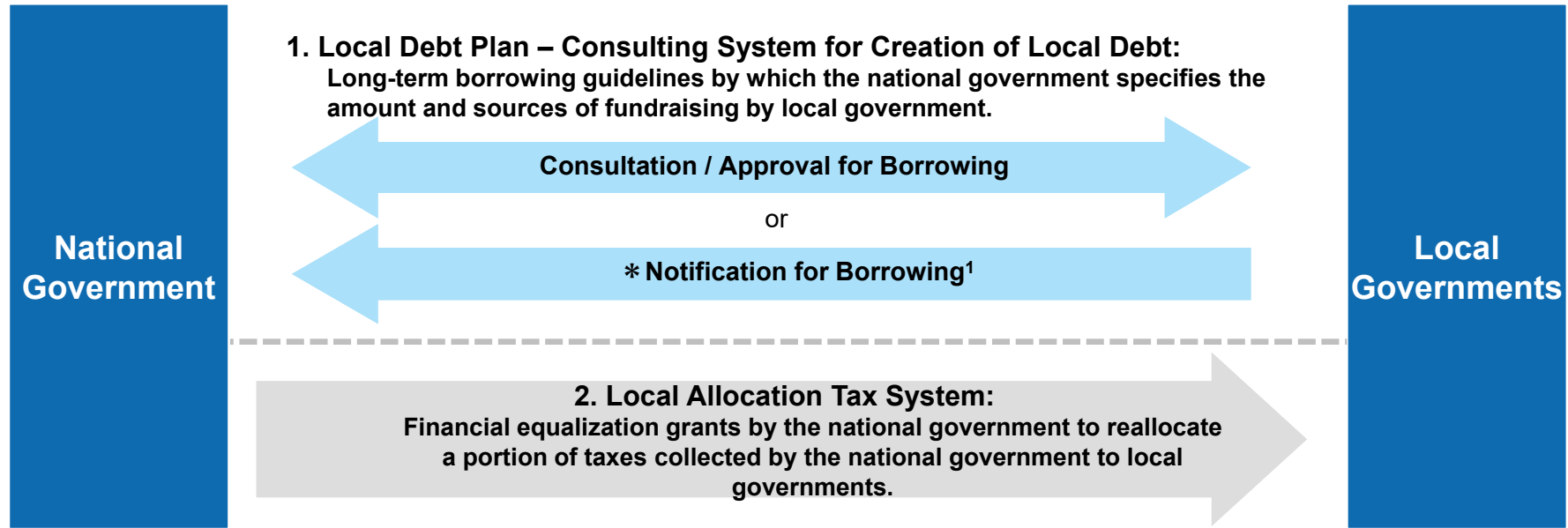
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□ Yokohama has been issuing Sustainability Bond since FY2022

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		

Systematic Safeguards for Local Government Bonds in Japan



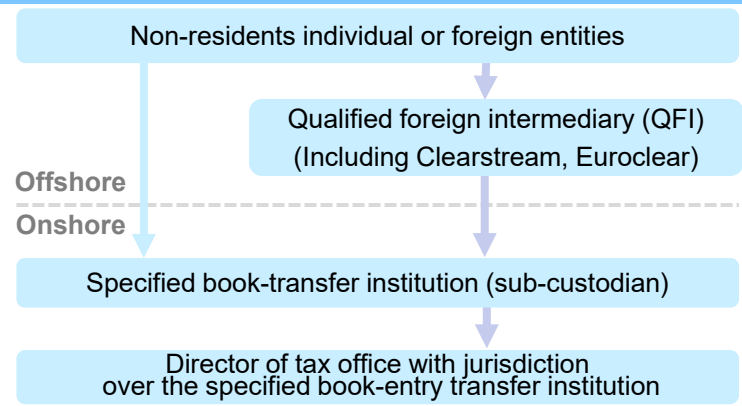
Tax Exemption for Non-Resident Investors (J-BIEM)

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)

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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%

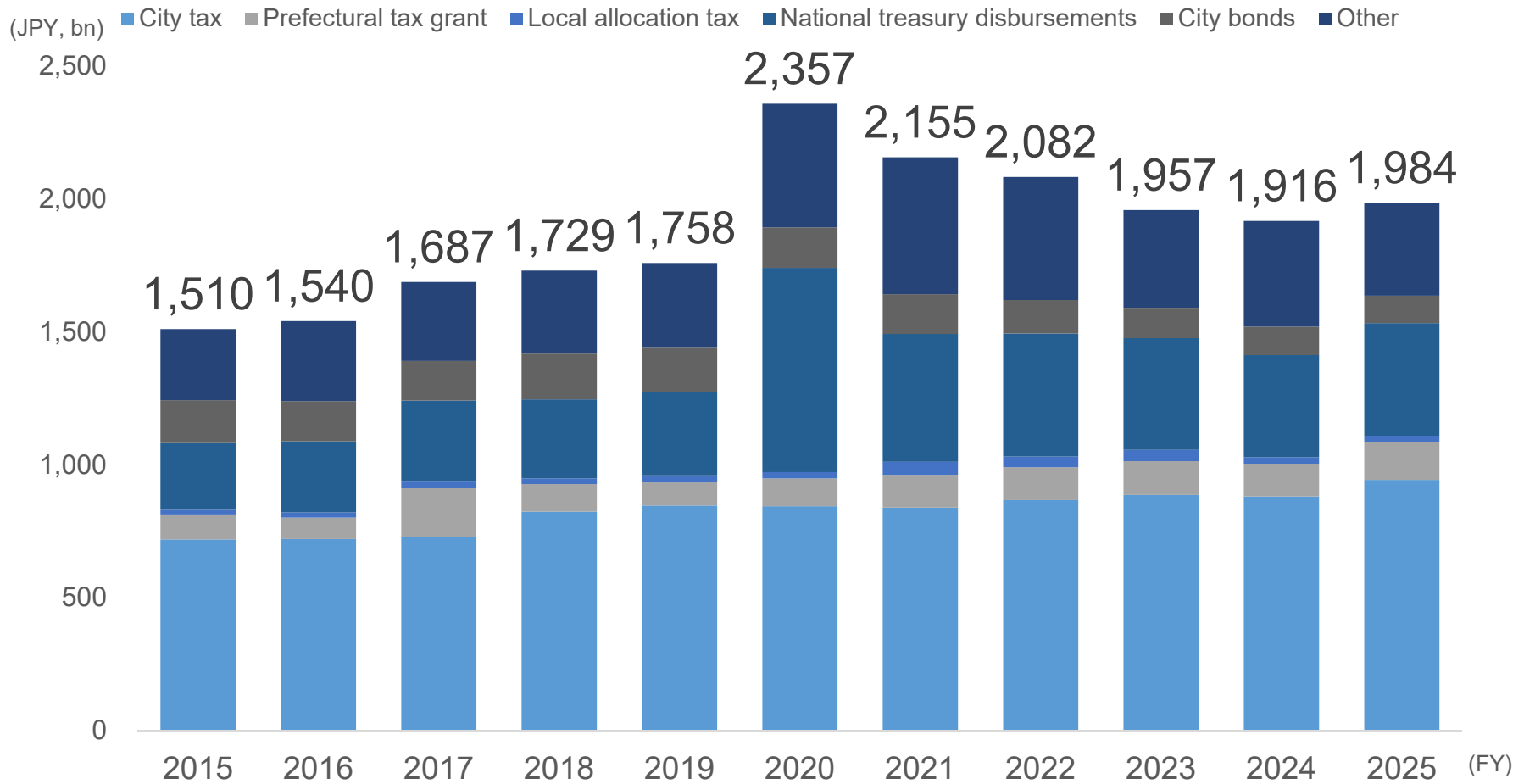
- **Expected city tax revenue: JPY 946bn** (+JPY 63bn from FY2024)
- **City bond issuance amount in general accounts: JPY 103bn** (-JPY 4bn from FY2024)

Trend of Revenue Sources



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Initial Budget of General Accounts: +3.6% from FY2024



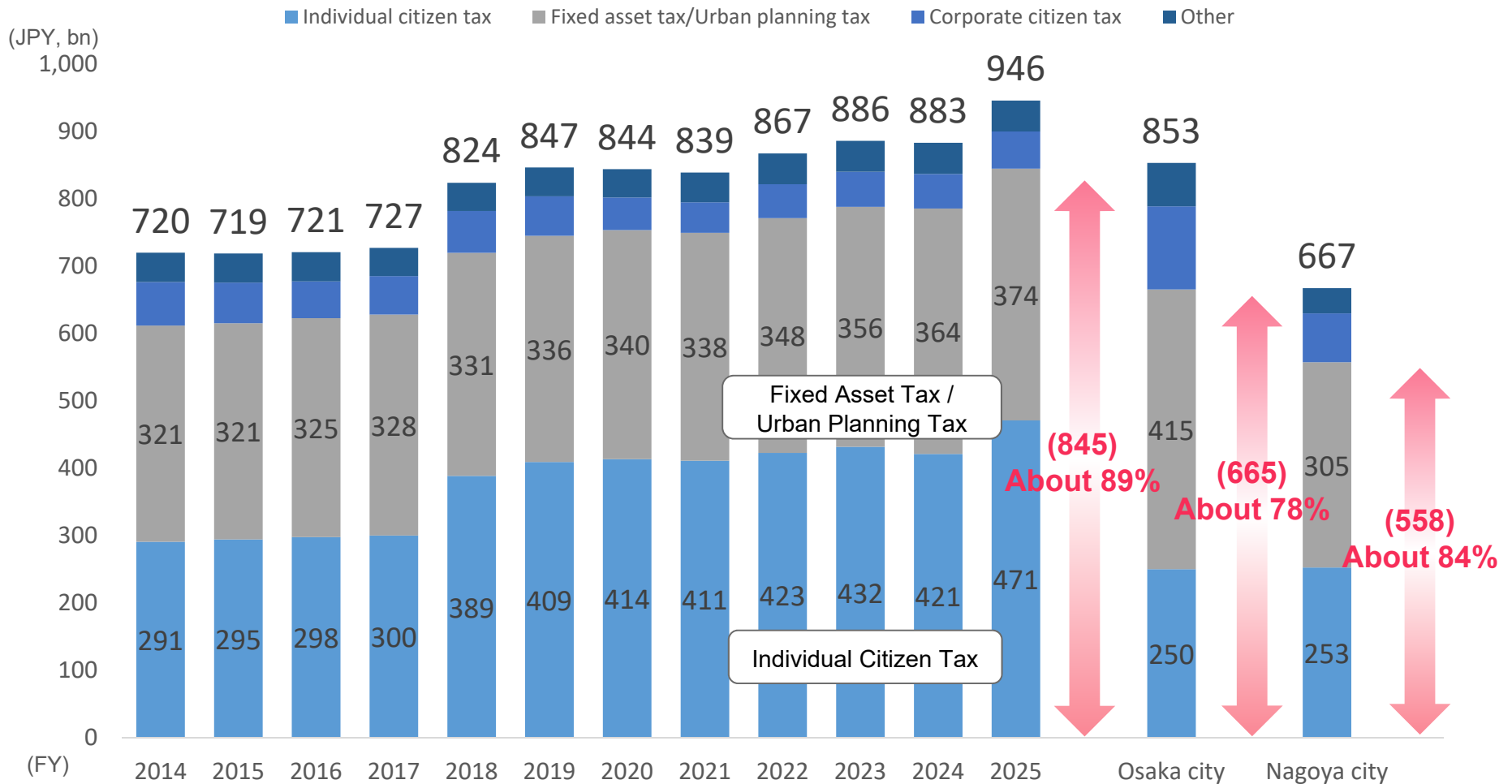
*Figures up to FY2023 are based on actual results, and figures of FY2024 and FY2025 are based on initial budget amount

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

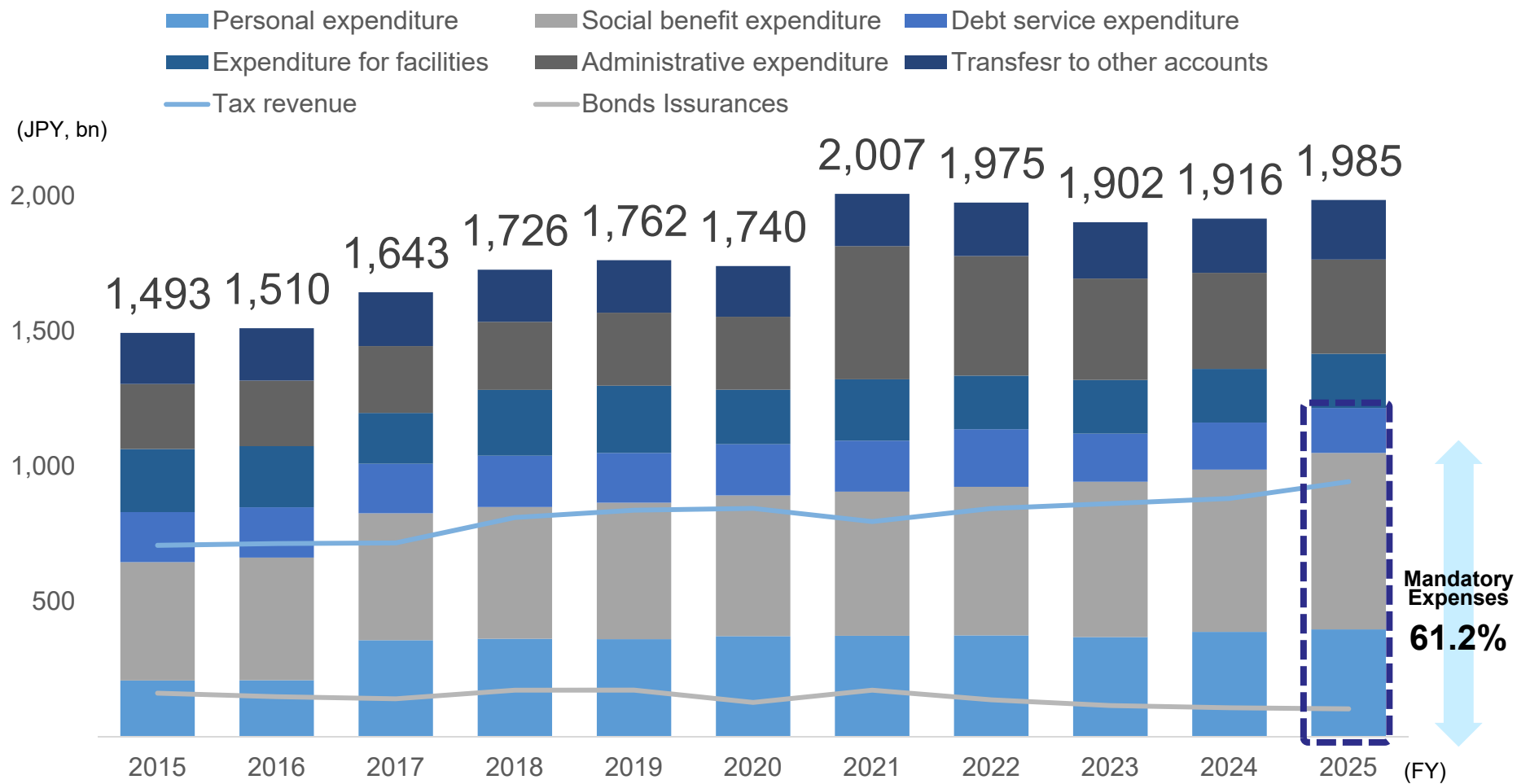


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Trend of Expenditures



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

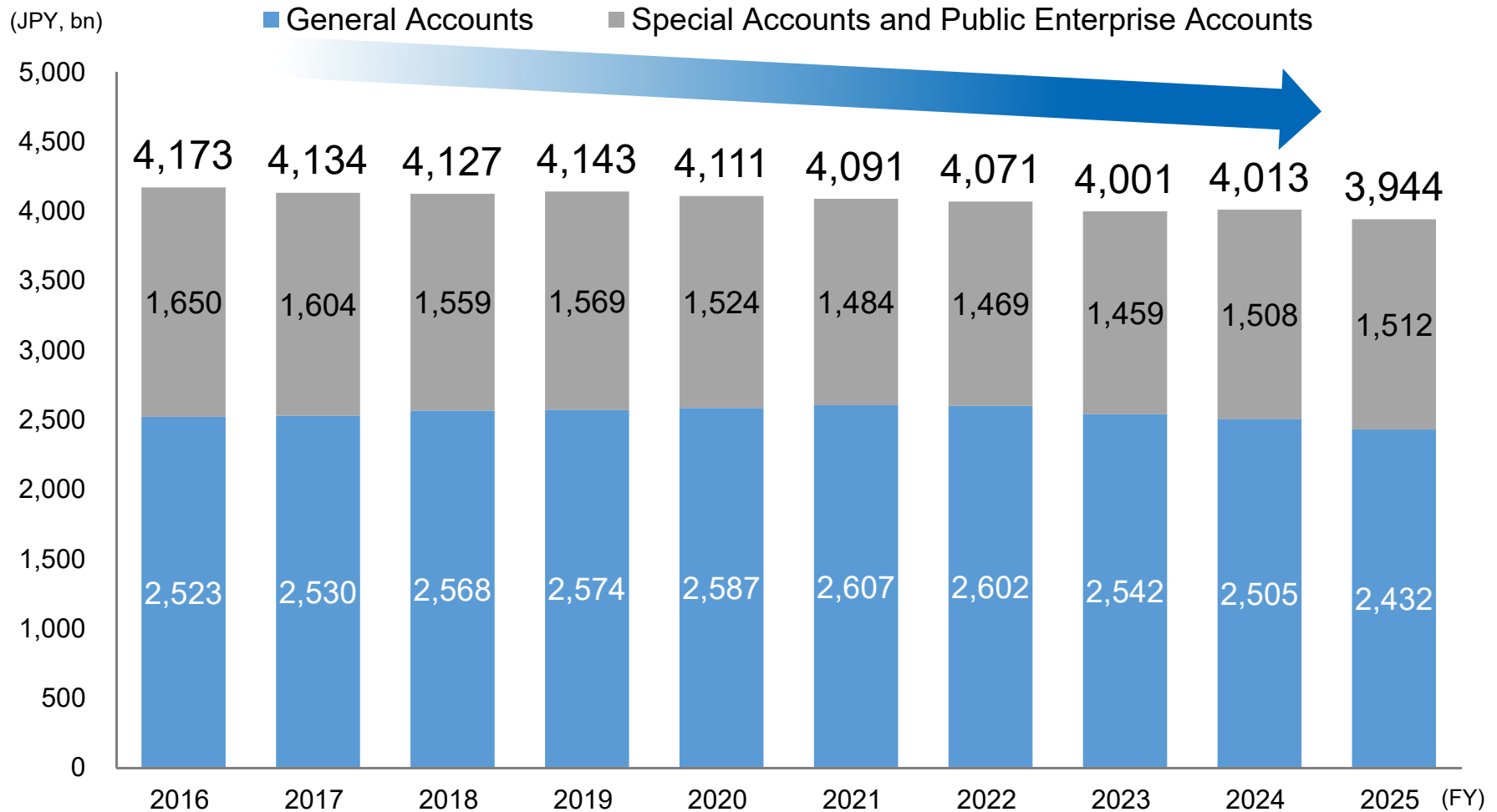


*Figures are based on initial budget amount

Trend of Outstanding Debt



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

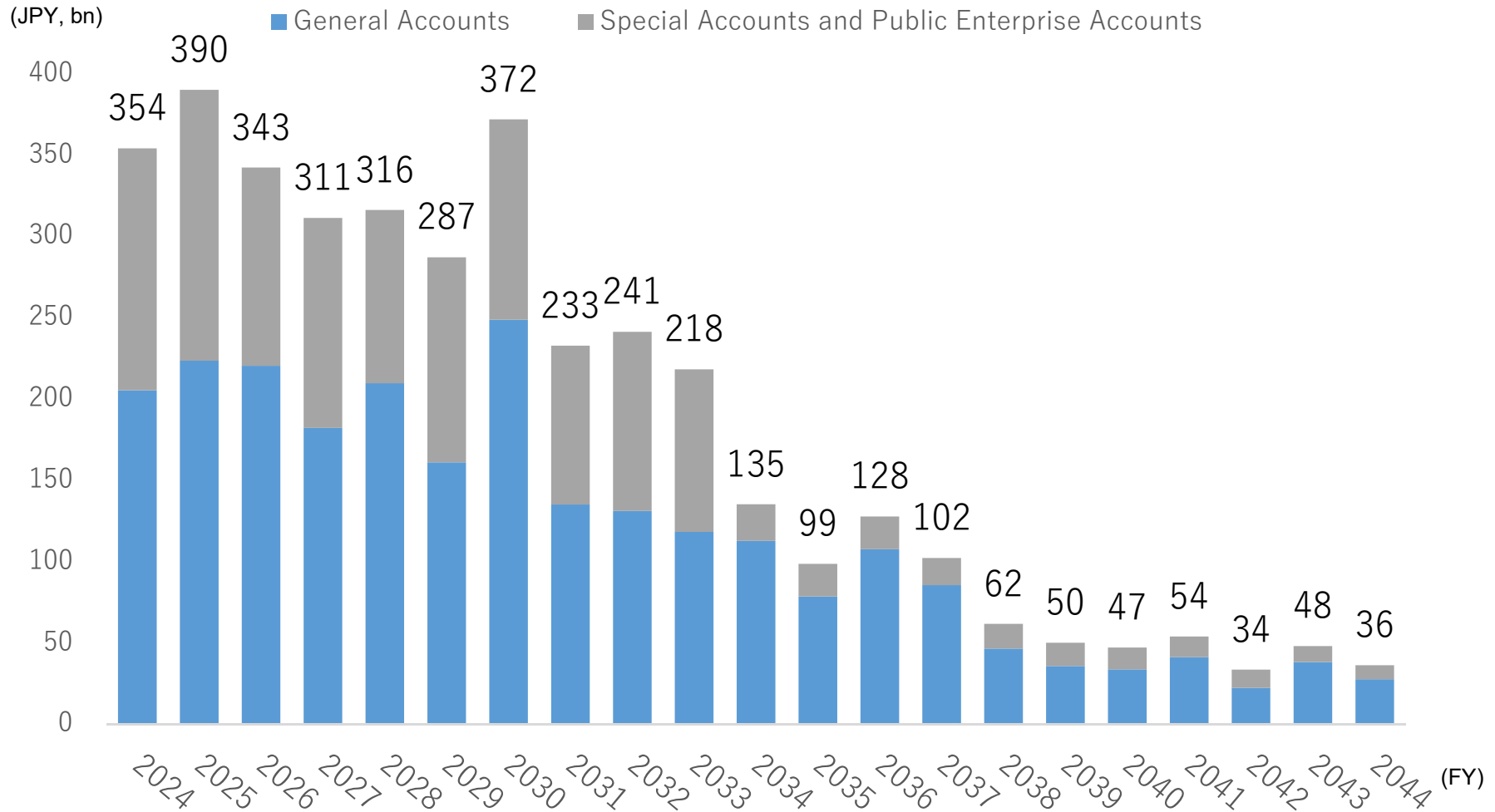


*Figures up to FY2023 are based on actual results, and figures of FY2024 and FY2025 are based on initial budget amount

Redemption Schedule



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



*As of FY2023 actual results

Historical Balance of Sinking Fund

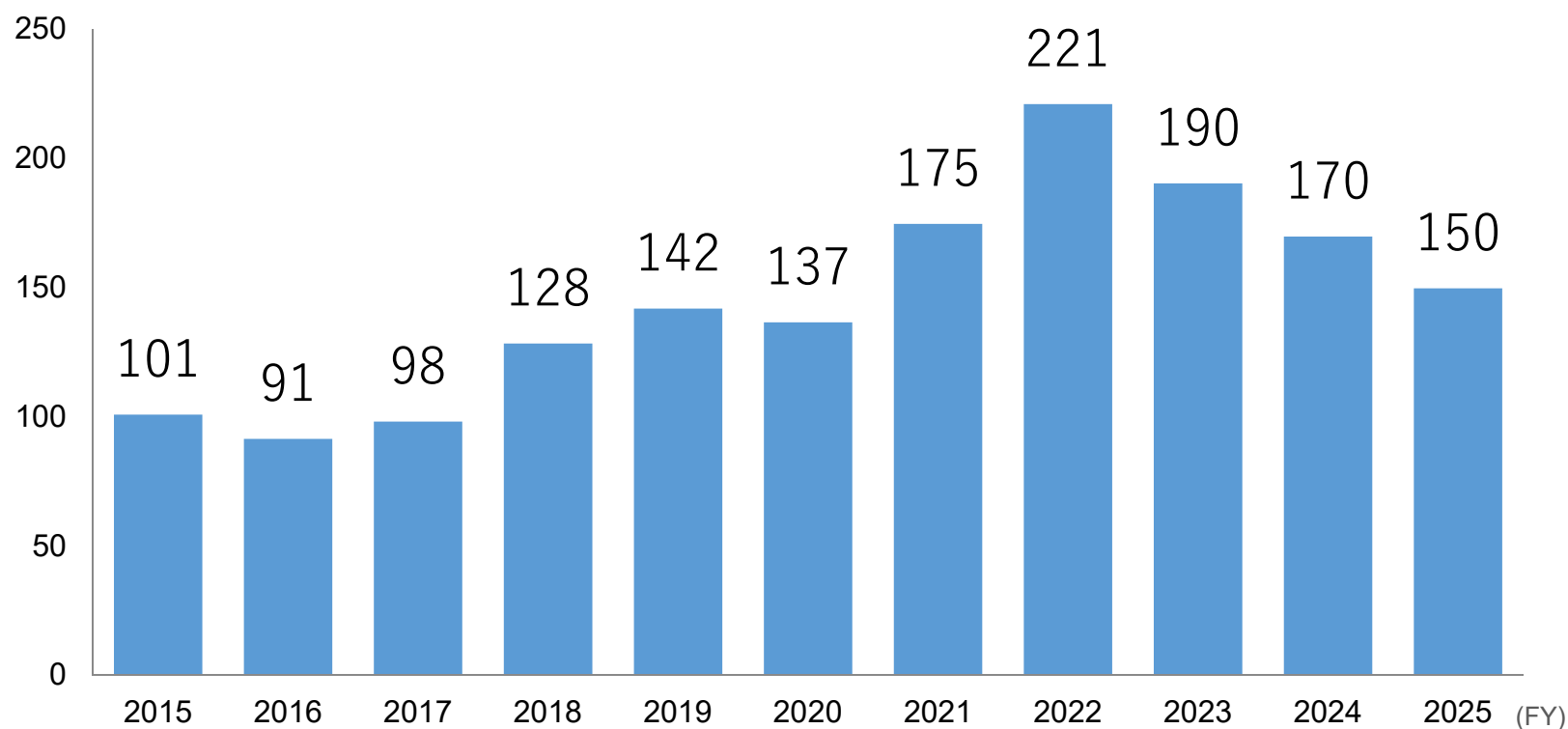


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□ Stable Accumulation and Management of Sinking Fund in Preparation for Future Redemption

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

(JPY, bn)



Secure timely payment for the City bond redemption

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

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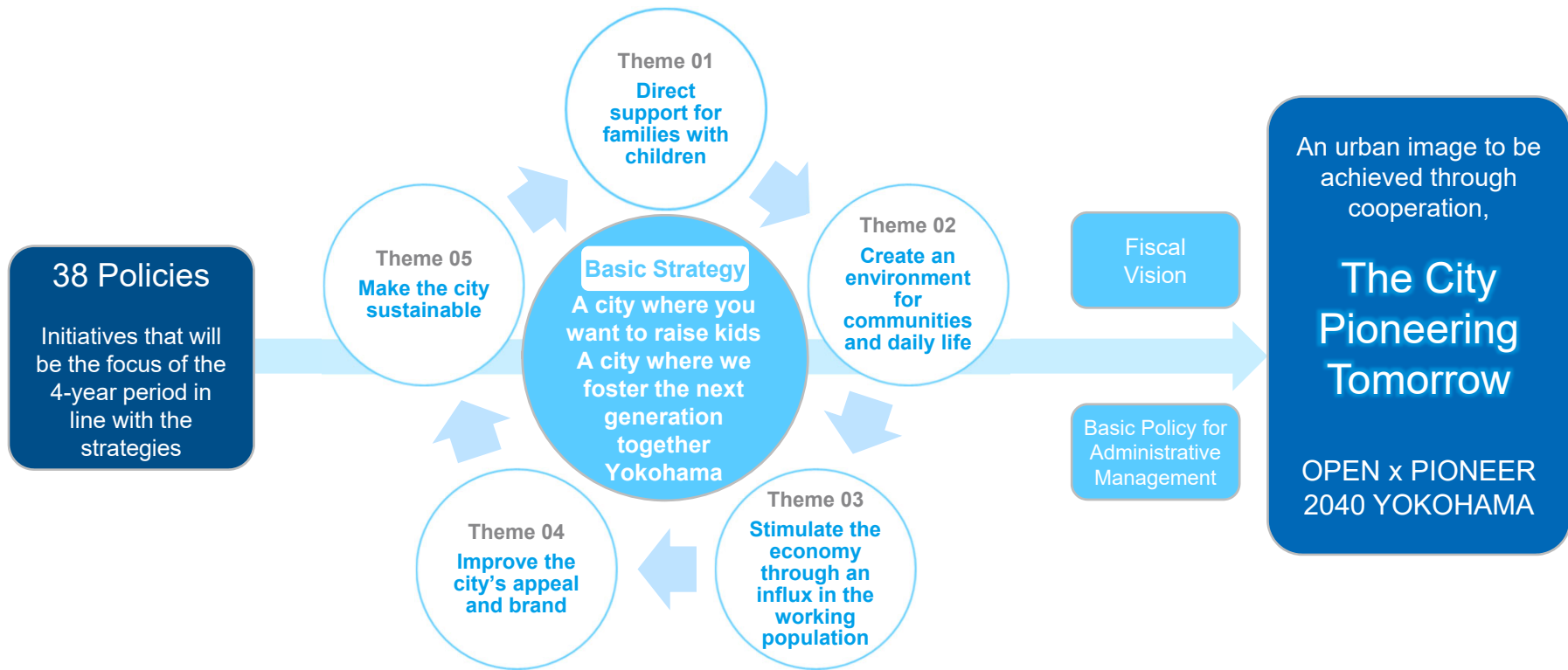
Yokohama Medium-term Plan for FY2022-2025

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



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- 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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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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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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