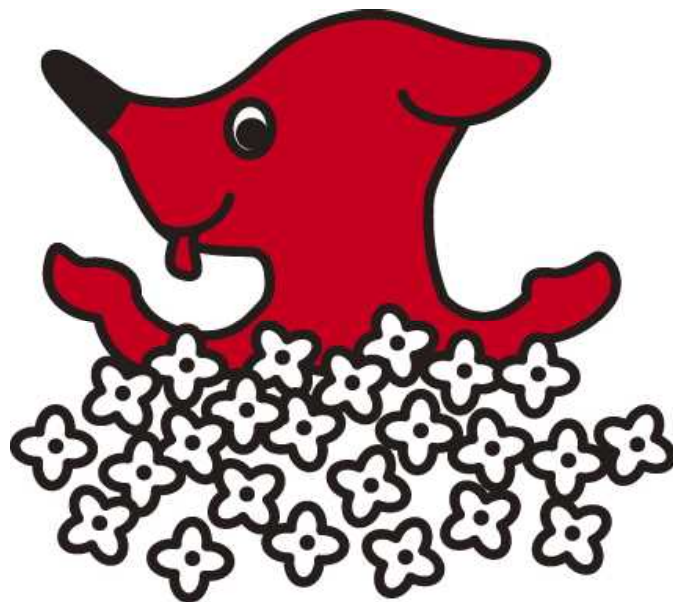


The Fiscal Conditions and Prefectural Bonds of Chiba Prefecture

October 2015



Chiba Prefecture 

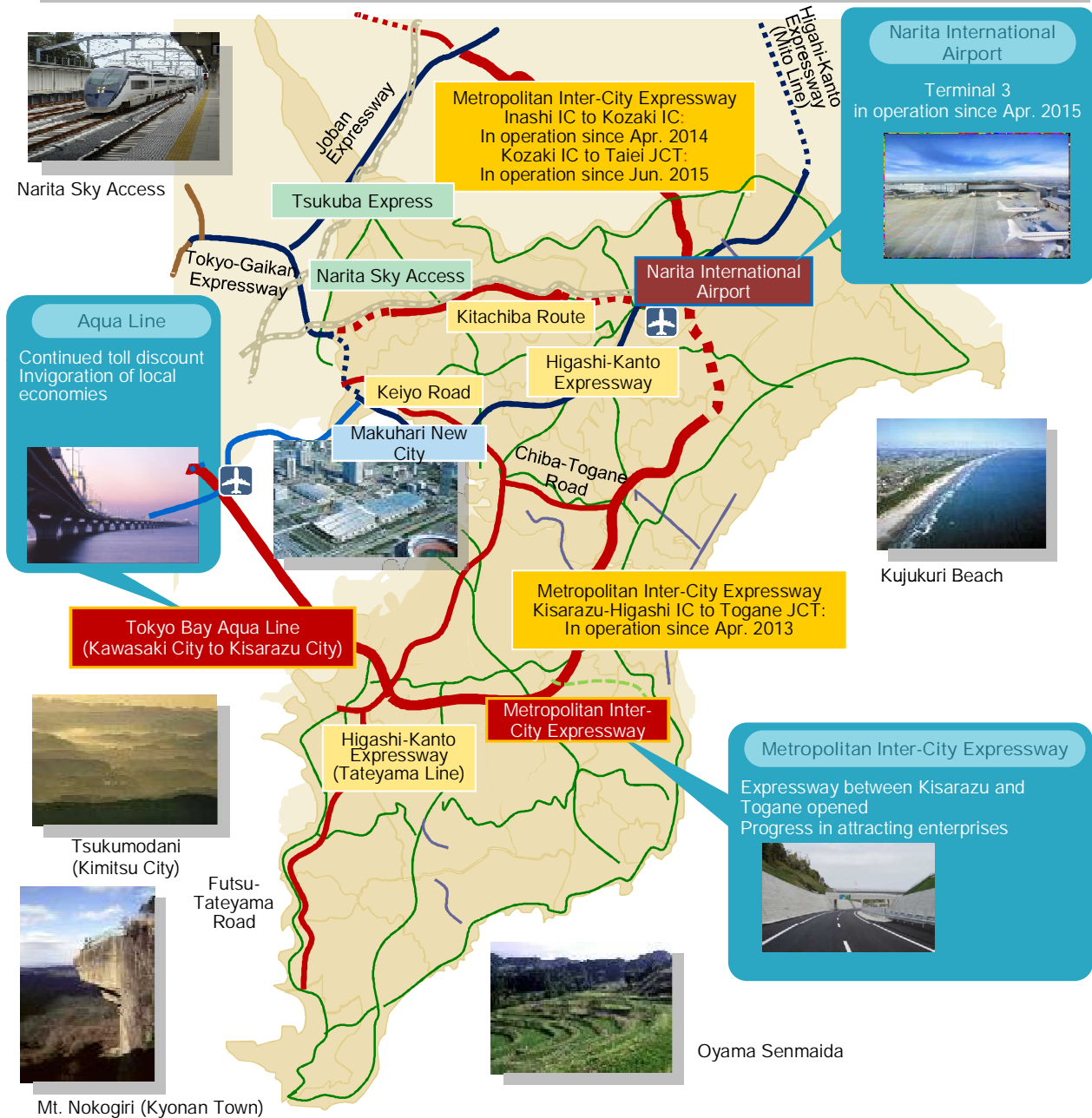
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1. Outline of Chiba Prefecture

Although Chiba Prefecture is located in the Greater Tokyo region, it is blessed with rich nature and has a lot of treasures and potential, including Narita International Airport, the gateway to the sky in Japan.

Narita International Airport Terminal 3 opened in April 2015 and the Metropolitan Inter-City Expressway opened between Kozaki IC and Taiiei JCT in June, significantly improving convenience as a result.



Topics

- The Makuhari Messe was selected in June 2015 as the venue for three events of the Tokyo Olympic Games
Three events: fencing, wrestling, taekwondo
- Population of Chiba Prefecture exceeded 6 million for the first time in 3 years (as of May 1, 2015, according to Monthly Local Population Survey in Chiba)

Chiba Prefecture Fiscal Conditions and Prefectural Bonds

(1) About the Population of Chiba Prefecture

The population of Chiba Prefecture came 6th at the time the Census was conducted in FY2010. The average age is 44.3 years old, making Chiba Prefecture the 7th youngest prefecture in the country.

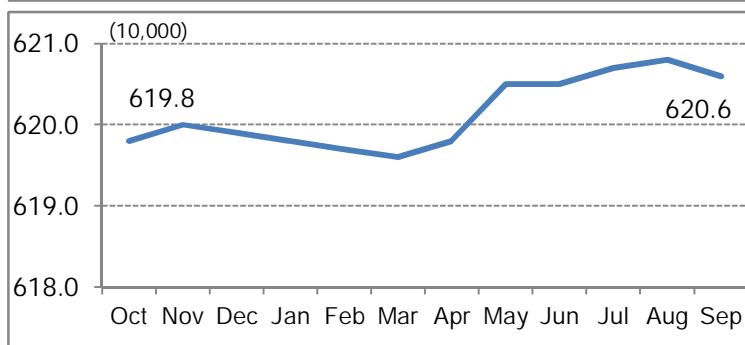
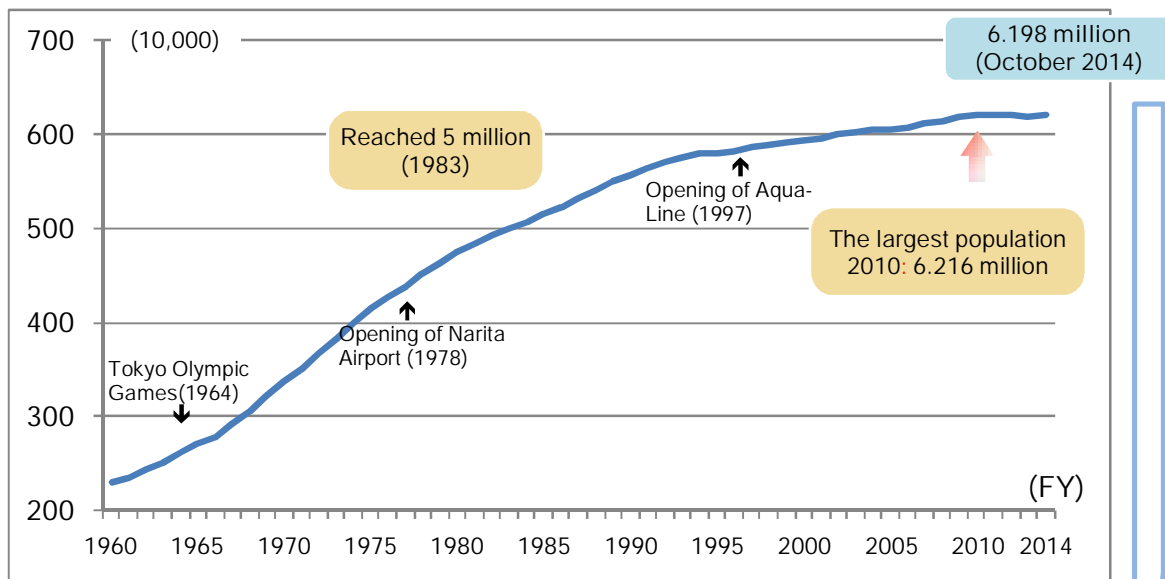
- Population 6.216 million (6th largest in Japan)
- Average age 44.3 years old (7th youngest in Japan)
- Population growth rate 2.6% (3rd in Japan)
- No. of households 2.52 million households

Population by prefecture			Population growth rate 2005-2010
Rank	Prefecture	Population	
1	Tokyo	13.16 million	4.6%
2	Kanagawa	9.05 million	2.9%
3	Osaka	8.87 million	0.5%
4	Aichi	7.41 million	2.2%
5	Saitama	7.19 million	2.0%
6	Chiba	6.22 million	2.6%

○ % of working age population (Age 15 to 64)	65.6%	(4th in Japan)
○ % of population age 65 and above	21.0%	(7th in Japan)
✳ From the lowest		

The population of Chiba Prefecture, which increased consistently since the Second World War, began to decline after the Great East Japan Earthquake. However, depopulation has been halted and the population has remained flat since 2013.

Population Transition in Chiba Prefecture (Comparison as of October 1 every year)



Recent population trends
(October 2014 to September 2015)

(Source: Monthly Local Population Survey in Chiba)

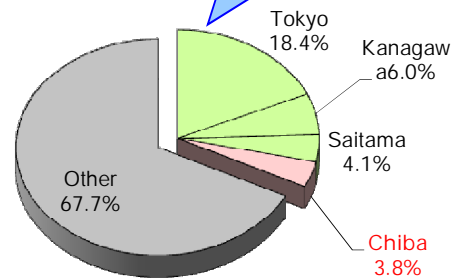
(2) Economic State of Chiba Prefecture Based on Report on Prefectural Accounts

Gross Prefectural Product

Chiba Prefecture's nominal gross product is 19.1 trillion yen, which is the 6th largest in Japan.

		(Trillion yen)
1	Tokyo	91.9
2	Osaka	36.8
3	Aichi	34.4
4	Kanagawa	30.3
5	Saitama	20.4
6	Chiba	19.1

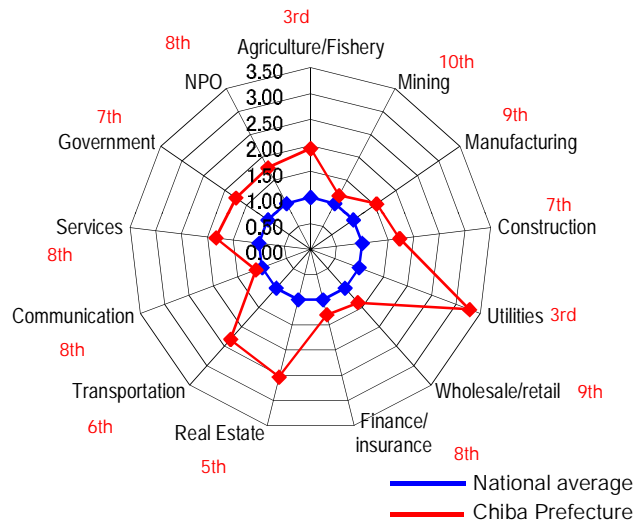
Total of Tokyo and 3 prefectures:
32.3%



Industry Structure

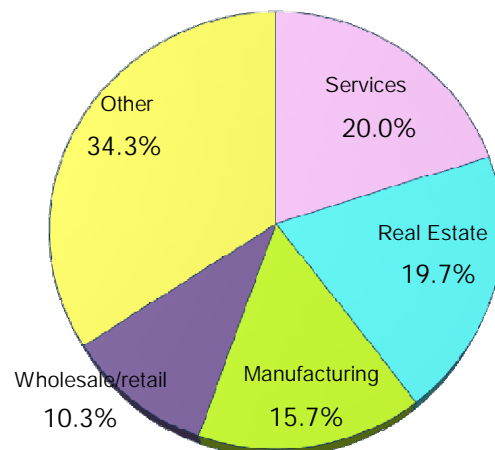
Chiba Prefecture is ranked in top ten of all items in the national ranking by industrial items.

The right graph shows the comparison of production values by industrial items, indexed to national average (blue). The values of Chiba are in red. Chiba is exceeding the national average for all items.



Ratio by Industry

Real estate, services and manufacturing account for 60% of the gross prefectural product.



"Report on Prefectural Accounts in FY2012" Economic and Social Research Institute, Cabinet Office

Chiba Prefecture Fiscal Conditions and Prefectural Bonds

(3) Characteristics of Industry in Chiba Prefecture

Chiba Prefecture is ranked in the top 10 in all fields including agriculture, fishery, manufacturing and commerce.

Agriculture - Ranked 3rd

Chiba Prefecture is blessed with a warm climate and rich land resources, with 149,000 hectares of agricultural land (approximately 28.9% of total area as of October 2010). Chiba has a balanced agriculture industry including rice, vegetable and livestock, and has the 3rd largest agriculture output value in Japan in 2013.



Various kinds of agricultural products are produced throughout the year.

Fishery - Ranked 8th



Chiba Prefecture is surrounded by inner bay areas and ocean, and is blessed with a diverse catch with significant seasonal variety. As a result, various types of fish and shellfish are caught in Chiba. Chiba was ranked 8th in terms of the total volume of fishery production at 134,000 tons, in 2013.

Manufacturing - Ranked 6th

Chiba Prefecture ranks 6th in Japan in terms of shipment values of manufactured goods, totaling 12.7 trillion yen in 2013. The three largest industries are petroleum/coal products (3.1 trillion yen; ranked 1st), chemicals (2.9 trillion yen; ranked 1st) and steel (1.7 trillion yen; ranked 3rd) which together make up 60% of total manufacturing shipments.

Commerce - Ranked 10th

Commerce in Chiba Prefecture not only supports the comfortable livelihood of its 6.2 million residents, but also plays an important role in the regional economy. Chiba Prefecture employed 323,289 people in 36,096 offices as of July 1, 2014, and it achieved annual product sales values of 10.7578 trillion yen (10th largest in Japan).

Tourism

Chiba Prefecture, setting tourism as a pillar for its industry, offers continuous low-cost service on Tokyo Bay Aqua Line, develops various businesses, and provides support for location costs of movies and TV programs.

Chiba is also boosting its ability to accommodate people for the 2020 Tokyo Olympic and Paralympic Games, as well as improving convenience at Narita International Airport by removing security checks at the entrance to the airport.

Tourism spots in Chiba Prefecture with a large number of visitors

Rank	Tourism spots	Number of visitors (10,000)
1	Tokyo Disney Resort (Urayasu City)	3,130
2	Narita-san Shinshoji Temple (Narita City)	1,036
3	Umihotaru Parking Area (Kisarazu City)	780
4	Makuhari Messe (Chiba City)	591
5	Pasar Makuhari (Keiyo Rd. Parking Area, Chiba City)	487
6	Katori Jingu Shrine (Katori City)	196
7	QVC Marine Field (Chiba City)	147

"Tourism Visitors Survey, FY2013", September 2014 (Chiba Prefecture)

(4) Chiba Prefecture in the National Ranking

Agricultural output value

(100 million yen)		
1	Hokkaido	10,705
2	Ibaraki	4,356
3	Chiba	4,141
4	Kagoshima	4,109
5	Kumamoto	3,250
6	Miyazaki	3,213

"Productive Agriculture Income Statistics" for FY 2013 by MAFF

Volume of fishery production

(Thousand tons)		
1	Hokkaido	1,141
2	Nagasaki	244
3	Shizuoka	197
4	Miyagi	185
5	Mie	159.0
6	Ibaraki	154.0
7	Shimane	140.0
8	Chiba	134.0

Source: "Statistics of Fishery and Cultivation Production" for FY 2013 by MAFF

Shipment value of manufactured products

(100 million yen)		
1	Aichi	412,523
2	Kanagawa	168,574
3	Shizuoka	153,442
4	Osaka	151,504
5	Hyogo	136,385
6	Chiba	126,528
7	Saitama	113,067

Industrial Survey for FY2013 by METI (preliminary)

Annual merchandize sales value

(100 million yen)		
1	Tokyo	1,759,656
2	Osaka	477,436
3	Aichi	363,285
•		
•		
8	Hyogo	128,548
9	Hiroshima	110,064
10	Chiba	107,578

"Census of Commerce" for FY 2014 by METI (preliminary)

Annual sales of service industry

(100 million yen)		
1	Tokyo	718,456
2	Osaka	253,984
3	Kanagawa	179,562
4	Aichi	173,790
5	Saitama	123,385
6	Chiba	121,479
7	Hyogo	108,090

"Service Industry Trend Survey" for FY 2013 by METI (final)

Number of overnight guests (total)

(10 thousand guests)		
1	Tokyo	5,426
2	Hokkaido	3,098
3	Osaka	2,837
4	Chiba	2,120
5	Shizuoka	2,102
6	Okinawa	2,014

Results of "Statistics Survey of Overnight Stays" for Jan.-Dec. 2014 by MLIT (final)

Number of new housing construction projects started

(Housing units)		
1	Tokyo	140,430
2	Kanagawa	68,314
3	Osaka	63,730
4	Saitama	55,449
5	Aichi	55,204
6	Chiba	44,998
7	Fukuoka	36,722

"Construction Starts Statistics Survey" for FY 2014 by MLIT

Inhabitable land area

(km ²)		
1	Hokkaido	22,207.7
2	Niigata	4,503.8
3	Fukushima	4,228.6
4	Ibaraki	3,981.9
5	Iwate	3,693.9
6	Chiba	3,531.8
7	Nagano	3,313.8

"Social Life Statistics Indicators 2013" by MIC

Trade value by major ports (export/import)

(100 million yen)		
1	Narita Airport	197,732
2	Port of Tokyo	171,416
3	Port of Nagoya	170,913
4	Port of Yokohama	117,349
5	Port of Kobe	86,274
6	Kansai Airport	84,719
7	Port of Osaka	84,102
8	Port of Chiba	65,975

"Ranking of Trade Value by Major Ports" for 2014 by MoF Yokohama Customs

Chiba Prefecture Fiscal Conditions and Prefectural Bonds

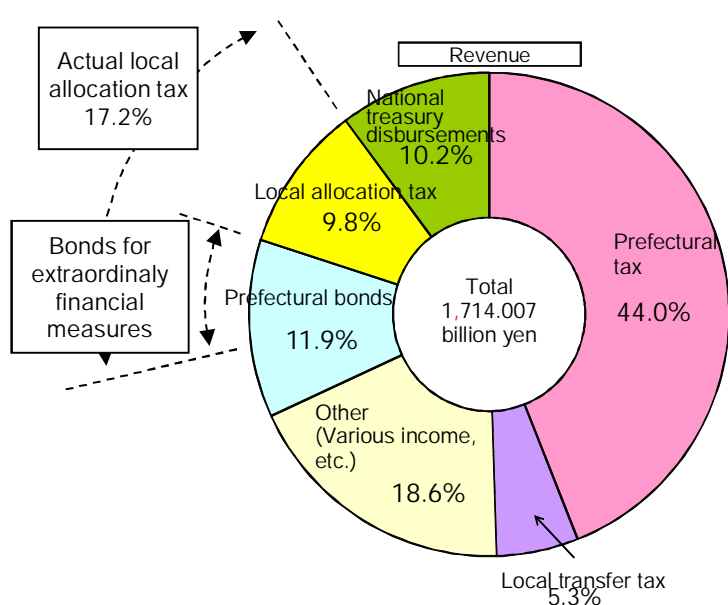
2. Status of Budget and Accounts

To make the best place to live in Japan, We allocated the initial budget focusing on the following fields: "revitalizing the prefectural economy", "promoting agriculture, forestry and fisheries and creating social infrastructure", "establishing a safe living environment", "enriching support for children and parents", "improving medical care and social welfare", and "promoting environmental and cultural policies".

The general account budget, including a supplementary budget in September, is 1,714.007 billion yen, a 5.2 % increase from the budget for the previous fiscal year.

(1) General Account Budget (Revenue) After Revision in September FY2015 (Draft)

The local allocation tax represents a large portion of revenues, with many of those funded by extraordinary financial measure bonds (*) representing almost 60% of the prefectural bond issuance.



Revenue	2015 (After Revision in September)	2014 (After Revision in September)	Change	YoY
Prefectural tax	7,536	6,817	719	10.5%
Corporate-related tax	1,266	1,145	121	10.6%
Inhabitant tax	2,741	2,661	80	3.0%
Local consumption tax	1,941	1,447	494	34.1%
Local transfer tax	942	862	80	9.3%
Local allocation tax	1,683	1,550	133	8.6%
General allocation tax	1,673	1,540	133	8.6%
Special allocation tax	10	10	0	0.0%
National treasury disbursements	1,747	1,685	62	3.7%
Prefectural bonds	2,042	2,361	- 319	- 13.5%
Local construction bonds	769	621	148	23.8%
Extraordinary financial measures bonds	1,273	1,740	- 467	- 26.8%
Other	3,190	3,020	170	5.6%
Total	17,140	16,295	845	5.2%
Actual local allowance tax	2,956	3,290	- 334	- 10.2%

Prefectural tax

The revenue from the prefectural tax has increased drastically based on the expected increase in revenue from local consumption tax and 2 corporate taxes as a result of the full-year effect of the consumption tax rate hike to 8 percent and the recovery of corporate performance. All the increased revenue from the local consumption tax rate hike is allocated to financial resources of social welfare expenses.

Local allocation tax, etc.

The revenue from the local allocation tax has increased by 13.3 billion yen from the previous year based on calculations by the national government. The actual revenue from the local allocation tax, including bonds for extraordinary financial measures, has decreased by 33.4 billion yen due to a drastic increase in revenue from the prefectural tax.

Prefectural bonds

The revenue from prefectural bonds has decreased by approx. 31.9 billion yen due to drastic decrease in bonds for extraordinary financial measures, which overwhelmed increases in project costs such as costs for the contributions for national government related to road construction in Chiba prefecture and subsidies for the construction of special nursing homes.

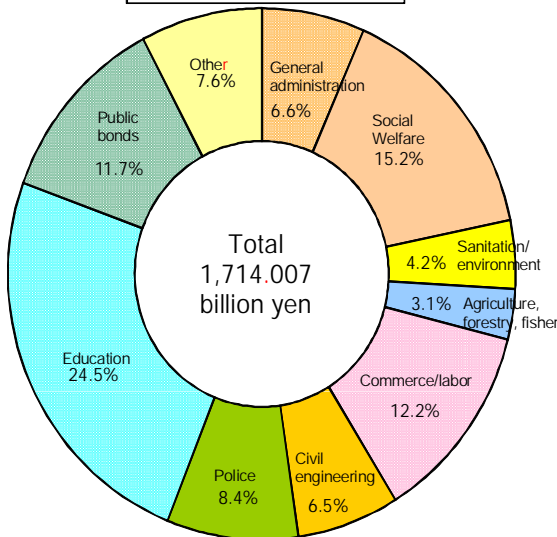
* Bonds for extraordinary financial measures: To cope with the insufficiencies in the 5 types of national tax to fund local allocation tax, extraordinary financial measure bonds may be issued by local governments on behalf of the national government in order to fund part of the local allocation tax that they are entitled to receive from the national government. The national government repays the principal amount with accrued interest at a certain point in the future in the form of allocation tax.

(2) General Account Budget (Expenditure) After Revision in September FY2015

(100 million yen)

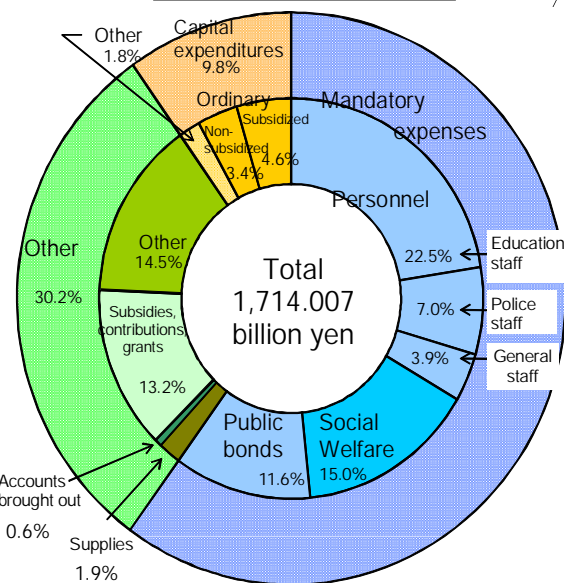
Expenditures	2015 (After revision in September)	2014 (After revision in September)	Change	YoY
Personnel	5,732	5,707	25	0.5%
Social welfare	2,568	2,373	195	8.2%
Public bonds	1,990	1,969	21	1.1%
Investment	1,674	1,519	155	10.2%
Ordinary construction (subsidized)	786	801	- 15	- 1.8%
Ordinary construction (unsubsidized)	578	525	53	10.1%
Other	5,176	4,727	449	9.5%
Total	17,140	16,295	845	5.2%

Expenditures (by purpose)



Mandatory expenses account for a large portion of expenditures (60%).

Expenditures (by type)



The personnel expenses for faculty members are large because Chiba Prefecture pays such expenses for faculty members at not only prefectural high schools, but also elementary schools and junior high schools in municipalities due to regulations.

Personnel expenses

Personnel expenses have increased by approx. 2.5 billion yen due to increases in pay revision costs and retirement benefits for mass retirement of the baby boom generation, while having a decreasing factor due to lowered average age of staff members.

Public assistance expenses

The budget for social welfare has increased by approx. 19.5 billion yen due to increases in medical benefit costs for the elderly aged 75 or over and nursing care costs associated with the aging population, as well as the systemic revision of projects related to the comprehensive support system for children and child-raising.

Capital expenditures

The budget for capital expenditures for ordinary construction projects (subsidized) has decreased by approx. 1.5 billion yen due to decreases in projects such as nationally-funded projects. On the other hand, the budget for ordinary construction projects (unsubsidized) has increased by approx. 5.3 billion yen due to the full-year costs for the constructions of special nursing homes and an increase in the cost of earthquake-resistant retrofit for prefectural school buildings among other costs.

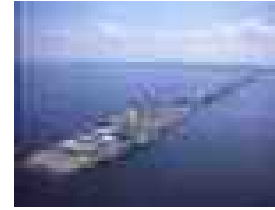
Other

Other major expenditures include funds to promote small and medium-sized enterprises (loans) of 190 billion yen and subsidies for operating costs of private schools (subsidies) of 34.8 billion.

(3) Major Projects in the Initial Budget

Revitalizing the prefectural economy

- Project for discounting the toll of the Tokyo Bay Aqua Line: 500 million yen
We will keep the toll of the Tokyo Bay Aqua Line discounted, (e.g. 800yen for ETC-mounted standard-sized cars).
- Project for developing industrial complexes: 2,824 million yen
We will construct industrial complexes in Mobara City and Sodegaura City, which are located close to the Metropolitan Inter-City Expressway.
* The estates will be ready for sale in FY 2017
- Project for improving the attractiveness of sightseeing spots: 200 million yen
We will subsidize the establishment and refurbishment of public restrooms, parking lots, sightseeing information booths, etc. in sightseeing spots.
- Project for accommodating international teams for pre-game training camps for the IAAF World Championships, Beijing: 77 million yen
We will accommodate international teams for pre-game training camps of the IAAF World Championships, Beijing in order to attract training camps for the Tokyo Olympics and Paralympics.
- Development of growing industries which support the future of Chiba: 40 million yen
We will support smaller businesses to enter the fields of healthcare and medicine, which are expected to become growing industries.



Establishing a safe living environment

- Subsidies for total support to improve local disaster prevention in Chiba: 150 million yen
We will support self-help and mutual assistance initiatives by municipalities, such as the strengthening of volunteer fire departments and development of voluntary organizations for disaster prevention, in order to improve local disaster prevention across Chiba.
- Project for protection against tsunamis: 6,020 million yen
We will heighten and expand sea embankments to protect against tsunami along Kujukuri Beach and coastal rivers.
- Project for reinforcing prefectural school buildings to withstand earthquakes: 10,380.6 million yen
- Project for reinforcing private school buildings to withstand earthquakes: 957 million yen
- Promotion of earthquake-resistant and long-lasting prefectural facilities and infrastructure: 18,981.4 million yen
We will reinforce and repair public facilities, including schools and infrastructure, to withstand earthquakes.
- Project for setting anti-crime boxes in convenience stores: 38.5 million yen
- Project for promoting citizens awareness of bank transfer frauds: 132 million yen
We will set safety officers at crime prevention stations (anti-crime boxes) at two additional convenience stores, as well as raise citizens' awareness in order to prevent losses caused by bank transfer fraud.

Promoting agriculture, forestry and fisheries and creating social infrastructure

- Project for supporting the development of horticulture production area: 300 million yen
- Subsidies for the change of crops from rice paddies: 121 million yen
- Project for developing measures to strengthen competitiveness of the livestock industry: 200 million yen
- Project for roads and bridges: 50,446.43 million yen

Enriching support for children and parents

- Promotion of the development of nursery schools: 8,015 million yen
- Project for subsidizing medical expenses for children: 6.7 billion yen
In order to improve the child-care environment, we will increase subsidies to develop the facilities of private nursery schools and continue to subsidize medical expenses for hospitalization for children in junior high school or younger, and for outpatient treatment for children in 3rd grade of elementary school or younger.
- Promotion of comprehensive plan, Academic Development for Children in Chiba: 156.52 million yen
- Developing global human resources: 257.31 million yen
We will continue to dispatch learning assistants who teach remedial classes after school. We will also promote projects such as support for study abroad programs and classes taught by assistant language teachers, as well as strengthening exchange between high schools in the prefecture and high schools abroad.
- Project for subsidizing the ordinary expenditures of private schools: 34,849.05 million yen
In order to promote private schools and reduce the burden on guardians, we will subsidize education provided by school corporations.

Improving medical care and social welfare

- Measures for securing medical doctors and nurses through educational fund loans: 617.82 million yen
- Project for promoting the development of nurses' training schools: 1,078.67 million yen
In order to recruit personnel to support local medical care, we will expand the upper limit of loans for school expenses of doctors and nurses and expand support for nurses' training schools.
- Subsidies for operating emergency medical centers and developing facilities and equipment: 773.46 million yen
- Project for operating air ambulance helicopters, project for developing related facilities: 456.31 million yen
We will increase subsidies to employ doctors at medical emergency centers and to develop facilities, as well as increase subsidies to operate air ambulance helicopters in order to ensure a stable emergency transportation environment.
- Project for supporting the development of welfare facilities for seniors: 4,920 million yen
- Project for housing construction assistance with services for elderly people: 240 million yen
In order to promote the development of special elderly nursing homes, we will raise the unit cost of grants-in-aids and increase support costs for housing for seniors with services to create a safe living environment for seniors.

Promoting environmental and cultural policies

- Project for promoting the installation of household energy saving equipment, etc.: 520 million yen
- Project for funds to introduce and promote renewable energy, etc.: 1,067.45 million yen

Project for subsidies to provide emergency assistance for life of local residents (supplementary project in February 2014)

We will proactively utilize the national supplementary budget and combine it with the FY2015 initial budget to form a seamless budget in order to promote advanced initiatives for regional revitalization and efforts to stimulate regional consumption in an emergency.

- Issue of merchandise vouchers with a premium in collaboration with municipal governments: 3.2 billion yen
- Project for campaign for special offers for accommodation and tourism in Chiba: 360 million yen
- Project for promoting On-line sales of local products: 350 million yen
- Toll-free use of Chiba Highway Public Corporation toll roads during summer: 770 million yen
- Project for test operation of expressway buses between Narita Airport and tourist spots in Chiba: 100 million yen

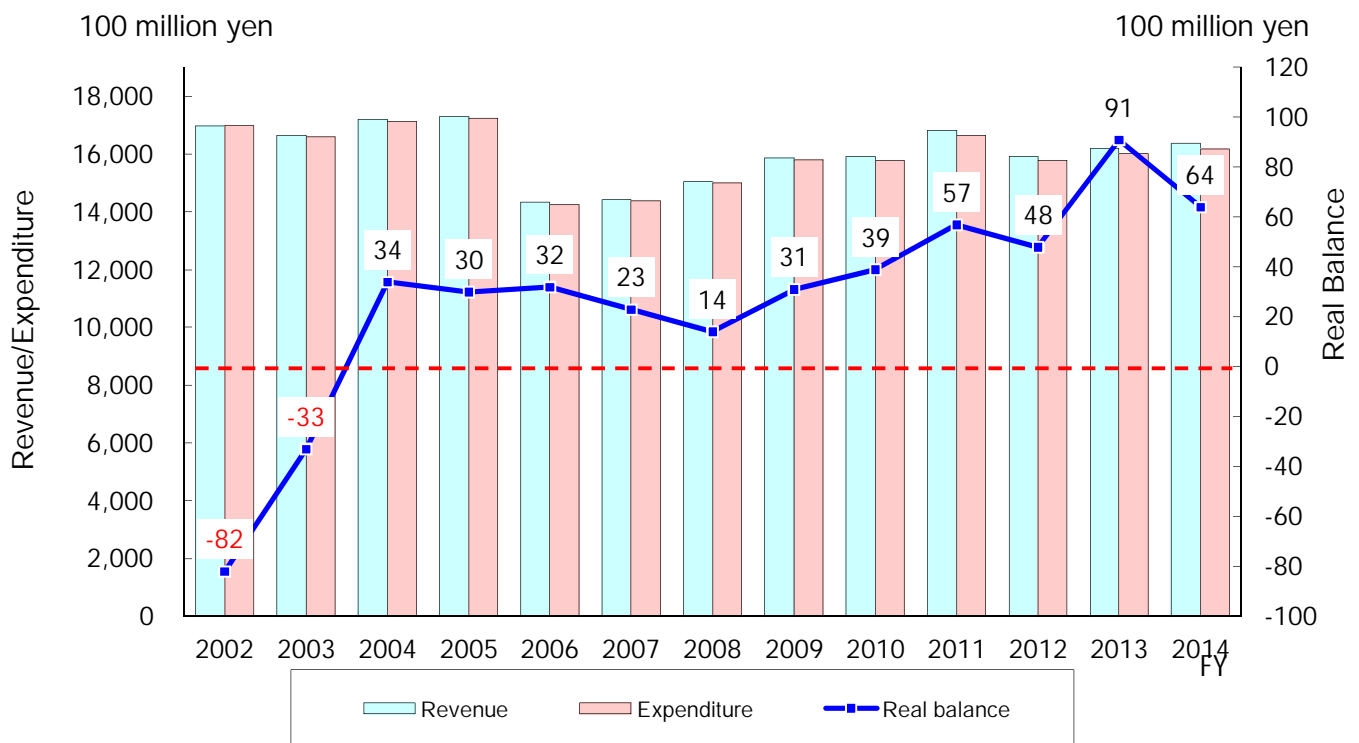
Chiba Prefecture Fiscal Conditions and Prefectural Bonds

(4) Balance of Settled General Accounts

- Chiba prefecture was in deficit of the actual accounts both in FY2002 and 2003; however, the actual accounts have been in the black since FY2004 due to spending cuts and measures such as special reduction of salary.
- In FY2014, the actual accounts had 6.4 billion yen surplus as revenue was increased due to prefectural tax revenue accompanying economic recovery and consumption-tax hike.

* Since FY2006, the real size of the general account has been indicated by creating a special account for settlement of local consumption tax and recording refinancing bonds in special account/prefectural debt management.

Balance of Settled General Accounts

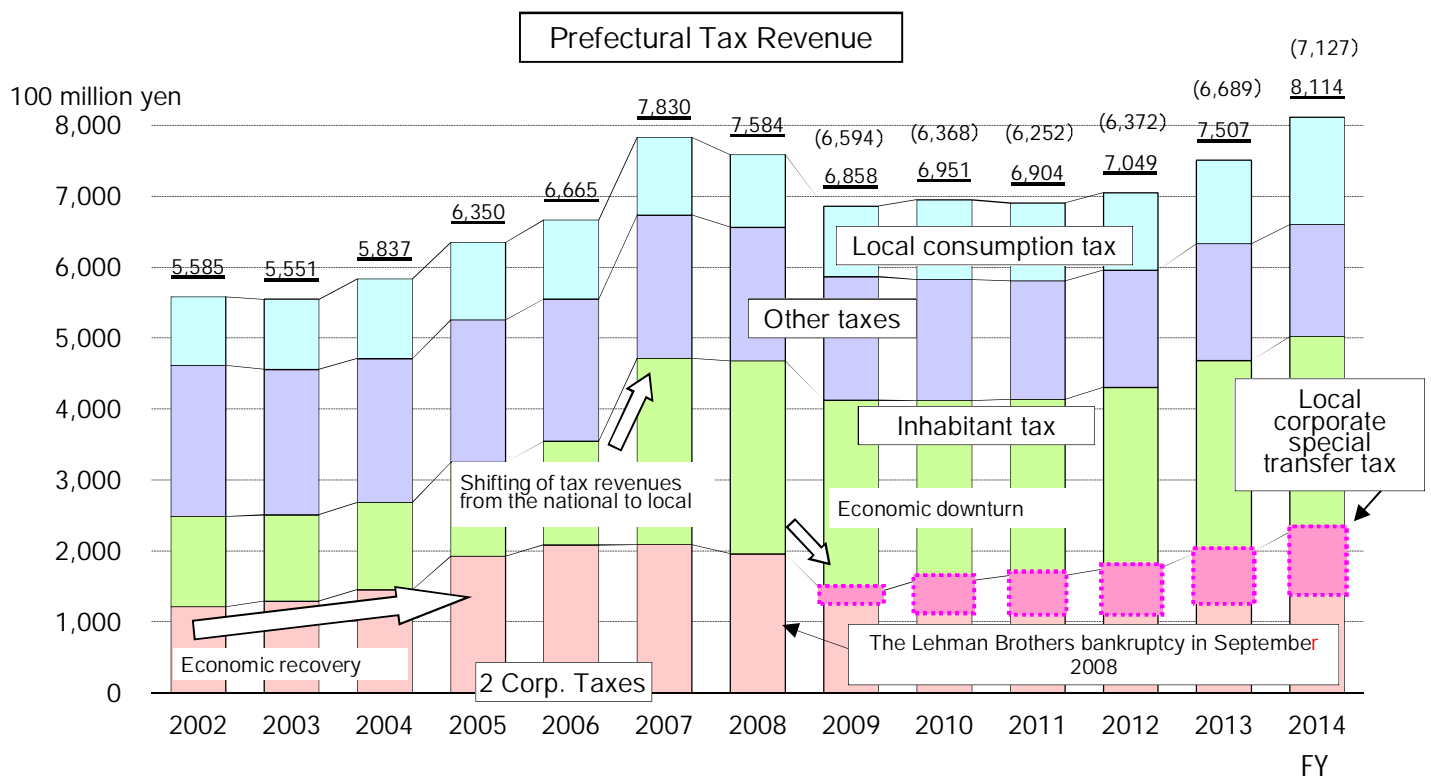


FY	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenue	16,977	16,649	17,199	17,302	14,327	14,420	15,042	15,876	15,920	16,821	15,914	16,190	16,364
Expenditure	16,985	16,602	17,133	17,246	14,256	14,382	15,007	15,802	15,776	16,648	15,780	16,019	16,173
Real balance	-82	-33	34	30	32	23	14	31	39	57	48	91	64

※Real balance = Difference between revenues and expenditures - revenue sources brought forward to the following year.

(5) [Revenue Related] Transition of Prefectural Tax Revenue

- Since FY2007, there has been a big rise in the ratio of individual inhabitant tax due to transfer of tax sources based on the Tripartite Reforms and abolishment of fixed rate cuts for residential tax.
- On the other hand, with the partial nationalization of enterprise taxes in FY2009, 2 corporate taxes have decreased since FY2009. But with the addition of the Local Corporate Special Transfer Tax, which is distributed to local governments, the tax revenue increased to 226.8 billion yen in FY2014, an amount exceeding the sum of the 2 corporate taxes in FY2007.



- ※ Actual results.
- ※ Local corporate special transfer tax to be redistributed is included after FY2009. (Figures in parenthesis is the prefectural tax revenue.)

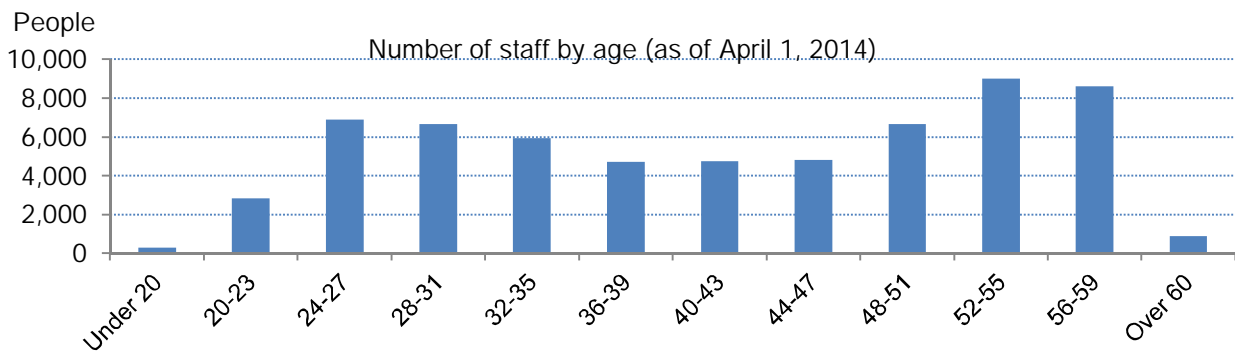
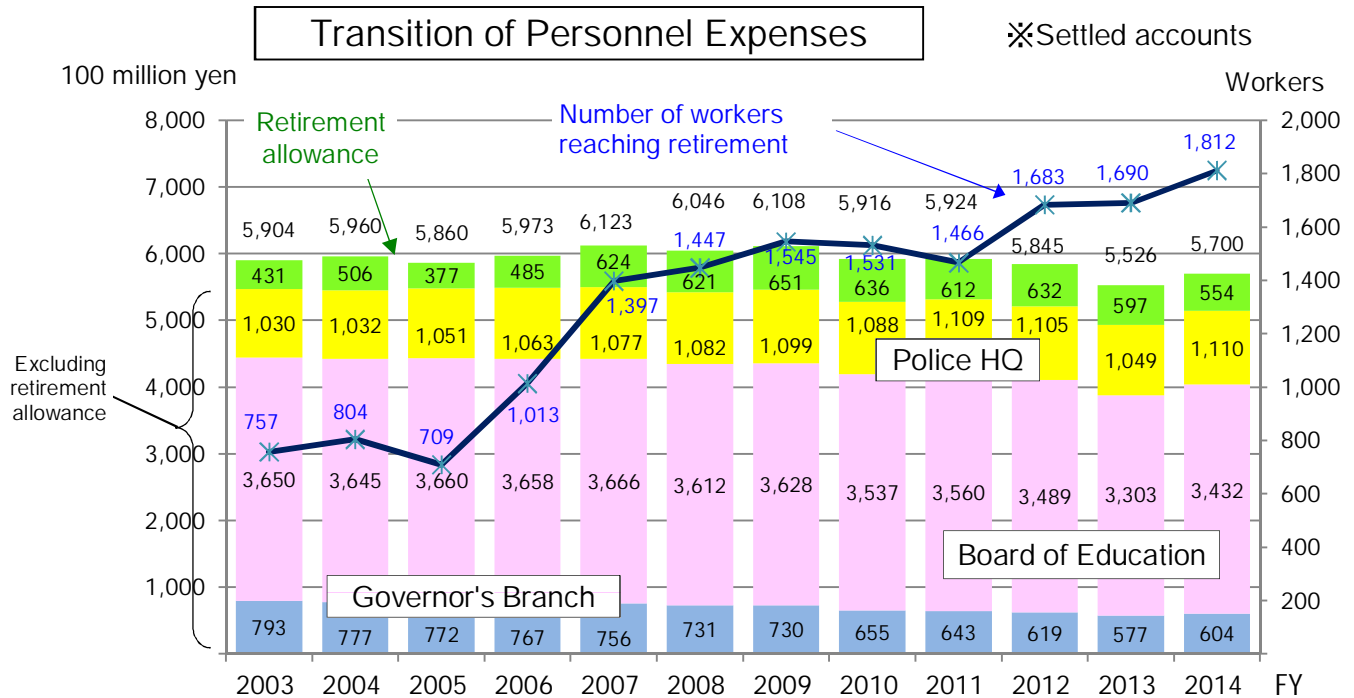
Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
2 Corp. taxes	1,214	1,290	1,452	1,924	2,083	2,088	1,959	1,156	996	999	1,067	1,157	1,281
Inhabitant tax	1,270	1,218	1,231	1,329	1,465	2,630	2,724	2,707	2,545	2,492	2,561	2,713	2,754
Other taxes	2,136	2,053	2,030	2,006	2,003	2,017	1,880	1,726	1,705	1,666	1,655	1,644	1,579
Local consumption tax	965	990	1,124	1,091	1,114	1,095	1,021	1,005	1,122	1,095	1,089	1,175	1,513
Total	5,585	5,551	5,837	6,350	6,665	7,830	7,584	6,594	6,368	6,252	6,372	6,689	7,127

Local corporate special transfer tax	264	583	651	677	818	987
2 Corp. taxes + Local corporate special transfer tax	1,420	1,579	1,650	1,744	1,975	2,268

Chiba Prefecture Fiscal Conditions and Prefectural Bonds

(6) [Expenditure Related] Transition of Personnel Expenses

- Due to the limit of the number of staff, personnel expenses have decreased. In FY2014, expenses were 570 billion yen, 3.1% up from the previous year, due to the expiration of the salary reduction implemented at the request of the national government in FY2013.
- The number of retired workers has increased due to mass retirement of the baby-boom generation (with increase in retirement benefits), but it is expected to start decreasing after the peak in FY2020.



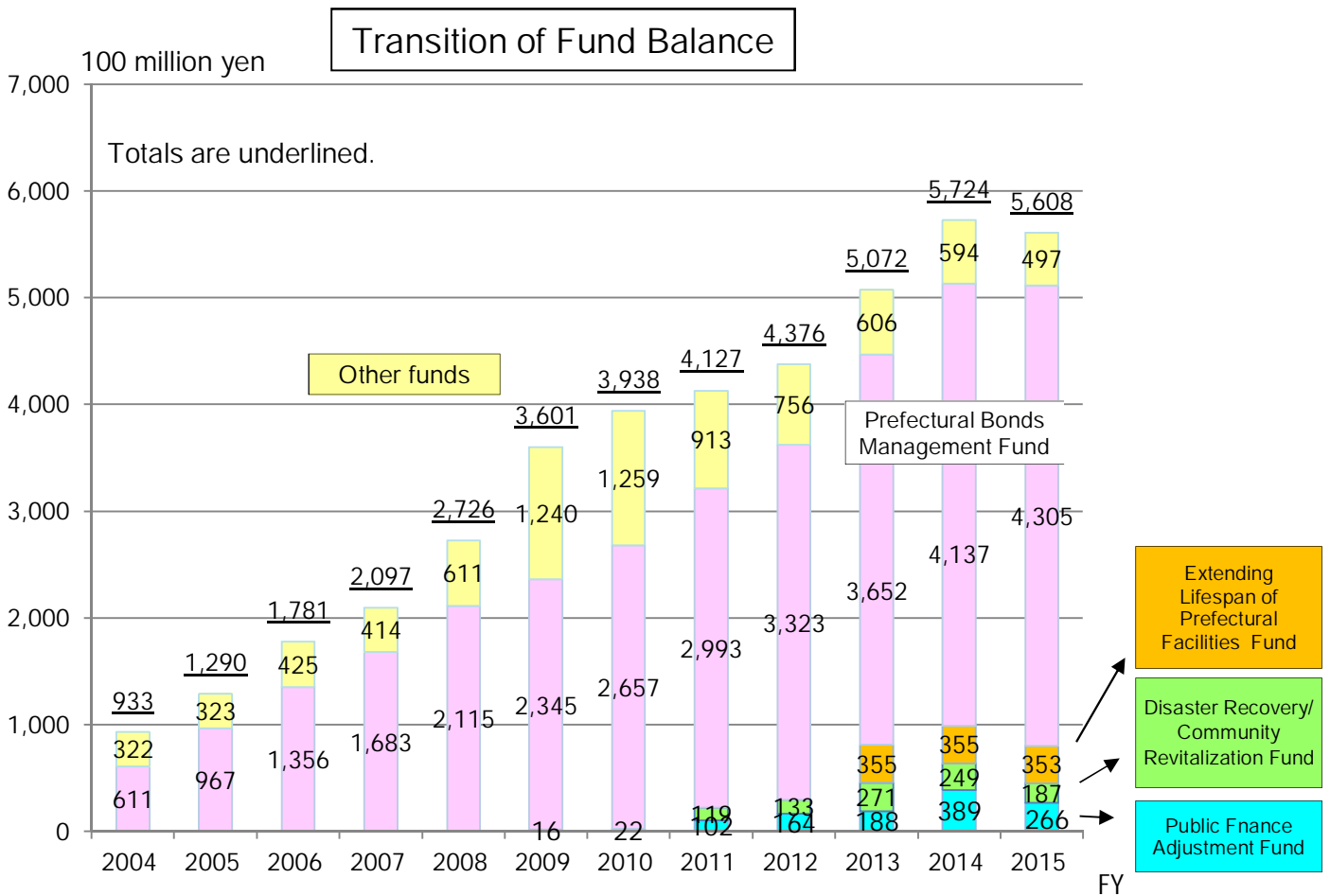
Number of workers (persons)

FY	2009	2010	2011	2012	2013	2014	Increase/decrease over the past 5 years (%)	
General	7,392	7,092	6,843	6,670	6,534	6,581	-811	-11.0%
Education	39,325	39,302	39,354	39,384	39,335	39,374	49	0.1%
Police	12,459	12,595	12,623	12,731	12,763	12,840	381	3.1%
Public corp.	3,409	3,348	3,305	3,280	3,233	3,223	-186	-5.5%
Total	62,585	62,337	62,125	62,065	61,865	62,018	-567	-0.9%

※Since the numbers of faculty staff and police personnel are stipulated by law, we focus on regulating the number of staff members in general administrative jobs and public enterprises.

(7) Transition of Fund Balance

- Chiba Prefecture accumulates funds systematically in accordance with the "Prefectural Bond Management Fund" based on the accumulation rule (in the case of 30yr maturity: fixed for 3 years, thereafter 3.7% for 27 years) in preparation for bonds to be redeemed in whole at their maturity. Publicly-issued Market bonds have increased drastically in number since FY2004, causing the annual deposit to exceed the amount withdrawn for redemption, so the fund balance continues to increase.
- The balance of "Other funds" has been decreasing as a result of reductions in the Children's welfare Fund and the Regional Medical Care Revitalization Fund, which were established as part of the national economic strategy.
- The balances of "Public Finance Adjustment Fund", used for adjusting resources between fiscal years, and "Disaster Recovery/Community Revitalization Fund", which can be used for disaster response, have increased in the last few years. As of the end of FY2014, those funds totaled 63.8 billion yen.
- In FY2013, "Extending Lifespan of Prefectural Facilities Fund" was established to repair prefectural facilities and extend the lifespan of them and 35.5 billion yen was reserved in this fund.

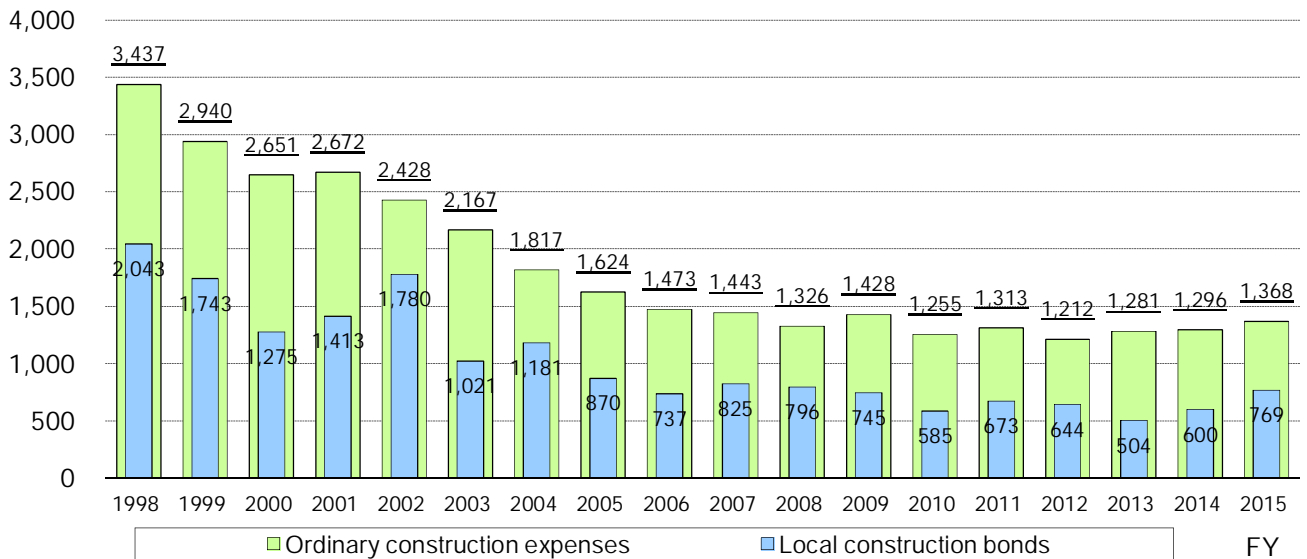


※Settled accounts through FY2014. Final estimate for FY2015 after revision in September.

Chiba Prefecture Fiscal Conditions and Prefectural Bonds

(8) Transition of Prefectural Bonds Issuance

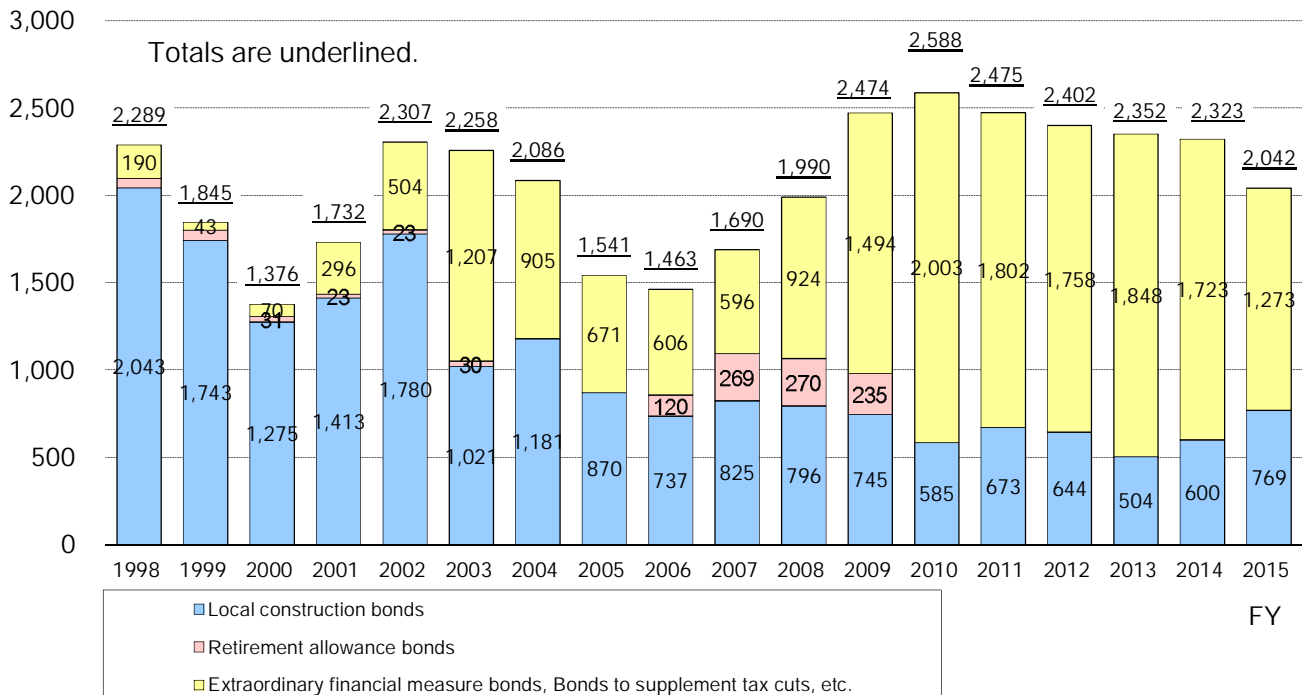
Ordinary Construction Expense and Local Construction Bonds Issuance
Amount (new issues)



※The figures for the ordinary construction expenses are based on the initial budget (when a skeleton budget was established, the figures were based on the budget after the revision in June). The figures for the local construction bonds are the settled accounts through FY2014. For FY2015, final estimate after revision in September.

100 million yen

Prefectural Bond Issuance Amount (new issues)
(local construction bonds + extraordinary financial measure bonds + retirement allowance bonds)



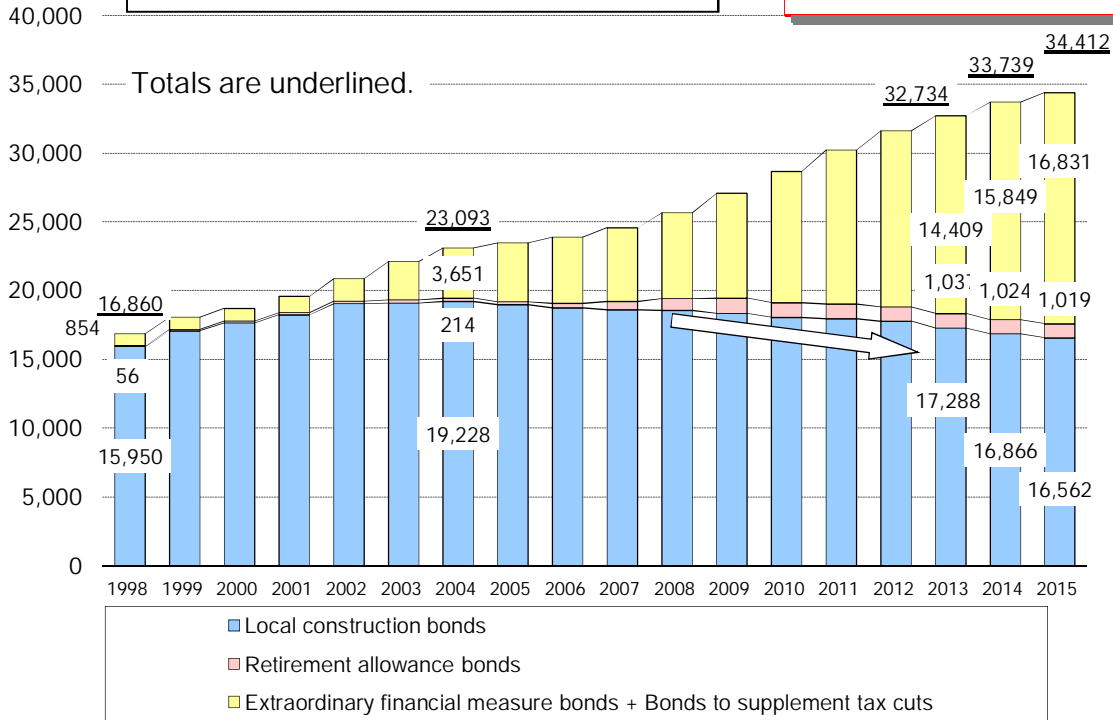
※The figures for the local construction bonds are the settled accounts through FY2014. For FY2015, final estimate after revision in September.

(9) Transition of Outstanding of Prefectural Bonds

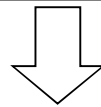
100 million yen

Transition of Outstanding of Prefectural Bonds

Extraordinary financial measure bonds, which are in place of local allocation tax, have been on the rise every year.



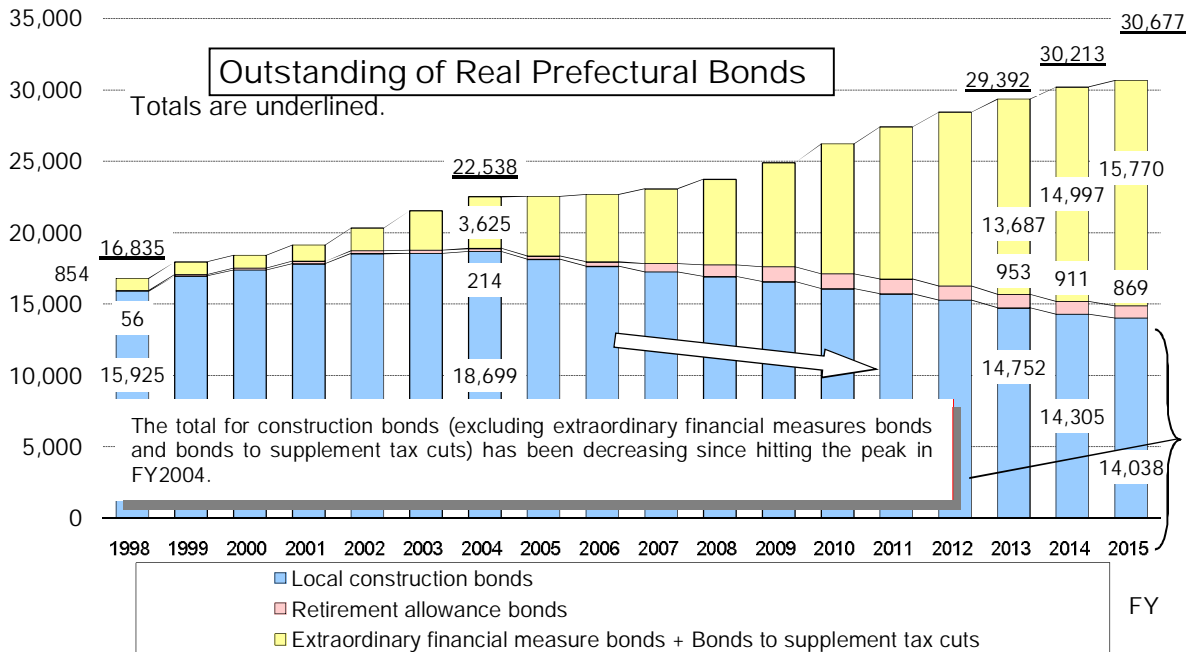
FY



The fund for redemption at maturity of prefectural bonds can only be used for that purpose. As such, that portion has been subtracted to ascertain the "real" prefectural bonds outstanding shown below.

100 million yen

Outstanding of Real Prefectural Bonds



FY

- ※ The figures for the local construction bonds are the settled accounts through FY2014. For FY2015, final estimate based on initial budgeting.
- ※ In FY2007, land readjustment projects were transferred to the special account, and this portion was subtracted from the local construction bonds outstanding.

Chiba Prefecture Fiscal Conditions and Prefectural Bonds

(10) Financial Indicators (General Account)

Ratio for Determining Financial Soundness

As for FY2014, each of the ratios for determining financial soundness remained below the Early Financial Soundness Benchmark.

Category	FY2014	FY2013	Early Financial Soundness Benchmark	Financial Rehabilitation Benchmark
Real Deficit Ratio	—	—	3.75%	5.00%
Consolidated Real Deficit Ratio	—	—	8.75%	15.00%
Real Debt Service Ratio	11.2%	11.3%	25.0%	35.0%
Future Burden Ratio	164.6%	179.3%	400.0%	—

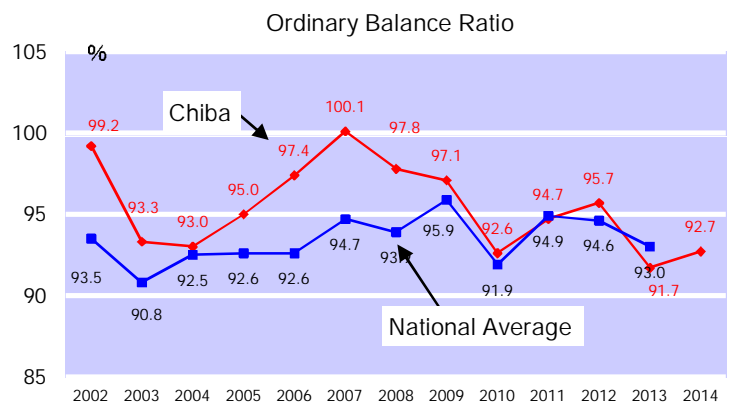
Early Financial Soundness Benchmark:

If any of the four indicators exceeds a certain level, the local government is required to formulate a financial soundness plan or a financial rehabilitation plan to make financial improvements. Then, that plan must be made public right away and the local government must report the progress of the plan.

Ordinary Balance Ratio

The ordinary balance ratio is an indicator of financial flexibility. A lower number indicates greater flexibility.

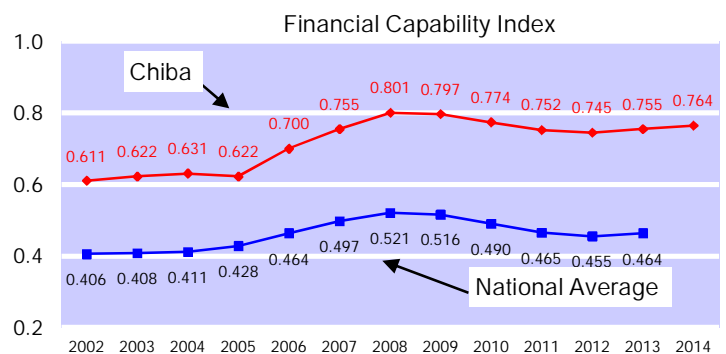
In FY2014, it increased by one point due to the expiration of the temporary salary reduction to obtain the funds for reconstruction from The Great East Japan Earthquake.



Financial Capability Index

The financial capability index is used to measure the degree to which finances are managed without relying on ordinary tax allocation. A larger number indicates stronger financial capability.

Chiba Prefecture's score is well above the national average and is the 4th highest in Japan.



Bond Outstanding per Resident

The amount of bonds outstanding per resident in Chiba Prefecture based on the settled general account was about 480,000 yen in FY2013, remaining well below the national average.

Outstanding of prefectural bond per resident (FY2013 settlement) ⇒

Rank	Prefecture	Amount (yen)
1st	Kanagawa	417,000
2nd	Tokyo	430,000
3rd	Okinawa	467,000
4th	Chiba	483,000
...
47th	Shimane	1,404,000

(Reference 1) Ratio for Determining Financial Soundness

This financial index was introduced as a result of Yubari City, Hokkaido being designated as an organization for fiscal reconstruction in 2007. The index is intended to clearly indicate the financial condition of local governments and to make a comparative review.

The ratio for determining financial soundness is the general term for the four ratios used to determine financial soundness: real deficit ratio, consolidated real deficit ratio, real debt service ratio and future burden ratio. If any of the four indicators exceeds a certain level, the local government is required to formulate a financial soundness plan or a financial rehabilitation plan to make financial improvements. The ratio for determining financial soundness is an indicator of the need to act quickly on financial improvements and rehabilitation. It also objectively shows the financial situation of the relevant municipality when compared with the ratios of other organizations.

(Reference 2) Targets Included in Calculation of Ratios for Determining Financial Soundness

General accounts	General account		Real deficit ratio	Consolidated real deficit ratio	Real debt service ratio	Future burden ratio	
	Special accounts	Public finance adjustment fund					
		Prefectural bonds management fund					
		Automobile tax stamp					
		Local consumption tax settlement					
		Municipal revitalization fund					
		Welfare fund for single parents and widows					
		Welfare pension fund for the disabled					
		Nippon Convention Center international exhibits					
		Small business promotion fund					
		Farmer support fund					
		Forestry management fund					
		Forestry/logging industry improvement fund					
		Coastal fishing improvement fund					
		Scholarship fund					
Public business accounts	Publicly managed racing						
	Local public enterprise account	Water supply projects					
		Industrial water projects					
		Hospital projects					
		Created land adjustment project					
		Land zoning projects					
		Basin sewage projects					
		Harbor improvement projects					
		Industrial park adjustment project					
		Land readjustment projects					
Related administrative groups	Kita-Chiba Regional Water Supply Authority						
	Kimitsu Regional Water Supply Authority						
	Chiba Prefecture Horseracing Association						
Third Sector and Regional Public Corp.	Chiba Roads Public Corporation						
	Land Development public Corporation of Chiba Prefecture						
	Chiba Fishery Promotion Fund						
	Corporation for Urban Enhancement of Chiba Prefecture						
	Chiba Prefecture Credit Guarantee Fund						
	Chiba Industry Advancement Center						
						Fiscal shortfall ratio	

- ① Real Deficit Ratio: Ratio of the real deficit in the general account to the standard financial size.
- ② Consolidated Real Deficit Ratio: Ratio of the real deficit or fiscal shortfall in all accounts, including public enterprises' accounts, to the standard financial scale.
- ③ Real Debt Service Ratio: Ratio of principal and interests for repayments borne by the general account to the standard financial scale.
- ④ Future Burden Ratio: Ratio of future debt to be borne in effect by the general account to the standard financial scale.

Chiba Prefecture Fiscal Conditions and Prefectural Bonds

(11) Overview of FY2014 General and Special Accounts

1 Overview of Ordinary Accounts

(100 million yen, %)

	Revenue	Expenditure	Balance	Real balance	Outstanding local bonds	Carried over from other accounts	Remarks
General account	16,364	16,173	190	64	33,739	1	25.0 billion yen transferred from fund. (※1)
(Sp) Public finance adjustment reserve funds	201	201	0	0	0	201	
(Sp) Prefectural bonds management	4,277	4,277	0	0	0	1,673	Disposal of funds of 86.9 billion yen for redemptions of Prefectural Bonds.
(Sp) Automobile tax stamp	4,263	4,261	3	3	0		
(Sp) Local consumption tax settlement	71	68	3	3	0		
(Sp) Municipal revitalization fund	35	14	21	21	0		
(Sp) Welfare fund for single parents and widows	9	2	7	7	0		
(Sp) Welfare pension fund for the disabled	7	7	0	0	0	1	
(Sp) Nippon Convention Center international exhibits	48	43	4	2	162	2	
(Sp) Small business facilities fund	36	6	30	30	109		
(Sp) Farmer support fund	1	1	1	1	2		
(Sp) Forestry management fund	3	3			28	2	
(Sp) Forestry/logging industry improvement fund	1	0	1	1	0		
(Sp) Coastal improvement fishing fund	5	1	4	4	0		
(Sp) Scholarship fund	14	6	8	8	0		
Ordinary accounts	16,583	16,309	274	98	34,040		Based on net budget (※2)

※1 Refers to funds established based on grants from nation in relation to economic and employment measures.

※2 The simple sum of the above does not match to the general account figure because it considers inter-calculation between accounts.

2 Overview of Public Businesses Accounts

(100 million yen, %)

	Overall (revenue)	Overall (expense)	<Non-PEL> Balance	Net Profit (Real Balance)	Municipal Bonds Outstanding	Transfers from other Accounts	<PEL> NPL's	<PEL> Aggregate losses	Remarks
(Sp) Publicly managed racing	52	46	6	6			-	-	
(Sp) Harbor improvement projects	313	292	21	11	605	33	-	-	
(Sp) Basin sewage projects	20	12	8	8	54		-	-	
(Sp) Industrial park adjustment project	5	5			14		-	-	
(Sp) Land zoning projects	160	132	27	8	389	20	-	-	
(Sp) Water supply projects	742	659	-	83	1,563	5			PEL
(Sp) Created land adjustment project	207	603	-	- 396					PEL
(Sp) Land readjustment projects	42	252	-	- 210					PEL
(Sp) Industrial-use water projects	137	127	-	8	343				PEL
(Sp) Hospital projects	446	468	-	- 22	235	116		111	PEL

※In the remarks column, the items denoted "PEL" mean public enterprises to which the Local Public Enterprise Act applies.

※NPLs and accumulated losses are both expressed in positive figures.

3 Overview of Related Administrative Groups

(100 million yen, %)

	Overall (revenue)	Overall (expense)	<Non-PEL> Balance	Net Profit (Real Balance)	Municipal Bond Outstanding	Percentage of burden of Chiba Pref.	<PEL> NPL's	Remarks
Chiba Prefecture Horseracing Association	377	388	- 11	- 11	0	8/13	-	
Kimitsu Regional Water Supply Authority	68	55	-	13	113	27.9% ~44.4%	-	PEL
Kita-Chiba Regional Water Supply Authority	128	90	-	37	407	42.7%	-	PEL

Chiba Prefecture Fiscal Conditions and Prefectural Bonds

(12) Local Public Corporations Management Results

(100 million yen)

		Chiba Pref. Land Development Pub. Corp.		Chiba Pref. Roads Pub. Corp.		Chiba Pref. Housing Supply Pub. Corp.		
		2013	2014	2013	2014	2013	2014	
Chiba Pref. Investment Amount (million yen)		10	10	13,677	13,677	10	10	
Chiba Pref. Investment Ratio		100%	100%	89%	89%	100%	100%	
Balance Sheet	Assets		195.3	197.5	727.2	725.7	371.1	353.5
		Current assets	153.0	152.4	13.6	13.1	140.4	131.6
		Fixed assets	42.3	45.1	713.6	712.6	230.6	221.9
	Liabilities		96.4	98.6	578.7	575.9	418.7	399.8
		Current liabilities	11.6	9.3	6.6	5.2	20.9	17.7
		Fixed liabilities	84.9	89.3	145.0	125.5	397.8	382.1
		Allowances, others	0.0	0.0	427.1	445.2	0.0	0.0
	Capital		98.9	98.9	148.4	149.7	-47.7	-46.2
		Capital	0.1	0.1	154.2	154.2	0.1	0.1
Surplus funds, others		98.8	98.8	-5.8	-4.4	-47.8	-46.3	
Liabilities/Capital Total		195.3	197.5	727.2	725.7	371.1	353.5	
Profit/Loss Statement	Operating Revenue	22.7	16.8	38.5	38.4	100.2	73.3	
	Operating Expense	20.5	16.3	33.6	33.0	90.8	69.3	
	General & Admin Expense	1.9	1.7	2.6	3.3	1.3	1.4	
	Operating Income	0.2	-1.3	2.3	2.0	8.0	2.6	
	Non-operating Income	0.0	0.1	0.0	0.0	1.2	0.9	
	Non-operating Expense	0.1	0.1	0.9	0.7	2.1	1.6	
	Ordinary Income	0.2	-1.2	1.4	1.3	7.2	1.9	
	Extraordinary Income	0.0	1.3	0.0	0.0	0.0	0.0	
	Extraordinary loss	0.0	0.1	0.0	0.0	1.2	0.5	
	Net Income	0.2	0.0	1.4	1.3	6.0	1.4	

※Some numbers do not match due to rounding off fractions.

(13) Joint Third Sectors Results and Prefecture Financial Support

[FY2014]

(100 million yen)

	Chiba Pref Equity Ratio	Ordinary profit and loss		Capital/Net Assets	Prefecture Financial Support Conditions					
		2014	2013		Investment	Subsidy	Outstanding loan	Guaranteed debt	Loss compensation	
1	Narita Airport Area Joint Development Project	25.0	-0	-2	16	27	0	0	0	0
2	Keiyo Rinkai Line Co., Ltd.	31.3	0	0	39	6	0	0	0	0
3	Toyo Rapid Railway Co., Ltd.	31.1	18	17	-245	184	1	18	0	0
4	Isumi Railway Co., Ltd.	34.2	-2	-1	1	1	1	0	0	0
5	The Promotion Foundation for Chiba Private School Education	44.5	1	-32	16	15	6	0	0	0
6	Chiba Firefighters Association	55.0	-0	-0	2	1	0	0	0	0
7	Chiba Health Fund	48.8	-0	-0	6	3	0	0	0	0
8	Chiba Social Welfare Association	100.0	0	1	8	0	8	0	0	0
9	Chiba Social Welfare Association for People with Disabilities	100.0	1	1	7	0	12	0	0	0
10	Chiba Environmental Health Industry Guidance Center	47.6	-0	-0	0	0	0	0	0	0
11	Chiba Animal Protection	50.0	-0	0	3	1	0	0	0	0
12	Chiba Prefectural Environment Foundation	20.0	0	0	9	0	0	0	0	0
13	The Environmental Fund for lake Inba	48.7	-0	0	6	3	0	0	0	0
14	Chiba Prefecture Youth Society	25.0	-0	-0	0	0	0	0	0	0
15	Chiba Prefectural Cultural Promotion Foundation	52.3	-0	-0	7	3	0	0	0	0
16	New Philharmonic Orchestra Chiba	38.3	-0	0	1	0	0	0	0	0
17	Chiba Industry Advancement Center	54.0	0	-0	18	5	5	134	0	0
18	Chiba Credit Guarantee Fund Association	12.7	58	54	403	48	8	0	0	0
19	Makuhari Messe	25.0	3	3	66	10	0	0	0	0
20	Kazusa DNA Research Institute	77.8	0	-0	51	38	11	0	0	0
21	Chiba Convention Bureau and International Center	60.9	0	0	23	13	1	0	0	0
22	Katsuura Undersea Park Center	42.9	-0	-0	5	0	0	0	0	0
23	Chiba Data Center Corporation	34.0	0	0	1	0	0	0	0	0
24	Chiba Fishery Credit Guarantee Fund Association	49.7	0	-0	12	6	0	0	0	0
25	Chiba Agricultural Price Subsidy Corporation	47.2	0	-0	2	2	0	1	0	0
26	Chiba Gardening Plastic Processing Corporation	25.0	0	0	1	0	0	0	0	0
27	Chiba Greenery Promotion Committee	26.5	-0	-0	2	1	0	0	0	0
28	Chiba Fishery Promotion Fund	43.4	1	4	238	74	0	0	0	0
29	Chiba Fishery Promotion Public Corporation	100.0	0	0	10	2	0	0	0	0
30	Chiba Roads Public Corporation	88.7	1	1	150	137	0	0	123	0
31	Chiba Prefectural Construction Technology Center	48.0	-0	0	9	2	0	0	0	0
32	Corporation for Urban Enhancement of Chiba Prefecture	100.0	2	4	79	0	0	4	0	8
33	Land Development Public Corporation of Chiba Prefecture	100.0	-1	0	99	0	0	19	60	0
34	Chiba Prefectural Sewerage Management Public Corporation	54.5	3	2	12	2	0	0	0	0
35	Chiba Prefecture Housing Supply Corporation	100.0	2	7	-46	0	3	248	0	0
36	Chiba Educational Promotion Foundation	13.0	1	0	20	0	0	0	0	0
37	Chiba Gang Prevention Citizens' Committee	63.8	-0	0	7	4	0	0	0	0
Total						588	56	424	183	8

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※Chiba Prefecture has an equity ratio of at least 25% or more and is providing financial support to the organizations listed above.

※The equity ratio is as of April 1, 2013.

※Private firms that do not produce profit/loss statements are recorded as Change in Net Assets in the Ordinary Profit/Loss section.

(14) FY 2013 Balance Sheet

Chiba Prefecture creates financial statements in accordance with general accounting principles applicable to private enterprises and released them to the public in order to facilitate understanding of the financial conditions of local governments. Chiba Prefecture creates the balance sheet based on the Ministry of Internal Affairs and Communication Revised Model, which is adopted by many organizations.

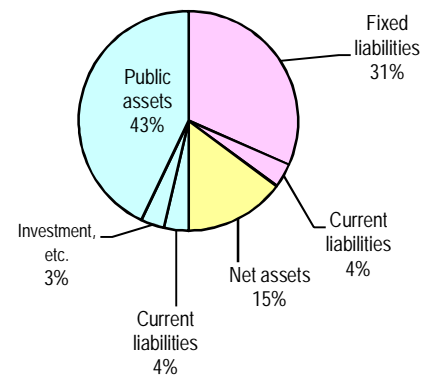
Main characteristics

- Sellable public assets are recorded separately at market value.
- Investments and stakes are recorded at market value or at real price.
- Allowances for investment losses are recorded.
(Applicable when real price drops to 30% or more below the book value.)
- Out of the loans and uncollected money categories, an uncollectable amount of loans is recorded separately.

(100 million yen)

Assets		Liabilities	
Public assets	47,820	Fixed liabilities	35,121
Tangible fixed assets	47,626	Municipal bonds	30,029
Sellable assets	194	Long term unpaid account	409
Investments, etc.	3,837	Allowance for retirements	4,532
Investments and stakes	1,162	Allowance for loss guarantee	47
Loans	1,231	Others	104
Funds, etc.	1,231	Current liabilities	3,991
Long term delinquent loans	231	Municipal bonds due next year	3,009
Uncollectable loans	△ 18	Unpaid account	48
Liquid assets	4,055	Retirement funds for next year	611
Cash and deposits	3,962	Allowance for bonuses	306
Uncollected money	93	Others	17
		Total liabilities	39,112
		Net assets	
		Grants for public assets	11,066
		General accounts for public assets	26,169
		Other general sources	△ 20,544
		Adjustments due to asset reevaluation	△ 91
		Total net assets	16,600
Total assets	55,712	Total liabilities and net assets	55,712

Composition ratio



Due to the fact that bonds for extraordinary financial measure are recorded as liabilities without matching the counter assets recorded.

◎Balance sheet including public corporations

Assets		Liabilities	
Public assets	66,858	Fixed liabilities	38,584
Investments, etc.	4,306	Current liabilities	4,535
Current assets	6,030	Total liabilities	43,119
Deferred assets	7	Net assets	
			34,082
Total assets	77,201	Total liabilities and net assets	77,201

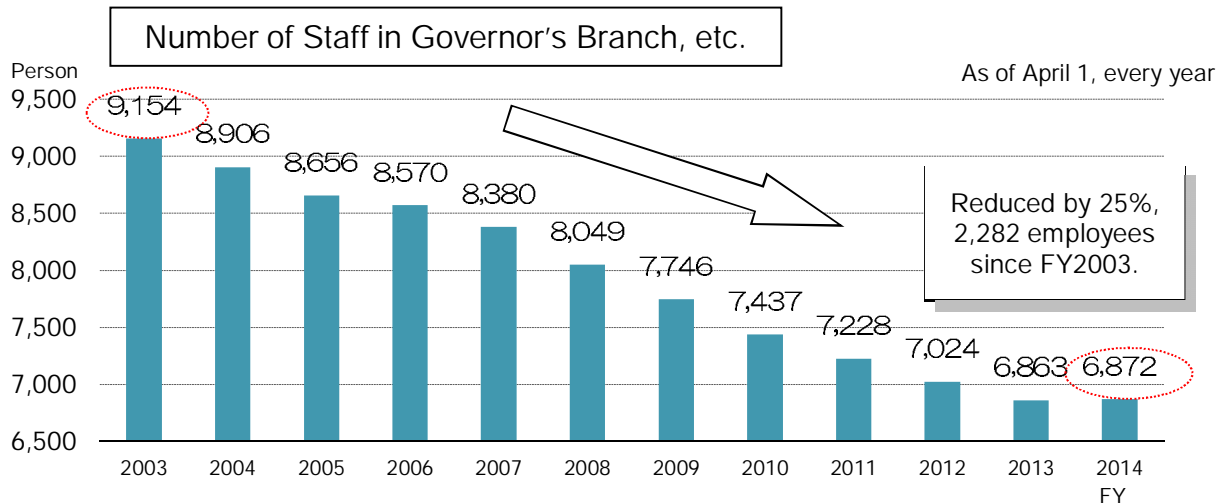
◎Consolidated balance sheet (local governments with an investment ratio of over 50%)

Assets		Liabilities	
Public assets	68,690	Fixed liabilities	39,288
Investments, etc.	4,082	Current liabilities	4,707
Current assets	6,483	Total liabilities	43,995
Deferred assets	7	Net assets	
			35,267
Total assets	79,262	Total liabilities and net assets	79,262

3. Administrative and Financial Reforms Made So Far

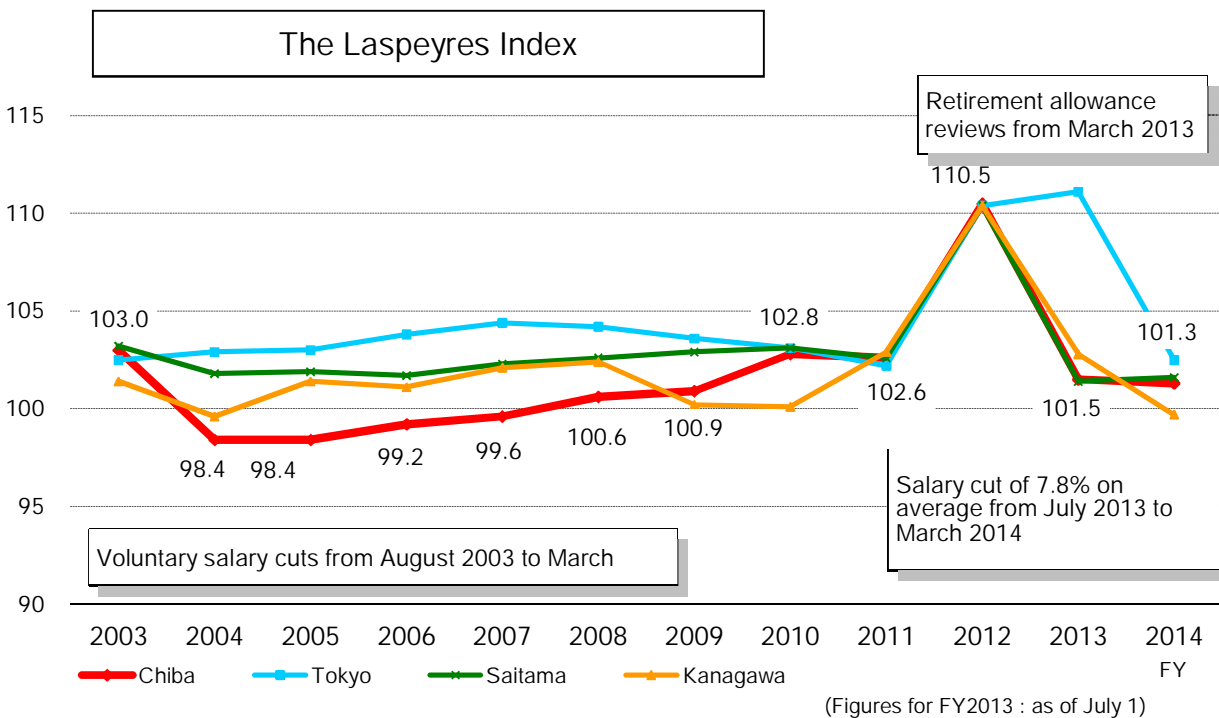
◎ Reducing staff

Chiba Prefecture is actively engaged in the optimization of staff by continuously reviewing activities/projects and examining effective organization structure. Staff in the Governor's Branch, etc. has been reduced by 2,282 employees, or 25%, in the 11 years between FY2003 and FY2014.



◎ Cutting salaries

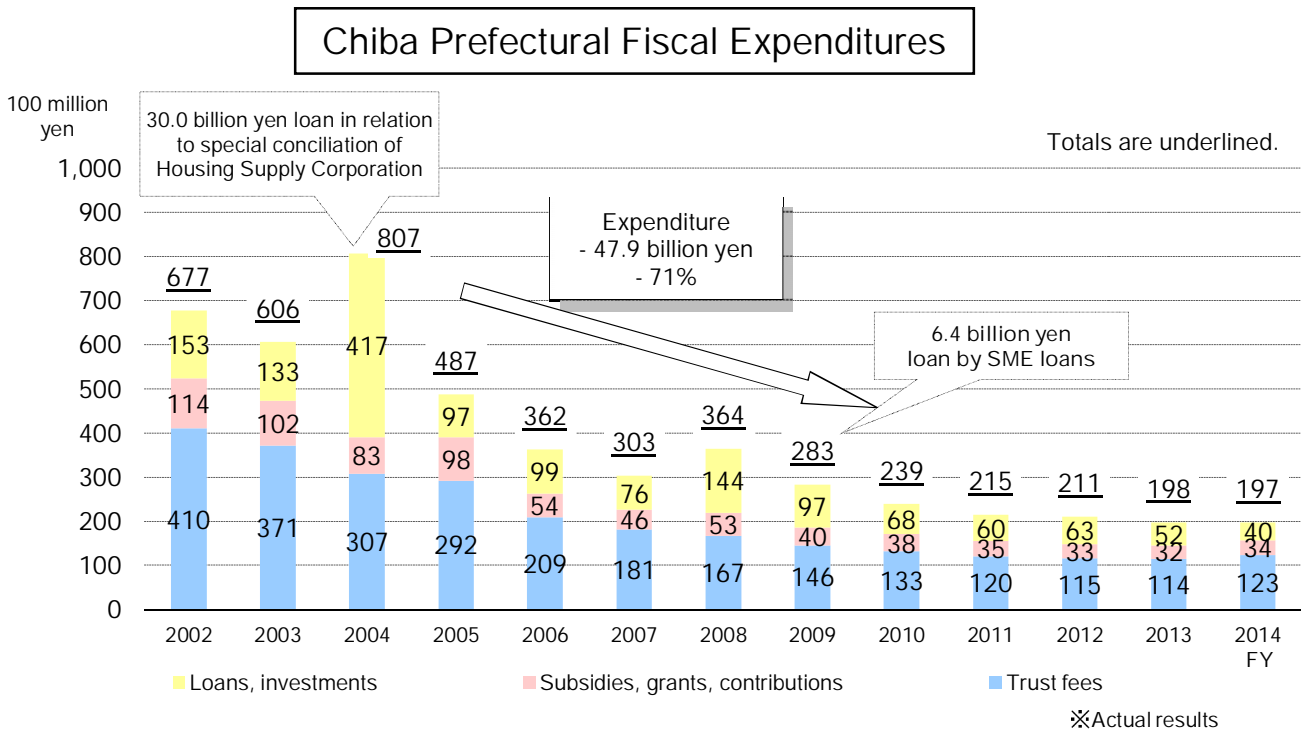
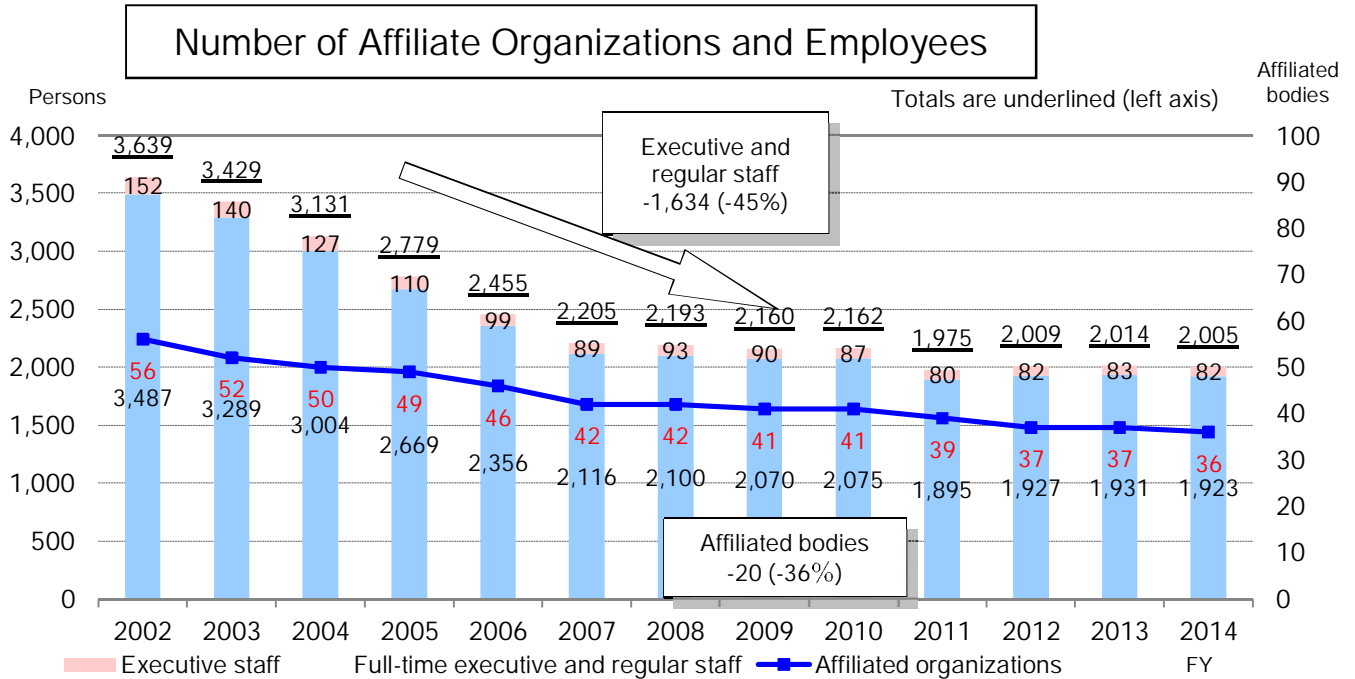
Due to the severe financial situation, Chiba Prefecture has been implementing salary cuts from August 2003 to March 2010. The salary level has also dropped as a result of salary structure reforms and retirement allowance reviews.



◎Reform Status at Affiliate Organizations (Public Enterprises, etc.)

Affiliate Organizations have been liquidated or merged based on "Basic Principle on Affiliate Organizations Reform" set in FY2002.

The number of affiliated Organizations has dropped by 20 (-36%), executive and regular staff by 1,634 (-45%), and fiscal expenditures by 47.9 billion yen (-71%).



4. Chiba Prefecture Financial Soundness Plan (FY2013 - FY2016)

Severe Financial Situation (Background of Plan Development)

(1) Expenditure situation

Mandatory expenditures, such as personnel expenses, social welfare expenses and public bonds expenses, will continue to increase due to increases in social welfare expenses associated with the aging of society and increases in public bonds expenses due to the issuance of bonds for extraordinary financial measures. Furthermore, the number of people who will reach retirement age will continue to increase until FY2020 and the number will remain high thereafter.

(2) Revenue situation

Prefectural tax revenues, which occupy a large part of the internal revenue sources of Chiba Prefecture, remain stagnant under severe economic conditions. Although the real local allocation tax including of bonds for extraordinary financial measures has been increasing in the past few years and the local consumption tax will contribute to increasing revenue after FY2014, these revenues will be put towards the natural increase of public assistance expenses, etc., and thus, the general fund that Chiba Prefecture can use without restriction will not increase.

Direction of the Financial Soundness Plan (Basic Goals)

(1) Duration of the Plan

Same as the General Plan of Chiba Prefecture (FY 2013 to FY 2016).

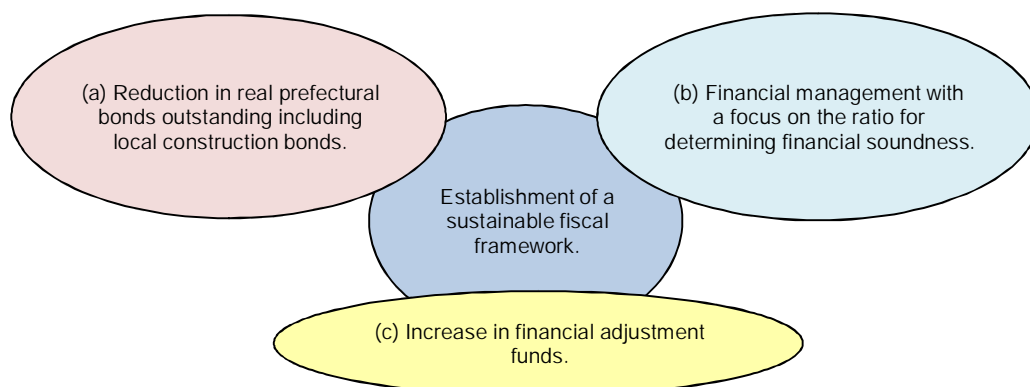
(2) Basic Goals

In order to make Chiba the best place to live in Japan in terms of safety/security, medicine/social welfare and disaster prevention despite the severe financial situation, Chiba Prefecture must establish a sustainable fiscal framework.

To achieve this, Chiba Prefecture has set the following basic goals and will work to achieve financial soundness.

- (a) Reduction in real prefectural bonds outstanding including the local construction bonds.
- (b) Financial management with a focus on the ratio for determining financial soundness.
- (c) Increase in financial adjustment funds.

※We aims to create about 3.0% of the standard financial scale (approximately 30 billion yen).



Fiscal Forecast at the Initial Budgeting Stage for FY 2015

Chiba Prefecture developed a fiscal rolling about the forecast for the Financial Soundness Plan based on the initial budget for FY2015, taking into account the local fiscal system reform, etc. Estimates were made under certain conditions taking into account a natural increase in social welfare expenses and so on.

(100 million yen)

Category		FY2013 Actual	FY2014 Actual (Feb)	FY2015 Initial	FY2016 Estimate	Total
Expenditure	Personnel	5,526	5,743	5,744	5,674	22,687
	Retirement expenses	597	589	619	609	2,414
	Public assistance expenses	2,178	2,333	2,555	2,704	9,770
	Public bonds	1,834	1,894	1,990	2,088	7,806
	Grants related to taxes, etc.	947	1,075	1,411	1,400	4,833
	Expenditures related to resident services, etc.	-5,258	-5,442	-5,149	-5,062	-20,911
Expenditure total (1)		16,019	16,735	17,096	17,027	66,877

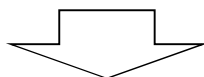
Revenue	Prefectural Tax, etc. (including local transfer tax)	7,548	8,150	8,449	8,522	32,669
	Local allocation tax, etc. (including extraordinary fiscal measure bonds)	3,518	3,389	3,010	2,990	12,907
	Prefectural bonds	505	527	778	724	2,534
	Others	4,618	4,635	4,637	4,447	18,337
Revenue total (2)		16,189	16,701	16,874	16,683	66,447

Balance (3)=(2)-(1)		(Real balance 91)	- 34	- 222	- 344	- 600
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※1 The numbers under "Expenditures related to resident services, etc." exclude special elements such as the national economic measure fund project.

※2 The revenue does not include fiscal resource measures such as disaster recovery/community revitalization funds or public finance adjustment funds.

The shortfall (balance between revenue and expenditure) is 60.0 billion yen for four years from FY2013 to FY2016.



Chiba Prefecture will try to secure financial sources to make up for the shortfall by utilizing disaster recovery/community revitalization funds and public adjustment funds reserved for adjusting financial resources between fiscal years. In addition, We will make efforts to secure fiscal sources such as reducing spending during budget execution and urging the national government to secure the amount of local general revenues.

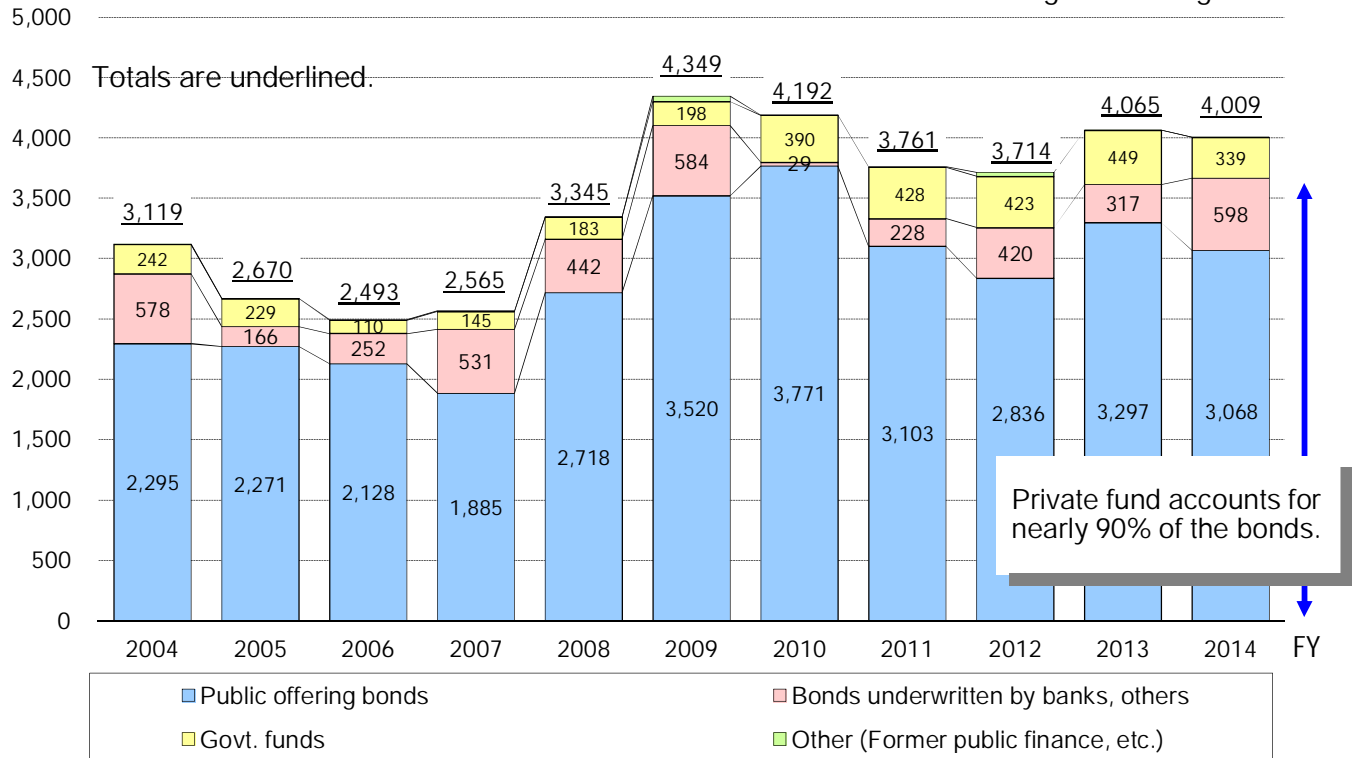
Chiba Prefecture Fiscal Conditions and Prefectural Bonds

5. Chiba Prefectural Bonds

(1) Prefectural Bonds Issuance Categorized by Fund (General Account)

100 million yen

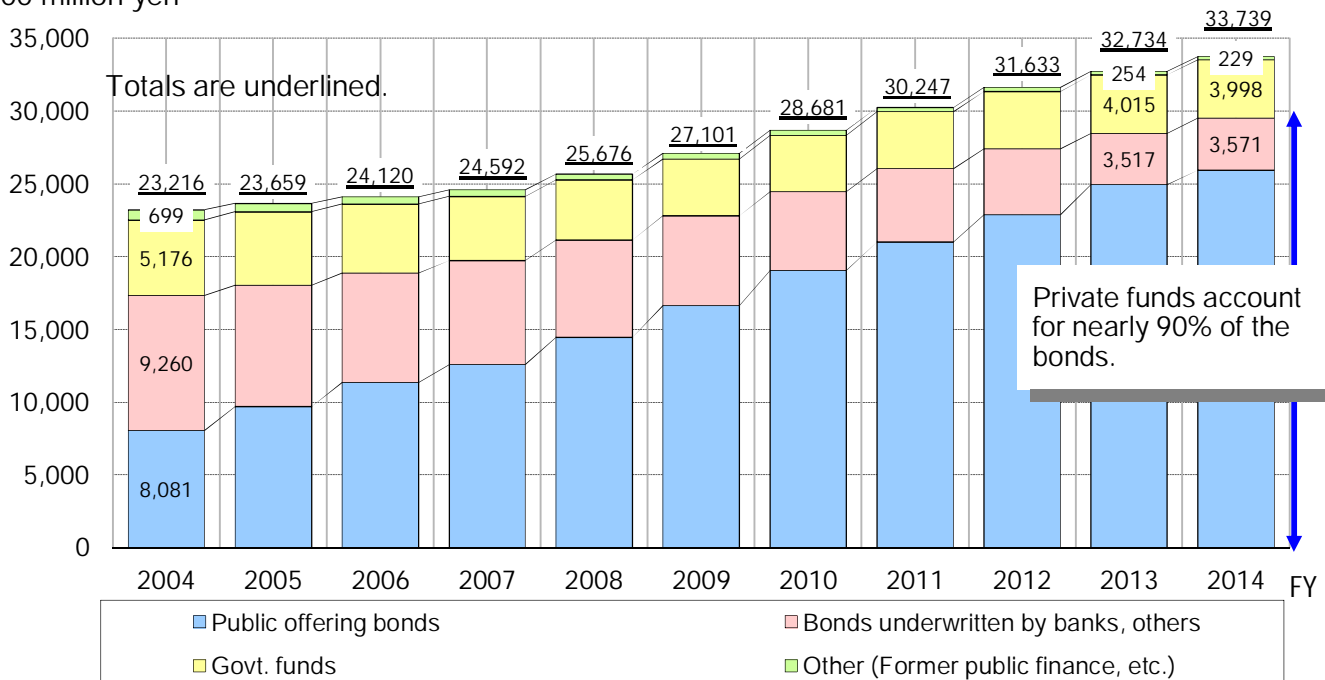
※Settled accounts including refinancing



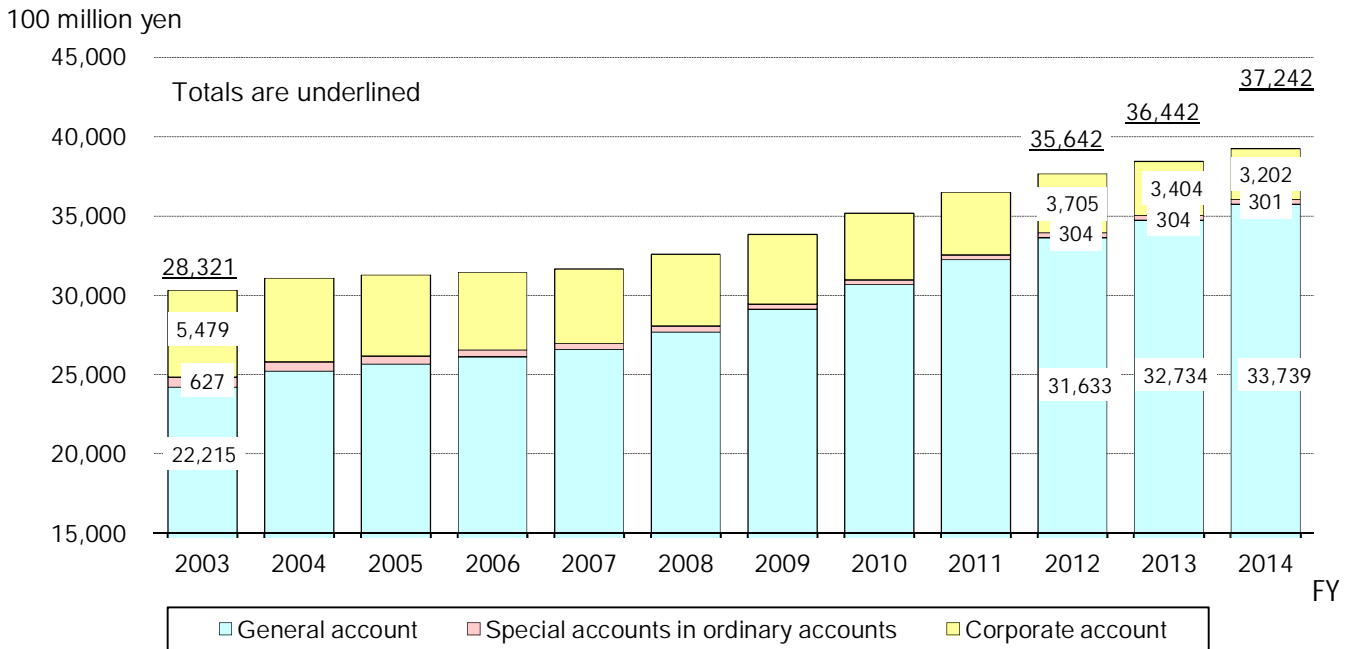
(2) Prefectural Bonds Outstanding Categorized by Fund (General Account)

100 million yen

※Settled accounts including refinancing



(3) Prefectural bonds outstanding by account



(4) FY2015 Public Offering Bond Issuance Plan

100 million yen

Classification	Maturity	Issuance amount	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Notes
Chiba Prefectural Bonds (Public Offerings)	10-year	1,400		200	200	200		200			200	200		200	
	5-year	400		200									200		
	20-year	400	200						200						
	Scheduled redemption (20-year)	200	100						100						
	Flex														
Public Offering Joint-Local Government Bonds	10-year	500		50				100		100	100	100		50	
Total		2,900	300	450	200	200		300	300	100	300	300	200	250	

※ There may be changes to the above Issuance Plan.

※ A flex system is introduced in which the issuance amount can be increased or new maturity year can be used if the demand for the prefectural bonds is high.

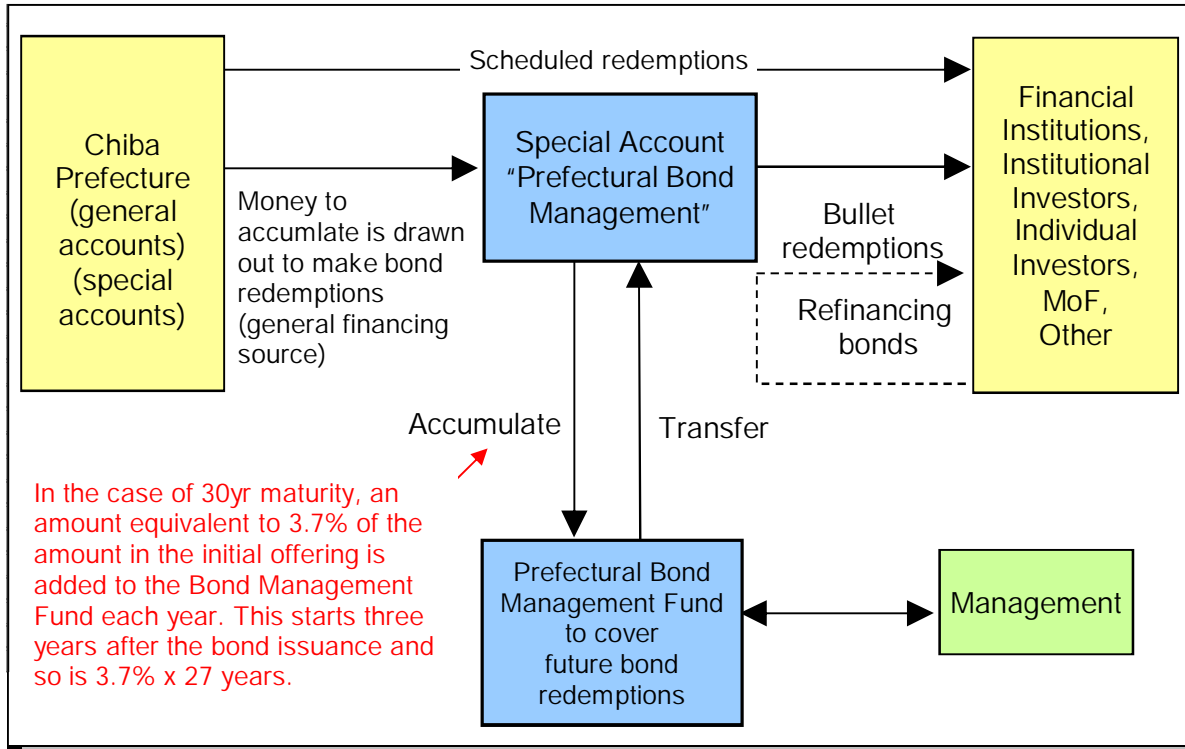
※ The Public Offering Joint-Local Government Bonds are issued jointly by 36 local public entities. The figures in the above table are only for Chiba Prefecture.

- Multiple maturities (5-year, 10-year, 20-year) are offered in order to respond to various needs of investors.
- We make efforts to standardize the timing of issuance, taking into account the issuance status of the entire local bonds.
- From FY2014, a flex system is introduced in which the issuance amount can be increased or new maturity year can be used if the demand for the prefectural bonds is high.
- In principle, the day to determine the conditions for the 5-year and 10-year bonds is a day after the 10-year

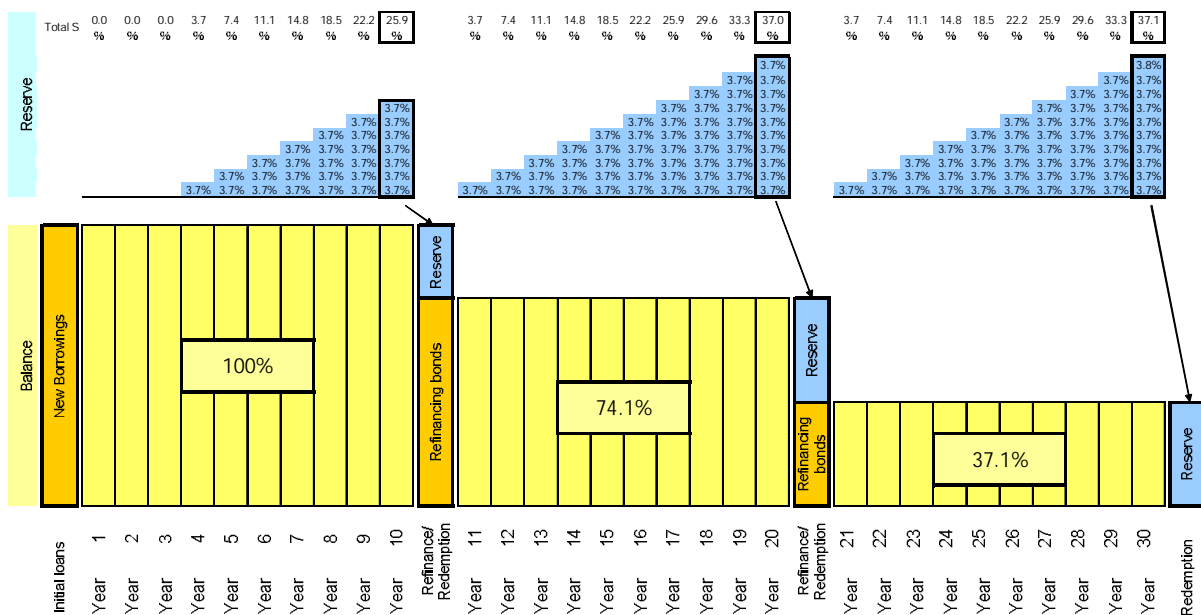
Chiba Prefecture Fiscal Conditions and Prefectural Bonds

(5) Prefectural Bond Redemption

In order to manage the redemption of its bonds, Chiba Prefecture has established the Prefectural Bond Management Special Account and the Prefectural Bond Management Fund, and accumulates funds based on the plan for the future redemption.



○ Bullet bonds are redeemed using funds transferred from the Prefectural Bond Management Fund and Refinancing Bonds. (In the case of 30yr maturity: amounts to be withdrawn from the fund are 10-year: 25.9%, 20-year: 37%, 30-year: 37.1%)



(6) Security of Local Municipal Bonds

◎ Systems to Support Security of Local Municipal Bonds

Security of local municipal bonds is supported by the following systems:

1. Local allocation tax system

If a standard fiscal demand (expenditures) including principal and interest repayments on prefectural bonds exceeds an anticipated amount of fiscal revenue from local taxes, etc., the insufficiency shall be provided by the nation as local allocation tax.

2. Consultation system for municipal bonds

Municipal bonds are issued with the involvement of the national government only after municipalities submit advance notification to (※) or consult with and obtain consent from the national government. The amount of new issuance and redemption shall be reflected in local fiscal plans made by the national government. The Local Government Finance Act Article 5.4 states that organizations in deficit or with a high ratio of real public debt (18% and above) may not issue municipal bonds without the national government's approval.

※ An advance notification procedure was introduced in FY2012, whereby entities with a sound financial status satisfying certain criteria are permitted to issue local government bonds by submitting advance notification. Chiba Prefecture is eligible for this notification system.

3. Financial soundness rebuilding system

○ Public announcement of formulation of plan and progress situation

When the 4 ratios to judge financial soundness goes above the standard, it is required to formulate an early financial soundness plan or financial rebuilding plan upon the council's approval. Progress in implementing such plans will be announced publicly every year. If the results significantly differ from the original plan, the Minister of Internal Affairs and Communications may give a warning.

	Real deficit ratio	Consolidated real deficit ratio	Real public debt service ratio	Future burden ratio (%)
Early financial soundness benchmark	3.75	8.75	25.0	400.0
Financial rehabilitation benchmark	5.00	15.00	35.0	

With the establishment of the early soundness benchmark, it is now possible to avoid the situation where a municipality is suddenly found to be financially bankrupt (above the financial rehabilitation benchmark).

○ Ensuring appropriateness of calculated values

The four ratios are checked by the auditors' committee to ensure they are calculated properly.

Municipal bonds are debts secured by local taxes and local allocation taxes. Its risk weight by the BIS standard is 0%, the same for JGBs and Government-guaranteed bonds.



The mascot of Chiba Prefecture
CHI-BA+KUN

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