

20th
1995-2015
I.17
K O B E



United Nations
Educational, Scientific and
Cultural Organization

City of Design
KOBE 

Member of the UNESCO
Creative Cities Network
since 2008

City of Kobe Investor Relations Materials
October 2014





Contents

City of Kobe			
Summary	• • •	3	
City of Kobe			
Fiscal affairs	• • •	10	
City of Kobe			
Administrative & fiscal reforms to developing a future-creating city	• • •	22	
City of Kobe			
Financing	• • •	28	
Supplemental materials	• • •	31	

City of Kobe
Summary



20th
1995-2015
1.17
KOBE

- All modes of transportations (land, sea and air routes) are available and interlinked.
- Kobe City is surrounded by nature such as Mt. Rokko that lies in the background of the city area.

Kobe Airport

Linked to 8 major cities in Japan, (The operation of Sendai Line started in Apr. 2014)
18 minutes from Sannomiya



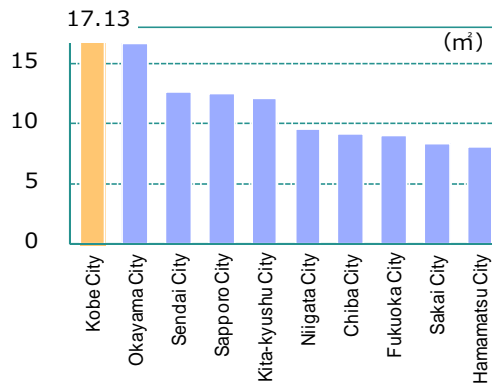
Port of Kobe

Network linking 500 ports in 130 countries
Selected as an international container strategic port in the name of "Hanshin Port" together with Osaka Port.



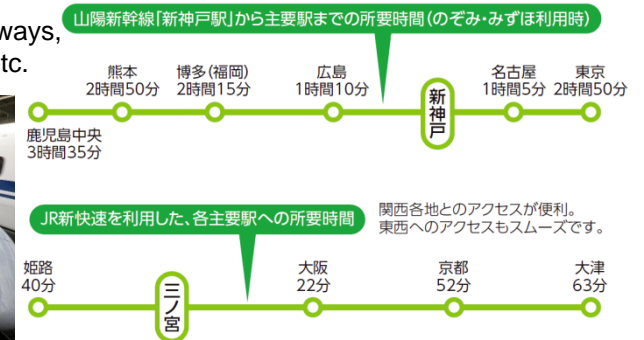
Parks

Per-capita city park area is 17.13m²



Railway

JR, private railways, subways, new transport systems, etc.



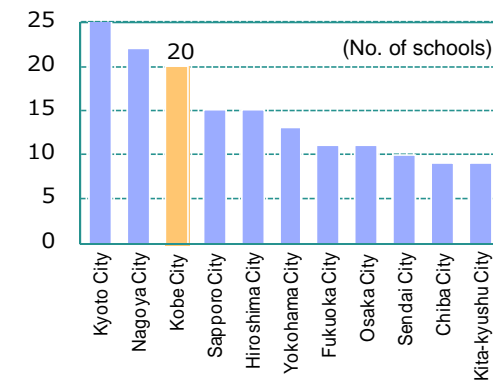
Highways

Hanshin, Sanyo, Chugoku, Kobe-Awaji Expressways



Universities

20 universities within the city



① Akashi Kaikyo Bridge

② Suma Beach

③ Tetsujin 28

④ Chinatown

⑤ Port of Kobe

⑥ Oji Zoo

⑦ Sake Brewery

⑧ Kitano Ijinkan

⑨ Arima Hot Spring

⑩ Mt. Rokko, Mt. Maya

⑪ Futon-daiko

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Summary Population | Industry

- The city lost about 100,000 people by the Great Hanshin-Awaji Earthquake. As of April 2014, the city's population is 1.536 million. (the 5th largest among the government-designated cities)
- Along the Port of Kobe, the heavy manufacturing industries, food and rubber goods industries have developed. The brewing and western confectioneries industries also play a part in creating the city's image.

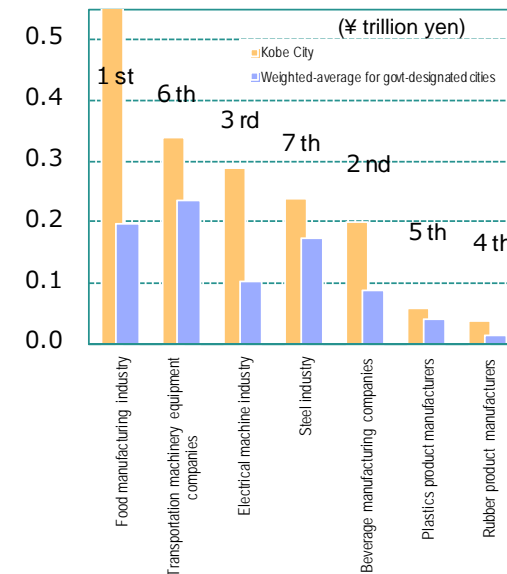
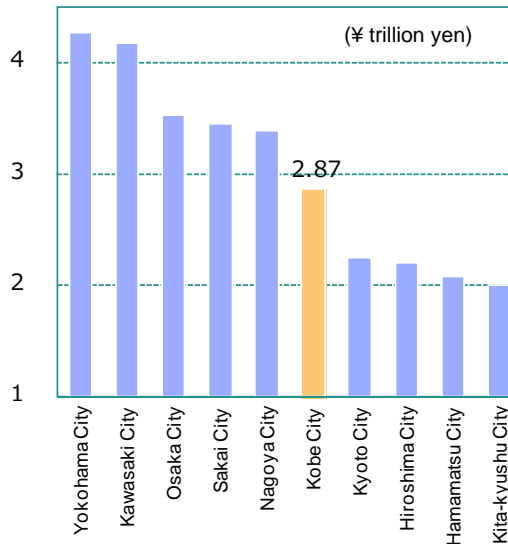
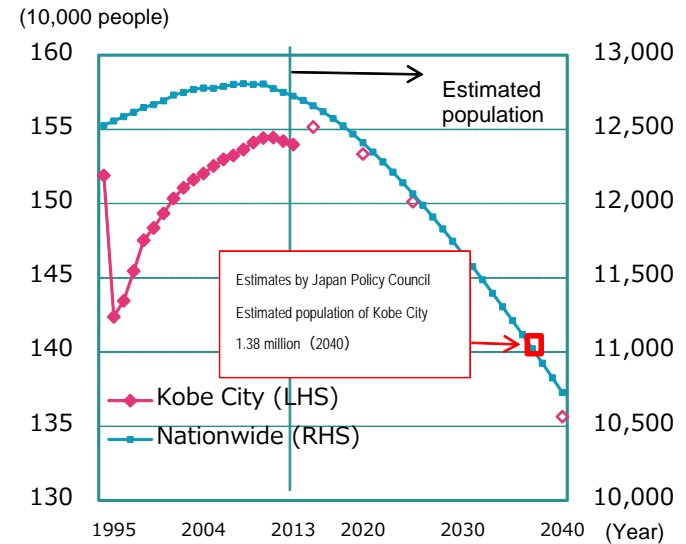
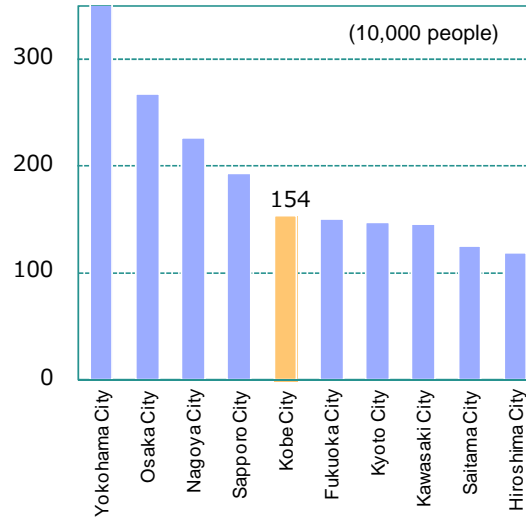
(Left) April 1, 2014 Estimated population
Top 10 ranking among the government-designated cities

(Right) Kobe City/National population transition and estimation
by the National Institute of Population and Social Security Research

“The subcommittee for addressing the declining population issue of Japan Policy Council” pointed out that “the population of Japan will decrease considerably because of the population trend of young women.”
→ Establishment of the “Council of experts for discussing the future demographics of Kobe City” to discuss the future population and how to develop the city.
We also aim to increase residential, daytime, and interacting populations.

Ministry of Economy, Trade and Industry
Census of Manufactures for 2012
Shipment amount of products, etc.

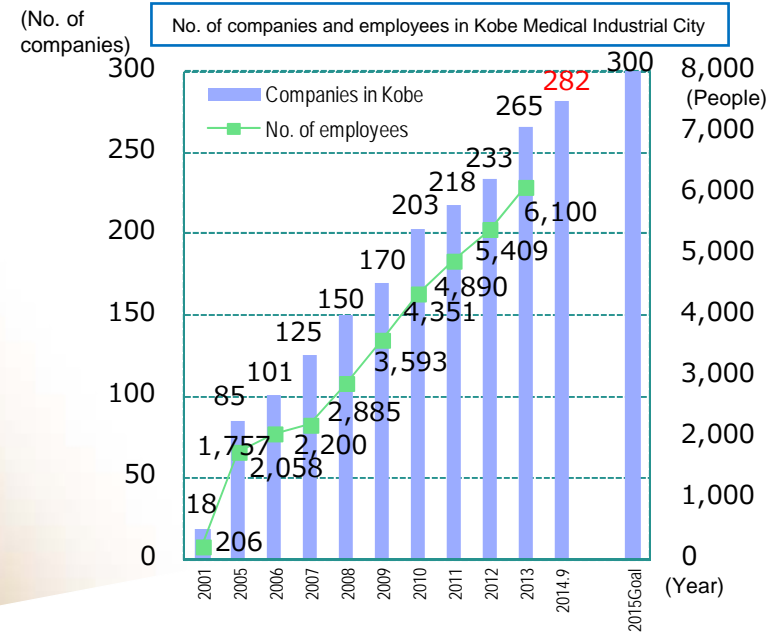
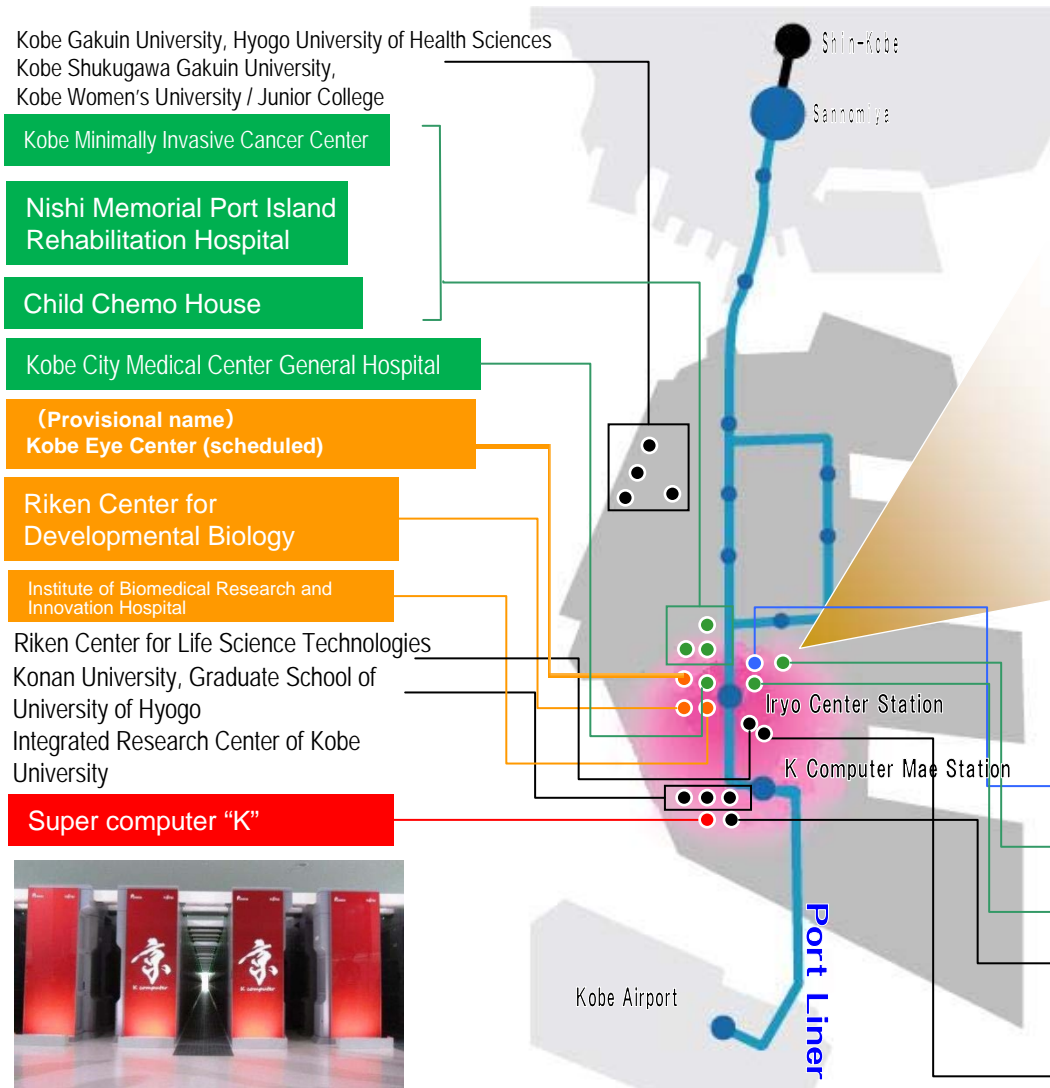
(Left) Top 10 government-designated cities
(Right) Ranking of government-designated cities for each middle industrial category



Kobe Biomedical Innovation Cluster

■ To improve the level of medical care for its citizens and to stimulate the local economy, Kobe City is promoting the medical industry by consolidating the medical-related industries on Kobe's man-made Port Island.

■ This is Japan's largest biomedical cluster, consisting of core facilities that act as an intermediary between basic and clinical researches and coordinate the research facilities of corporations and universities. In addition, there exist medical institutions and medical-related companies.



Estimated economic effects	FY2005	FY2010	FY2012
Economic effects	¥40.9 bn	¥104.1 bn	¥125.1 bn
Tax revenue effects	¥1.3 bn	¥3.5 bn	¥4.5 bn

International Medical Device Alliance

- Hyogo Prefectural Kobe Children's Hospital (To be opened in fiscal 2016)
- Kobe International Frontier Medical Center

Integrated Research Center of Kobe University Phase II (To be completed in FY2014)
Commissioned by the METI, it conducts research and development of technologies for stable production of the next generation antibody drugs, etc.

Center for promoting fusion, collaboration, and innovation (to be opened in fiscal 2015)



Cluster of Advanced Specialized Medical Institutions

Kobe Minimally Invasive Cancer Center
80 beds, opened in April 2013

By combining use of radiation therapy and chemical therapy with anticancer drugs, it offers cancer treatment without surgery.

Nishi Memorial Port Island Rehabilitation Hospital
136 beds, opened in April 2013

It offers early convalescent stage rehabilitation in collaboration with medical institutions that offer acute medical care.

Child Chemo House
19 rooms, opened in 2013

It offers an environment for pediatric cancer patients and their family to stay for long term.

Kobe City Medical Center General Hospital
700 beds, moved in July 2011

The base hospital of Kobe Cit

(Provisional name) Kobe Eye Center
The time of the start of operation is to be determined.

Facility for regenerating the retina using iPS cells

Kobe International Frontier Medical Center
120 beds, will complete in 2014

It offers advanced medical technologies and services in the fields of liver disorder and digestive disorder

Designated as the Kansai Innovation International Strategic Comprehensive Special Zone

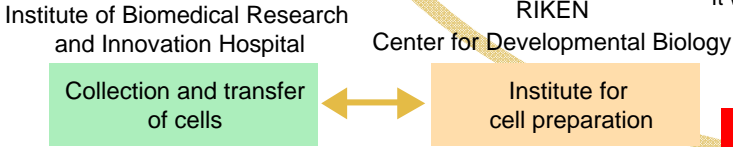
The first clinical study using iPS cells in the world

- Regenerative remedies of retina
- The world's first operation using iPS cells in Sep. 2014

- Tax benefits (reduction of corporate tax, etc.)
 - Monetary support (subsidized interest payment system)
 - Financial support (priority use of governmental budget)
 - Preferential measures of regulations
- PMDA-WEST was established in the International Medical Device Alliance (October 2013)

Designated as a national strategic zone

- Practical application from the clinical researches in regenerative medicine
 - Export of medical apparatus with healthcare services
 - Development of innovative pharmaceutical products
- To attain our goal through the regulatory reforms, etc.



Simulation by Super Computer "K"

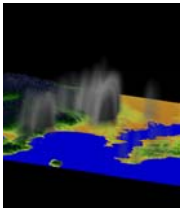
- General purpose super computer that can be used for researches and industries by universities and corporations

When "K" is used, ...

Global environment

Simulation scale of typhoon route or severe rain

3.5 km → About 400m



Manufacturing

Creating models for car crush analysis

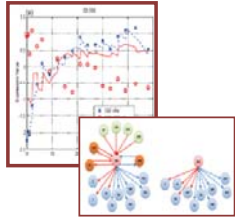
A few months → 1 to 2 hours



Life science

Development of drugs and prediction of side effects

Animal tests, etc. → Predictable by simulation



Kobe Biomedical Innovation Cluster Photographed in September 2013



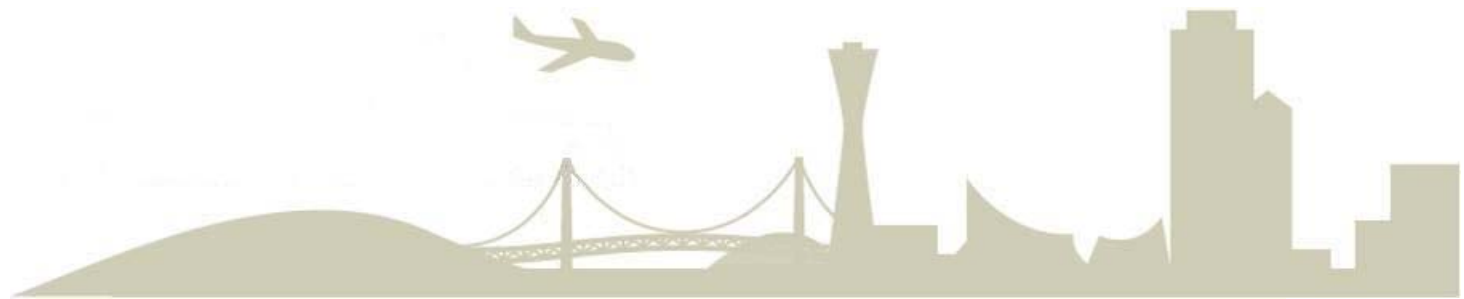
1998



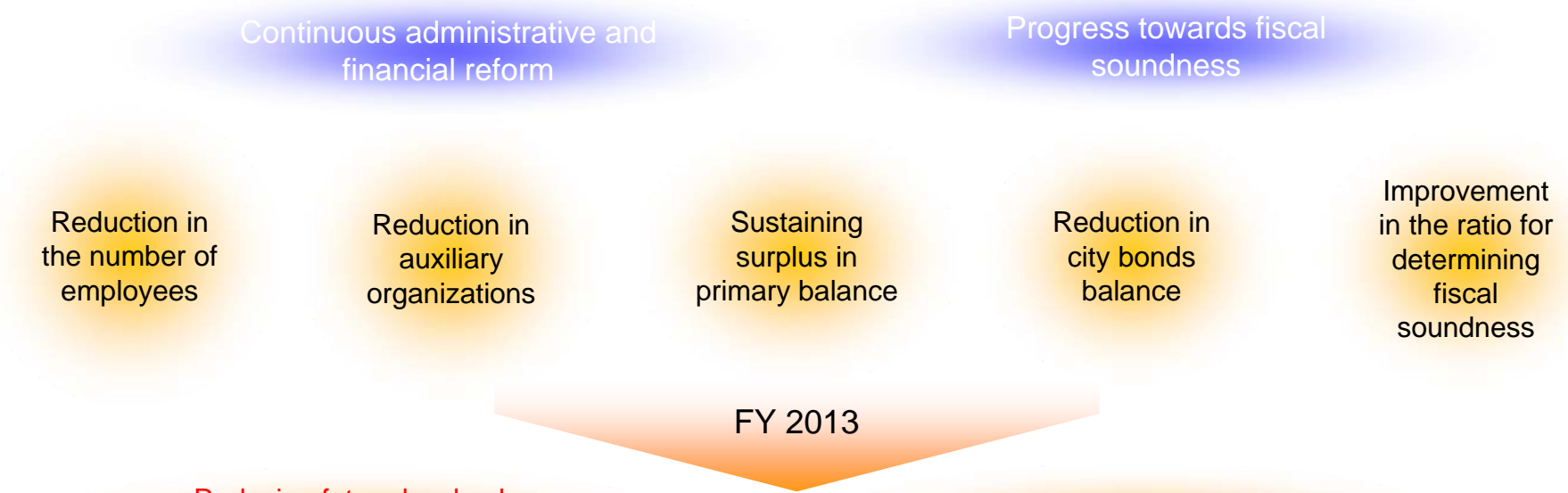
2013



City of Kobe
Fiscal affairs



- Thanks to the efforts for administrative and financial reforms, our finance has improved, and our actual revenue has been in the black for 15 consecutive years.
- City bonds have been issued, rigorously selecting the businesses that are related to citizens' living as investment targets.



Reducing future burden by restructuring auxiliary organizations that have major issues

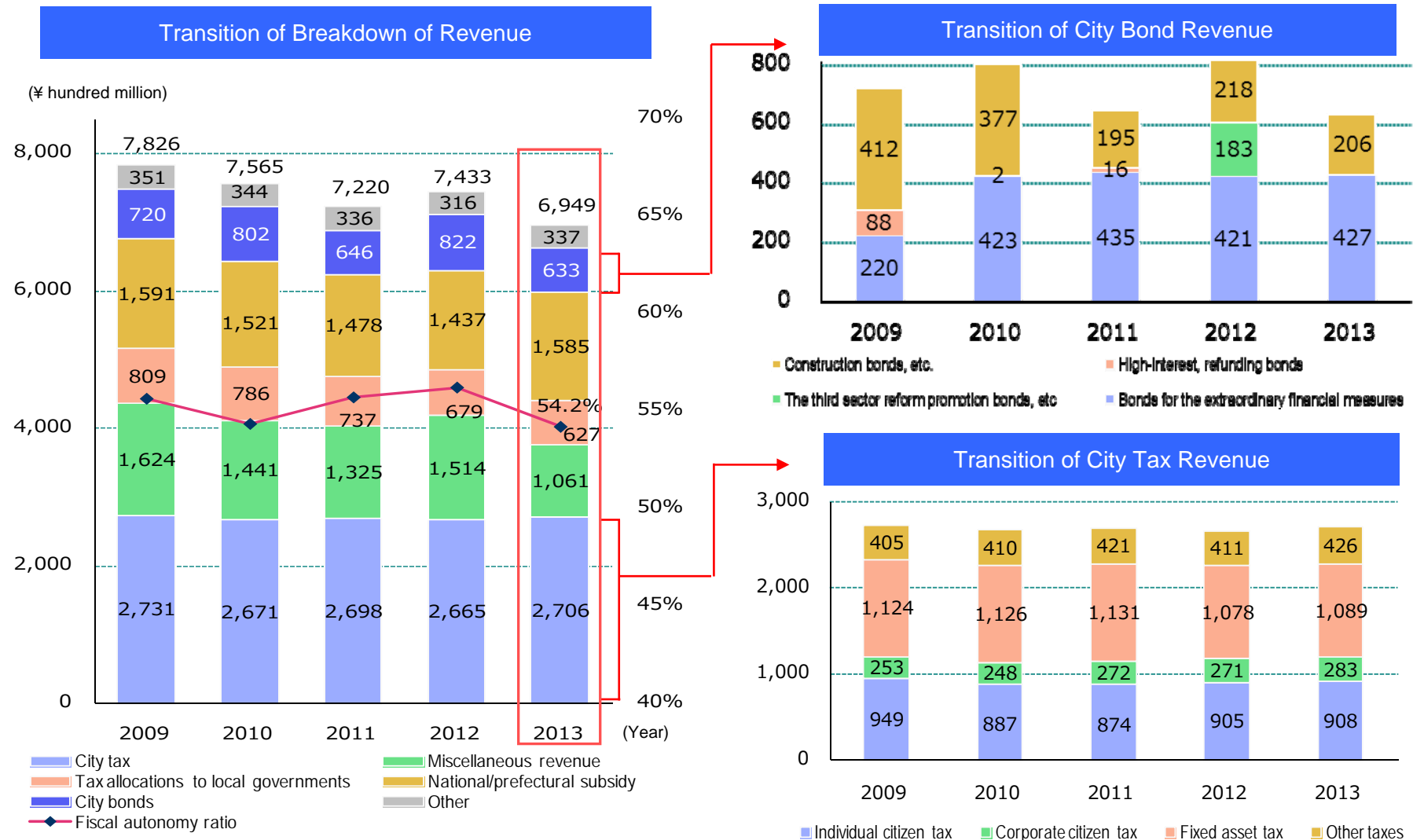
Better fiscal soundness

- Dissolution and special liquidation of Kobe Marine Hotels Co., Ltd.
- Decrease in the number of auxiliary organizations to 34 (by 3)
- Reduction of the number of dispatched workers to auxiliary organizations to 1,314 (by 129)

- Actual income of around ¥2.6 billion surplus (Surplus for 15 consecutive years)
- Improvement in the ratio for determining fiscal soundness
Real debt service Ratio: 10.1% (0.8% improvement)
Future Burden Ratio: 94.6% (25.6% improvement)

■ Because of the increase in the revenues from corporate citizen tax due to the improvement in the income of enterprises and from fixed asset tax due to the construction and enlargement of houses, total tax revenue increased by ¥4.1 billion YoY.

■ Through the revision to the list of auxiliary organizations, reform-promotion bonds for the third sector, etc. decreased, and then city bond revenue decreased by ¥18.9 billion YoY.

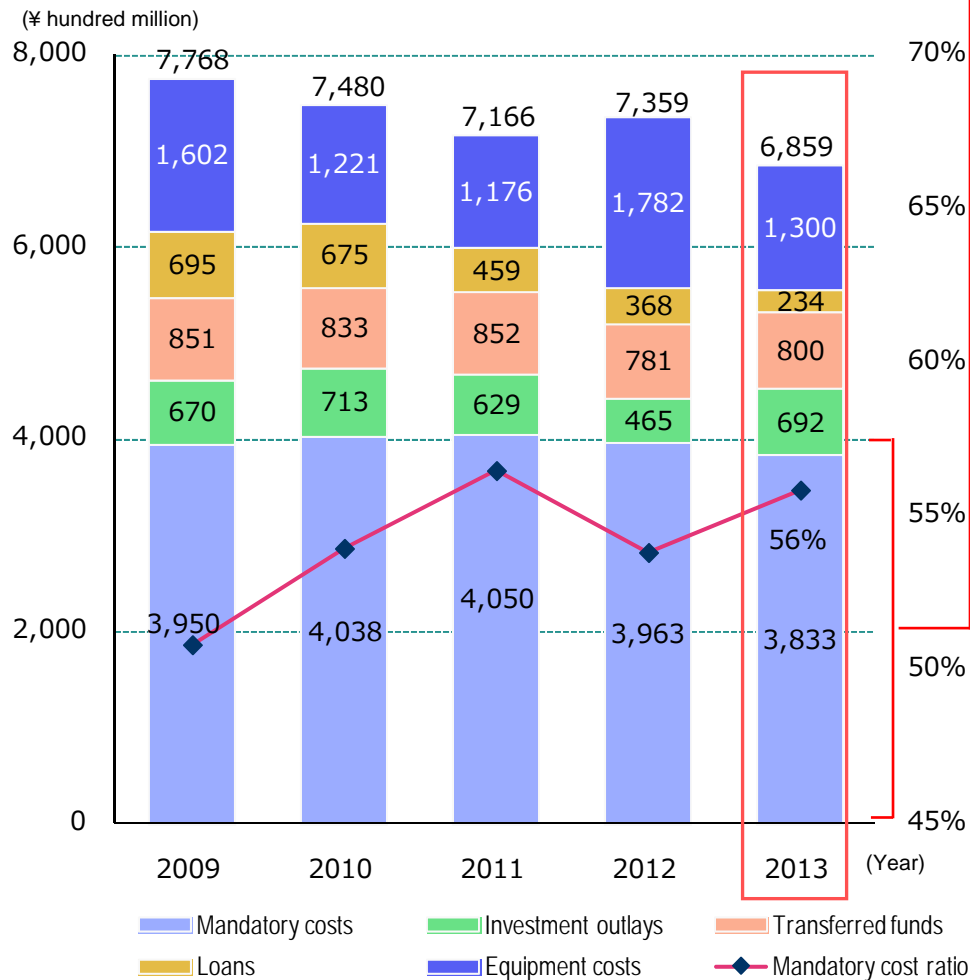


FY 2013 Results General Account - Expenditures

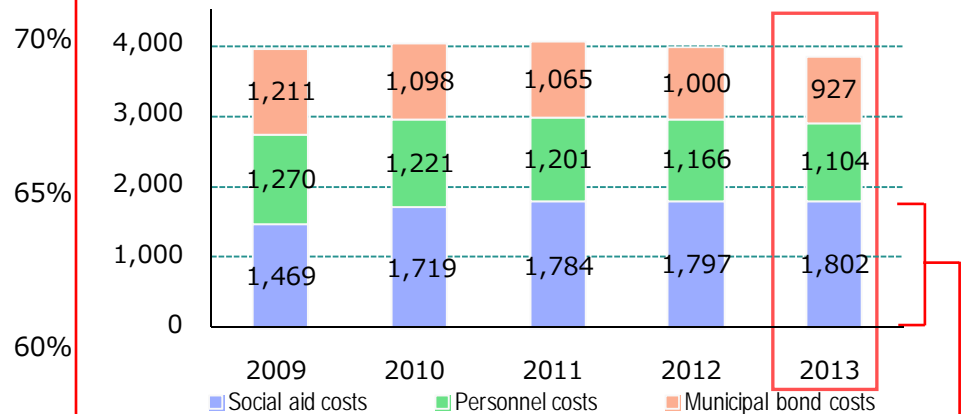
■ While assistance cost increased due to the augmentation of costs for children's measures through the development of the child-minding environment, personnel costs and municipal bond costs decreased because total number of officials and the balance of city bonds were reduced. Mandatory expenditures decreased by 13 billion yen from last year.

■ Since the "investment related to citizens' living," including the repair of public facilities, increased considerably, investment outlays augmented by 22.7 billion yen from last year.

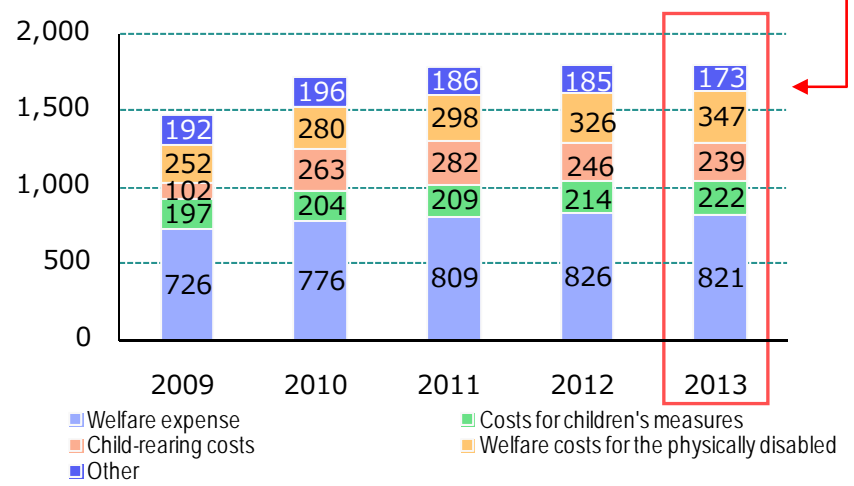
Transition of Breakdown of Expenditures



Transition of Mandatory Expenditures



Transition of Breakdown of Social Aid Costs



FY 2013 Results Special Accounts

- There are 14 special accounts as of the end of FY 2013.
- Municipal bond costs decreased considerably through the reduction of the balance of city bonds.

Accounting item	Revenue	Expenditure	Difference	Resources to be applied for carried forward project	Real balance	(¥mn)	
						Transfer from the general account	Composition ratio
Municipal bond costs	317,883	317,883				92,656	58.6%
National healthcare insurance costs	161,766	160,576	1,190		1,190	15,712	9.9%
Nursing care insurance costs	113,985	112,847	1,138	39	1,099	16,464	10.4%
Medical care expenditures for the elderly aged 75 or over	30,503	30,411	92		92	15,739	10.0%
Market costs	8,809	8,809				237	0.1%
Meat processing center costs	1,220	1,220				885	0.6%
Worker welfare insurance costs	366	366				20	0.0%
Agricultural insurance costs	288	236	52		52	84	0.1%
Loans from Welfare Funds for Mothers with Dependent Children and Widows	256	137	119		119	2	0.0%
Parking lot business costs	1,053	1,053				128	0.1%
Agricultural community sewer program costs	1,341	1,341				1,027	0.6%
Urban redevelopment project costs	11,624	11,308	316	316		8,784	5.6%
City-managed housing costs	28,631	28,358	273	273		5,566	3.5%
Airport development costs	3,002	3,002				754	0.5%
Total	680,727	677,547	3,180	628	2,552	158,058	100.0%

(Reference)

FY 2012 Special Accounts Settlement (15 Accounts)	694,235	692,626	1,609	521	1,088	162,164	
Out of which, public bond cost	342,612	342,612				99,953	61.6%

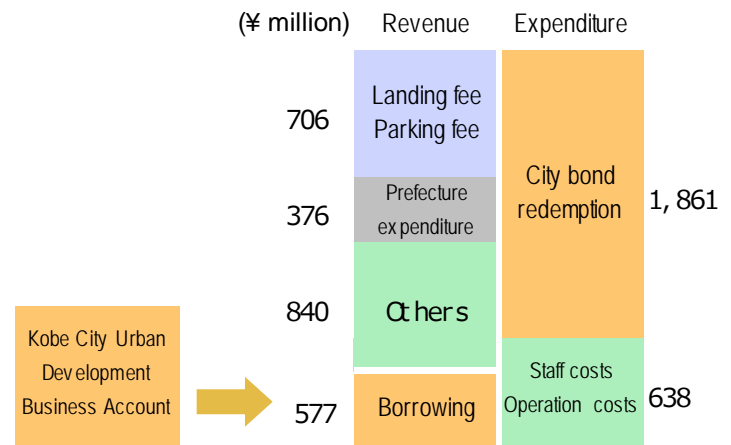
※ In FY 2013, coastal environment improvement project costs was abolished (14 accounts).

FY 2013 Results Special Accounts - Airport Development Business

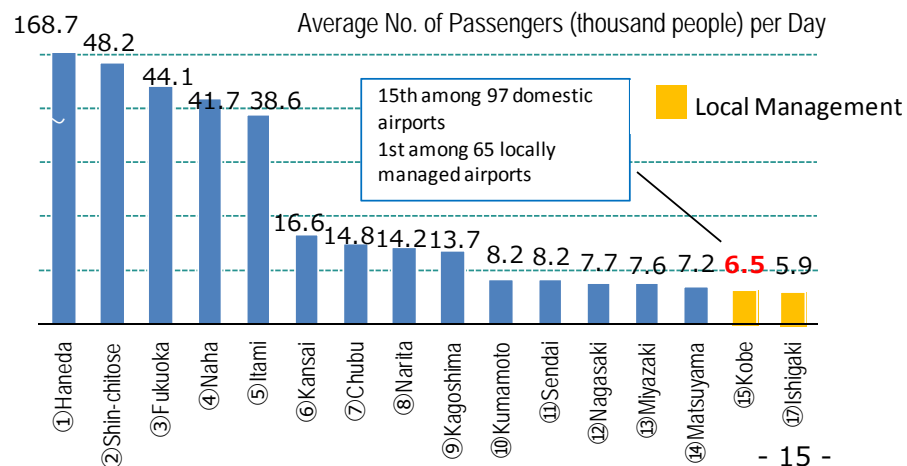
- For the balance of payment for the airport development project, we borrowed from the urban redevelopment business account to avoid increasing city bond redemption cost.
- The number of users of the Kobe Airport in FY2013 was approximately 2.35 million.

Manager	Kobe City	
Access	18 minutes from Sannomiya by Kobe New Transit (Port Liner) (17 min. by rapid train)	
Runway	2,500 meters, 1 line	
Opening date	February 16, 2006	
Operating hour	From 7:00 to 22:00	
Operating airlines	All Nippon Airline, Skymark Solaseed Air, AIRDO	
No. of flights	30 (8 cities)	(As of October 1, 2014)

Airport Account Balance of Payments



No. of Passengers Ranking by Airport (Domestic flights)



Future Actions

- **Improve convenience**
We will ask airlines to increase the number of flights, create new routes and bring in larger aircrafts.
- **Enrich functions and ease regulations**
The number of arrival and departure slots has already reached the upper limit: 30/day and airline companies have submitted concrete business proposals utilizing the extended period of time. In order to utilize the characteristics of an offshore airport, which may be operated 24 hours a day, we will request the national government to extend operation hours, increase arrival and departure slots, etc.
- **To consider the integrated operation of 3 airports in Kansai**
Research into concrete methods for the integrated operation, considering the trend of concessions in Kansai International Airport and Osaka International Airport, and the cases of Sendai Airport.

FY 2013 Results Business Accounts

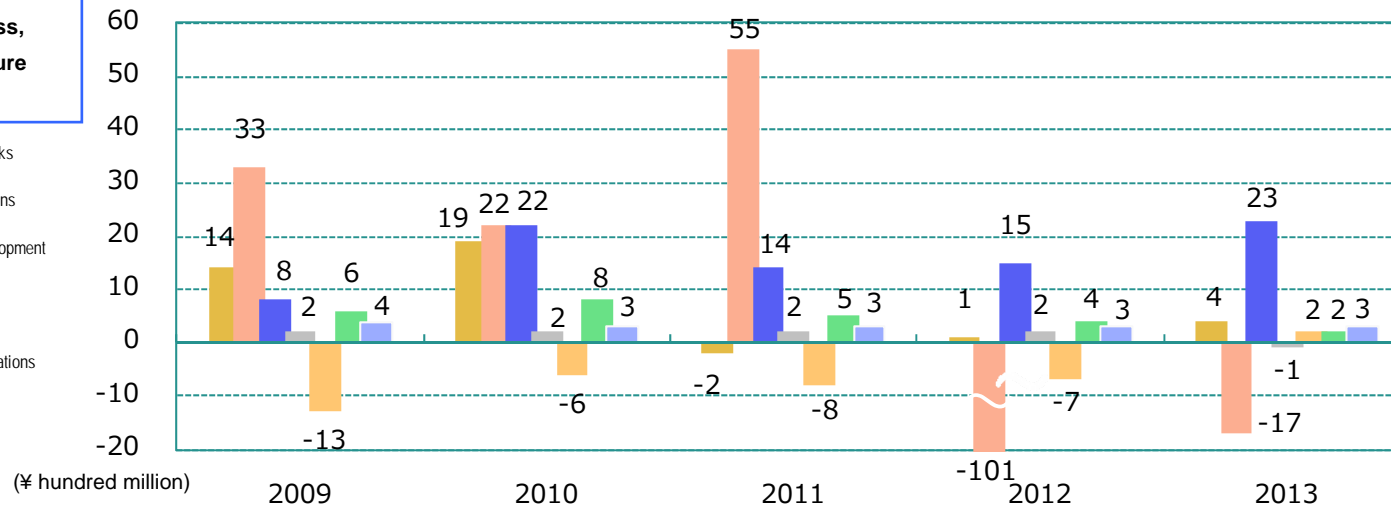
- The profit and loss of 7 accounts achieved a surplus of ¥1.6 billion (surplus in 5 accounts and deficit in 2 accounts).
- In the urban redevelopment project, we implemented active measures for attracting firms. Consequently, our annual income was about 2.3 billion yen, exceeding the value for the previous year.
- As for the high-speed railway business, the income from fares increased, and so on. As a result, subway line moved into the black in total for the first time.
- As for the port business, loss on retirement of fixed assets was posted, and as for the automobile business, the income from fares declined. Then, annual results of these businesses were in the red.

(¥ mn)

Accounting item		Sewage works	Port operations	Urban development	Automotive operations	High-speed railway operations	Waterworks	Industrial waterworks
Revenue and expenditures	Revenues	22,693	18,829	30,784	12,110	22,291	33,511	1,411
	Expenses	22,285	20,555	28,556	12,138	22,109	33,307	1,111
	Difference	408	△ 1,726	2,228	△ 28	182	204	300
Balance sheet items	Assets	794,994	1,110,695	443,376	20,642	287,101	345,105	21,010
	Liabilities	10,209	14,127	84,913	4,778	67,457	13,314	668
	Capital	784,785	1,096,568	358,463	15,864	219,644	331,791	20,342
	Corporate bonds portion	153,654	267,910	225,459	5,119	182,956	37,437	4,459

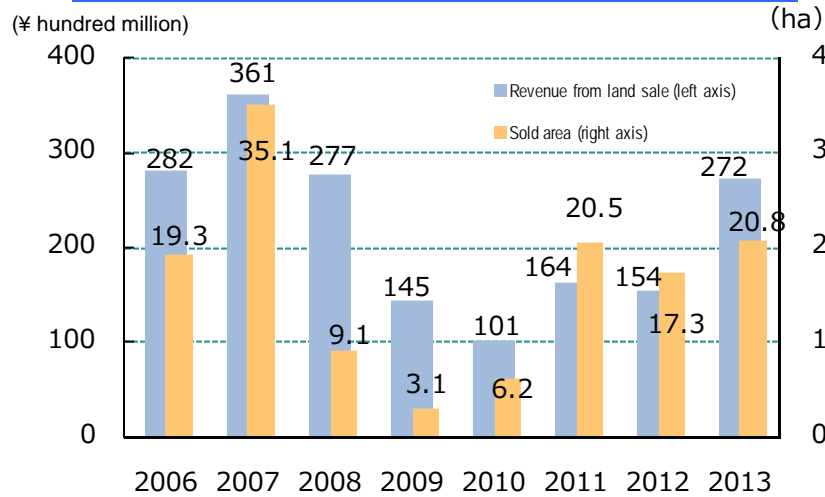
Variations in profit, loss, income, and expenditure from 2009 to 2013

- Sewage works
- Port operations
- Urban development
- Automotive operations
- High-speed railway operations
- Waterworks
- Industrial waterworks



- To develop a city equipped with multiple urban functions, by supplying residential and industrial lands
- To promote the sale of land by utilizing the measures for attracting firms while retaining funds in accounting

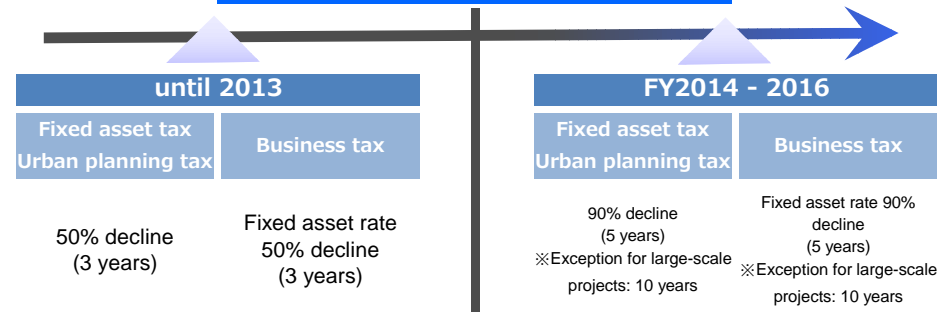
Transition of Revenue from Land Sales



Balance Sheet

(¥ hundred million)	Asset	Debt/Capital
2,696	Land for sale	Outstanding city bonds 2,255
1,073	Cash and deposits	Other capital and surplus capital 1,330
665	Other fixed and current assets	Fixed and current liabilities 849

Preferential Tax System



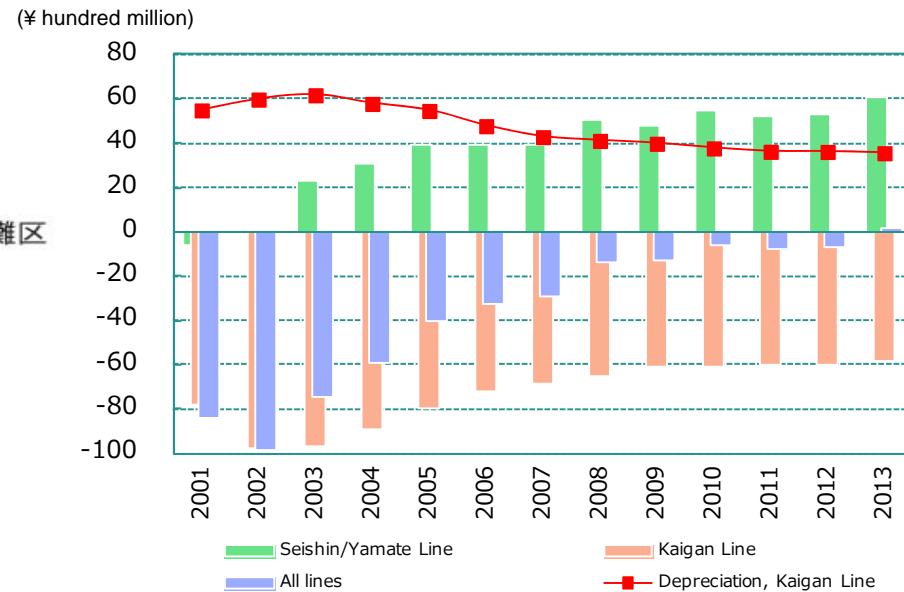
※ The companies must meet terms and conditions to be eligible for the system to aid companies setting up in Kobe and preferential tax system.

※ Other aid systems include various subsidies and low interest financing system.

- The Seishin/Yamate Line has been in the black for 11 consecutive years, but the Kaigan Line is in the red due to large capital cost, including depreciation.
- The city will try to improve balance of payments to maintain stable business to secure “public transportation” that transport about 300,000 people per day.



Transition of Ordinary Profit and Loss by Line

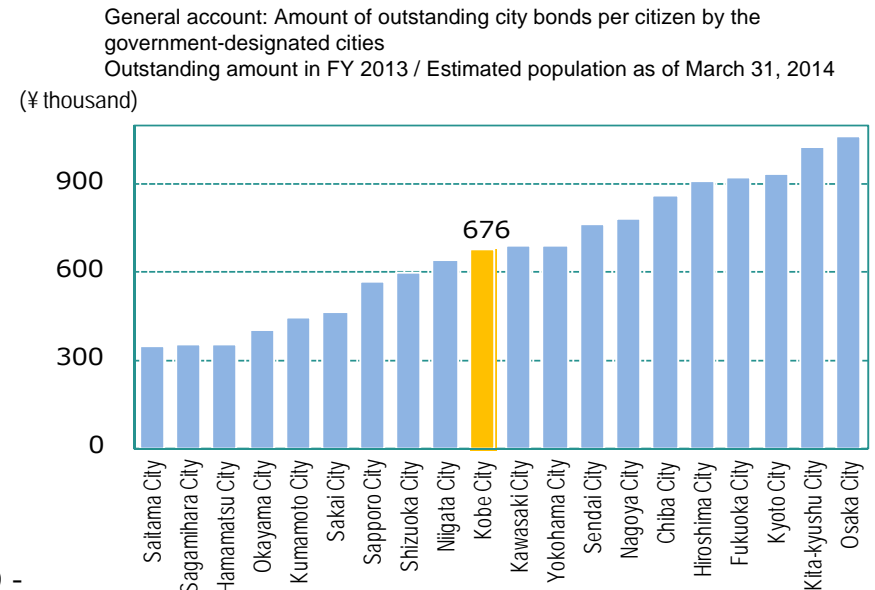
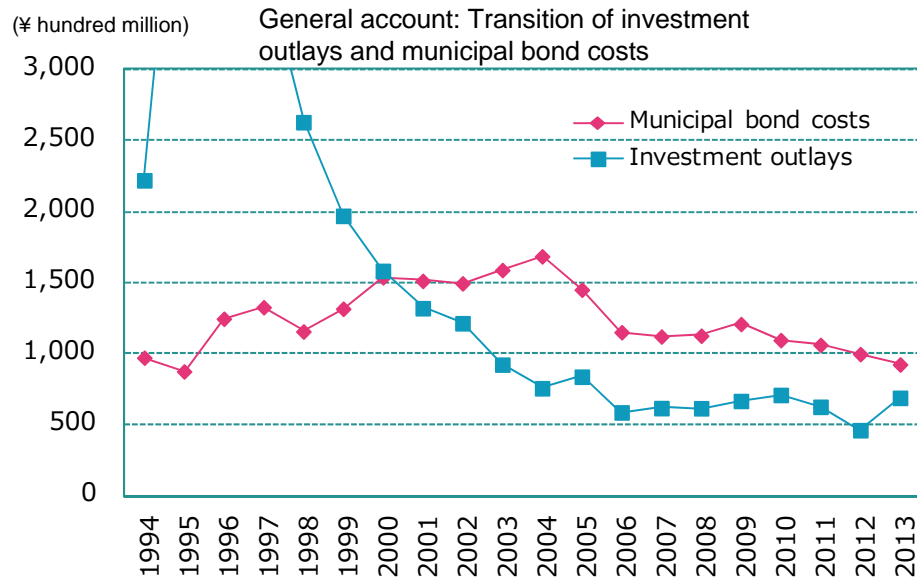
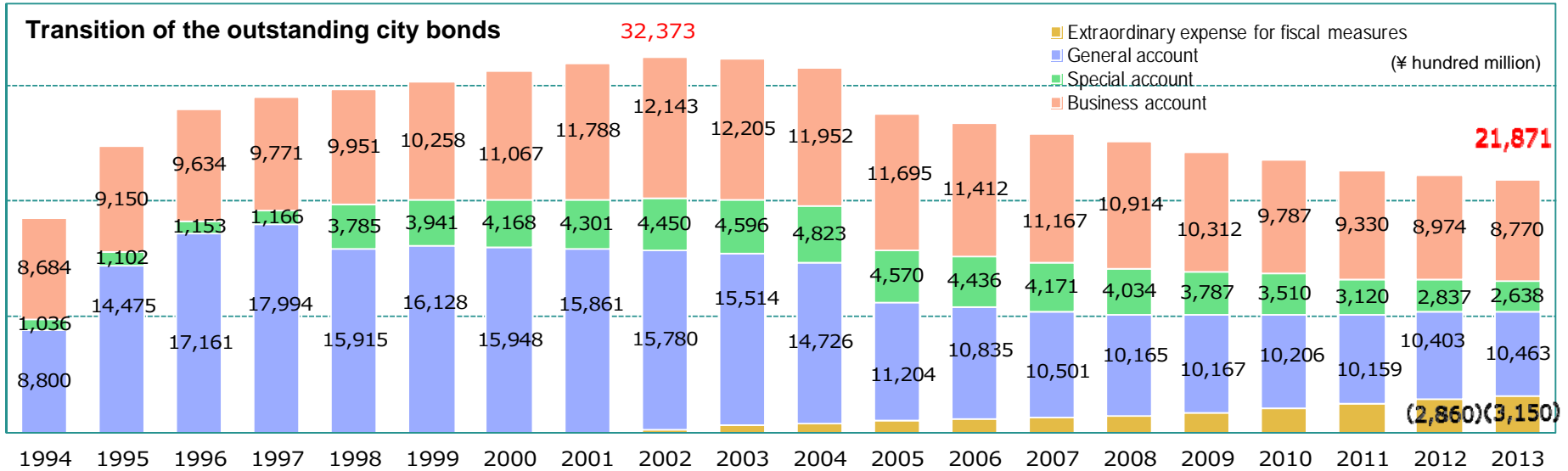


(¥ million)	Opening time	Service distance	FY2013 Results				
			Revenue	Expenditure	Depreciation	Ordinary profit and loss	No. of passengers per day
Seishin/Yamate Line	1977 to 1987	22.7km	19,317	13,284	4,473	6,033	260,737
Kaigan Line	2001	7.9km	2,974	8,825	3,558	-5,851	43,016
All lines		30.6km	22,291	22,109	8,031	182	303,753

- ### Actions to Improve Balance of Payments
- Activation of areas along the coast and along railroads.
 - Collaboration with Ion Mall that is scheduled to open in September 2016.
 - Collaboration with Vissel Kobe and INAC
 - Project for promoting the use of Noevir Stadium Kobe
 - Promotion of incidental businesses
 - Attract commercial facilities, etc. in the stations
 - Effective use of idle land

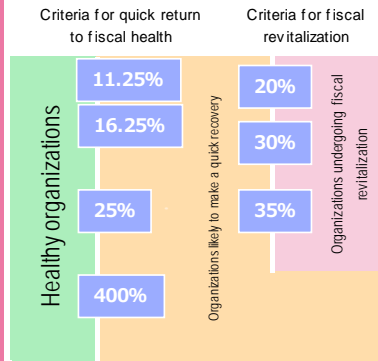
FY 2013 Results Outstanding City Bonds

■ Compared with 2002 (peak), the outstanding city bonds decreased by approximately ¥1 trillion, and the amount of outstanding city bonds per citizen ranks around the middle among the government-designated cities.
■ The balance of city bonds of general account, excluding the bond for extraordinary financial measures, decreased 23.0 billion yen from the previous year.

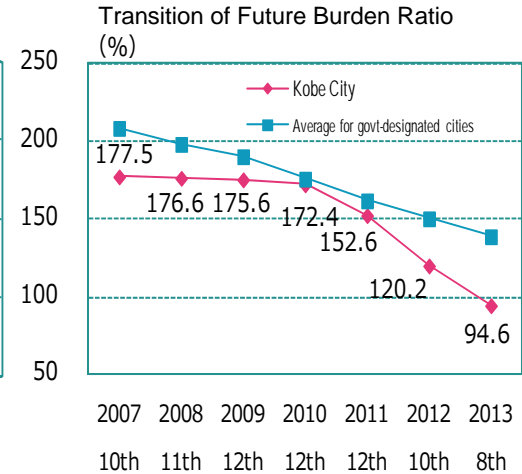
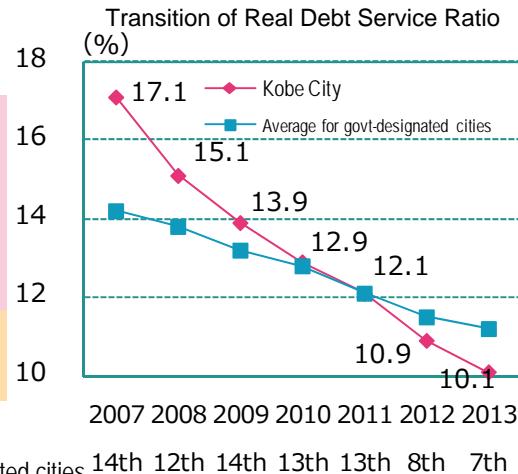


- Indicators reflect the administrative and fiscal reform measures such as reducing outstanding city bonds and sustaining surplus in primary balance.
- Future cost burden ratio has drastically improved due to reduction in outstanding city bonds amount in the business account.

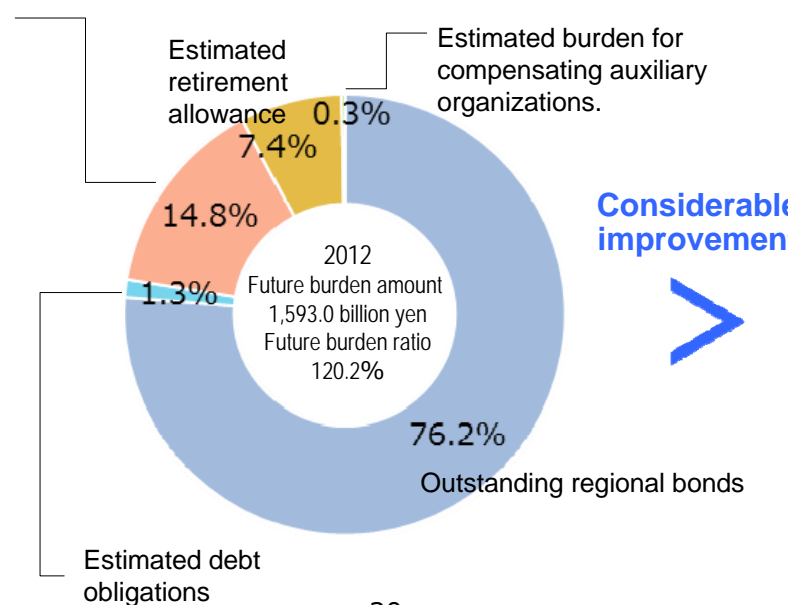
(%)	2013
Real deficit ratio	-
Consolidated real deficit ratio	-
Real Debt Service Ratio	10.1
Average for gov't-designated cities	11.2
Future burden ratio	94.6
Average for gov't-designated cities	139.0



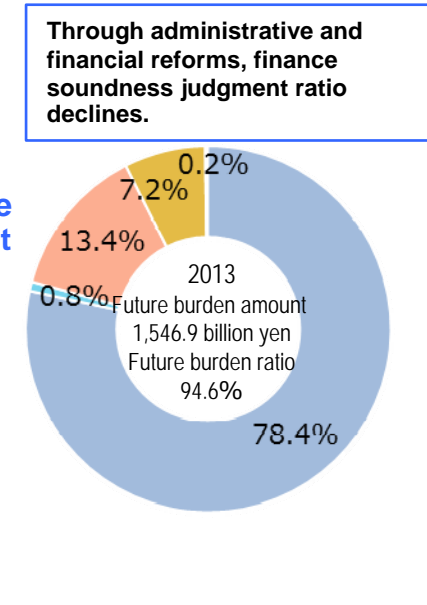
Ranking among the government-designated cities



Expected transfer to special account, etc. (¥ hundred million)	2012	2013
Agricultural community sewer program costs	102	96
Urban redevelopment project costs	579	472
Meat center operations	23	19
Sewage works	511	498
Port operations	590	471
High-speed railway operations	495	472
Automotive operations	5	4
Waterworks	2	2
Others	53	37
Total	2,360	2,071



Considerable improvement



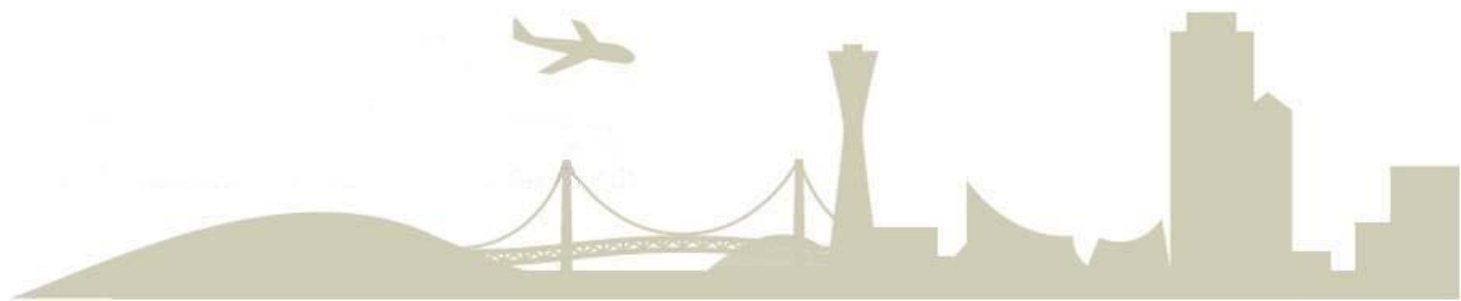
Through administrative and financial reforms, finance soundness judgment ratio declines.

FY 2013 Results Comparison of Financial Soundness Indicators

■ Soundness judgment ratio has improved every year through administrative and financial reforms, and reached the level comparable to those of other municipal bond issuers.

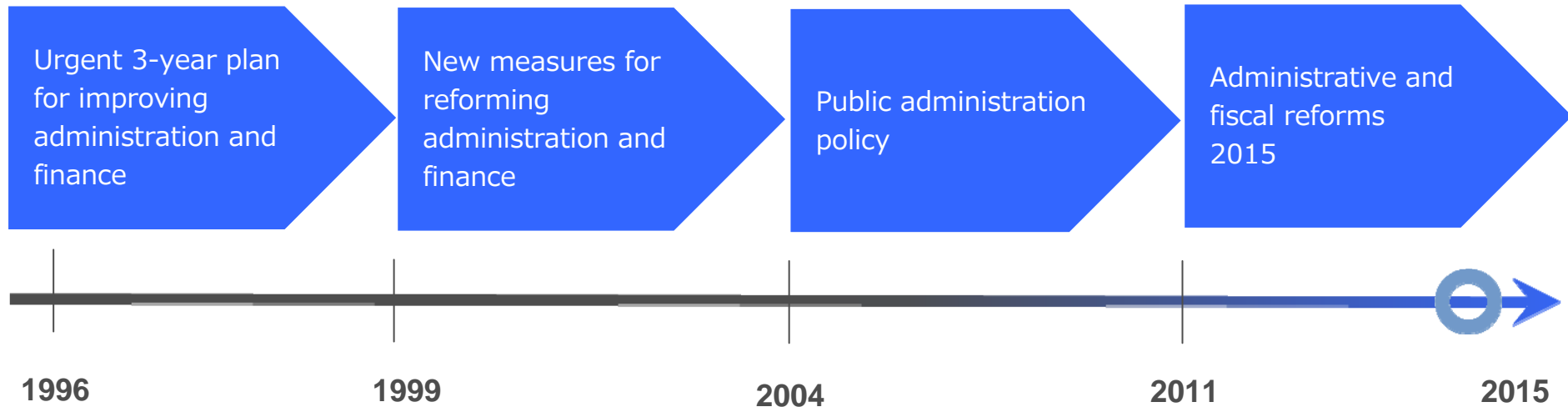


City of Kobe
Administrative & fiscal reforms
to developing a future-creating city



Administrative/Fiscal Reforms Thus Far

- Prompt restoration and reconstruction from damages caused by the Great Hanshin-Awaji Earthquake and breaking out of critical fiscal situation.
- Continuation of administrative and fiscal reforms to carry out the mission of the municipal government to protect the lives, safety and security of our citizens.



Past efforts

- Review of business operations from scratch, introduction of private sector resources, etc.
- Reduction of outstanding city bonds
- Cutting the total number of employees by around 5,500
- Cutting salary of all employees (FY2003 to 2005)
- Sustaining surplus of primary balance since 1997
- Fiscal effect around ¥290 billion

Unclear trend of city tax revenue and local allocation tax

Population decline, low birth rate, and aging society

Increase in social security costs and medical costs

Increase in responsibilities and roles due to promotion of local autonomy reform

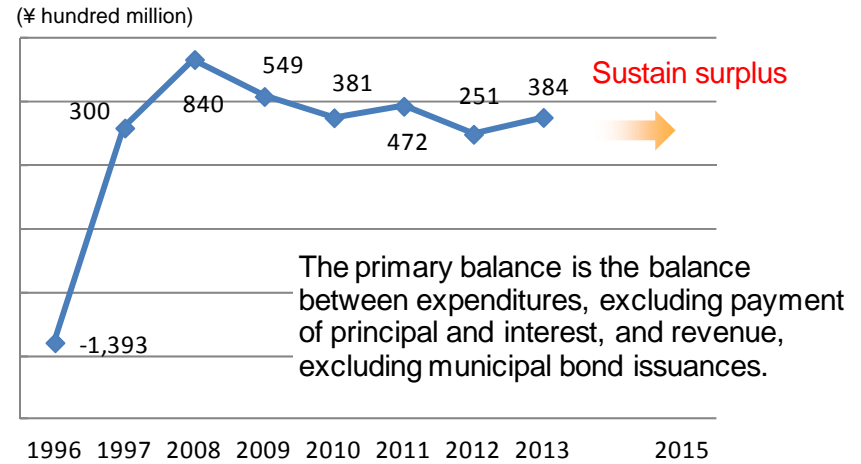
Decisive implementation of administrative and fiscal reforms based on Kobe City Administrative and Fiscal Reform 2015

- From 2011 to 2015, we further promote the administrative and fiscal reforms that we have been putting all our efforts into thus far.
- The number of auxiliary organizations decreased by 3 in 2013, earlier than the set deadline.

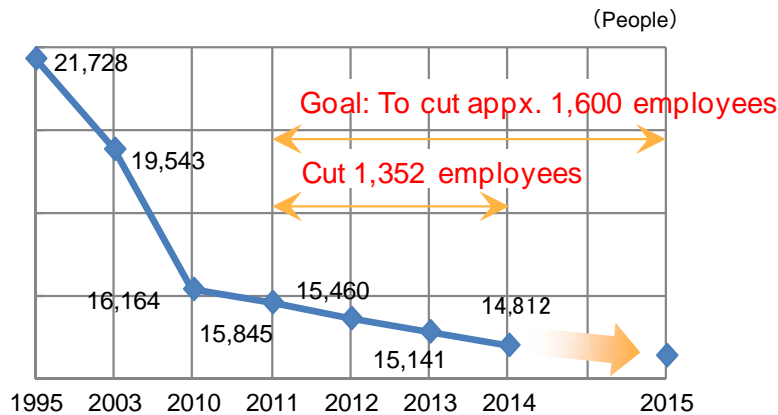
Select and Focus on Specific Businesses

- Reconstruction of business process
Promote streamlining of work methods and effectively use limited human resources.
- Introduction of private sector resources
Introduce optimal methods including discerning public and private sector roles, privatization, outsourcing to private sector, and introduction of designated management systems.

Sustain Surplus in Primary Balance



Cut 1,600 Employees



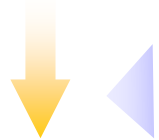
Achieved Cut 10 or More Auxiliary Organizations



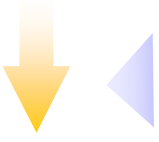
Auxiliary Organizations Management Reforms

■ Based on our basic policy of “Not leaving burdens to the next generation and not putting the problems off,” we will promptly carry out management reforms of auxiliary organizations with a view of minimizing the burden on citizens and achieving transparency.

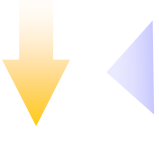
41 organizations
End of FY2011



37 organizations
End of FY2012



34 organizations
End of FY2013



34 organizations
End of FY 2014
(planned)

- [Liquidation]
 - Kobe City Air Terminal Co., Ltd.
- [Integration]
 - Kobe City Development Management Foundation
- [Dissolution]
 - Kobe City Land Development Corporation
- [Dissolution]
 - Kobe City Housing Supply Corporation

- [Liquidation]
 - Kobe Marine Hotels Co., Ltd.
- [Integration]
 - Kaijo Access Co., Ltd.
- [Decrease in investment ratio]
 - Kobe Chikagai Co., Ltd.

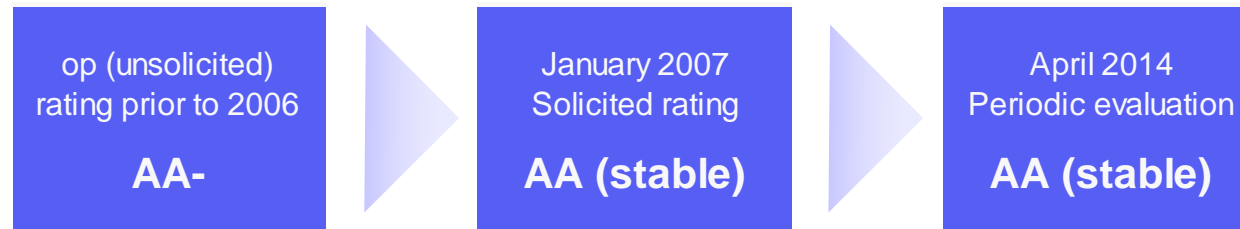
- [Liquidation]
 - Kobe Wine Co., Ltd.
 - [Establishment]
 - Kobe-Osaka International Port Corporation
- Integrated corporation for pursuing international container terminal strategies and operating Hanshin Port in an integrated manner

Projects and organizations that carried out a drastic reform

- Kobe City Housing Supply Corporation
Through **civil rehabilitation proceeding**, their projects were handed over to Kobe Housing and Urban Development Corporation and their debts to various financial institutions were settled. Thereafter, they were **dissolved**. The burden of approximately ¥25.7 billion on Kobe City was covered by the Third Sector Reform Promotion Bonds, etc.
- Maiko Villa Project [Kobe Marine Hotels Co., Ltd] : hotel management
Kobe City dissolved the land trust contract. Loss compensation of approximately ¥10.2 billion was covered by the foundation. The hotel building was sold to the succeeding business owner, and the land was leased based on the fixed-term land lease right contract.
Kobe Marine Hotels Co., Ltd. was **dissolved** after transferring the hotel management business to a private business and completing the liquidation process through **special liquidation proceeding**.
- Kaijo Access Co., Ltd.: Kobe Airport – Kansai International Airport Bay Shuttle
Kaijo Access dissolved the excessive debt and accumulative deficit through **civil rehabilitation proceeding** and has gained healthy financial condition. As for the city's claims, by exchanging ¥170 million of stocks, approximately ¥14.2 billion special loss including contribution was posted.
In order to further strengthen the management basis and continue to stably provide air business, **its management was merged** with OM Kobe Co., Ltd.
- Kobe Wine Co., Ltd.
Since the city government decided to reorganize Fruit & Flower Park, which had been managed and operated by Kobe Wine Co.,Ltd, as a facility for agricultural promotion, the hotel building inside the park was sold to a private firm. Then, Kobe Wine Co., Ltd. will be dissolved and liquidated through the special liquidation procedures within this fiscal year.
The short-term loan of 3.0 billion yen from the city is still to be repaid, but the financial resources have been already replenished from funds, and so any burdens will not emerge from the dissolution.

■ Since January 2007, issuers have been rated to ensure stable fund procurement.

R&I Rating and Investment Information Center



AA Very high creditworthiness supported by excellent factors

[Rating direction]

op Op is a credit rating from R&I that was unsolicited

Ratings for Other Organizations		
	Rating	Direction
Shizuoka Prefecture	AA+	Stable
Aichi Prefecture	AA+	Stable
Saitama Prefecture	AA+	Stable
Tochigi Prefecture	AA+	Stable
Nara Prefecture	AA	Stable
Fukui Prefecture	AA	Stable
Tokushima Prefecture	AA	Stable
Okayama Prefecture	AA	Stable

Key Points of Rating Evaluation

- Economic strength**
 Economy of Kobe City is expected to boost because (1) full-scale operation of super computer “K” began, and (2) Kobe City became one of the Kansai Innovation International Strategic Comprehensive Special Zones and National Strategic Special Zones.
- Debt level**
 Good evaluation was given to Kobe City as it is steadily reducing the outstanding city bonds, considering the fact that many other local governments tend to increase outstanding local bonds including extraordinary financial measures bonds.
- Auxiliary organizations**
 Kobe City is implementing management reform of auxiliary organizations, which drastically reduces risks of additional financial burden in the future.

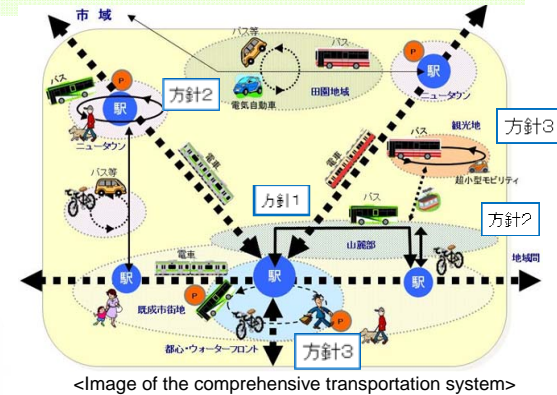
■ To improve the attractiveness of the city through planned investments while carrying out administrative and financial reforms



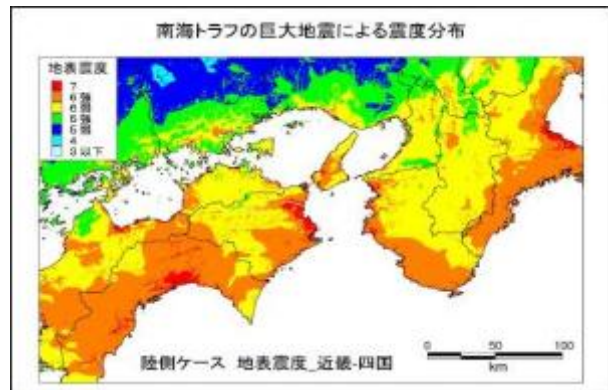
- Redevelopment of the Sannomiya region, which is the entrance
- Production of a basic scheme considering the trend of private firms
- Flower Road “Museum of Light” illuminated by LED lamps

Rejuvenation of the city
To improve the attractiveness of the Sannomiya waterfront area

Development of a comprehensive transportation system
To realize a safe, comfortable traffic environment
To discuss the feasibility of new transportation means (such as LRT)



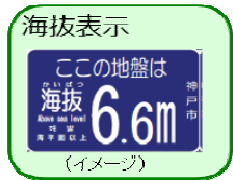
- To attract passenger vessels further
- To redevelop the underground mall to enhance accessibility



Improvement in the attractiveness and competitiveness of the city
↓
To actualize a bright future-creating city “Chosen Kobe”

- Comprehensive Traffic Plan of Kobe City**
- 【Policy 1】 Maintenance and enrichment of traffic networks constituted by mainly public transportation means
 - 【Policy 2】 Development of a traffic environment that supports the living of local people
 - 【Policy 3】 Development of an attractive traffic environment in the urban center and sightseeing spots

Measures against the tsunami due to a Nankai Trough earthquake
Conducted software and hardware measures,
To improve local anti-disaster capability, and make citizens safe and anxiety-free

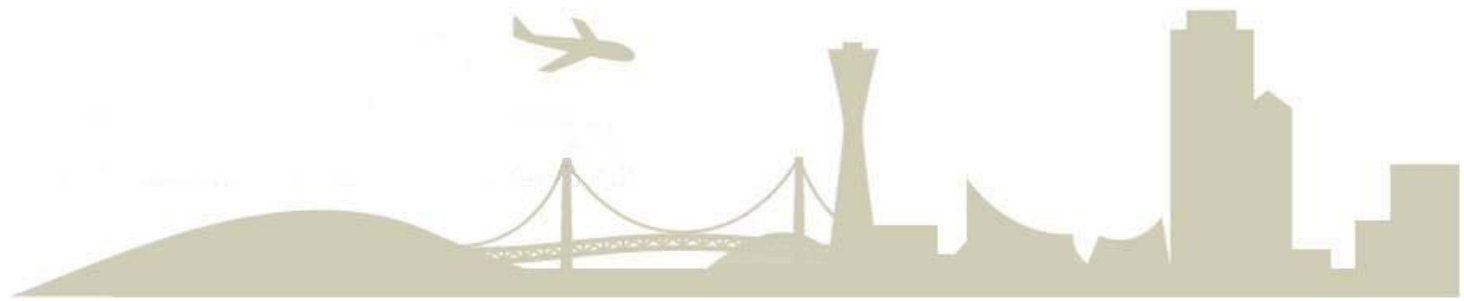


- <Software measures>
- Installation of panels indicating altitude above sea level
 - Production of guidelines for evacuation from the tsunami in the urban center and its guidance

- <Hardware measures>
- Discussion on the plans for implementing the anti-earthquake and anti-tsunami measures for beach protection facilities



City of Kobe
Financing

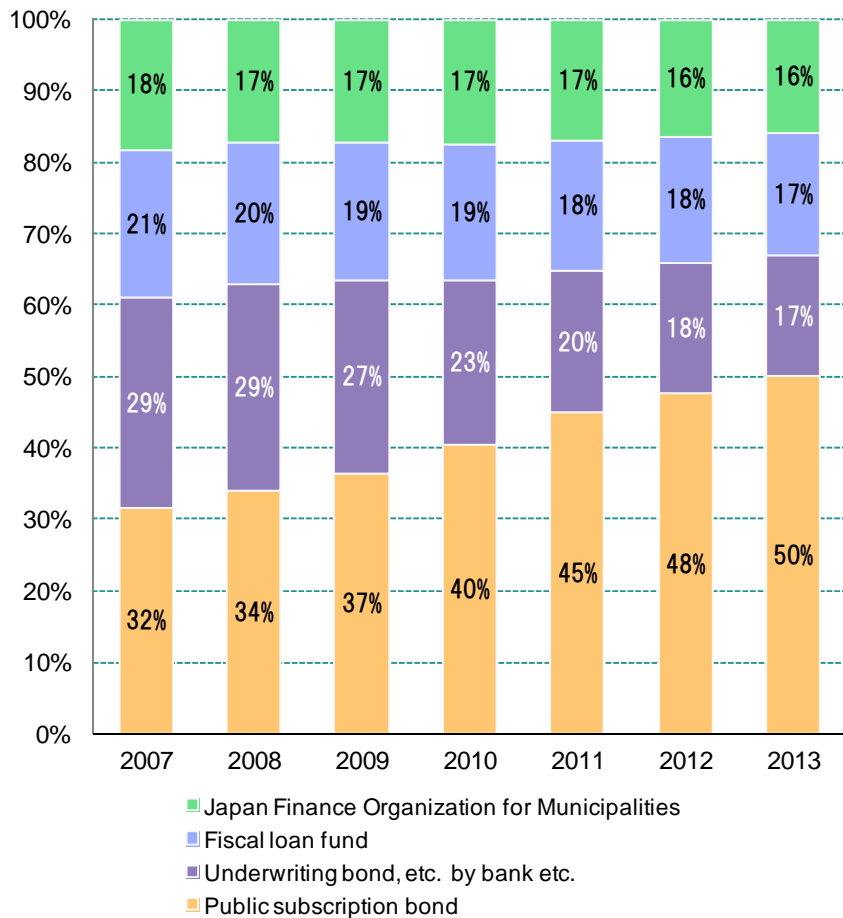


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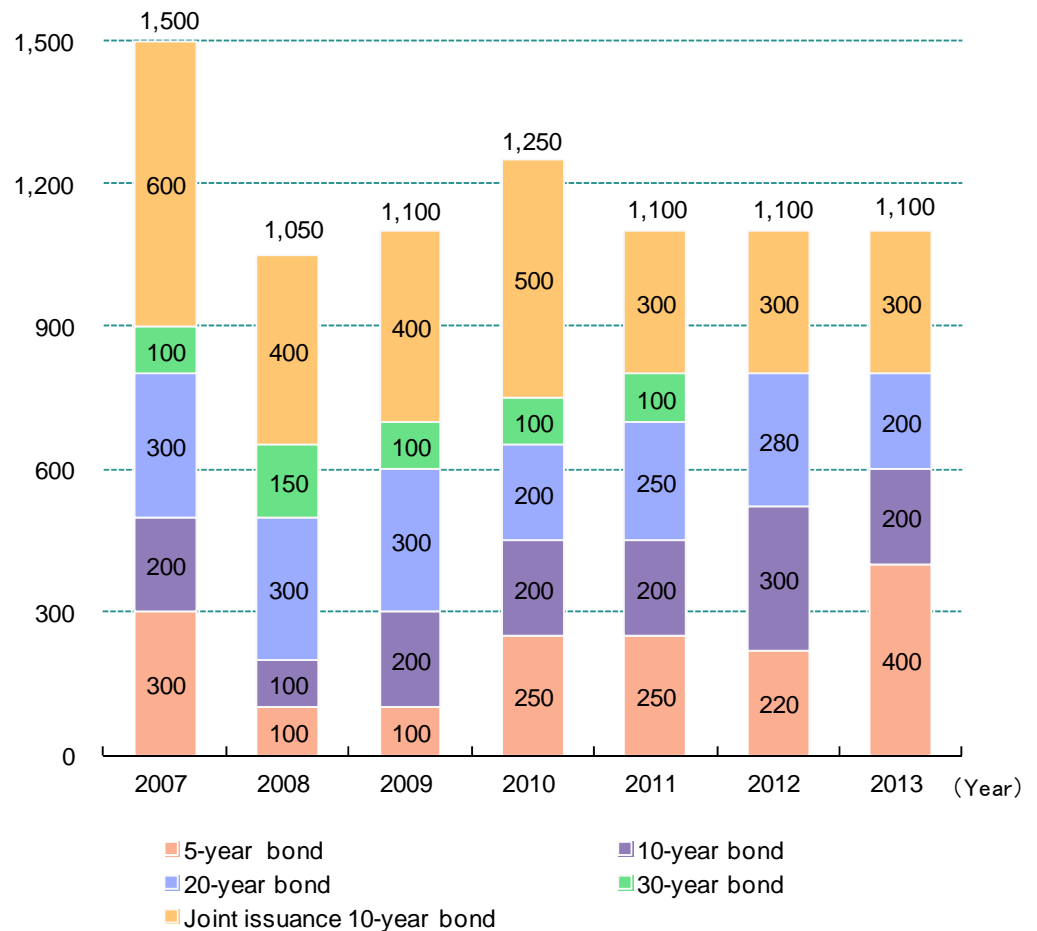
Issuance of Public Subscription Bonds

- Mideum-term, long-term and ultra long-term nationwide public subscription bonds have been continuously issued.
- Increased ratio of private funds in the outstanding bonds.

Outstanding Bonds by Type of Funds



Issuance of Nationwide Public Subscription Bonds



FY 2014 Financing Plans

- To use the lead manager underwriting method for all bonds, to set the timing of issuance based on investor demand and to set the conditions of issuance through communication with the market.
- To continuously carry out disclosure via individual visits using mainly IR materials; to continuously provide public information via internet.

(¥ hundred million)

Bond term	2014 April	May	June	July	August	September	October	November	December	2015 January	February	March	Total
5-year bond	100 0.219%						100						200
10-year bond				100 0.606%			100						200
Ultra-long bond				100 [20-year] 1.482%			100						200
Flex framework	100 Additional issuance of 5- year bond			50 Additional issuance of 10-year and 20- year bond			50						200
Joint bond (10-year)	50	20	20	20	20	20	20	20	20	20	50	20	300
Bonds underwritten by banks, etc.			100 Syndicated loan				400 [Syndicated loan, bidding, proposal request]						500

In the lead manager underwriting method, a financial institution selected by issuers based on proposals serves as the lead underwriter. The lead management carries out the bond issuance while consulting with the issuer. One feature of this method is that the lead underwriter raises investor demand and determines the transaction conditions (i.e. spread) based on prevailing market conditions.

Supplemental materials



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FY 2013 Results Fiscal Indicators for Each City

Ratio of Current Expenditures to Revenue		Financial Capability Index		Consolidated Real Deficit Ratio		Real Debt Service Ratio		Future Burden Ratio	
Okayama City	87.5	Kawasaki City	0.996	Sapporo City	N/A	Sagamihara City	3.9	Hamamatsu City	8.9
Kumamoto City	89.5	Nagoya City	0.988	Sendai City		Sakai City	5.2	Saitama City	25.7
Hamamatsu City	90.7	Saitama City	0.971	Saitama City		Saitama City	5.5	Sakai City	27.6
Shizuoka City	91.1	Yokohama City	0.961	Yokohama City		Sapporo City	6.7	Sagamihara City	39.8
Fukuoka City	91.7	Sagamihara City	0.950	Kawasaki City		Osaka City	9.0	Okayama City	54.0
Niigata City	92.2	Chiba City	0.946	Sagamihara City		Kawasaki City	9.1	Shizuoka City	76.2
Sapporo City	92.3	Osaka City	0.910	Niigata City		Kobe City	10.1	Sapporo City	78.0
Yokohama City	94.3	Shizuoka City	0.896	Shizuoka City		Shizuoka City	10.3	Kobe City	94.6
Saitama City	94.5	Hamamatsu City	0.866	Hamamatsu City		Kita-kyushu City	10.5	Kawasaki City	111.5
Kobe City	95.1	Sendai City	0.851	Nagoya City		Kumamoto City	10.6	Kumamoto City	122.5
Chiba City	95.5	Fukuoka City	0.848	Kyoto City		Hamamatsu City	10.8	Niigata City	122.7
Kita-kyushu City	95.6	Sakai City	0.840	Osaka City		Niigata City	10.9	Sendai City	134.6
Sakai City	96.3	Hiroshima City	0.808	Sakai City		Sendai City	11.3	Osaka City	152.5
Hiroshima City	96.4	Kyoto City	0.762	Kobe City		Okayama City	12.4	Nagoya City	164.9
Sagamihara City	97.0	Okayama City	0.762	Okayama City		Nagoya City	12.6	Kita-kyushu City	169.3
Sendai City	97.3	Kobe City	0.760	Hiroshima City		Fukuoka City	13.4	Fukuoka City	174.8
Kawasaki City	97.8	Niigata City	0.721	Kita-kyushu City		Kyoto City	14.0	Yokohama City	198.7
Osaka City	98.3	Kita-kyushu City	0.695	Fukuoka City		Yokohama City	15.4	Kyoto City	230.2
Nagoya City	100.2	Sapporo City	0.692	Kumamoto City		Hiroshima City	15.6	Hiroshima City	228.2
Kyoto City	100.3	Kumamoto City	0.678	Chiba City		Chiba City	18.4	Chiba City	248.0
Average	94.7	Average	0.845		0.83	Weighted average	11.2	Weighted average	139.0

Ratio of Current Expenditures to Revenue: This index determines the elasticity of the fiscal structure. It is the ratio of general financial resources allotted to recurring expenses such as personnel costs, social aid costs, and municipal bond costs, to general financial resources from recurring income, mainly regional taxes and the portion of national taxes allocated to local governments.

Financial Capability Index: The three-year average ratio of basic fiscal revenue, including city taxes, to financial resources required to carry out operations (basic fiscal demand).

Consolidated Real Deficit Ratio: The ratio of real deficit or capital shortage in all accounts, including standard scope of finances municipal utility accounts, versus the standard financial scale

Real Debt Service Ratio: The ratio of the amount of funds used for the redemption of principal and interest and quasi-redemption of principal and interest in the general account to standard financial scale.

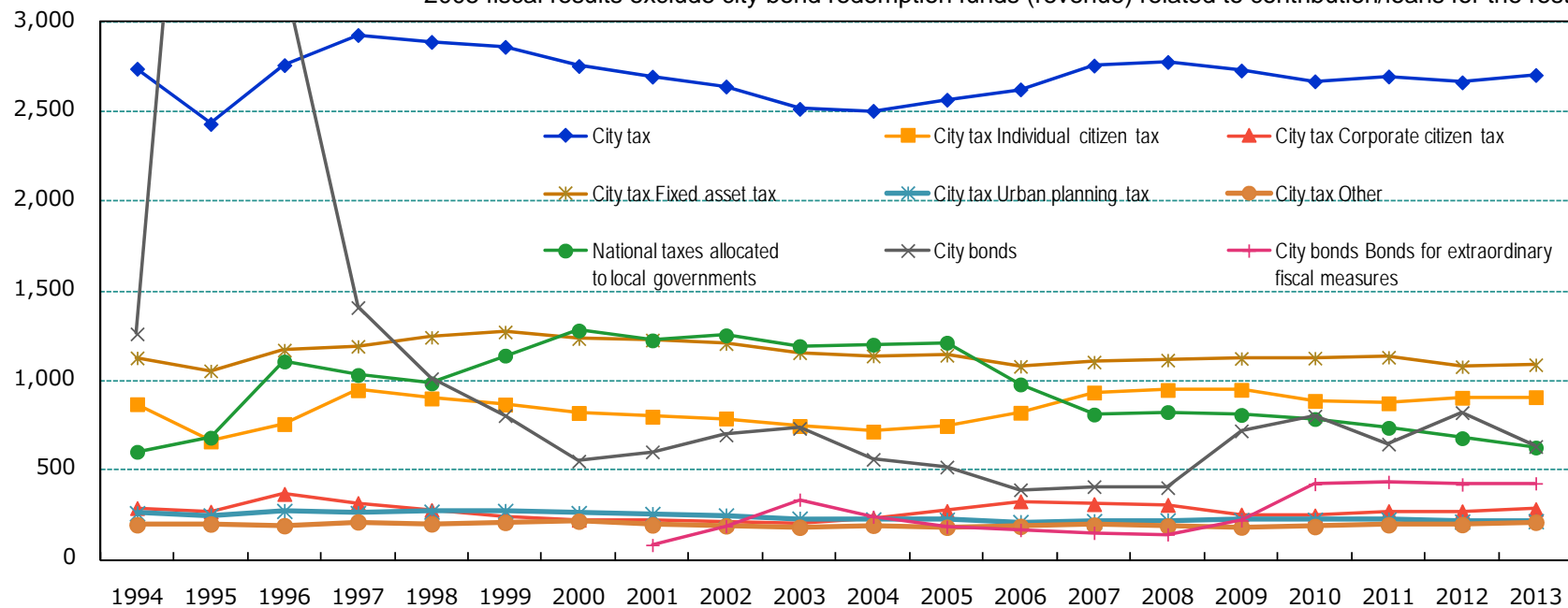
Future Burden Ratio: Ratio of actual liabilities that will be future burden, mainly in the general account, including burden mainly related to regional public corporations and public corporations that are compensating for losses, to the standard financial scale.

General Account Revenue Trends

(¥ hundred million)

Category/year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
City tax	2,741	2,433	2,761	2,929	2,891	2,863	2,756	2,697	2,642	2,517	2,506	2,568	2,626	2,759	2,779	2,731	2,671	2,698	2,665	2,706
Individual citizen tax	869	661	758	947	901	867	820	799	789	747	716	747	821	934	948	949	887	874	905	908
Corporate citizen tax	289	269	368	317	278	242	224	220	208	202	234	273	327	311	307	253	248	272	271	283
Fixed asset tax	1,127	1,055	1,171	1,192	1,242	1,272	1,235	1,227	1,207	1,156	1,138	1,142	1,080	1,104	1,115	1,124	1,126	1,131	1,078	1,089
Urban planning tax	260	248	273	261	269	273	261	256	248	230	225	224	211	216	220	222	224	225	214	216
Other	196	200	191	212	201	209	216	195	190	182	193	182	187	194	189	183	186	196	197	210
National taxes allocated to local governments	603	682	1,107	1,032	985	1,140	1,280	1,225	1,253	1,193	1,201	1,212	979	811	825	809	786	737	679	627
City bonds	1,261	6,065	3,267	1,408	1,011	805	551	603	697	734	561	518	391	409	403	720	802	646	822	633
Bonds for extraordinary fiscal measures								83	188	336	241	185	167	151	142	220	423	435	421	427
Other	5,110	7,714	6,879	5,862	4,923	4,800	4,317	4,022	3,734	3,478	3,578	3,410	3,205	3,200	3,155	3,566	3,306	3,139	3,267	2,983
Revenue	9,715	16,894	14,014	11,231	9,810	9,608	8,904	8,547	8,326	7,922	7,846	7,708	7,201	7,179	7,162	7,826	7,565	7,220	7,433	6,949

2005 fiscal results exclude city bond redemption funds (revenue) related to contribution/loans for the restoration fund

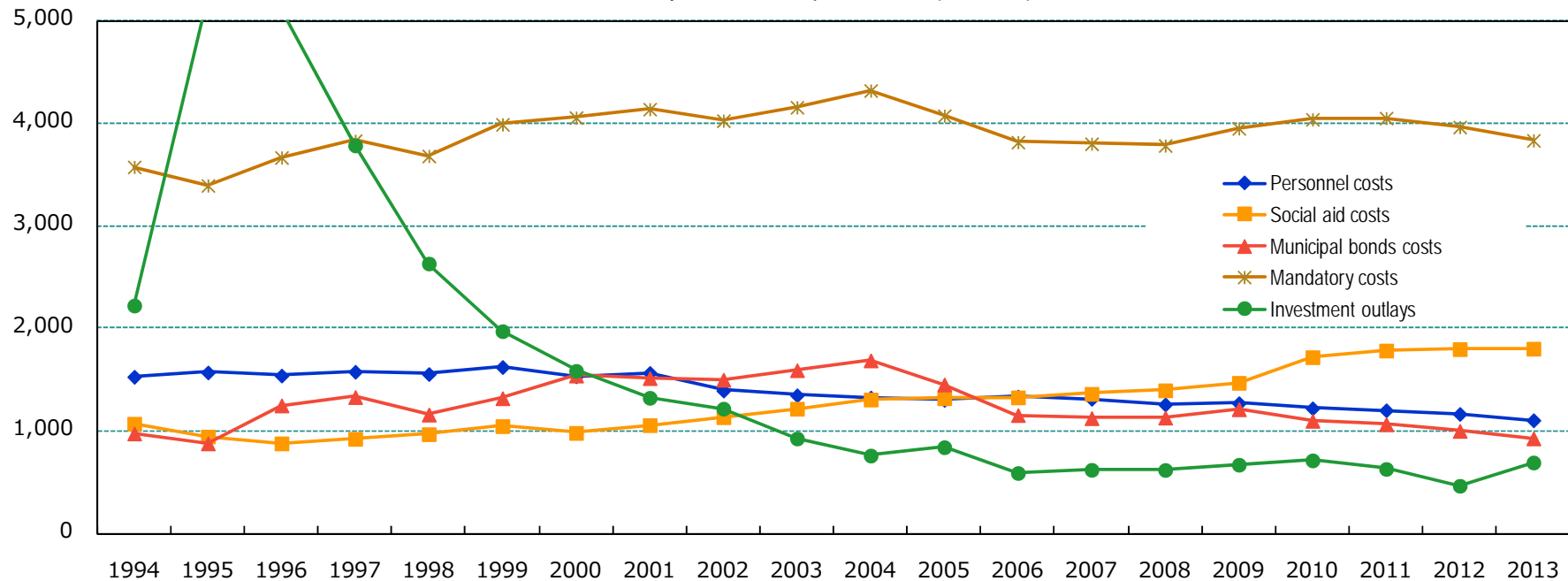


General Account Expense Trends

(¥ hundred million)

Category/year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Mandatory costs	3,574	3,393	3,666	3,830	3,681	3,989	4,055	4,137	4,025	4,156	4,319	4,074	3,816	3,800	3,783	3,950	4,038	4,050	3,963	3,833
Personnel costs	1,528	1,570	1,540	1,577	1,554	1,623	1,534	1,566	1,393	1,348	1,325	1,302	1,335	1,314	1,258	1,270	1,221	1,201	1,166	1,104
Social aid costs	1,071	945	878	923	968	1,047	981	1,056	1,134	1,216	1,306	1,319	1,327	1,362	1,396	1,469	1,719	1,784	1,797	1,802
Municipal bonds costs	975	878	1,248	1,330	1,159	1,319	1,540	1,515	1,498	1,592	1,688	1,453	1,154	1,124	1,129	1,211	1,098	1,065	1,000	927
Investment outlays	2,223	5,222	5,104	3,784	2,632	1,973	1,585	1,323	1,217	926	760	841	589	620	619	670	713	629	465	692
Transferred fund	709	761	732	692	831	829	886	826	798	835	790	864	893	914	936	851	833	852	781	800
Equipment costs, etc.	2,856	7,046	3,886	2,548	2,380	2,694	2,243	2,149	2,233	1,953	1,926	1,856	1,774	1,784	1,710	2,297	1,896	1,635	2,150	1,300
Expenditures	9,362	16,422	13,388	10,854	9,524	9,485	8,769	8,435	8,273	7,870	7,795	7,635	7,072	7,118	7,048	7,768	7,480	7,166	7,359	6,859
Mandatory cost ratio	38.2%	20.7%	27.4%	35.3%	38.6%	42.1%	46.2%	49.0%	48.7%	52.8%	55.4%	53.4%	54.0%	53.4%	53.7%	50.9%	54.0%	56.5%	53.8%	55.8%

2005 fiscal results exclude city bond redemption funds (revenue) related to contribution/loans for the restoration fund



Public Subscription Bonds

Date of issue	Bond number	Amount issued	5-year bond			10-year bond			20-year bond			30-year bond			
			Coupon	Issue price	Yield	Coupon	Issue price	Yield	Coupon	Issue price	Yield	Coupon	Issue price	Yield	
Fiscal 2009	April 2009	Fiscal 2009 No. 1 municipal bond	¥20.0 bn	-	-	-	-	-	2.28%	¥99.96	2.282%	-	-	-	
	June 2009	Fiscal 2009 No. 7 municipal bond	¥10.0 bn	-	-	-	1.69%	¥99.98	1.692%	-	-	-	-	-	
	September 2009	Fiscal 2009 No. 8 municipal bond	¥10.0 bn	-	-	-	-	-	-	-	-	2.391%	¥100	2.391%	
	November 2009	Fiscal 2009 No. 9 municipal bond	¥10.0 bn	-	-	-	1.551%	¥100	1.551%	-	-	-	-	-	
	December 2009	Fiscal 2009 No. 10 municipal bond	¥10.0 bn	0.598%	¥100	0.598%	-	-	-	-	-	-	-	-	
	January 2010	Fiscal 2009 No. 11 municipal bond	¥10.0 bn	-	-	-	-	-	-	2.233%	¥100	2.233%	-	-	-
Fiscal 2010	April 2010	Fiscal 2010 No. 1 municipal bond	¥10.0 bn	-	-	-	1.445%	¥100	1.445%	-	-	-	-	-	
	June 2010	Fiscal 2010 No. 3 municipal bond	¥10.0 bn	0.431%	¥100	0.431%	-	-	-	-	-	-	-	-	
	September 2010	Fiscal 2010 No. 4 municipal bond	¥10.0 bn	-	-	-	-	-	-	1.895%	¥100	1.895%	-	-	
	October 2010	Fiscal 2010 No. 5 municipal bond	¥10.0 bn	-	-	-	0.951%	¥100	0.951%	-	-	-	-	-	
	December 2010	Fiscal 2010 No. 6 municipal bond	¥15.0 bn	0.503%	¥100	0.503%	-	-	-	-	-	-	-	-	
	December 2010	Fiscal 2010 No. 7 municipal bond	¥10.0 bn	-	-	-	-	-	-	-	-	-	2.285%	¥100	2.285%
	January 2011	Fiscal 2010 No. 9 municipal bond	¥10.0 bn	-	-	-	-	-	-	2.090%	¥100	2.090%	-	-	-
Fiscal 2011	June 2011	Fiscal 2011 No. 2 municipal bond	¥10.0 bn	-	-	-	1.192%	¥100	1.192%	-	-	-	-	-	
	August 2011	Fiscal 2011 No. 3 municipal bond	¥15.0 bn	0.375%	¥100	0.375%	-	-	-	-	-	-	-	-	
	September 2011	Fiscal 2011 No. 4 municipal bond	¥10.0 bn	-	-	-	-	-	-	1.913%	¥100	1.913%	-	-	
	October 2011	Fiscal 2011 No. 5 municipal bond	¥10.0 bn	-	-	-	1.025%	¥100	1.025%	-	-	-	-	-	
	December 2011	Fiscal 2011 No. 12 municipal bond	¥10.0 bn	0.395%	¥100	0.395%	-	-	-	-	-	-	-	-	
	February 2012	Fiscal 2011 No. 14 municipal bond	¥15.0 bn	-	-	-	-	-	-	1.794%	¥100	1.794%	-	-	
	March 2012	Fiscal 2011 No. 23 municipal bond	¥10.0 bn	-	-	-	-	-	-	-	-	-	2.173%	¥100	2.173%
Fiscal 2012	June 2012	Fiscal 2012 No. 2 municipal bond	¥10.0 bn	-	-	-	0.891%	¥100	0.891%	-	-	-	-	-	
	August 2012	Fiscal 2012 No. 3 municipal bond	¥15.0 bn	-	-	-	-	-	-	1.635%	¥100	1.635%	-	-	
	August 2012	Fiscal 2012 No. 4 municipal bond	¥10.0 bn	0.236%	¥100	0.236%	-	-	-	-	-	-	-		
	October 2012	Fiscal 2012 No. 10 municipal bond	¥20.0 bn	-	-	-	0.796%	¥100	0.796%	-	-	-	-	-	
	December 2012	Fiscal 2012 No. 11 municipal bond	¥12.0 bn	0.199%	¥100	0.199%	-	-	-	-	-	-	-	-	
	December 2012	Fiscal 2012 No. 12 municipal bond	¥13.0 bn	-	-	-	-	-	-	1.711%	¥100	1.711%	-	-	
Fiscal 2013	April 2013	Fiscal 2013 No. 1 municipal bond	¥10.0 bn	-	-	-	0.571%	¥100	0.571%	-	-	-	-	-	
	July 2013	Fiscal 2013 No. 3 municipal bond	¥10.0 bn	-	-	-	-	-	-	1.817%	¥100	1.817%	-	-	
	August 2013	Fiscal 2013 No. 4 municipal bond	¥20.0 bn	0.312%	¥100	0.312%	-	-	-	-	-	-	-		
	December 2013	Fiscal 2013 No. 10 municipal bond	¥20.0 bn	0.229%	¥100	0.229%	-	-	-	-	-	-	-		
	February 2014	Fiscal 2013 No. 11 municipal bond	¥10.0 bn	-	-	-	0.689%	¥100	0.689%	-	-	-	-	-	
	February 2014	Fiscal 2013 No. 12 municipal bond	¥10.0 bn	-	-	-	-	-	-	1.520%	¥100	1.520%	-	-	



For inquiries

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Administration and Finance Bureau, City of Kobe

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UNESCO City of Design