

# Secure and efficient fund management

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## INTRODUCTION

Tokyo Waterworks manages both a water utility that provides water to 13.3 million citizens and a water utility for industrial use. Both are run as local public enterprises of self-sustaining systems. Here will be introduced the fund management of the Bureau of Waterworks, an enterprise which aims for efficiency whilst ensuring security.

The waterworks possesses funds to the value of 195.7 billion yen as of the end of FY2017, and excluding funds set aside for payment, operates via deposits and bonds of high security. The security of the institutions deposited to and of bonds considered for purchase is analyzed and they are chosen after gaining the opinion of experts. Of the selected financial institutions and bonds, we carry out comparisons to encourage competition and aim for efficiency. For the further improvement of fund management, we are conducting the below actions at the waterworks.

First is the strengthening of the "Tokyo Waterworks Fund Management Committee" where experts examine fund management. Now more than ever we are obtaining a wide array of expert opinions and swiftly putting them into practice.

Next is the maintenance and reinforcing of competition between financial institutions. We conduct business with institutions eager to secure deposits under the assumption of ensured security. We devise ways to encourage competition in relation to the price and period of operation, for the sake of efficiency in fund management.

### Tokyo

#### Special accounts

○Public enterprise accounts

- Water utility accounts
- Industrial utility accounts

Public enterprise manager: Director  
General of  
Waterworks

○Accounts due to regulations, etc.

#### General accounts

## Fund management of the Bureau of Waterworks

### The principles of fund management

Through the principles below, fund management of the Bureau is conducted with security and efficiency to respond to changes in financial circumstances.

#### 【Security as utmost priority】

Based on the selection of secure financial products and healthily managed financial institutions, we aim for the highest possible efficiency.

- [Deposits] Large time deposits, negotiable deposits
- [Bonds] Government bonds, government guaranteed bonds, local bonds, bank debenture bonds, corporate bonds, fiscal investment and loan bonds, commercial papers
- Interest rate comparison of each investment opportunity

#### 【Continuous monitoring】

We pay attention to the rating and stock price movement of selected financial products and institutions, and in the case of security problems take measures such as immediate selling off.

- Ratings by rating agencies
- Ratio of net worth
- Deposit quantity
- Stock price, earning capacity, etc.

#### 【Buy and hold】

In line with fund demand, we set expiry periods of deposits and select bonds. To avoid falling below par we make it a principle to buy and hold up until expiry.

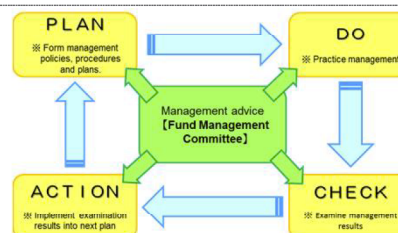
- Period of operation is up to the end of the next fiscal year
- Grasping and estimating of fund situation
- Creation of operation plan both annually and quarterly

### 【Fund Management Committee】

For the funds managed by the Director General of the Tokyo Bureau of Waterworks, the experience and judgment of experts in the financial field will be utilized, and accurate judgment and measures will be carried out in line with the financial conditions.

#### 【Matters under the Jurisdiction】

- Basic policy of fund management
- Selection of financial institutions
- Selection of financial products
- About the trade conditions of financial institutions
- Other necessary items related to fund management



### FY2017 Results of fund management

	1st quarter	2nd quarter	3rd quarter	4th quarter	FY2017 (A)	FY2016 (B)	Previous year contrast (A-B)
deposits	¥132.8 billion	¥149.5 billion	¥166.0 billion	¥187.4 billion	¥158.8 billion	¥151.0 billion	¥7.8 billion
Ordinary deposits	¥34.5 billion	¥41.2 billion	¥29.4 billion	¥28.6 billion	¥33.5 billion	¥24.2 billion	¥9.3 billion
Time and savings	¥98.2 billion	¥108.3 billion	¥136.6 billion	¥158.8 billion	¥125.4 billion	¥126.8 billion	△¥1.4 billion
Bonds	¥7.1 billion	¥6.9 billion	¥4.0 billion	¥1.4 billion	¥4.9 billion	¥15.2 billion	△¥10.3 billion
Total balance	¥139.9 billion	¥156.4 billion	¥170.0 billion	¥188.8 billion	¥163.7 billion	¥166.2 billion	△¥2.5 billion
Returns	0.024%	0.023%	0.022%	0.019%	0.022%	0.046%	△0.024 points
Operative income	¥8.28 million	¥9.11 million	¥9.31 million	¥8.89 million	¥35.59 million	¥76.82 million	△¥41.23 million

\*Balance is an average balance.

## Strengthening of fund management

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Fund management of the Bureau undergoes constant revisions in order to handle such factors as changes in the financial situation.

#### 【Revision point 1】

#### Strengthening of fund management Committee

In order to handle minute by minute changes in the financial situation, strive to diversify the structure of the Fund Management Committee.

- Invite lawyers to the committee to strengthen the discussion from a law perspective.

- Increase frequency of meetings to cope with changes in the financial situation (from 2 to 3 times a year).

#### 【Revision point 2】

#### Strengthening fund management efficiency

While the eagerness of financial institutions to secure deposits drops due to low interest rates, strive to encourage more competitiveness.

- Open up to new financial institutions with high-levels of eagerness to secure deposits.

- Flexibly set operation period and price, and also implement operations that are shorter and lower priced than before.

#### 【Revision point 3】

#### Strengthening information disclosure

Reinforce the disclosure of information to obtain citizen's understanding concerning fund management and its revisions.

- Disclose meetings and summaries of proceedings of the Fund management Committee.

- Strengthen items of disclosure such as fund management plans and quarterly fund management results.

### FY2018 Planned balance of fund management

	1st quarter	2nd quarter	3rd quarter	4th quarter	FY2018 (A)	FY2017 (B)	Previous year contrast (A-B)
Average fund balance	¥151.4 billion	¥147.5 billion	¥135.2 billion	¥149.1 billion	¥145.8 billion	¥163.7 billion	△¥17.9 billion
Ordinary deposits	¥19.9 billion	¥20.3 billion	¥18.9 billion	¥19.0 billion	¥19.5 billion	¥33.5 billion	△¥14.0 billion
Time and savings-Bonds	¥131.5 billion	¥127.2 billion	¥116.3 billion	¥130.1 billion	¥126.2 billion	¥130.2 billion	△¥4.0 billion