

DBJ's Businesses

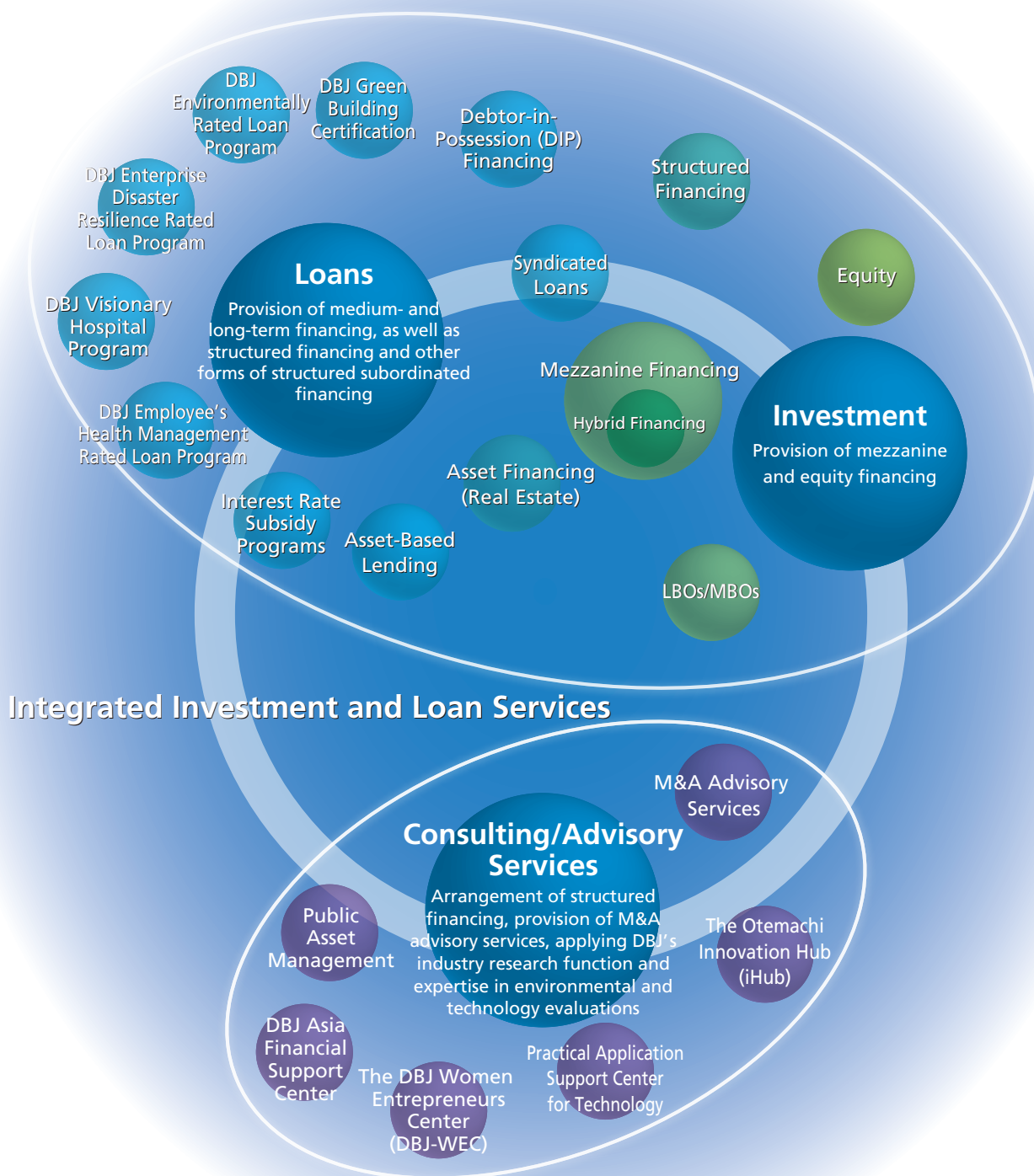
To resolve the various issues that society faces and become its clients' most supportive financial institution, DBJ supplies long-term funds, supports the formation of business and takes a host of other approaches to ensure that useful projects operate smoothly. We are committed to creating financial markets that allow funds to be raised more efficiently and, in recent years, we have developed and introduced new financing methods to expand the functions of financial markets.



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DBJ provides seamlessly integrated investment and loan services. We assist clients with their financing needs by taking a position of neutrality and a long-term perspective that extends over all their activities, and by employing leading-edge financial methods.

- We offer integrated investment and loan solutions that range from senior loans to mezzanine and equity financing.
- DBJ also provides a host of services (e.g., M&A advisory and CSR support services) that help raise corporate value.
- In collaboration with its Group companies, DBJ provides finely tuned services to meet individual clients' needs.



Note: DBJ-designated analysis is required for investment and loan services.

Loans

DBJ provides financing to meet the diverse needs of its clients.

- Provides medium- and long-term loans
- Offers unique high-value-added financial services (environmentally and socially responsible investment, disaster countermeasures and safety measures and rating-linked financing for technology commercialization)
- Responds to diverse needs by offering non-recourse loans and develops and provides financing offering collateral and structural flexibility (debtor-in-possession financing, inventory collateral, intellectual property rights as collateral, etc.)

Investment

DBJ provides investment funding, based on a long-term perspective, to meet specific needs and address a host of issues that clients face.

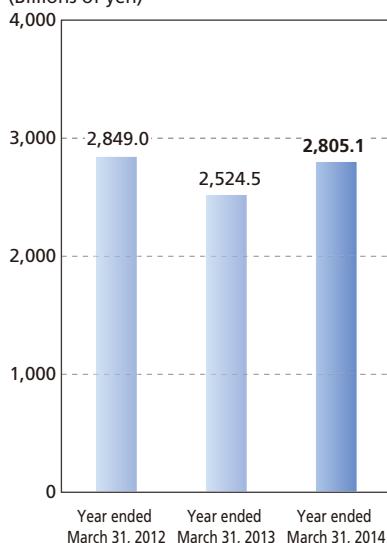
- We provide investment to assist businesses in terms of growth strategies, business restructuring, international competitiveness and infrastructure operations. We provide such funding through mezzanine financing, as well as through equity and other funding.

Consulting/ Advisory Services

Through its advisory support services, DBJ helps clients become more competitive and invigorate regional economies.

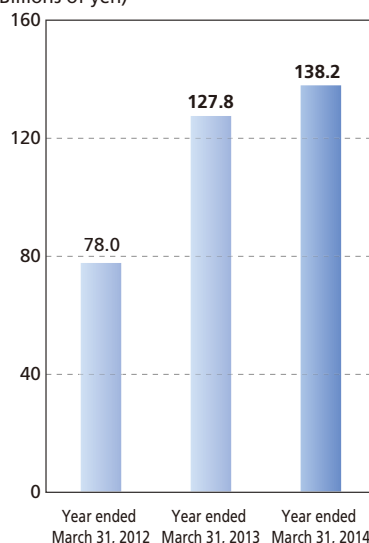
- Provides M&A advisory services
- Makes proposals that apply its expertise in industry research and ability to develop new financial technologies
- Arranges structured and other types of financing

● **Loan Amounts Provided**
(Non-consolidated) (Flow base)
(Billions of yen)



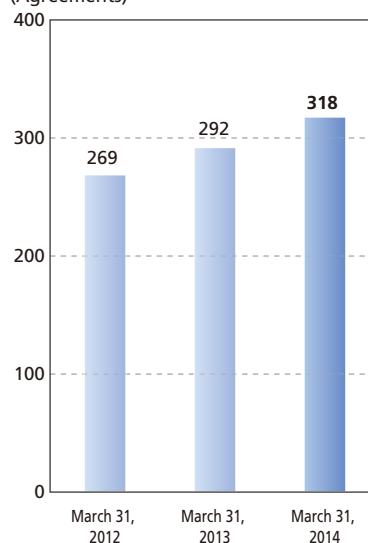
Note: Figures, including those for corporate bonds, are on a management accounting basis.

● **Investment Amount Provided**
(Non-consolidated) (Flow base)
(Billions of yen)



Note: Figures, including those for securities, money held in trust and other assets (funds), are on a management accounting basis.

● **M&A Advisory and Consulting Agreements**
(Non-consolidated) (Cumulative)
(Agreements)



Investments and Loans

DBJ provides medium- and long-term loans, meeting a range of funding requirements. In addition to senior financing through traditional corporate loans, we offer project financing, non-recourse loans and other types of structured financing, as well as a variety of other loans that employ advanced financial methods.

We provide investment funding to meet specific needs, based on a long-term perspective, to resolve the myriad issues that clients face. For example, DBJ provides investment to help clients expand their operational bases, meet long-term growth strategies and shore up their financial structures. We offer funding support, mezzanine financing and financing that employs equity and other methods.

The case study section on pages 66 through 87 introduces DBJ’s “CSR through Investment, Loan and Other Businesses.”

Loan Procedures

DBJ is ready at all times to discuss with its clients optimal financial solutions, as well as the specific terms and conditions DBJ can offer, including interest rates and loan maturities.

Financing terms are discussed after DBJ has conducted comprehensive due diligence of the businesses of its client companies, including assessment of their present business status, project plans and profitabilities.

Financing Conditions

- **Loan Amounts**

Loan amounts are determined through consultation based on client financing plans.

- **Loan Terms**

Appropriate loan maturities are set in consultation with our client companies according to factors such as repayment plans, business profitability and the expected life of equipment or facilities.

- **Interest Rates**

DBJ sets interest rates in line with loan periods and risk. Fixed- and floating-rate loans are both available. DBJ also considers the application of various interest rate subsidy programs.

- **Collateral/Guarantees**

Loans may require collateral and guarantees, depending on due diligence results.

Note: Please be aware that, based on due diligence results, DBJ may not be able to provide the loans that prospective borrowers anticipate.

Medium- to Long-Term Loans

By leveraging the long-term financing expertise it cultivated as a policy-based financial institution, DBJ provides loans to clients to match their medium- to long-term financing needs. Medium- to long-term repayment plans are proposed based

on the profitability of the business that requires funding. DBJ also works to meet the varied needs of our clients, such as by introducing grace periods.

We provide a broad range of information to our clients.

Through our long history of operations, we have accumulated substantial expertise and experience that we apply when offering advice to address the issues our clients face.

DBJ puts its wide-ranging networks to use to help clients expand their operations.

We provide information generated through our various studies and research activities, as well as reports, publications and other information from overseas.

Mezzanine Financing

Mezzanine financing is an intermediate financing method that is between typical senior bank loans and equity finance in terms of risk.

Although mezzanine financing is riskier because its payment is subordinated to senior loans, it plays an important role in markets such as the United States, which have a broad range of investors with diverse investment appetites. Mezzanine financing helps to secure the economics of the investment by setting adequate interest rate and dividend levels to correspond to the intermediate risk. Depending on clients' financing plans and capital policies, flexible mezzanine financing can be set. In recent years, demand for mezzanine financing has grown in association with business acquisitions, spinoffs of subsidiaries and business units, business succession and listed companies that are delisting.

Mezzanine financing has the benefit of providing risk capital that may be difficult to obtain through senior loans. Such financing also prevents dilution of the voting rights of existing shareholders. Redemption and exit methods can be set to be flexible.

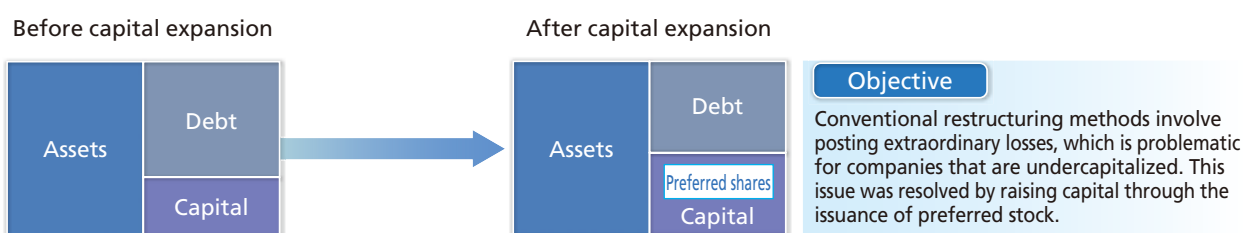
From a long-term perspective, DBJ helps clients resolve their balance sheets issues through total financing solutions that range from structuring and arrangement to providing risk capital.

Types of Mezzanine Financing

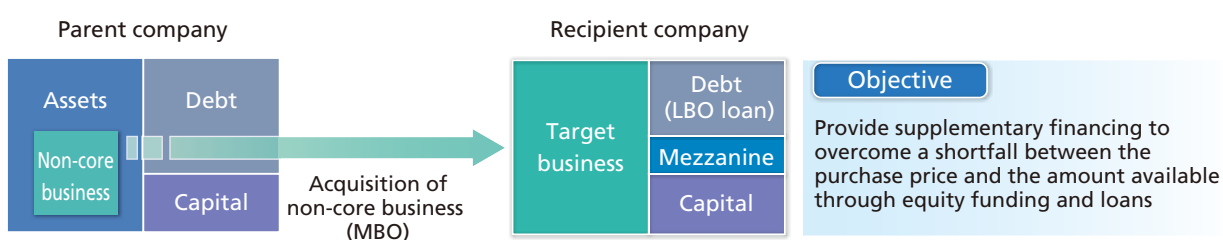
- Subordinated loans, subordinate bonds
- Preferred shares, classified shares
- Hybrid securities, hybrid loans, etc.

● Case Studies: Mezzanine Financing

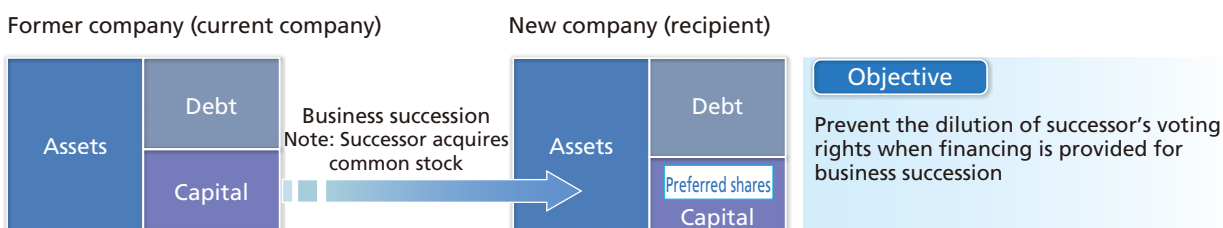
Case 1: Resolving an Undercapitalization Issue



Case 2: Supplementary Method of Financing a Business Acquisition



Case 3: Avoiding Dilution of Voting Rights during Business Succession



Equity

In an environment characterized by new business creation, business restructuring and M&A activity, growth through globalization is an increasing emphasis. Against this backdrop, along with the current formulation of growth strategies and heightening of corporate governance, equity has become more important than ever before.

Through equity investment, DBJ helps clients address the issues they face and supports their long-term development. After making equity investments, DBJ provides total solutions involving its networks and strengths in information, industry research and financing technologies, helping clients

maximize their long-term corporate value. In fiscal 2010, DBJ enhanced its “added-value creative equity financing to support corporate growth strategies (“Value for Growth” Investment Program).” This approach aims to realize the corporate growth strategies (M&A, capital and overseas) of the Japanese entities receiving the equity investment. Its aim is to support corporate value enhancement over the medium to long term.

Through equity investment, DBJ shares in its clients’ growth and successes, contributing to a more prosperous future.



Structured Financing, Financial Technologies

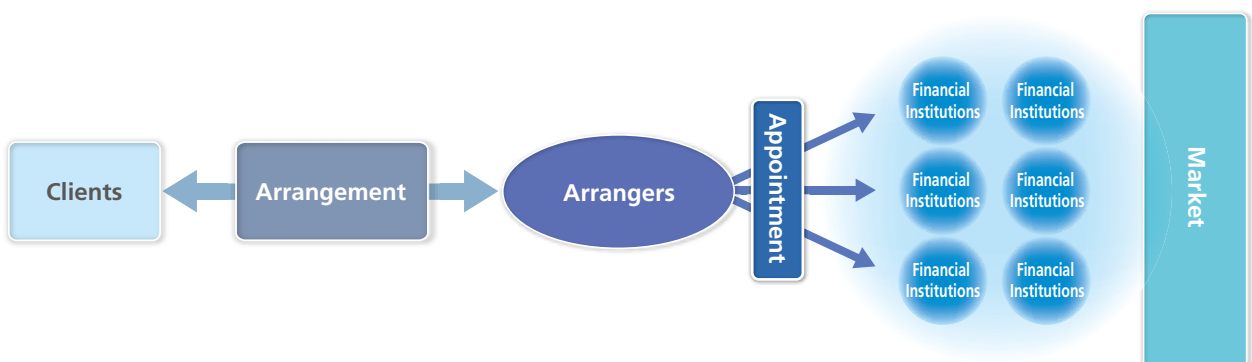
Syndicated Loans

This type of loan involves multiple arrangers that are combined into a syndicate. The agreement with the client is based on a single contractual document, and financing is provided cooperatively according to a single set of terms.

Having a single arranger in the point negotiating position reduces the administrative burden. Conducting settlement operations through an agent reduces the administrative burden. Large amounts can be raised expeditiously. Appointing an arranger allows the number of financial

institutions involved in the transaction to be increased, and clarity of borrowing terms is ensured.

As part of its services, DBJ actively structures loans, centering on term loans. DBJ invites a wide range of financial institutions to participate, making use of its neutral standpoint. Structuring loans to include some items from its own lending menu, such as the DBJ Environmentally Rated Loan Program, helps raise the value-added level of services it provides.



Structured Financing

In 1998, DBJ pioneered project financing in Japan. From these beginnings, our accumulated expertise in this area, centering on energy and infrastructure projects, has propelled us to our current position as one of Japan's leaders in project financing, including private finance initiatives (PFIs).

Since its privatization (conversion to a joint-stock company) in 2008, DBJ has maximized its unique characteristics to meet Japanese companies' increasingly diverse and global needs. We provide all-around support by offering clients in Japan and overseas with project finance, PFIs, object finance, securitization and various other financial products and optimal financing methods (senior loans, mezzanine loans, equity, etc.).

● Project Financing

We have a wealth of expertise in helping companies in the energy and infrastructure sectors—primarily with regard to large-scale projects—find project financing that they can repay through project cashflow, without relying on specific corporate creditworthiness or collateral value. Such finance solutions we provide help them raise funds and support their efforts to control risks. In recent years, in addition to arranging project financing and providing financing for domestic solar and wind power generation projects, DBJ has been proactive in its financing of energy and infrastructure projects overseas.

● Object Financing

DBJ helps clients determine optimal financing methods that take advantage of the cashflow-generating characteristics of assets with special features, such as ships, airplanes and railcars, as well as supporting their efforts to control risks.

● Securitization

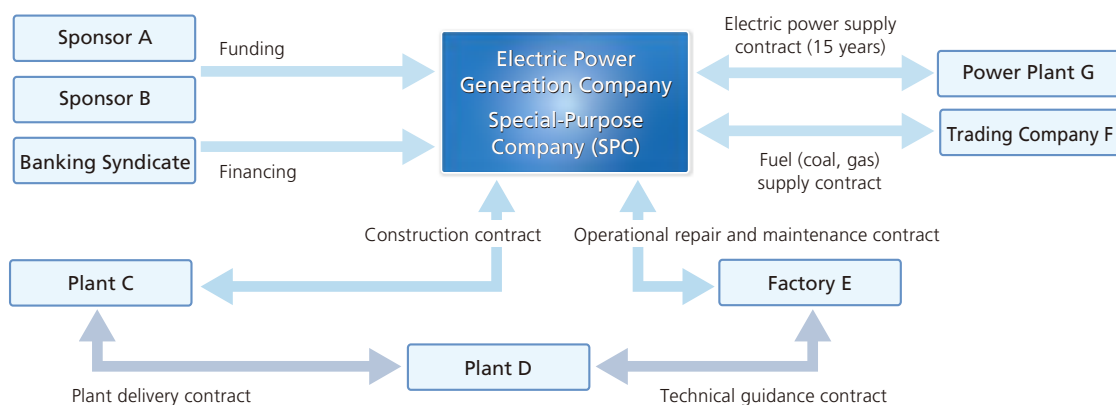
Through finance methods such as liquidation and securitization of receivables focusing on their future cash flows, and through whole business securitization in which debts are repaid through future cash flows generated by a particular business, DBJ supports its clients' finance strategies and helps optimize their funding.

● PFIs and PPPs

Since the facilitation of the PFI Act* in 1999, DBJ has accumulated expertise by taking advantage of its strong relations with public-sector entities. The support we have provided to numerous clients in this category has turned us into an industry leader in PFIs. Expectations for PFIs are growing, and amendment to the PFI Act in 2011 marked the introduction of concession-type PFIs. In this environment, we provide numerous types of support to help clients in Japan and overseas to resolve the issues they face.

* Act on Promotion of Private Finance Initiative

● Project Financing Example: Electric Power Generation Project



Asset Financing (Real Estate)

DBJ's involvement in the long-term financing of real estate operations began in the 1960s. We have participated in Japan's real estate securitization market from its early beginnings and continue striving to invigorate this market.

Our track record, expertise and networks in this arena enable us to provide non-recourse loans and a host of other solutions.

Liquidization Financing

Example 1: Sell rental real estate that a client owns to a special-purpose company, raising capital efficiency

Example 2: After selling owned real estate that a client is using to a special-purpose company, conclude new rental agreements and continue using the property in this manner

1. Allows diversification of financing methods
 - Enables funds to be raised based on the property's capacity to generate revenue and cash flow
 - Preserves the credit availability of the originator (the original owner of the asset)
2. Moves property off the balance sheet for better financial efficiency
 - Improves ROA
 - Allows planned recognition of unrealized gains or losses
 - Improves financial picture by reducing interest-bearing debt
 - Eliminates risk of fluctuations in real estate values

Development Financing

Example: Use investor financing to develop idle owned real estate into income property

1. Realizes profits from development
 - Enables funds to be raised for real estate development, which might be difficult for the company to do on its own
 - By securing required additional funding, helps in terms of diversity and the control of the risk of construction delays and cost overruns
2. Controls risk by moving property off the balance sheet
 - Maintains the company's financial soundness
 - Eliminates risk of fluctuations in real estate values

DBJ's Distinguishing Features in Asset Financing

- Has extensive arrangement expertise on numerous projects, as well as a strong performance record in investment and loans
- Retains a network of leading investors and financial institutions in Japan and overseas to help realize projects and arrange financing
- Creates project-tailored solutions to meet clients' needs, such as providing senior, mezzanine and equity financing
- Maintains a neutral standpoint, enabling projects to progress smoothly by appropriately diversifying risk and helping involved parties realize profits

LBOs/MBOs

Leveraged buyouts (LBOs) are acquisitions of companies or businesses using borrowed money. If the company or business that is being acquired generates fixed cash flows, the acquirer (typically, the sponsor providing equity) can purchase the business or company for relatively little cash. For this reason, the borrowed funds are considered the "lever" that multiplies the return on the purchaser's funds, which are constrained.

Management buyouts (MBOs) involve the acquisition by the existing corporate management of a company's shares or operations. As the existing management team typically has a limited amount of cash available, MBOs generally

require that funds be raised to acquire an operation. For this reason, an MBO may take the form of an LBO. In the event that borrowed funds alone are insufficient, the management team may offer equity to a collaborative sponsor, such as a buyout fund or partner. In recent years, MBOs have been used more frequently by listed companies that are delisting and by owner-operated companies.

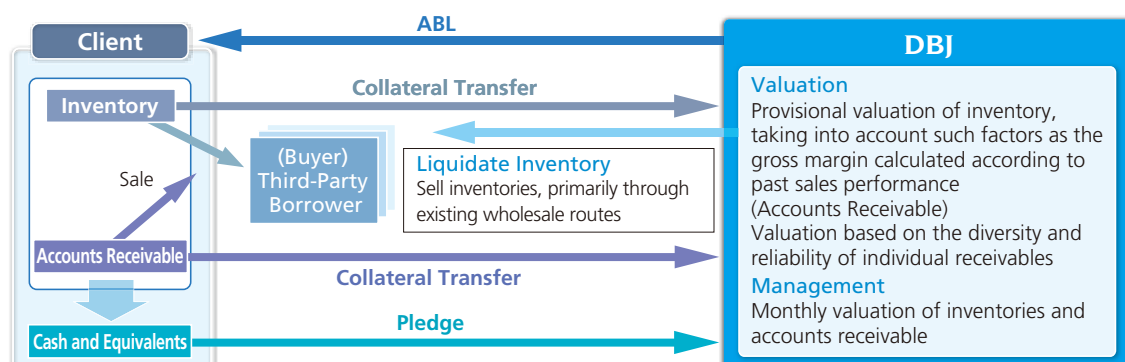
As a financial advisor, DBJ ties together all MBO-related details, arranges investment and mezzanine financing, and works out joint equity financing with sponsors. The ability to handle this range of activities allows DBJ to offer LBO/MBO solutions.

Asset-Based Lending

Asset-based lending (ABL) is a method of financing that uses as collateral a company's liquid assets, such as aggregate movable property, inventory collateral and receivables.

As financing methods become more diverse, expeditious fund-raising, debt restructuring and the sale of surplus inventories also enhance the robustness of internal control systems.

As a front-runner in corporate revitalization financing, DBJ has gained abundant experience in the area of developing ABL schemes to support companies, while at the same time securing their debt. Going forward, we plan to apply this expertise to develop ABL schemes that provide companies with growth capital.

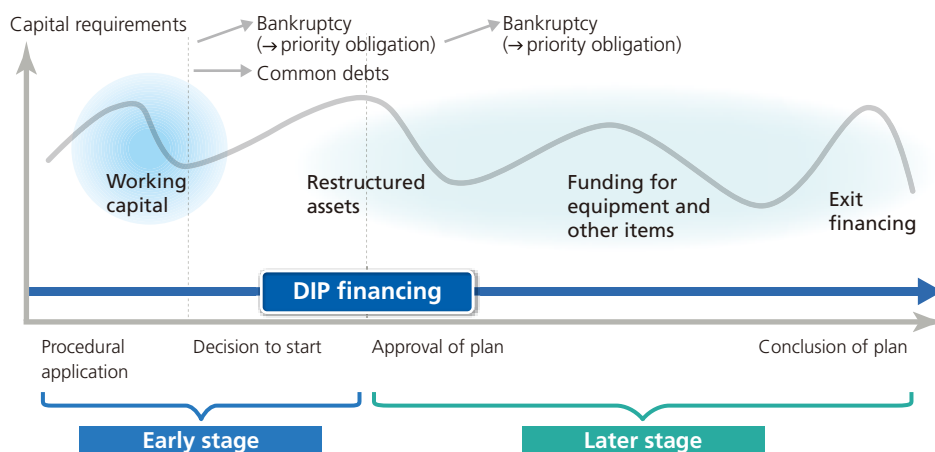


Debtor-in-Possession Financing

Non-performing loans emerged as a major problem beleaguering the Japanese financial system in the late 1990s. Against this backdrop, DBJ has developed a host of tools to help underperforming companies sustain or develop profitable areas of operation. One method of which DBJ is a proponent is early debtor-in-possession (DIP) financing. This temporary financing method provides working capital that allows a company in bankruptcy to continue operations during the period between a request for the application of the Civil Rehabilitation Act and the approval of rehabilitation plans, thereby sustaining the valuable parts of its operations.

Later-stage DIP financing provides the funding that is needed to implement restructuring plans. By providing medium- to long-term financing to fund capital investment under different conditions than those for revitalization plans that are being implemented, an organization that is under rehabilitation can refinance its debt, providing exit financing more quickly than is possible via the legal liquidation process.

In 2001, DBJ provided the first DIP financing in Japan. Since that time, DBJ has worked to broaden the range of entities eligible for this financing and the methods of employing it in response to varied needs.



Certification and Unique Programs

DBJ Environmentally Rated Loan Program

Beginning with the antipollution measures implemented in the late 1960s and early 1970s, DBJ has provided more than ¥3 trillion in investments and loans for environmental measures over the past 40 years.

In fiscal 2004, DBJ began its DBJ Environmentally Rated Loan Program based on knowledge cultivated for over four decades. DBJ developed a screening (rating) system that scores companies on the level of their environmental management and then applies one of three different interest rates reflecting that effort. This was the world's first incorporation

of environmental ratings in financing menus. In fiscal 2007, we launched an interest rate subsidy programs for the promotion of environmentally conscious management ratings to advance global warming countermeasures.

Employing the experience we gained through the DBJ Environmentally Rated Loan Program, in fiscal 2009 we began offering a service to help regional banks develop evaluation tools to use in performing their own environmental ratings. Through such initiatives, we aim to augment environmental financing and encourage its proliferation in Japan.



Program logo

Features

- Varying interest rate levels based on environmental ratings
- Screening sheet containing approximately 120 questions derived from the United Nations Environment Programme Finance Initiative (UNEP FI) evaluation of fair and neutral global environmental trends and an exchange of information with the Ministry of the Environment
- Convening of the Environmental Ratings Advisory Committee, seeking advice from outside experts and renewing annual visits
- Ratings determined through interviews with clients
- Applicability to a wide range of clients

DBJ Enterprise Disaster Resilience Rated Loan Program

DBJ's financing track record includes schemes to supporting the recovery of disaster-stricken areas through anti-disaster measures and financing related to disaster recovery. In addition, from the standpoint of business continuity management (BCM) DBJ assists clients' total enterprise risk management efforts, including the formulation of business continuity plans (BCPs), the earthquake-proofing of facilities and the preparation of IT backup systems. At the same time, DBJ provides new financing methods to assist disaster recovery, including recovery finance and alternative risk transfer finance. In fiscal 2006, we introduced Financing Employing DBJ Disaster Preparedness Ratings, which evaluate companies and select those engaged in high-level initiatives and anti-disaster and business continuity measures and provide them with preferential interest rate financing as a reward for their excellent disaster preparedness. Financing conditions are set on the

basis of the assessment. In this manner, we introduced the world's first disaster preparedness-based financing method.

We revised our financing menus substantially in 2011 as a result of the Great East Japan Earthquake. Enterprise business continuity activities are assessed comprehensively, including resilient strategies and systems for recovering in the event a crisis materializes.

The DBJ Disaster Preparedness Rating (1) is an expression of the evaluation results and (2) promotes broad awareness of the concept of BCM. Aiming to realize the goal of a "resilient Japanese society through disaster preparedness ratings," in 2012 we changed the name of these ratings to the "DBJ Enterprise Disaster Resilience Rated Loan Program."

We will promote enterprise risk management and business continuity through the DBJ Enterprise Disaster Resilience Rated Loan Program.



Program logo

Features

- Varying interest rate levels based on BCM ratings
- Fair and neutral assessment of global crisis management trends Based on information exchanges with the Japanese Cabinet Office, the World Economic Forum, NPOs and other experts, DBJ developed a screening sheet containing approximately 100 questions.
- DBJ convenes a BCM Rating Advisory Committee that seeks advice from outside experts and require annual renewal visits.
- Ratings determined through interviews with clients
- Applicability to a wide range of clients

DBJ Employee's Health Management Rated Loan Program

In April 2008, the Ministry of Health, Labour and Welfare introduced a special health checkup system, and the Japanese Diet is discussing making it mandatory for businesses to provide mental health checks. This is one example of the growing importance being placed on maintaining the health of corporate employees. As Japan's working population is expected to shrink, achieving higher levels of human productivity has become an issue of growing importance. With these



Program logo

social conditions as a backdrop, the DBJ Employee's Health Management Rated Loan Program aims to popularize and promote the concept of health management. DBJ has applied to take on Ministry of Economy, Trade and Industry (METI) survey operations. As part of this effort, we use an evaluation system that we have developed to assess companies and select those that are superior in terms of their consideration for employee health and offer them financing terms in line with their assessment levels. We have used a specialized method for introducing an "employee's health management rating," making DBJ the first in the world to offer such a financing menu.

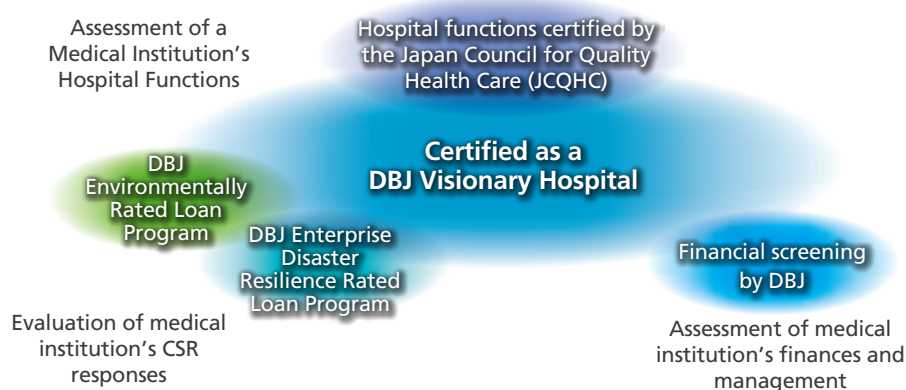
Features

- Varying interest rate levels based on employee's health management ratings
- Formation of "health management consortium" with institutions focused on preventive healthcare and development of screening sheet to promote the Health Management Project as an ancillary activity for METI
- Ratings determined through interviews with clients
- Applicability to a wide range of clients

DBJ Visionary Hospital Program

In recent years, hospitals have been the source of increasing attention for the role they play as bases for safety and security in regional societies. In May 2012, we introduced the DBJ Visionary Hospital Program to support the advancement of medical functions, as well as to encourage proactive environmental consciousness, disaster prevention and business continuity measures. For institutions that have had their hospital functions certified by the Japan Council for Quality Health Care, DBJ uses the

environmental assessment and BCM evaluation system it developed to certify hospitals as DBJ Visionary Hospitals (namely, those that have in place superior environmental consciousness, disaster prevention and business continuity measures), offering them a financing menu with financing terms set according to their assessments. Through this measure, DBJ supports hospitals' efforts to continue providing good healthcare in regional societies.

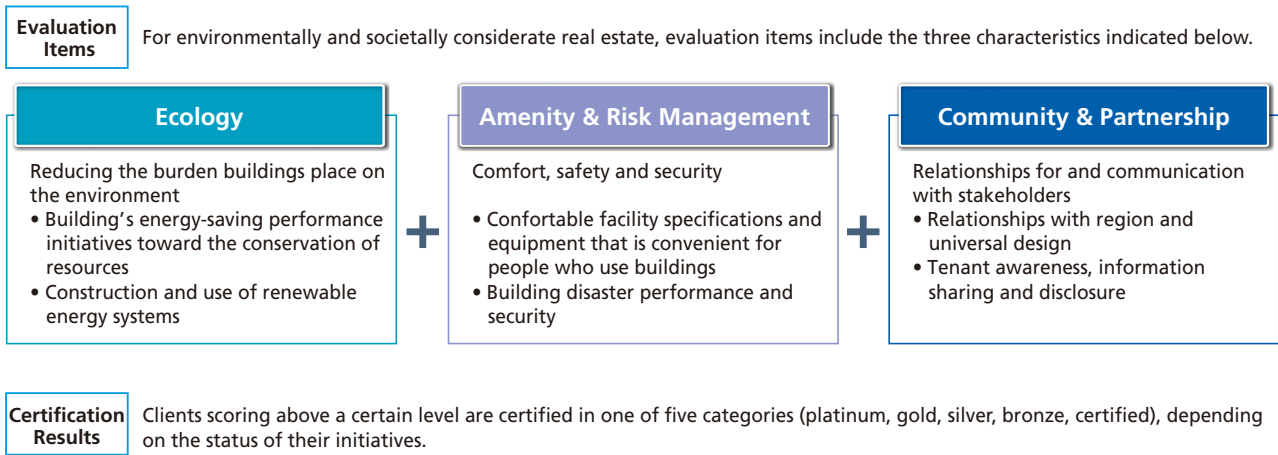


DBJ Green Building Certification

Applying the expertise and networks accumulated over many years of real estate financing, DBJ inaugurated DBJ Green Building Certification in fiscal 2011. This certification program provides investment and loan support for real estate development, refurbishment and other activities of clients that own or manage real estate that evinces environmental and societal considerations (green buildings). Through this program for evaluating and certifying the sustainability of real estate, we contribute to the broad-ranging IR, PR and CSR aspects of our clients' real estate

businesses.
In August 2012, we introduced a logistics edition of DBJ Green Building Certification for distribution facilities. To bolster the sustainability of logistics companies, in March 2013 we commenced the joint operation of this certification system with the Japan Real Estate Institute (JREI). Going forward, we aim to foster a correlation between a building's certification ratings and its economic value, creating a market in which green buildings are valued appropriately.

● Overview of the DBJ Green Building Certification



Regional Areas Genki Program

Facing the challenges of population constraints, financial limitations, environmental restrictions and global competition, Japan's regions must coordinate with one another and implement diverse regional development schemes that capitalize on their respective strengths, competitive advantages and latent potential.

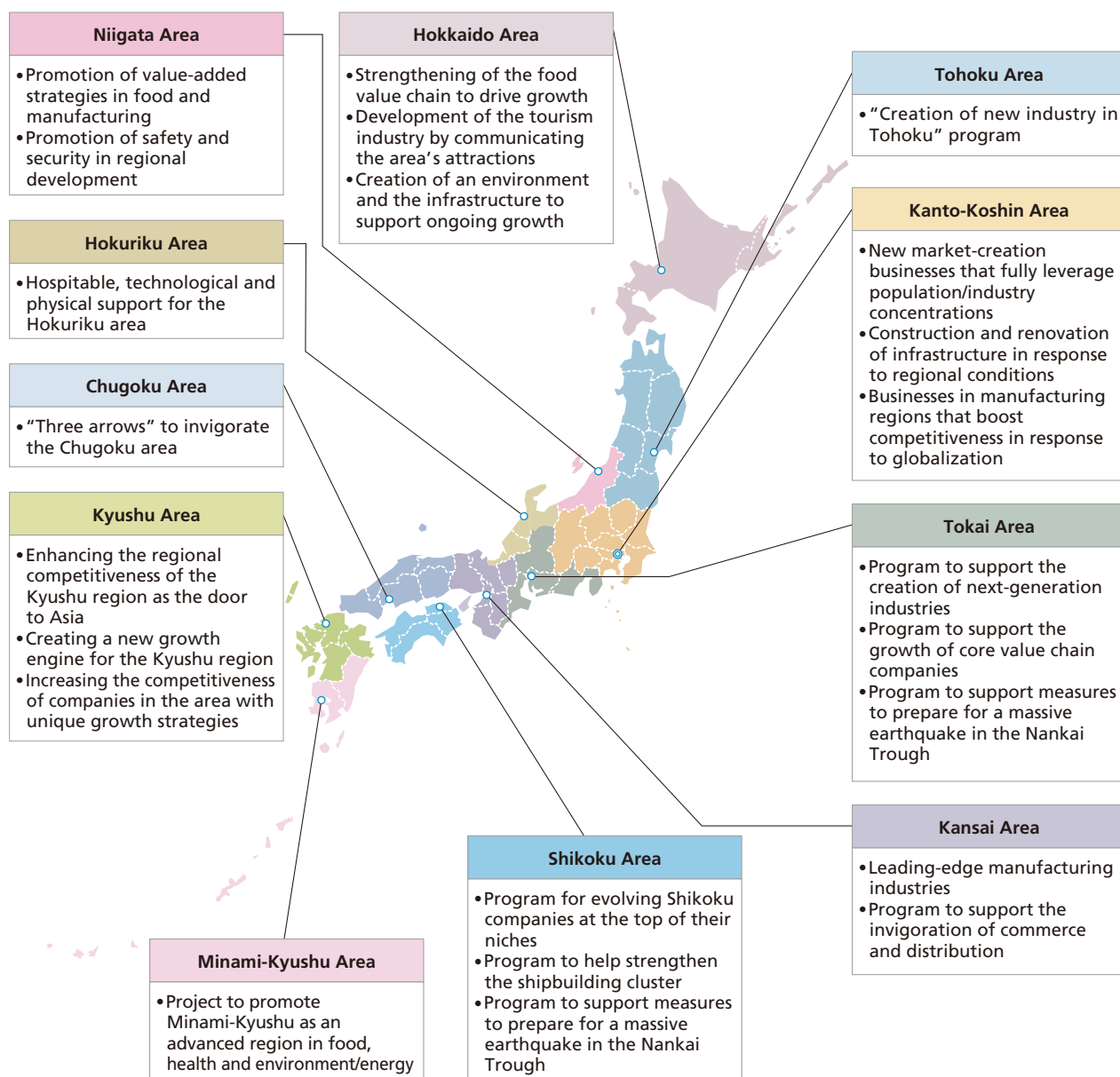
In 2010, DBJ arranged a unique initiative, the Regional Areas *Genki*^{*1} Program, to support regional growth that capitalizes on each region's respective strengths and information and funding potential. We have enhanced our information support service to regions. In addition, each DBJ branch office focuses on its region's distinctive fields and businesses based on its industrial structure and partners with regional financial institutions to offer financial support.

To further promote these initiatives, DBJ has partially revised the content of programs set by each of its branch offices and has adopted as a nationwide theme the concept of "companies that contribute to the region."^{*2} By encouraging further regional contributions from companies on the financial and information fronts, DBJ is helping to foster a virtuous circle of *genki* between regions and companies.

^{*1}The Japanese word *genki* implies a positive spirit and good health.

^{*2} Company that Contributes to the Region: A company that creates employment opportunities and utilizes the region's personnel and resources, effectively employing people, physical goods and money for the good of the region.

Regional Areas Genki Program



Safety Nets and Public Programs

Interest Rate Subsidy Programs

Interest rate subsidy programs are schemes whereby financial institutions provide financing for specific businesses to promote specific industries. Alternatively, they may target operators of specific businesses. Under these programs, the

Japanese government or other organizations provide subsidies corresponding to all or part of the interest payments, thereby reducing the interest burden on the borrower.

Interest Rate Subsidy Program Menu

- **Interest rate subsidy programs that support the revitalization of regional communities**

These interest rate subsidy programs are provided to businesses recommended by the national government in line with the regional revitalization plans of regional municipal bodies certified by the national government.

- **Interest rate subsidy programs for the development of regional telecommunications and broadcasting businesses**

These interest rate subsidy programs can be used by clients pursuing regional telecommunications or broadcasting businesses in accordance with legally prescribed guidelines.

- **Interest rate subsidy system for internationally strategic comprehensive special zones, interest rate subsidy system for comprehensive special zones targeting community revitalization**

These interest subsidy systems target operations endorsed by the national government in line with government plans for comprehensive special zones of regional municipal bodies.

- **Interest rate subsidy system for special zones for reconstruction**

This interest rate subsidy system targets operations endorsed by the national government in accordance with the reconstruction plans of regional municipal bodies designated by the national government in the areas identified in the Law for Special Zones for Reconstruction (227 towns and cities).

- **Interest rate subsidy programs for crisis response operations**

These interest rate subsidy programs can be used by clients who have sustained damage during a crisis certified as such by the government and who meet program requirements. At present, such subsidies are being provided to clients affected by the Great East Japan Earthquake.

- **Interest rate subsidy programs for the promotion of environmentally conscious management ratings**

These interest rate subsidies are for fixed investment and the promotion of research and development to prevent global warming, and target companies involved in businesses working toward the reduction of energy-derived CO₂ emissions, thus qualifying for the DBJ Environmentally Rated Loan Program, and that have pledged to improve unit CO₂ emissions or reduce overall CO₂ emissions within a certain period of time.

- **Interest rate subsidy programs to fund domestic oil and natural gas development (continental shelf interest rate subsidy)**

These interest rate subsidy programs can be used by companies involved in oil or natural gas development businesses in Japan.

- **Interest rate subsidy programs to fund fixed investment for using natural gas and other resources (natural gas and other resources interest rate subsidy)**

These interest rate subsidy programs can be used by companies that are making fixed investment involving the use of natural gas and other resources.

- **Interest rate subsidy programs to fund specific and other facilities related to the rationalization of energy use and to promote the introduction of special equipment (energy conservation interest rate subsidy)**

These interest rate subsidy programs can be used by companies that are promoting the conservation of energy.

- **Interest rate subsidy programs to fund effective resource use and other activities**

These interest rate subsidy programs can be used by companies that are using resources effectively.

Crisis Response Operations

Crisis response operations on the basis of the Japan Finance Corporation Act (Act No. 57 of 2007, later updated) consist of the provision of necessary funds during such crises as disruptions in domestic or overseas financial markets or large-scale natural disasters. The Japan Finance Corporation (JFC) provides risk and other support from the Japanese government via designated financial institutions as funds for responding to crisis-related damage.

At the time of its establishment, DBJ was designated as such a financial institution, as was Shoko Chukin Bank Limited. In accordance with this designation, DBJ commenced its crisis response operations in October 2008.

In the fiscal 2011 supplementary budget (passed on May 2, 2011), ¥2.5 trillion was earmarked for JFC Great East Japan Earthquake crisis response operations targeting medium-sized and large companies.

This supplementary budget having been passed, as a designated financial institution for the crisis response operations DBJ set up a full-fledged structure to facilitate implementation of crisis response operations for clients affected both directly and indirectly by the disaster. In addition, DBJ is making a proactive effort to support increases in the production of materials needed for restoration and reconstruction in the aftermath of the recent disaster. (See pages 47–53.)

Consulting/Advisory Services

We offer consulting and advisory services and make use of networks with allied financial institutions. Through our consulting and advisory support services, we help clients become more competitive and contribute to the vigor of regional economies.

Our consulting and advisory services are backed by the know-how we have built up through our structured and other types of financing, our M&A advisory services and our provision of expertise on industry research and environmental and technical evaluations. We apply this accumulated expertise to help clients resolve the issues they face.

The advisory services case studies on page 69 introduce DBJ's "CSR through Investment, Loan and Other Businesses" approach.

M&A Advisory Services

As corporate development options diversify, M&A activity is growing more prevalent amid the expansion of business overseas, both for businesses restructuring operationally and for industry restructuring overall. Mergers and acquisitions can be a method for achieving higher business efficiency,

better employment stability and a stronger competitive position. Amid growing interest in M&A activities in Japan and overseas, DBJ provides advisory services through its own networks. We offer comprehensive M&A solutions that match clients' varied needs and management strategies.

M&A Advisory Service Characteristics

- **Partners**

DBJ is thoroughly client-focused and takes a long-term perspective, working with clients to help them realize the visions they have set for themselves.

- **Brand**

DBJ is a unique and trusted financial institution that has built up its brand over many years of financing and experience in providing project support and maintaining relations over the long term.

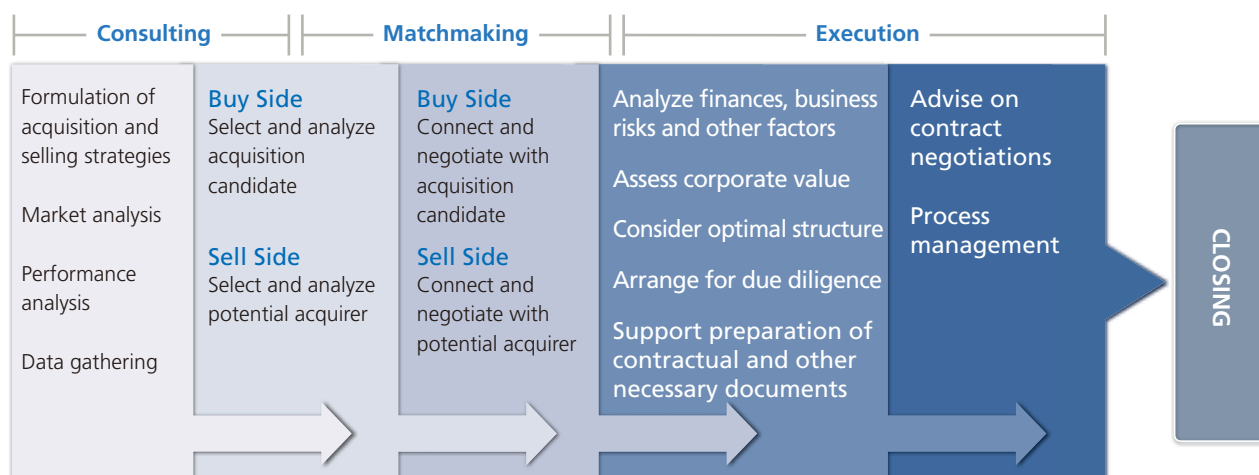
- **Knowledge**

DBJ has developed deep insights into a broad range of industries by virtue of its provision of financing over many years, as well as analytical capabilities and the ability to maintain strategy that is unaffected by short-term movements.

- **Network**

DBJ maintains close relationships with overseas financial institutions, domestic financial institutions, accounting and legal firms, and government institutions both in Japan and overseas. Such relationships enable us to build networks to accumulate accurate information.

● M&A Advisory Services



The Otemachi Innovation Hub (iHub)

In addition to providing funding, in April 2013 we opened the Otemachi Innovation Hub (iHub) within DBJ's headquarters building. This organization is designed to leverage DBJ's neutrality and extensive network to serve as a place to create new value through open innovation.

Through open innovation, iHub will seek to foster broad-based cooperation between corporations, government offices and society (including universities, citizens and government bodies), forge links between the determination

and resolution of societal issues, encourage movements to break down a range of barriers that are holding companies back and aim to provide a place to conceptualize new collaboratively creative business concepts.

The iHub also aims to promote regional development by encouraging open collaboration among diverse regional partners that possess superior management resources and technologies to create new value together and address region-specific issues and conditions.

● Examples of iHub Regional Developments

Region	Date	Theme
Kanto/Tokyo	May 2014	Workshop for employees of regional government bodies
Hokuriku	From December 2013	Participation in the Hokuriku regional alliances platform
Hamamatsu	February 2014	Opportunity to introduce new businesses generated by the region
Kansai	From December 2013	Healthcare
Hiroshima	February 2014	Workshop on creating new businesses
	June–October 2014 (four times)	Opportunity to jointly consider new business ideas
Kyushu	From December 2013	Participation in "Future of Kyushu 2030"



Practical Application Support Center for Technology

DBJ established the Practical Application Support Center for Technology in February 2004 to help manufacturers realize their potential for the commercialization of successfully developed technologies. The role of this center is to plan and operate iHub, as well as to diagnose whether companies have the management strength (technology management expertise) to create value in technology. Aiming to create value from a new perspective, the center will engage in survey analysis and the proposal of future business models from the perspective of technology management, recommendations and technology management training.

For clients and other companies across a broad spectrum in the manufacturing sector, we support ecosystems (relations between companies) from the viewpoint of innovations (new combinations) that include the consideration of technology management strategies to resolve social issues and the creation of business models. We provide additional evaluations based on our expertise in operational screening and, through consultations on business and financial strategies, help clients consider their optimal long-term strategies and business plans.

● Changes in the Manufacturing Business Environment

	Past	Future
Ways to create value	Values of products themselves	Technical expertise to take a global lead Combination of diverse elements, including products and services
Desired capabilities	Increasing performance and functionality Raising efficiency, lowering costs	Valuable design expertise and ability to communicate with society Overwhelming expertise in manufacturing technologies and quality management capabilities
The background of the times	Mass production Catching up with Europe and the United States	Increasing uncertainty due to more-global and flatter markets Advances by companies from emerging markets Dramatic advancement in ICT

Support for new value creation



The DBJ Women Entrepreneurs Center (DBJ-WEC)

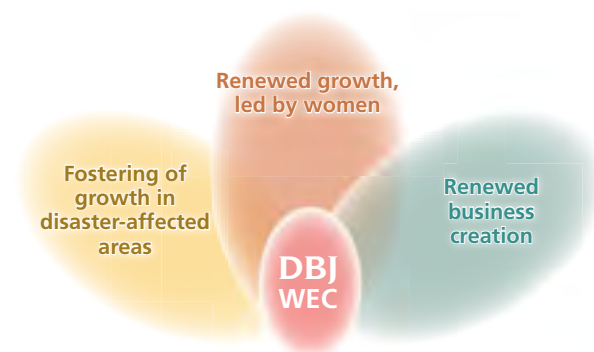
Japan faces a number of issues, including protracted economic sluggishness, a falling birthrate and aging society, and reconstruction following the Great East Japan Earthquake. Amid these conditions, Japan aims to introduce a new growth model, wherein women are expected to play an increasing role in business. Businesses created from a new female perspective are considered likely to provide a driving force for new economic growth and social transformation.

Anticipating such developments, DBJ launched the DBJ Women Entrepreneurs Center (DBJ-WEC). Through this center, we aim to provide comprehensive support, including funding and business startup expertise, to new business growth led by women.

As part of its initiative to cultivate and foster new businesses, DBJ-WEC annually holds a business plan competition targeting women entrepreneurs. The winner of the competition is awarded an incentive payment of up to ¥10 million. Additionally, DBJ-WEC offers all participants a variety of support on the planning front, such as by connecting them with experienced entrepreneurs and experts in various

fields, providing startup expertise and advice and introducing them to networks after the competition.

In the future, the center will continue to work with female managers to meet the challenges of developing businesses with unique perspectives, fostering collaboration with regions and specialists.



The DBJ Women Entrepreneurs Center



Award ceremony of the third DBJ Women Entrepreneurs New Business Plan Competition



Grand prize winner of the third annual competition: Ms. Rie Yano

DBJ Asia Financial Support Center

DBJ opened the DBJ Asia Financial Support Center in June 2011 to reinforce its ability to provide local information and consulting services to regional banks supporting efforts by small and medium-sized companies and other entities in their regions to promote business in other parts of Asia.

The center's role is as a liaison to help regional banks throughout Japan, meet their various needs and help other entities develop their operations in Asia. In addition to leveraging DBJ Group resources, such as its overseas representative office, its overseas subsidiaries and Japan Economic Research Institute Inc., this center provides consulting services that take advantage of a comprehensive agreement on collaboration with Hitotsubashi University

(entered into in June 2011) and of networks of overseas development finance organizations, private financial institutions and legal and accounting firms.

As of June 30, 2014, the center has a membership of 66 regional banks and has fielded a total of 1,462 inquiries. Breaking down inquiries by country, the majority were in relation to China, Thailand, Vietnam or Indonesia. Inquiries concentrated on such topics as industry trends and funding. In 2014, we expect to begin playing a part in the "fast-pass" system to provide consistent support for overseas development, in keeping with the Japanese government's growth strategy. DBJ will continue augmenting its ability to disseminate information related to Asia.

Public Asset Management

Public asset management describes the method of looking at the public assets owned by government bodies from a management perspective for the purposes of overall planning, control, use and disposal.

The public assets owned by government bodies are many and varied. They include buildings, such as schools, public offices and community centers, as well as waterworks, sewerage, roads and other infrastructure. Two major issues have come to the fore in this category in recent years.

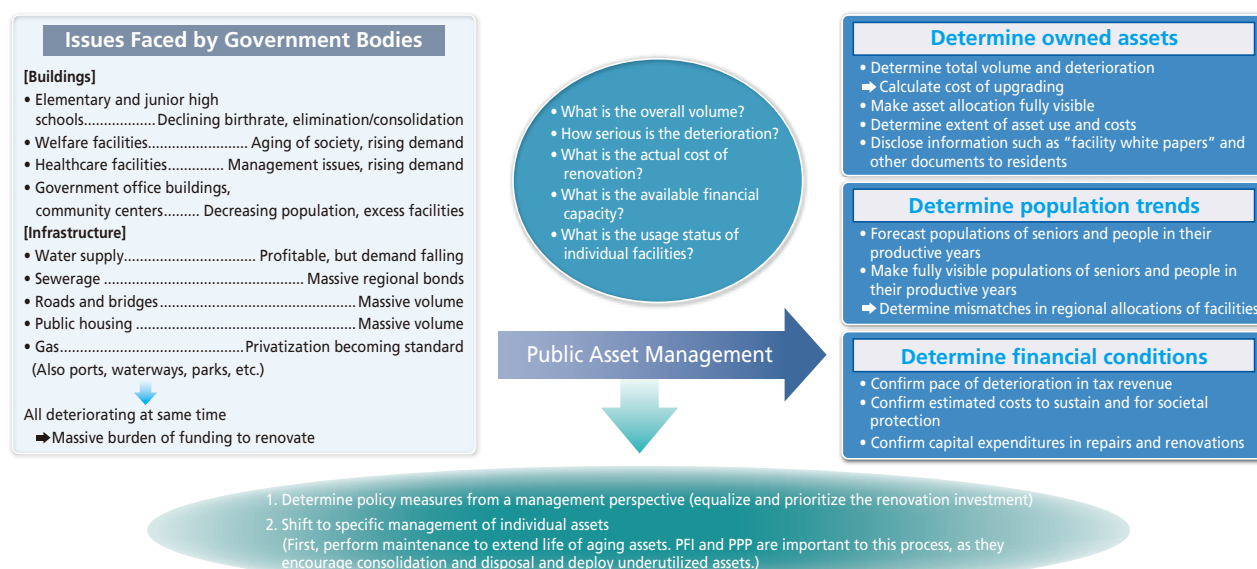
The first is that facilities that were built in a concentrated period during Japan's era of high economic growth are now deteriorating rapidly. Because many public assets were built at around the same time, their deterioration is also simultaneous. The second issue is a mismatch between the population—which is shrinking and changing in its makeup—and the supply of facilities needed to serve the needs of residents. Going forward, as the overall population shrinks and

the average age rises, government bodies will face major changes in the amount and types of public assets that are necessary.

However, long-term economic malaise and a decrease in the percentage of the population in their productive years means that tax revenues are down and welfare budgets are increasing. Owing to factors such as these, it is difficult to secure the budgets necessary to renovate or reallocate public assets that have deteriorated.

For this reason, government bodies must quickly embark on the management of public assets and conduct sustainable urban management.

DBJ is working with the Japan Economic Research Institute Inc. to determine the status of owned assets and calculate their future cost, among other activities. Public asset management advisory services are just one of the initiatives we offer.



Crisis Response Operations

Crisis Response Operations

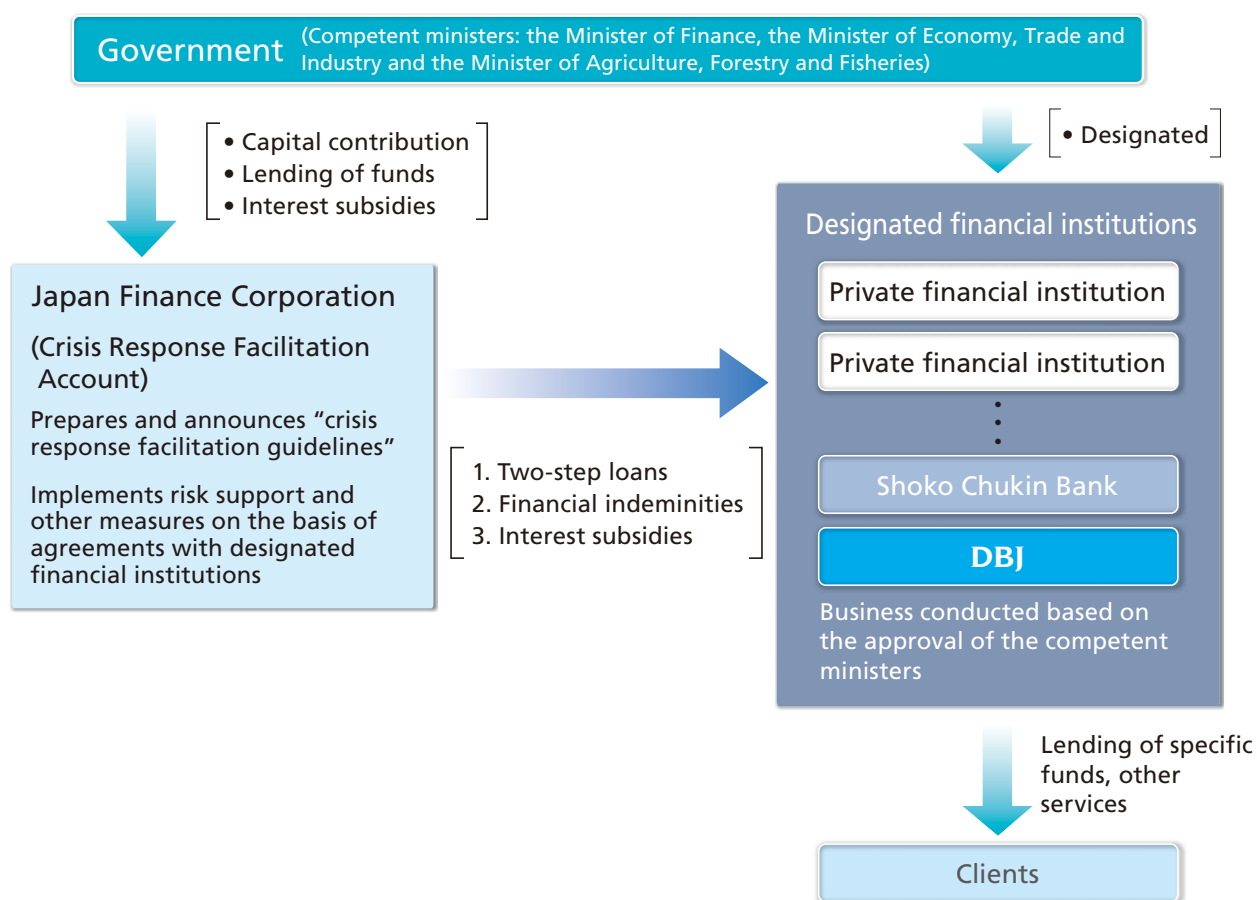
Crisis response operations, on the basis of the Japan Finance Corporation Act (Act No. 57 of 2007, later updated) consist of the provision of necessary funds during such crises as disruptions in domestic or overseas financial markets or large-scale disasters. The Japan Finance Corporation (JFC) provides risk and other support from the Japanese government via designated financial institutions as funds for responding to crisis-related damage.

These funds are earmarked for use in the event of such crises as disruptions in the domestic or overseas financial

markets, large-scale disasters, terrorism and epidemics of communicable diseases. Upon the receipt of such credit (e.g., for two-step loans, financial indemnity or interest subsidies), institutions designated to provide such funds do so quickly and flexibly.

At the time of its establishment, DBJ was designated as such a financial institution, as was Shoko Chukin Bank Limited. In accordance with this designation, DBJ commenced its crisis response operations on October 1, 2008.

● Crisis Response Operations Scheme



The Great East Japan Earthquake

In response to the Great East Japan Earthquake, which occurred on March 11, 2011, as a designated financial institution for crisis response operations DBJ set up a full-fledged structure to facilitate the all-around operation of

crisis response operations for clients affected both directly and indirectly by the disaster.

Please see pages 50–52 for "Initiatives Related to the Great East Japan Earthquake."

Results of Crisis Response Operations

On October 30, 2008, Shoko Chukin and DBJ established “lifestyle measures” in response to the worsening corporate cashflow conditions resulting from the global financial and economic crisis that commenced in the autumn of 2008. On December 11, these measures were granted crisis designation under the category of “incidents related to confusion in the international financial order.” On December 19, these measures were augmented by economic measures, or “emergency lifestyle defense measures,” funded through an expanded budget and the commencement of the commercial paper acquisition business, and labeled Cashflow Countermeasures for Medium-Sized and Large Companies Employing the Crisis Response Operations of the Japan Finance Corporation. On January 27, 2009, government regulations were amended, incorporating these items into the second supplementary budget for fiscal 2008, augmented with funds generated by DBJ’s commercial paper acquisition business on January 30.

Additional economic crisis countermeasures were announced on April 10, 2009, outlining specific measures for large-scale crisis response operations and earmarking a total of ¥15 trillion for crisis response for medium-sized and large companies. In line with these measures, authorization of a supplementary budget for fiscal 2009 was announced on May 29, 2009. This budget received Diet authorization on June 26, and the amendment to the New DBJ Act went into force and was promulgated on July 3, 2009. These measures paved the way to reinforce DBJ’s financial structure and facilitate crisis response operations.

For projects following the Great East Japan Earthquake, which occurred on March 11, 2011, the Japanese government began conducting crisis certifications on March 12, 2011. Upon notification of such certifications, the implementation period for crisis response operations was re-extended.

(Meanwhile, the implementation period for certain projects, such as those involving “incidents related to confusion in the international financial order” concluded on March 31, 2011.)

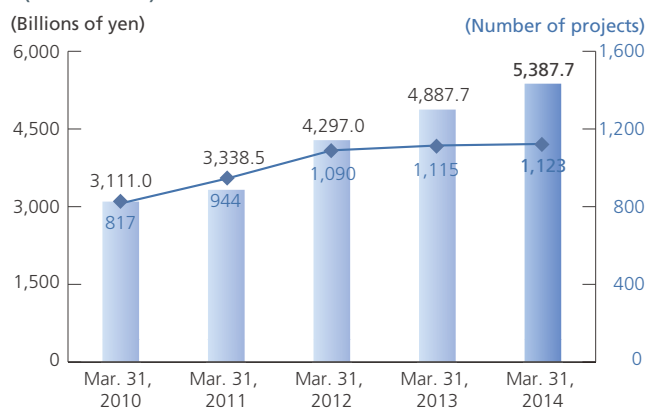
As of March 31, 2014, DBJ’s loan performance and commercial paper acquisitions of crisis countermeasure loans were as follows.

- Cumulative loans: ¥5,387.7 billion (1,123 projects)
- Cumulative loans executed with loss guarantee agreements: ¥268.3 billion (47 projects, including those slated for application to JFC)
- Cumulative commercial paper acquisitions: ¥361.0 billion (68 projects)

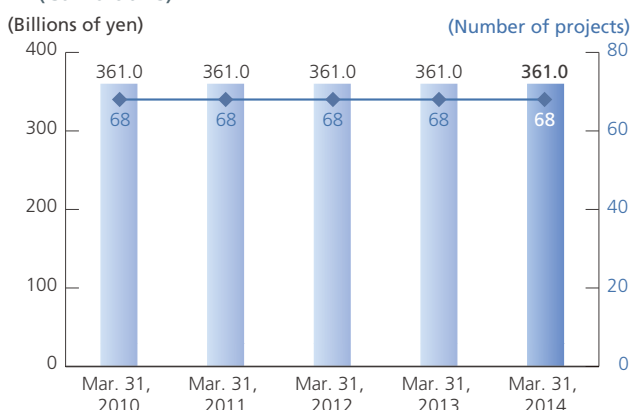
*1 Of the ¥67.0 billion in loans executed with loss guarantee agreements to Japan Airlines in relation to crisis response operations, ¥47.0 billion (amount confirmed in April 2011 owing to DBJ’s completion of corporate rehabilitation procedures) in compensation was ultimately provided by the Japan Finance Corporation on the basis of this agreement.

*2 A portion of the loans provided by DBJ to Elpida Memory, Inc., were covered by a Japan Finance Corporation guarantee on losses. The agreement between DBJ and Japan Finance Corporation involves loss guarantees on loans of ¥10.0 billion, executed as crisis response operations, as well as investment of ¥28.4 billion, as a designated operator set forth in the Law on Special Measures for Industrial Revitalization and Innovation. DBJ requested, and has already received, a total of ¥27.7 billion in loss guarantee compensation on the loans. In the event that in the future DBJ is able to collect on the principal of the loans for which it has received compensatory payment, DBJ will return to Japan Finance Corporation a portion of the compensation received that corresponds to the percentage of the loans recovered.

● Loans as Crisis Countermeasures (Cumulative)



● Commercial Paper Acquisition as Crisis Countermeasures (Cumulative)



Providing a Safety Net

DBJ acts as a social safety net by providing investments and loans to support the rehabilitation and rebuilding of areas affected by earthquakes, typhoons or other large-scale natural disasters, the outbreak of severe acute respiratory syndrome (SARS), bovine spongiform encephalopathy (BSE)

and other illnesses, as well as terrorist attacks and other emergency situations that cause widespread anxiety about the financial system. In this way, we act as an emergency response unit to fill the gap that emerges when peacetime financial platforms fail to function.

Disaster Recovery

Societal Concerns

Required responses to a natural disaster are to (1) ensure that people who provide information to local communities beset by a natural disaster have sufficient knowledge about those communities and take that knowledge into consideration and (2) provide rapid responses to help rebuild important infrastructure that was destroyed. What is required is an entity that through its everyday business relationships has accumulated know-how on the industries and businesses that provide this core infrastructure. This entity also must have a wealth of expertise in supplying long-term funds.

DBJ Initiatives

DBJ has provided assistance in response to such disasters as the Great Hanshin-Awaji Earthquake in January 1995 and the Chuetsu Offshore Earthquake in October 2004. In addition to the electricity, gas, rail, communications, broadcasting, urban development and other infrastructure industries, DBJ assisted providers of everyday necessities such as foodstuffs and other retail items. These efforts played a major role in revitalizing the employment and economic situations of local communities, prompting a revival in many fields.

Note: DBJ's cumulative financing for recovery from two earthquakes

Great Hanshin-Awaji Earthquake: ¥184.8 billion

(Year ended March 31, 1995, to year ended March 31, 2003)

Chuetsu Offshore Earthquake: ¥20.3 billion

(Year ended March 31, 2005, to year ended March 31, 2007)

Emergency Financing

Societal Concerns

Society requires institutions whose day-to-day operations provide a solid foundation for financing in response to terrorist attacks, natural disasters and other emergency situations. These institutions must also have the working capital and funding expertise to respond quickly to these situations.

DBJ Initiatives

In the year ended March 31, 2002, DBJ established an emergency response support system that provided financing to the Japanese airline industry, which was immediately affected by a downturn in business following the September 11, 2001, terrorist attacks on the United States and the SARS outbreak.

Note: DBJ's cumulative emergency financing provided following the terrorist attacks and the SARS outbreak: ¥437.0 billion

(Year ended March 31, 2002, to year ended March 31, 2005)

Successful Safety Net Initiatives

1995 Reconstruction following the Great Hanshin-Awaji Earthquake
1997 Financial climate response (credit crunch)
2000 Reconstruction following Mt. Usu eruption
Restoration support following torrential rains in the Tokai Region
2001 Terrorist attacks on the United States
SARS countermeasures, BSE countermeasures
2004 Reconstruction following the Chuetsu Offshore Earthquake
2005 Reconstruction following the Fukuoka Prefecture Western Offshore Earthquakes

2006 Asbestos countermeasures
Response to major rise in crude oil prices
2007 Reconstruction following the Noto Peninsula Earthquake
Reconstruction following the Mid Niigata Prefecture Earthquake
2008 Reconstruction following the Iwate-Miyagi Nairiku Earthquake
Financial crisis response
2010 Yen appreciation and other countermeasures
2011 Reconstruction following the Great East Japan Earthquake

Initiatives Related to the Great East Japan Earthquake

Crisis Response Operations

In the fiscal 2011 supplementary budget (passed on May 2, 2011), ¥2.5 trillion was earmarked for the Japan Finance Corporation (JFC) for Great East Japan Earthquake crisis response operations targeting medium-sized and large companies.

This supplementary budget having been passed, as a designated financial institution for the crisis response operations

DBJ set up a full-fledged structure to facilitate implementation of crisis response operations for clients affected both directly and indirectly by the disaster. In addition, DBJ is making a proactive effort to support increases in the production of materials needed for restoration and reconstruction in the aftermath of the recent disaster.

Response to Electrical Power Supply Problems

Since the Great East Japan Earthquake, the stable supply of electricity has become an important issue from the standpoint of maintaining or strengthening Japan's economic and industrial competitiveness. The need to secure alternate forms of fuel has caused electric utilities' costs to increase and required them to introduce new safety measures, both of which were expected to deteriorate their balance of revenues

and expenses. Because of the difficulty the utilities would have in issuing corporate bonds, DBJ responded quickly in collaboration with private financial institutions to secure the funding needed to ensure a stable supply of electricity.

As of March 31, 2014, DBJ's balance of loans in the energy (electric power, gas, heat and water) sector totaled ¥3.1 trillion.

Tohoku Revival Reinforcement Office

On April 21, 2011, DBJ established the Tohoku Revival Reinforcement Office within the Tohoku Branch to consolidate and better provide companywide knowledge and financial expertise toward the restoration and reconstruction of the Tohoku and other disaster-stricken regions.

The Tohoku Revival Reinforcement Office has a cross-departmental structure that spans the Regional Planning

Department, Financial Institution Department, and other departments and branches. The office provides information related to estimating damage amounts in stricken areas and communicates with government bodies, national institutions, economic organizations and regional financial and other institutions to conduct surveys. It also introduces plans used in "creative reconstruction."

Great East Japan Earthquake Reconstruction Fund

DBJ and financial institutions in areas affected by the earthquake formed the Great East Japan Earthquake Reconstruction Fund to support the restoration and reconstruction of companies that sustained damage in the earthquake.

The fund is aimed at providing support for the reconstruction of prominent regional companies that were temporarily affected by the disaster. The fund provides such companies with risk capital that makes use of such instruments as subordinated loans and preferred shares, with the aim of supporting expeditious reconstruction of the disaster-stricken region.

Name	Iwate <i>Genki Ippai</i> Investment Limited Partnership	Fukushima Booster Fund Investment Limited Partnership	Miyagi Reconstruction Bridge Investment Limited Partnership	Ibaraki <i>Kizuna</i> Investment Limited Partnership
Scale of fund	¥5.0 billion (initially)	¥5.0 billion (initially)	¥5.0 billion (initially)	¥5.0 billion (initially)
Established	August 2011	August 2011	August 2011	September 2011
General partnerships (GPs)	Tohoku Fukko Partners Co., Ltd.			SFG Partners Inc.
Limited partnerships (LPs)	DBJ and The Bank of Iwate, Ltd.	DBJ and The Toho Bank, Ltd.	DBJ and The 77 Bank, Ltd.	DBJ and The Joyo Bank, Ltd.
Period	Investment period of three years, duration of 10 years (If necessary, however, it is possible to extend the investment period by up to two years and the duration by up to five years.)			
Projects (As of March 31, 2014)	18 projects	11 projects	7 projects	7 projects

Examples of Matching to Enhance Corporate Value Conducted for Investment and Loan Recipients through the Great East Japan Earthquake Reconstruction Fund

• Aizu Sake Plan Student Contest

Suehiro Sake Co., Ltd., headquartered in the city of Aizuwakamatsu, Fukushima Prefecture, received a loan through the Fukushima Booster Fund Investment Limited Partnership. Following an exchange of opinions, in February 2014 DBJ and the Aizuwakamatsu Distillery Cooperative Association held the Aizu Sake Plan Student Contest with the aim of cultivating new markets. In this way, DBJ is actively providing crisis reconstruction support through events and the dissemination of information.

• Collaboration between Kesennuma and Akiu Onsen

DBJ and Murata Co., Ltd., headquartered in the city of Kesennuma, Miyagi Prefecture, a loan recipient through the Miyagi Reconstruction Bridge Investment Limited Partnership, held a Kesennuma design promotion meeting, attended by eight companies in the city of Kesennuma that are involved in the processing of shark fin and shark meat, and conducted business matching with the Akiu Onsen Ryokan Association. By leveraging the networks that DBJ has created with its clients, collaboration led to the cultivation of sales routes and regional industry support initiatives.

Tohoku Future Creation Initiative

The Tohoku Future Creation Initiative (founders: Seiichi Ohtaki, Manager of Graduate School of Economics and Management & Dean of Faculty of Economics, Tohoku University; and Kentaro Ohyama, Representative Director of Iris Ohyama, Inc.) commenced in April 2012. Centering on private-sector volunteers, the initiative aims to support the affected region's efforts toward reconstruction, autonomy and future value creation. The initiative operates a center for personnel training and cultivates managers and entrepreneurs. To promote urban

development and industry creation, the initiative dispatches volunteers from among local chief executives to private-sector support teams. These teams work with local governments to put reconstruction plans into action and in other ways help to lay the foundations for autonomous development in the affected region. At the center for personnel training, DBJ takes charge of a session themed on "management and finance," providing instructors, conducting training programs and cooperating with the project in other ways.

Ishinomaki Urban Revitalization Lecture

To promote the reconstruction of the area centered on the city of Ishinomaki, which sustained severe damage in the Great East Japan Earthquake, DBJ joined companies, universities and government institutions to form the Compact City Ishinomaki

Machinaka Sosei Council for urban development by local residents. In March 2013, this council held the Ishinomaki Urban Revitalization Lecture. DBJ provided overall support for planning and holding the lecture.

Collaboration Agreement on Industrial Reconstruction with Fukushima Prefecture

In March 2013, DBJ signed a collaboration agreement on industrial reconstruction with Fukushima Prefecture. Under this agreement, Fukushima Prefecture and DBJ will cooperate on gathering information, conducting strategic reviews and cultivating personnel, taking an overall approach to invigorating the local economy by promoting local industry and tourism and communicating the region's attractions.

• Study Council on Fukushima Medical-Related Industrial Cluster

DBJ and the DBJ Group's Value Management Institute, Inc., served as the secretariat for the June 2013 Study Council on the Fukushima Medical-Related Industrial Cluster, chaired by Makoto Kikuchi, President of the Japan Association for the Advancement of Medical Equipment (JAAME).

This council advocates a "Fukushima-driven Japanese model" of creating a new base for the medical instrument business in Fukushima Prefecture and supports business collaboration to that end.

• Fukushima Reconstruction Symposium

In May 2014, DBJ held the Fukushima Reconstruction Symposium in the city of Koriyama, Fukushima Prefecture. The symposium was jointly hosted by Xebio Co., Ltd., and sponsored by the Reconstruction Agency, Fukushima Prefecture, and The Toho Bank, Ltd. The symposium provided an opportunity for related organizations, companies and public-sector entities to discuss businesses aimed at creating a society in which the children of Fukushima Prefecture can come into contact with nature and enjoy sporting and cultural events as they grow up.

• Creation of a Location for the Rearing of Children That Makes Use of Lake Inawashiro

To promote PFI initiatives that take advantage of the financial expertise of private-sector organizations involved in crisis reconstruction, the Reconstruction Agency and the Cabinet Office are selecting and supporting crisis reconstruction projects that employ PFI methods. Through this project, DBJ introduces business methods, collaborates with related parties, and plans to provide future support.

The New Tohoku Partnership Promotion Committee

The Reconstruction Agency is working toward the Creation of "a New Tohoku." To further promote initiatives by diverse bodies that are active in the stricken region, including companies, universities and NPOs, in December 2013 the agency estab-

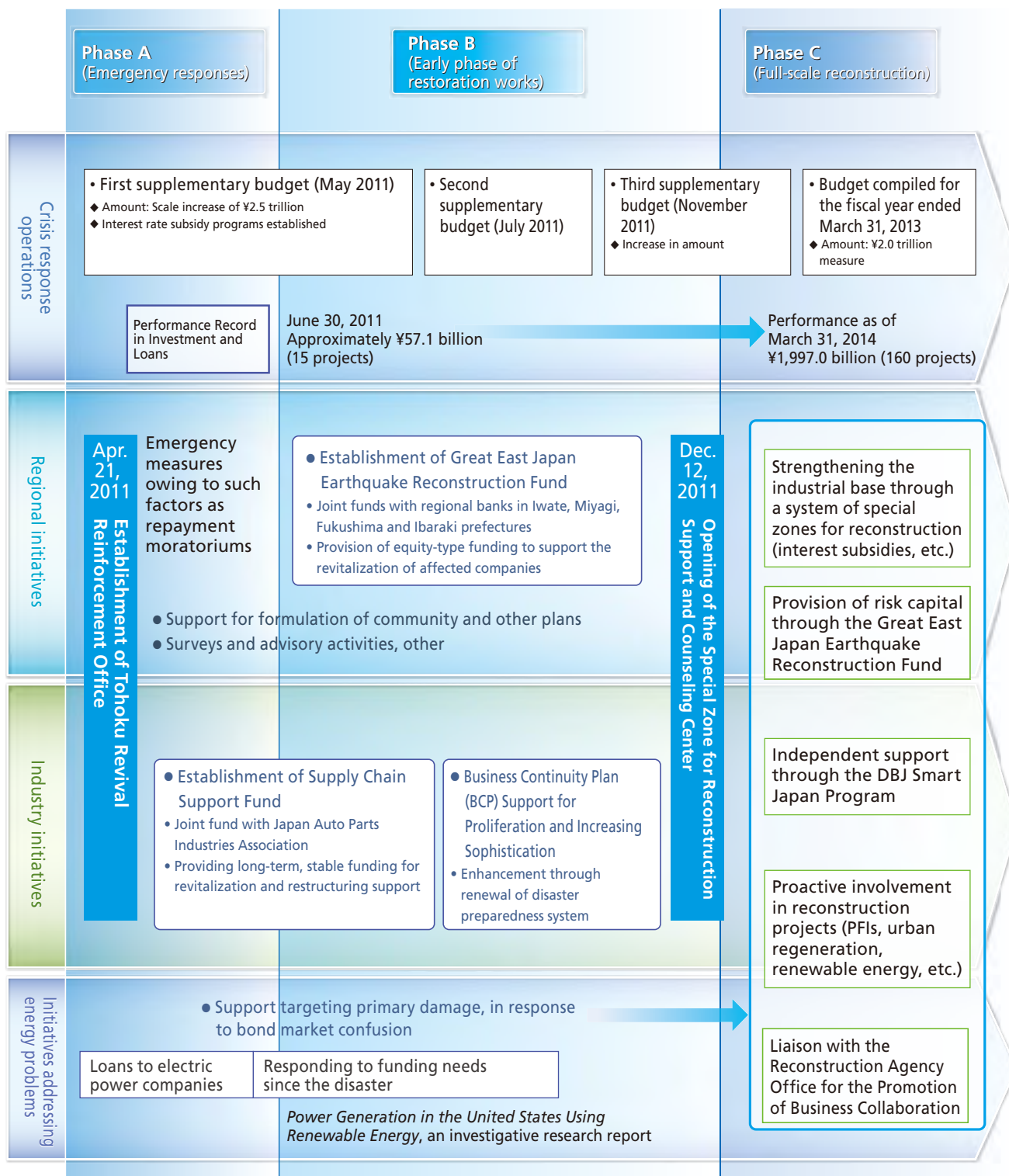
lished the New Tohoku Partnership Promotion Committee to conduct ongoing activities in Tohoku. Being in agreement with the tenor of these activities, DBJ served as a founding member of the committee and serves as its deputy chair.

Restoration and Reconstruction Issues and Responses

The Great East Japan Earthquake was a complex major disaster, an infrequent type even on a global scale. We believe that restoration and reconstruction measures must be implemented on a step-by-step basis, in chronological order. Also,

given the broad expanse of the damaged region, restoration and reconstruction measures must take into careful consideration the regions where they are being introduced and the type of damage they are targeting.

● Restoration and Reconstruction Support through Investment and Loan Activities



Addressing Energy Issues

Responding to the Need to Reconfigure the Energy Supply Structure

Reforms to the electric power system are providing opportunities for the retail sale of electric power and allowing new entrants into the field of electric power generation. Given such changes, over the medium term this sector is likely to require large-scale funding to replace aging thermal power plants and construct new facilities. Meanwhile, from the perspective of global warming countermeasures, the energy sector will need

to secure diverse new power sources, including such renewable energies as solar and wind power, and build a value chain to ensure stable fuel supplies.

In response to this situation, DBJ is working closely with other financial institutions and related entities to coordinate the provision of capital and other funds.

Response to TEPCO Needs

Recognizing that the most important issue for Tokyo Electric Power Company, Inc. (TEPCO), lies in balancing appropriate compensation payments to Fukushima power plant accident victims while simultaneously providing a stable supply of electricity, DBJ began collaborating with major banks immediately after the accident to provide financing. DBJ has continued to provide support through a backup commitment line for compensation payments established on the basis of an emergency special business plan approved by the prime minister and the minister of economy, trade and industry in November 2011.

In May 2012, the prime minister and the minister of economy, trade and industry approved a comprehensive special business plan supporting the utility's efforts to become a "new TEPCO." Under this comprehensive plan, in addition to

maintaining a credit balance DBJ is to provide loans of approximately ¥500.0 billion of the some ¥1 trillion in cooperative funding requested under the plan, partly by making use of DBJ's loans for crisis response operations.

To ensure that the new comprehensive special business plan approved by the prime minister and the minister of economy, trade and industry in January 2014 proceeds smoothly, DBJ regularly discusses its progress with TEPCO and the Nuclear Damage Liability Facilitation Fund. Accordingly, we continue to support victim compensation payments, Fukushima reconstruction, reactor decommissioning, and accident convergence activities such as water pollution countermeasures, a stable supply of electricity and initiatives to raise corporate value.

Investing in HEPCO and Kyushu Electric Power Preferred Shares

Since the Great East Japan Earthquake, the environment in which electric power companies operate has changed dramatically. Under these new management conditions, electric power companies are being called upon to reform their power systems.

In response, Hokkaido Electric Power Co., Inc. (HEPCO), is planning strategic infrastructure enhancements, such as augmenting its Hokkaido-Honshu high voltage direct current (HVDC) link and building a new port generation facility in Ishikari Bay.

Kyushu Electric Power Co., Inc. is working to meet the new standards on nuclear power generation facilities by enhancing safety measures on its nuclear reactors.

By investing in preferred shares in these companies, DBJ helps to ensure the medium-term investment needed to provide a stable supply of electricity. In this way, DBJ is making use of the integrated investment and loan function, its forte, and helping to the expansion of financial structures.

Initiatives to Expand the Market for Renewable Energy

The introduction of solar power, wind power and other renewable energies that do not deplete resources, are repeatable and do not impact the environment are essential to maintaining a steady supply of energy.

DBJ collaborates with regional financial institutions to provide long-term funds and risk money to support various initiatives aimed at helping to expand the renewable energy market.

Through its varied activities, DBJ comes into contact with many aspects of society. In addition to companies, DBJ's information channels and human networks include domestic and overseas governments, international institutions, regional government bodies and universities. Through these contacts, DBJ extracts a variety of information on economic and societal issues, boosting its ability to supply quality information from a neutral standpoint.

Economic and Industrial Research

In a broad range of industrial circles, DBJ researches conditions in various sectors and among different types of businesses, conducting surveys and performing research on such topics as international competitiveness. DBJ also prepares reports on conditions in individual industries, technical development trends and new industries and innovation. We provide feedback on these reports to our clients, as well as other parties.

Survey Examples

DBJ Monthly Overview

This report provides a brief commentary on domestic and overseas economic and industrial trends and monthly business indicators.

The report explains domestic and overseas economic trends through an analysis of economic and financial indices published each month. In recent years, the global economic and financial markets have grown more closely linked. With regard to these global markets, the report aims to further that integration by introducing overseas fiscal and monetary policy and commenting on current topics.

In addition, the report addresses topics that are timely from the perspective of industrial trends.



"Reinforcing Industrial Competitiveness by Supporting Core Value Chain Companies, Fiscal 2013 Edition"

(DBJ Monthly Overview, No. 203, December 2013)

DBJ refers to companies that generate value across the supply chain as "core value chain companies." Since fiscal 2012, DBJ has been working to identify, analyze and support such companies.

This report considers these companies from numerous perspectives, in five sections: a survey overview of core value chain companies; methods of identifying, analyzing and evaluating core value chain companies; analysis and evaluation results; initiatives to support core value chain companies; and considerations and future outlook.



"Leveraging Big Data to Enhance Competitiveness—Issues and Countermeasures"

(DBJ Monthly Overview, No. 196, September 2013)

The ongoing march of information technology has led to the concept "big data," in which huge volumes of diverse data are gathered, analyzed and stored in real time as information assets. The growing prevalence of smartphones, tablets and machine-to-machine (M2M) communications is causing the volume of data to skyrocket. The types of data available are growing more diverse as well, encompassing email and Twitter feeds, as well as unstructured information from sensors and cameras providing locational information and data on the status of equipment. The volume of such data is expected to expand. This report looks at the potential for creating new markets and services that make use of big data, considers potential issues with regard to using such data and discusses countermeasures.



DBJ Long-Term Interest Rate Weekly Outlook

DBJ provides its clients with weekly long-term interest rate movement information on the first business day of each week. Focused on Japan and the United States, we offer a brief summary of market trends during the previous week and introduce key economic indicators, treasury auctions and other events scheduled in the current week. DBJ economists comment on the effects of important economic indicators and monetary policy announced during the week, providing an outlook for market trends based on the analysis of economic fundamentals.

"Corporate Governance and Diversified Action—Verification Analysis Using Japanese Corporate Data"

(Economics Today, Vol. 34 No. 5, February 2014)

This report discusses the increasing diversification of corporate business activity in Japan based on data for listed companies over the past 20 years. In a verification analysis, the report focuses on the relationship between corporate governance and diversification, examining whether ownership structure and other company-specific aspects of corporate governance affect diversification, or whether the degree of diversification is a dimension of governance variables, as well as the impact of corporate performance.



Activity in the International Intellectual Community—Cooperation with Columbia University

DBJ and the Center on Japanese Economy and Business (CJEB; Director: Professor Hugh Patrick), a research institution affiliated with the Columbia Business School, jointly held an international conference in May 2014 entitled “Restoring the Japanese Economy,” inviting eminent scholars and professionals from various fields.

DBJ and CJEB have long been keeping a cooperative relationship through DBJ's dispatch of research fellows to CJEB, CJEB's utilization of DBJ's information network for its research, the holding of joint study meetings and so on.

DBJ takes a proactive role in providing intelligence regarding the economy and finance to the international intellectual community by collaborating with internationally prominent academic institutions.



Capital Investment Planning Survey

One of DBJ's main businesses is the provision of funds for long-term capital investment. With a history of more than 50 years (from 1956), the questionnaire-based Capital Investment Planning Survey looks at community-specific investing trends and provides analyses of raw corporate information. This information is tapped for many purposes, including investigation of, and policy formation for, the Japanese economy, planning by corporate management and research and training activities at institutions and universities.

Survey Example

“Report on June 2013 Survey of Capital Investment Plans for Years to March 31, 2013, 2014 and 2015”

(Surveys, No. 106, September 2013)

After completing our questionnaire-based survey on corporate capital investment activity, the Survey of Capital Investment Plans, we publicized the results, as well as our analysis.



Combining Surveys, Research and Investment and Loan Activities

In addition to publishing the results of its surveys, research and other activities, DBJ introduces its information at speaking engagements and seminars. In addition, after reflecting on the results of its investment and loan functions, DBJ provides new financial solutions for corporate CSR activities and commercial technologies.

Environmental

DBJ conducts survey reports on various environmental activities in Japan and overseas, under such themes as global warming prevention measures, promotion of a recycling-oriented society and sustainable corporate management. DBJ also conducts and contributes to specialty journals, newspapers and magazines. In the year ended March 31, 2005, these activities culminated in the introduction of DBJ Environmentally Rated Loan Program, which are used to determine preferential financing for environment-friendly projects and are used by many companies.

Disaster Response

Being prepared to respond to an earthquake or other natural disaster and continue operations is an issue for every company. DBJ conducts surveys covering the corporate business continuity plans companies have established. In fiscal 2006, we incorporated survey results to form the basis for Financing Employing DBJ Disaster Preparedness Ratings, which we use in our financing considerations. Financing Employing DBJ Disaster Preparedness Ratings was substantially revised in August 2011. Thereafter, the name of this system was changed in 2012 to the DBJ Enterprise Disaster Resilience Rated Loan Program.

Technology

DBJ's activities in technology-related fields include conducting trend surveys (for example, on bioethanol). DBJ's Practical Application Support Center for Technology provides technical evaluations and conducts other activities to help companies realize their potential for technological commercialization.

Providing Information to Local Communities

Supplying Information to Help Local Community Development

Local communities are experiencing increasingly difficult environmental circumstances, such as a declining birthrate, an aging population, the amalgamation of towns, cities and villages, and financial crises. Addressing these issues requires a greater degree of expertise and more ingenuity than ever. DBJ assists by analyzing the information it accumulates through its network of offices (19 domestic locations—head office, branches and representative offices—and four overseas locations—subsidiaries and a representative office (as of July 1, 2014)), economic agencies of regional governments and local communities, and companies in Japan and abroad. DBJ disseminates this information through reports, publications, lectures and other formats to encourage public-private partnerships (PPPs), promote tourism, build up local communities, and contribute to local government financing.



"Fiscal 2014 Regional Handbook: Regional Data and Policy Information"

This handbook is a collection of data that include fundamental economic, industrial, lifestyle and policy indicators for regional blocks, administrative regions and principal cities, as well as a compilation of individual regional policies and projects to facilitate an overall understanding of regional policies, economies and societies and the current status of regional projects. In the Topics section, Yoshiyuki Mano, professor of the Faculty of Sport Sciences, Waseda University, contributed a special section entitled "The Tokyo 2020 Olympics and Paralympics."



"Issues Faced by Merging Villages, Towns and Cities from the Standpoint of Public Finance—Lost Tax Allocations of ¥900 Billion and Aging of Public Facilities"

This report explores the various issues faced by merging villages, towns and cities as part of the so-called Heisei merger. It looks at the effect that the ending of preferential measures on mergers from a public finance perspective has had on fiscal administration and the measures that these merging entities should introduce going forward with regard to public facility management and making proactive use of the PPP/PFI initiatives that government is currently promoting.



"Regional Trends Regarding the Formation of Medical Instrument Clusters"

The medical instruments industry is expected to enjoy steady growth on a global scale. Furthermore, the industry has numerous related sectors, suiting it for cultivation as the core industry for a region; so, many regions are working to establish their own clusters in this category. This report covers the environment surrounding the medical instruments industry and considers measures for promoting regional clusters. The report introduces efforts underway in Fukushima Prefecture, which has made significant headway in the promotion of diverse medical instrument clusters.



"Using 'Smart Venues' as Core Urban Sporting Locations—Multipurpose Facilities as Interactive Spaces for Regions"

Given that Japanese society is characterized by a shrinking and aging population, the public finance situations of the national government and government bodies are likely to grow increasingly serious. Against this backdrop, the consolidation of urban functions is needed to increase the efficiency of public disbursements. One proposal in this direction calls for the promotion of the "compact city." This report concentrates on stadiums, arenas, and other sports facilities as core interactive spaces for the formation of compact cities.



Branch Reports

Hokkaido Branch

"Learning from Business Strategies for Kobe Sweets to Further Promote the Development of Confections from Hokkaido"

(Report, March 2014)

Hokkaido has a solid brand that is well regarded in Japan and overseas. The Hokkaido confectionery industry is a strong employer that has chalked up steady growth in recent years. With Japan's population falling and new



companies entering the market, the confectionery business is expected to grow increasingly challenging. Hokkaido's confectionery industry has developed by making use of food-stuffs produced in the region, addressing the ongoing issue the region faces of how to add value to its primary-sector products. Further development of "Hokkaido sweets" is considered one way to bring about a market change.

This report compares "Kobe sweets" with "Hokkaido sweets," looking at corporate trends and analyzing the outlook for the future.

Tohoku Branch

"Tourists' Sentiments about Visiting Japan after the Great East Japan Earthquake (2013 Edition)"

(Report, December 2013)

This report is a sequel to "Tourism Consciousness toward Japan Following the Great East Japan Earthquake (Eight Asian Regions)," published in December 2012. Based on Internet surveys of potential tourists to Japan from eight Asian regions (South Korea, China, Taiwan, Hong Kong, Thailand, Singapore, Malaysia, Indonesia), this survey concentrates on responses related to the impact of the Great East Japan Earthquake. Survey results suggested that although potential tourists were not altogether devoid of concerns about post-disaster Japan from a safety perspective, some 70% of respondents had a positive outlook toward traveling to Japan.



Niigata Branch

"Growth Initiatives and Issues Facing Companies in Niigata Prefecture" (Report, September 2013)

DBJ conducted its Corporate Behavior Awareness Survey in tandem with its Capital Investment Planning Survey, and the DBJ Niigata Branch summarized survey results pertaining to companies in Niigata Prefecture.

These results suggested the following characteristics among companies in Niigata Prefecture.

- (1) Manufacturers in the prefecture tended to focus on new product development and design and manufacturing-process efficiency increases to augment growth and strengthen competitiveness.
- (2) Issues they faced were related to technological skills and human resources.
- (3) More than half cited "concentrate on using internal resources" as measures to address the issues they faced, suggesting a strong predilection toward products and manufacturing, but with a conservative bent.



Hokuriku Branch

"Harnessing the Power of Women in Manufacturing Industries" (Report, September 2013)

With Japan's working population decreasing in line with the overall population, leveraging the power of women in the workforce is being touted as one way to address Japan's impending labor shortage.



This report examines the current status of women employed in the manufacturing sector and looks at possibilities for the future. The report also explores the Hokuriku region, where the rate of female employment is high, looking at harnessing the "power of women" from a female perspective. The study finds examples of companies that generate high-value-added products and introduces government initiatives to create women-friendly working environments.

Tokai Branch

"The Aging of Manufacturing Facilities in Tokai—Ample Funds on Hand, But a Lack of Strategic Investment" (Report, December 2013)

With the capital markets unsteady in the aftermath of the Lehman shock, many companies tended to accumulate funds on hand, such as cash and equivalents and securities holdings. Manufacturers in the Tokai region continue to maintain high balances of funds on hand, even now that the capital markets have normalized.



This report uses estimated ages of facilities to show clearly the aging of manufacturing equipment in the region and suggests that companies could use the abundant funds they have on hand to make strategic capital investments that would lower the age of their fixed capital and boost corporate value.

Kansai Branch

"Kansai Manufacturing: 'Building Fans through Design Innovation'" (Report, April 2014)

Although the Kansai region's economy has been upbeat in recent years, major structural changes continue unabated, due to commoditization and the overseas shift of manufacturing. Against this backdrop, it is increasingly important for Kansai companies to augment their erstwhile strengths in functionality and quality with unique characteristics, generating products and services that are difficult for other companies to emulate.



This report follows on from the thesis of a report issued in March 2013 entitled "Kansai Companies Using Design Innovation as a High-Value-Added Strategy—Case Studies of Companies Using Design as a New Management Resource." This report defines "organizational design capabilities" as an important element of value creation and introduces examples of Kansai companies that generated hit products by making effective use of this element.

Chugoku Branch

"Ongoing Development of the Automotive Industry in the Chugoku Region—Focusing on Trends among Automotive Parts Suppliers in Hiroshima and Okayama" (Report, December 2013)

The Japanese manufacturing sector has embarked on a path of globalization in recent years, shifting production to the most appropriate region, and this environment is difficult to change. Amid these conditions, this report looks at the need to clearly define the division of roles and the importance of domestic and overseas bases for automobile production, which is a core industry for the Chugoku region. Based on a recognition of the importance of the ongoing development of this industry and a growing sense of urgency, the report summarizes the results of interviews with 31 auto parts suppliers that have established their headquarters in the Chugoku region.



Shikoku Branch

Trial Calculation of "The Economic Ripple Effect from 'The Setouchi Triennale 2013'" (Report, December 2013)

"The Setouchi Triennale 2013" is a modern art festival held against the backdrop of Naoshima and other islands within the Seto Inland Sea. The 2013 festival was the second so far, after an inaugural event in 2010. Sessions were divided into the seasons of spring, summer and autumn. With its attractiveness augmented by displays on an increasing number of islands, the festival attracted numerous visitors from Japan and overseas.



In cooperation with the Art Setouchi Executive Committee, this report makes a trial calculation of the economic ripple effect of the Setouchi Triennale 2013 and examines the event from the perspective of community revitalization.

Kyushu Branch

"Issues and Expectations for the Growth Industry of Plant Factories and Other Types of High-Tech Agriculture in Kyushu" (Report, March 2014)

Kyushu, which accounts for approximately 20% of all agricultural production in Japan, plays an important role in the nation's sourcing of farm produce. As in other parts of Japan, however, in Kyushu the average age of farmers is rising, and the industry faces potential challenges from trade agreements such as the Trans-Pacific Partnership.



This report looks into the recent phenomenon of factory farming as a method to convert agriculture into a growth industry. Looking at the example of advanced farming countries such as the Netherlands and Israel, the report explores some of the issues of plant factories and looks at the potential for their introduction in Kyushu.

Minami-Kyushu Branch

"The Changing Population Structure in the City of Kagoshima—Ongoing Increases in the Average Age of Residents in Housing Estates" (Report, January 2014)

The average age of the Japanese population is rising, and Kagoshima is no exception. As of 2010, the city's senior citizens already accounted for 21.2% of the population, putting it within the category of the "super-aging society."

Taking the city of Kagoshima as its subject, this report analyzes the aging of the population. Specifically, it maps the city using Japan's national census mesh statistics, looking in particular at potential aging-related problems in the city's housing estates, clarifying the severity of the problem going forward. The report also suggests a number of approaches for addressing the issue.



The Japan Economic Research Institute

The Japan Economic Research Institute (JERI) is a foundation established for the purpose of contributing to the improvement of welfare and further development of the Japanese economy through investigative research into important economic problems in Japan as well as overseas and funding the promotion of scholarship. JERI's investigation into issues that impact the Japanese economic structure in the areas of urban and regional development, social capital infrastructure, energy, economy and industry are supported by a broad network that includes DBJ's investigative research

department, universities, research institutions and other experts, as well as national and regional government bodies and the patronage of approximately 500 companies. DBJ works in conjunction with JERI to disseminate the results of its research.

