

DBJ's Businesses

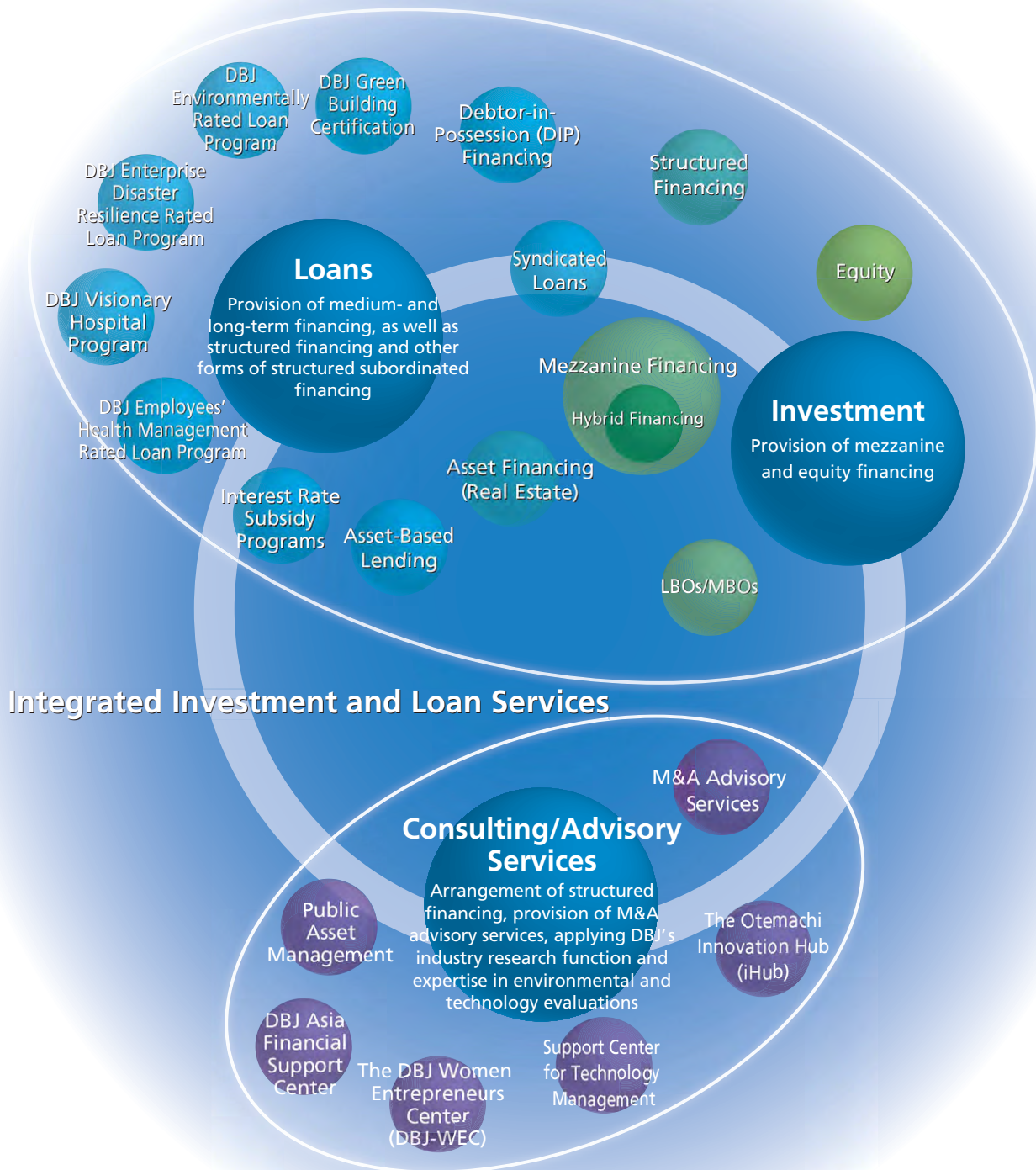
To resolve the various issues that the economy and society face and become its clients' most supportive financial institution, DBJ supplies long-term funds and provides risk capital, supports the formation of business and provision of information and takes a host of other approaches to ensure the smooth operation of businesses and projects serving a constructive purpose. In recent years, collaborating with other financial institutions, businesses and investors, we have worked diligently to develop financial and capital markets that allow funds to be raised more efficiently by applying our function as a financial institution with a trifecta of financial products and services—loans, investments and advisory services.

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Integrated Investment and Loan Services

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 (DBJ Environmentally Rated Loan Program and other loans based on evaluations and certifications)
- ◆ 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.

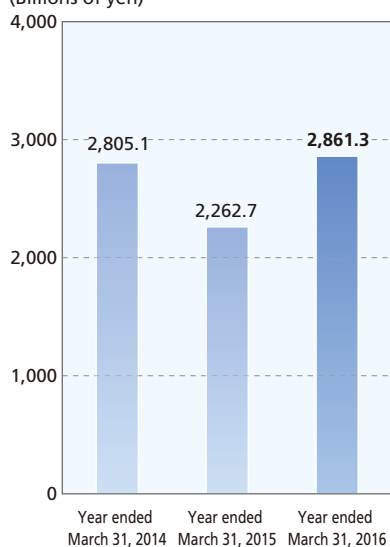
- ◆ We provide investment to assist businesses in terms of growth strategies, business restructuring, international competitiveness and infrastructure operations. We provide such funding through mezzanine financing, as well as through equity and other funding.

Consulting/ Advisory Services

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

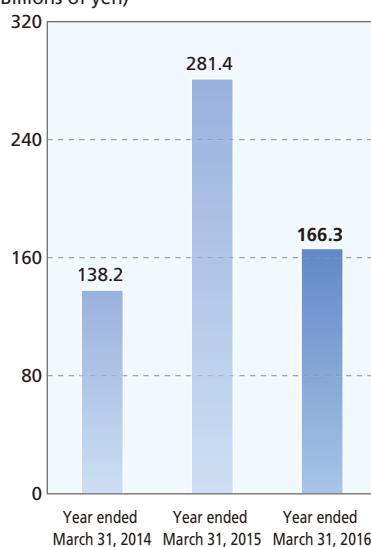
- ◆ Provides M&A advisory services
- ◆ Makes proposals that apply its expertise in industry research and ability to develop new financial technologies
- ◆ Arranges structured and other types of financing

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



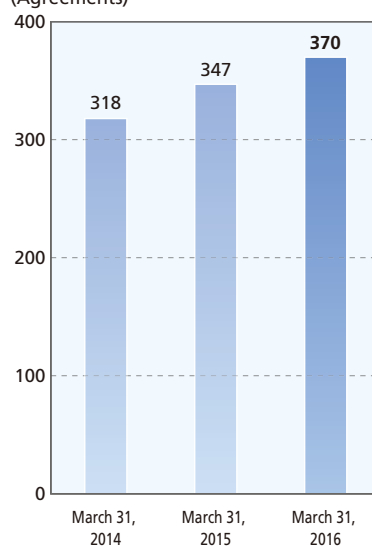
Note: Figures, including those for corporate bonds, are on a management accounting basis.

● **Investment Amounts 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)



DBJ provides medium- and long-term loans, meeting a host of client needs. In addition to senior loans—traditional corporate loans—we offer a range of other loans that employ advanced financial methods, such as project financing, non-recourse loans and other types of structured financing, meeting diversified needs for funding.

We also work to resolve client issues involving business expansion and support strategies and the formation of financial infrastructure. We achieve these goals by supporting the creation of funds, as well as mezzanine, equity and other financing methods, providing appropriate risk capital based on a long-term perspective.

The case study section on pages 72 through 91 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 enterprises, 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 terms are set in consultation with our client enterprises according to factors such as repayment plans, business profitability and the expected life of equipment and/or facilities. Grace periods may be applied as needed.

- **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/or 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 may be 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 businesses.

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

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 comparatively risky 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. One of a diverse range of funding methods, mezzanine financing helps to ensure economic rationality by setting adequate interest rate and dividend levels to correspond to the investment 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.

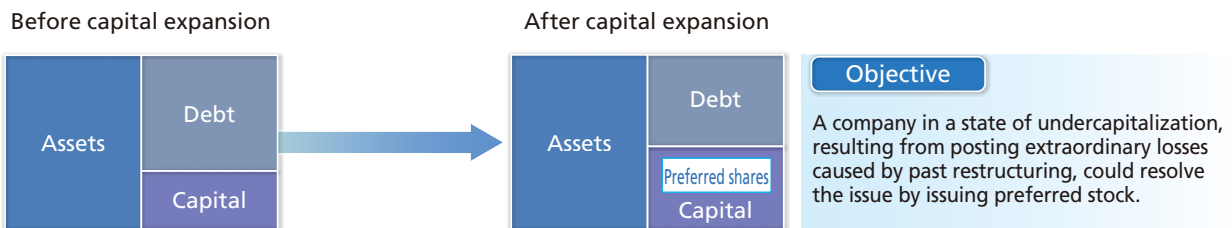
From a long-term perspective, DBJ helps clients resolve their balance sheets issues through total financing solutions that range from structuring and arrangement to providing risk capital.

Types of Mezzanine Financing

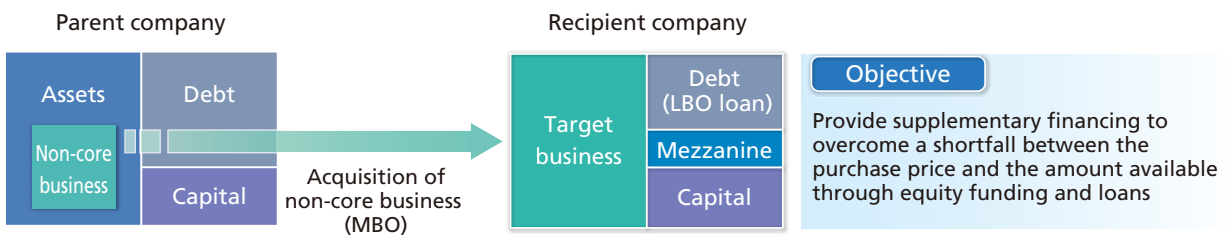
- Subordinated loans, subordinated bonds
- Preferred shares, classified shares
- Hybrid financing, etc.

● Case Studies: Mezzanine Financing

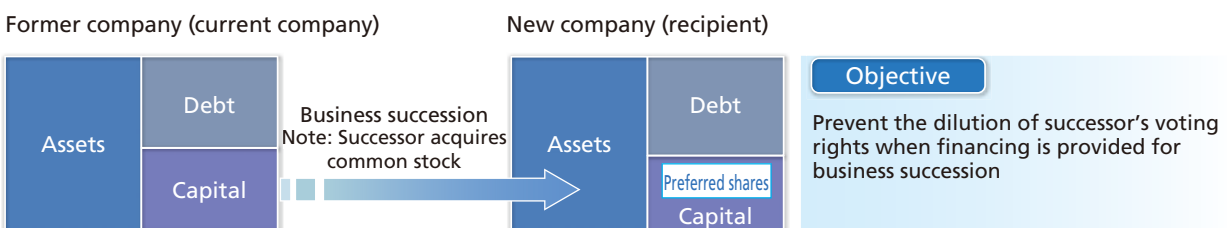
Case 1: Resolving an Undercapitalization Issue



Case 2: Supplementary Method of Financing a Business Acquisition



Case 3: Avoiding Dilution of Voting Rights during Business Succession



Equity

Along with heightened need for growth through such initiatives as new business creation, business restructuring, M&A activity and responses to globalization comes demand for stronger corporate governance. Consequently, equity has become increasingly important to corporate management.

Through equity investment, DBJ helps clients address the issues they face and supports their long-term development. After making equity investments, DBJ draws upon its networks and strengths in information, industry research and financing technologies to provide total solutions fine-tuned to

clients' issues, helping them maximize their long-term corporate value. In fiscal 2010, DBJ initiated the Value for Growth Investment Program to enhance added-value creative equity investment supporting the growth strategies of enterprises in its client portfolio. This program aims to realize the corporate growth strategies (M&A, capital and overseas) of the Japanese enterprises receiving equity investment and thereby supports improvement in corporate value over the medium to long term.

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

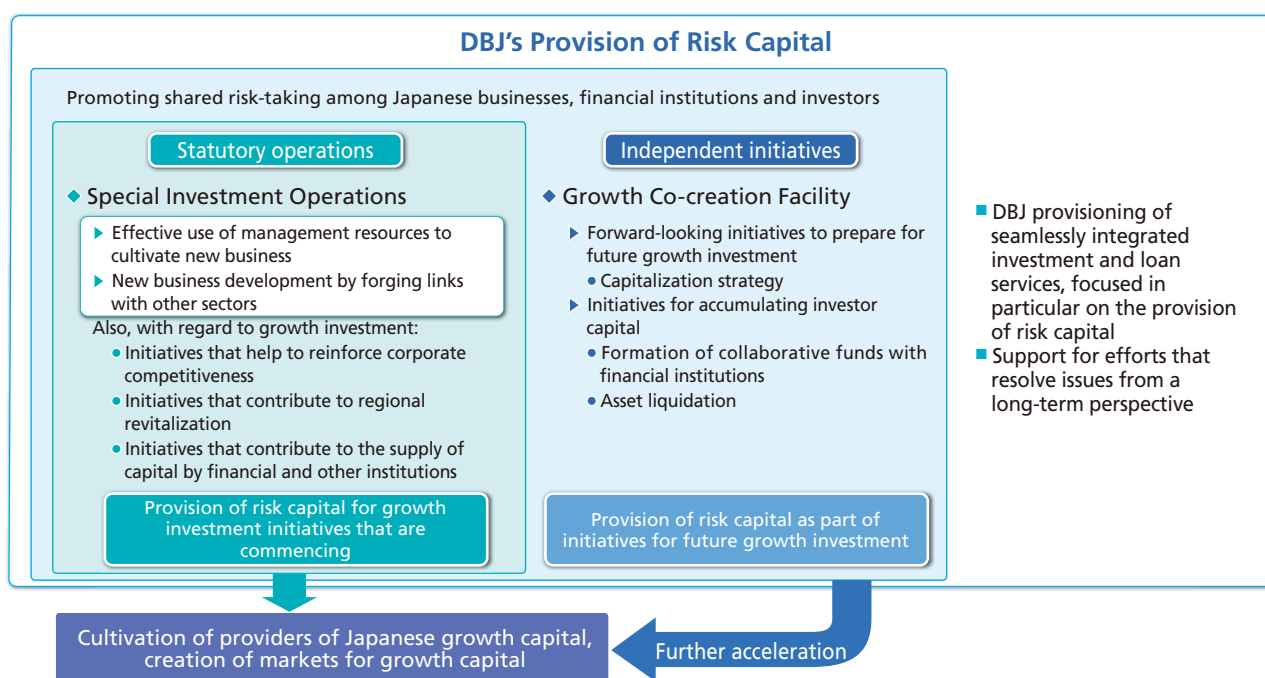


Providing Growth Capital

As DBJ is expected to cultivate providers of growth capital for Japan and accelerate the creation of markets for growth capital*, in addition to focusing on such statutory operations as Special Investment Operations, we have taken the independent initiative of establishing the Growth Co-creation Facility. This facility promotes shared risk-taking in a wide range of growth investments among Japanese

businesses, financial institutions and investors.

*According to the Japanese government's Study Panel Concerning the Promotion of Expanding Growth Funding, for the foreseeable future DBJ is expected to serve a pump-priming function to attract private-sector investment by cultivating new capital providers, markets and investors, fostering the development of an investment cycle led by the private sector.



Structured Financing, Financial Technologies

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 October 2008, DBJ has maximized its unique characteristics to meet Japanese enterprises' increasingly diverse and global needs. We provide all-around support by offering project finance, PFIs, object finance, securitization and various other financial products and optimal financing methods (senior loans, mezzanine loans, equity, etc.) to our clients both in Japan and overseas.

● Project Financing

We have a wealth of expertise in helping enterprises in the energy and infrastructure sectors find project financing—primarily with regard to large-scale projects—that they can repay through project cash flow, without relying on specific corporate creditworthiness or collateral value. The finance solutions we provide underpin these enterprises' efforts to raise funds and control risks. In recent years, in addition to project financing arrangements and financing services related to domestic renewable energy power generating facilities and new power generating facilities set up by independent power producers paralleling deregulation of the electric power business, 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 cash flow-generating characteristics of assets with special features, such as ships, airplanes and railcars, as well as supporting their efforts to control risks.

● Securitization

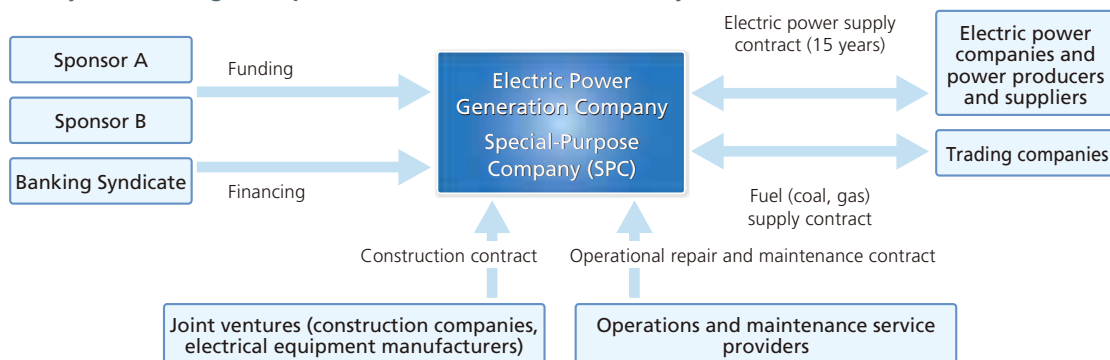
Through finance methods such as liquidation and securitization of receivables focusing on their future cash flows, and through whole business securitization in which debts are repaid through future cash flows generated by a particular business, DBJ supports its clients' finance strategies and helps optimize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

● PPPs and PFIs

Since the Japanese government's enactment of the PFI Act* in 1999, DBJ has taken advantage of its strong relations with public-sector entities to accumulate expertise and become an industry leader in such schemes, providing PFI support to numerous clients. Expectations for PFIs are growing, and amendment to the PFI Act in recent years 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 condition 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 investments 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 enterprises or businesses using borrowed money. If the enterprise or business that is being acquired generates fixed cash flows, the acquirer (typically, the sponsor providing equity) can purchase the business or enterprise for relatively little cash. For this reason, the borrowed funds are considered the "lever" that multiplies the return on the purchaser's funds. As LBOs typically involve large amounts of borrowings, the underlying business needs to generate steady cash flows.

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 look to and partner up with a buyout fund for equity as a joint sponsor. In recent years, MBOs have been used more frequently by listed companies that are delisting and by owner-operated enterprises.

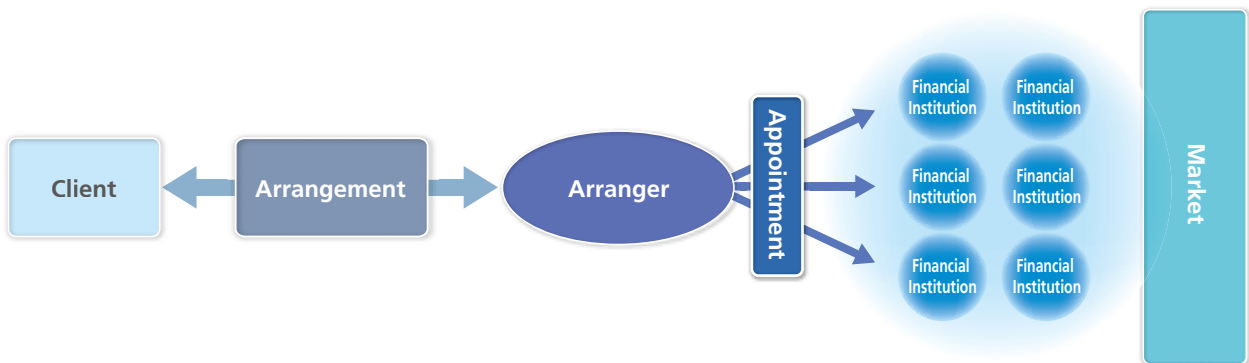
As a financial advisor, DBJ ties together all MBO-related details, arranges investment and mezzanine financing, and works out joint equity financing with sponsors. The ability to handle this range of activities allows DBJ to offer LBO/MBO solutions.

Syndicated Loans

This type of loan involves multiple financial institutions that are combined into a syndicate under a lead-managing financial institution (an arranger). The agreement with the client is based on a single contractual document, and financing is provided cooperatively according to a single set of terms. There are a number of clear advantages on the client side in this type of loan. Having a single arranger in the point negotiating position with financial institutions reduces the burden for client, as does conducting settlement operations through that agent. Large amounts can be raised

expeditiously. The number of financial institutions involved in the transaction can be increased by the arranger's appointment, and clarity of borrowing terms is ensured.

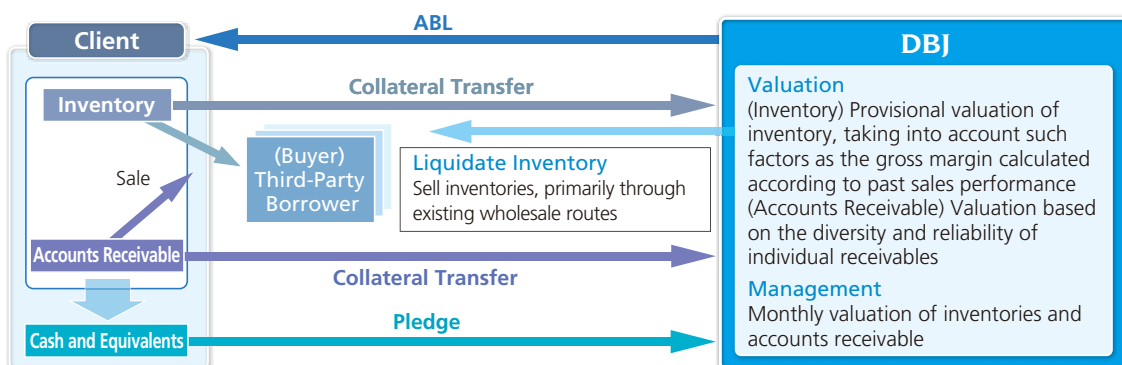
As part of its services, DBJ actively structures loans, centering on term loans. DBJ invites a wide range of financial institutions to participate, making use of its neutral standpoint. Structuring loans to include some items from its own lending menu, such as the DBJ Environmentally Rated Loan Program,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



Asset-Based Lending

Asset-based lending (ABL) is a method of financing that uses as collateral an enterprise's liquid assets, such as aggregate movable property, inventory collateral and accounts receivable. Clients can take advantage of this method to diversify financing methods and carry out expeditious fund-raising, debt restructuring and the sale of surplus inventories, as well as to enhance the robustness of internal control systems.

As a front-runner, DBJ has gained abundant experience in corporate revitalization financing. In order to both achieve the goals of supporting enterprises and secure lender's claims, DBJ has developed and put into use ABL schemes. Going forward, we plan to apply this expertise to develop ABL schemes that provide enterprises with growth capital.

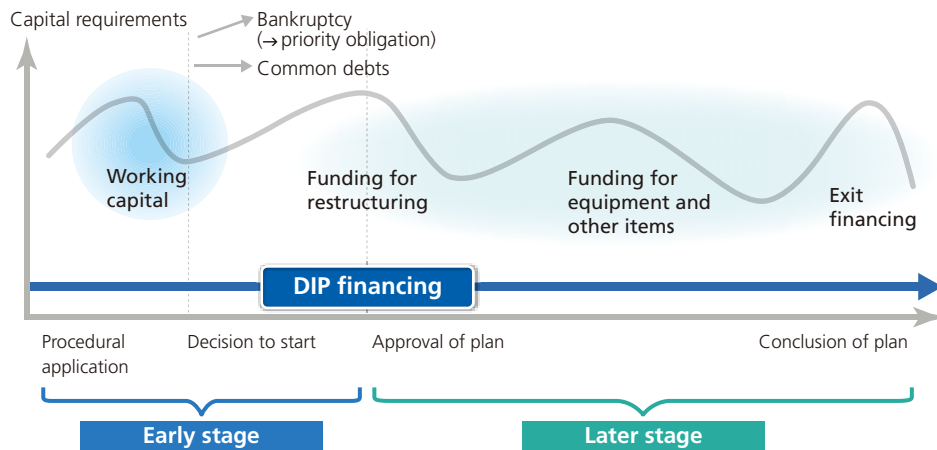


Debtor-in-Possession Financing

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 enterprises sustain or develop profitable areas of operations. One method of which DBJ is a proponent is early-stage 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 nearly four decades. DBJ developed a screening (rating) system that scores enterprises on the level of their environmental management and then sets financial conditions based on these evaluations. This was the world's first incorporation of environmental ratings in financing menus. In fiscal 2014, we substantially revised the evaluation items based on our 10-year track record in these evaluations and a growing interest in incorporating

non-financial information as elements of corporate value.

Also, 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.

In October 2015, DBJ issued Japan's first sustainability bond, with funds raised through the bond to be applied to the DBJ Environmentally Rated Loan Program and other lending initiatives.

Features

- Varying interest rate levels based on environmental ratings
- Fair and neutral evaluation based on global environmental trends
Based on information exchanges with the United Nations Environment Programme Finance Initiative (UNEP FI) and the Ministry of the Environment, DBJ developed a screening sheet containing approximately 120 questions.
DBJ convenes an Environmental Ratings Advisory Committee after seeking advice from outside experts; screening questions are renewed annually.
- Ratings determined through interviews with clients
- Applicability to a wide range of clients



Program logo

DBJ Enterprise Disaster Resilience Rated Loan Program

DBJ's financing track record includes schemes supporting disaster-resilient city planning and 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, the earthquake-proofing of facilities and the preparation of IT backup systems. At the same time, DBJ offers financing methods to provide restoration funds needed in time of disaster. DBJ Enterprise Disaster Resilience Rated Loan Program is employed in evaluations to identify enterprises 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 evaluations. In this manner, we introduced the world's first BCM-based financing method.

We revised our evaluation contents substantially in fis-

cal 2011 as a result of the Great East Japan Earthquake.

Enterprise business continuity activities are assessed comprehensively, including in terms of strategies for resiliency and systems for recovering in the event a crisis materializes.

The DBJ Disaster Preparedness Ratings since fiscal 2006 both (1) are expressions of evaluation results and (2) promote broad awareness of the concept of BCM. Aiming to realize the goal of a "resilient Japanese society through BCM ratings," in fiscal 2012 we changed the name of these ratings to the "DBJ Enterprise Disaster Resilience Rated Loan Program."

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

Features

- Varying interest rate levels based on BCM ratings
- Fair and neutral evaluation based on global crisis management trends
Based on information exchanges with the Japanese government's Cabinet Office, the World Economic Forum, the UN World Conference on Disaster Risk Reduction, NPOs and other experts, DBJ developed a screening sheet containing approximately 100 questions.
DBJ convenes a BCM Rating Advisory Committee after seeking advice from outside experts; screening questions are renewed annually.
- Ratings determined through interviews with clients
- Applicability to a wide range of clients



Program logo

DBJ Employees' Health Management Rated Loan Program

In April 2008, the Ministry of Health, Labour and Welfare introduced a special health checkup system, and in December 2015 it will become obligatory for businesses to evaluate employee stress levels. 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 social conditions as a backdrop, the DBJ Employees' Health Management Rated Loan Program aims to popularize and pro-

mote 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 enterprises 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. DBJ is the first institution in the world to offer a financing menu incorporating employee health management ratings.



Program logo

Features

- Varying interest rate levels based on Employee Health Management Ratings
- Formation of the Health Management Consortium, consisting of institutions focused on preventive healthcare and development of screening sheets 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

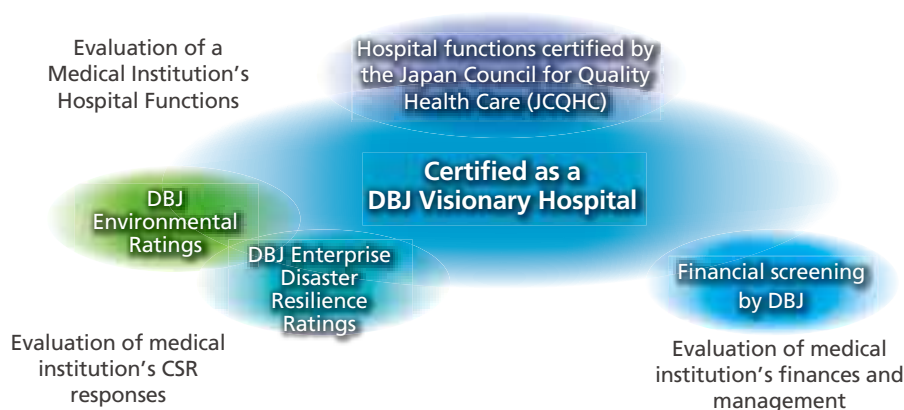
DBJ Visionary Hospital Program

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.

Features

- Interest rate levels that vary based on the DBJ Environmentally Rated Loan Program and DBJ Enterprise Disaster Resilience Rated Loan Program
- Certified hospital's environmentally conscious initiatives and disaster-preparedness measures that are expected to create broad appeal for 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.

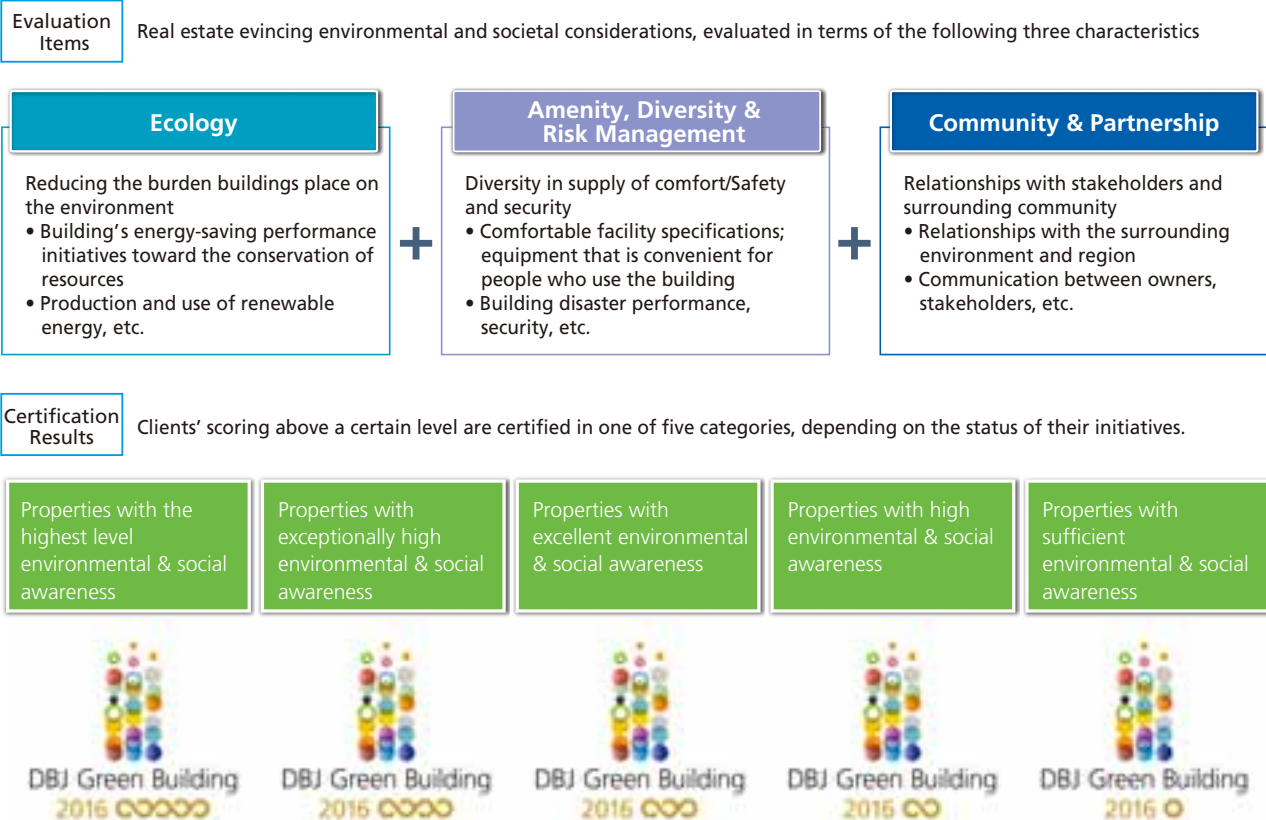
In March 2013, we commenced the joint operation of this certification system with Japan Real Estate Institute (JREI). In addition to existing editions for office buildings

and logistics, in November 2014 we added an edition for commercial facilities, followed by the January 2015 addition of a residence edition. These changes increased to four the type of properties eligible for certification. 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.

Features

- Takes into account initiatives requested by a variety of stakeholders in addition to environmental performance
- Provides five levels of certification based on scoring results
- Allows a lineup based on facility upgrades, operational improvements and various other proactive client measures

● 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.

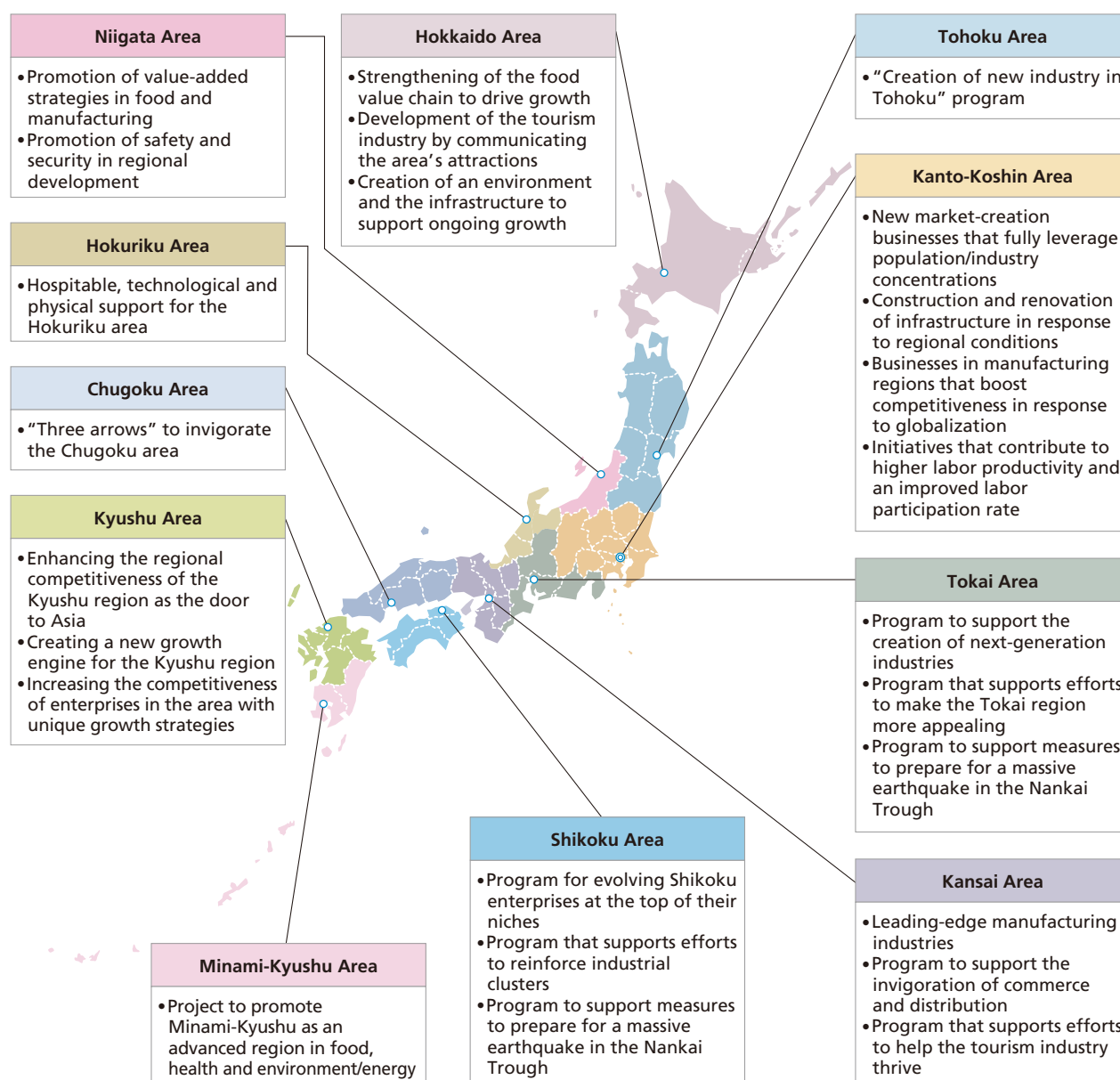
In 2010, DBJ arranged a unique initiative, the Regional Areas Genki^{*1} Program, to support regional growth that capitalizes on each region's respective strengths and potential from information and funding aspects. In addition, each DBJ branch office focuses on its region's distinctive fields and businesses, 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 "enterprises that contribute to the region."^{*2} By further bolstering activities on the financial and information fronts for enterprises that contribute to their regions, DBJ is helping to foster a virtuous circle of *genki* between regions and enterprises.

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

^{*2}Enterprises that contribute to the region: Enterprises that create employment opportunities and utilize the region's personnel and resources, effectively employing people, physical goods and money for the good of the region, including increasing its productivity.

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 endorsed by the Japanese government in line with the regional revitalization plans of regional municipal bodies certified by the Japanese government.

- **Interest rate subsidy system for internationally strategic comprehensive special zones; interest rate subsidy system for comprehensive special zones targeting regional revitalization**

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

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

This interest rate subsidy system targets operations endorsed by the Japanese government in accordance with the reconstruction plans of regional municipal bodies certified by the Japanese 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 Japanese 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 enterprises 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 enterprises 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 enterprises 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 enterprises that are promoting the conservation of energy by a certain amount.

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

These interest rate subsidy programs can be used by enterprises that are using resources at highly effective levels.

Crisis Response Operations

Crisis Response Operations, on the basis of the Japan Finance Corporation Act (Act No. 57 of 2007, including later revisions) consist of the provision of necessary funds during such crises as disruptions in domestic or overseas financial markets or large-scale disasters. In response to crisis-related damage, Japan Finance Corporation provides two-step loans as complementary risk and other measures to government-designated financial institutions (designated financial institutions) that supply necessary funds to address crisis damage.

At the time of its establishment, DBJ was designated as such a financial institution, as was Shoko Chukin Bank Ltd. In accordance with this designation, DBJ commenced its Crisis Response Operations in October 2008.

Thereafter, the Lehman Shock and the Great East Japan Earthquake occurred, and the Japanese government called on DBJ to steadily mount large-scale Crisis Response Operations. Due to these crises, the DBJ Act was revised twice. By accepting an additional capital increase from the Japanese government, DBJ was able to create sufficient preparations and smoothly conduct Crisis Response Operations.

The 2015 revisions to the DBJ Act evaluated the role DBJ has played through its Crisis Response Operations and absence of private-sector financial institutions following the Lehman Shock and the Great East Japan Earthquake. DBJ became obliged to implement Crisis Response Operations for an indefinite period. (See also pages 52–57.)

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 in various industries and of various sizes 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 75 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.

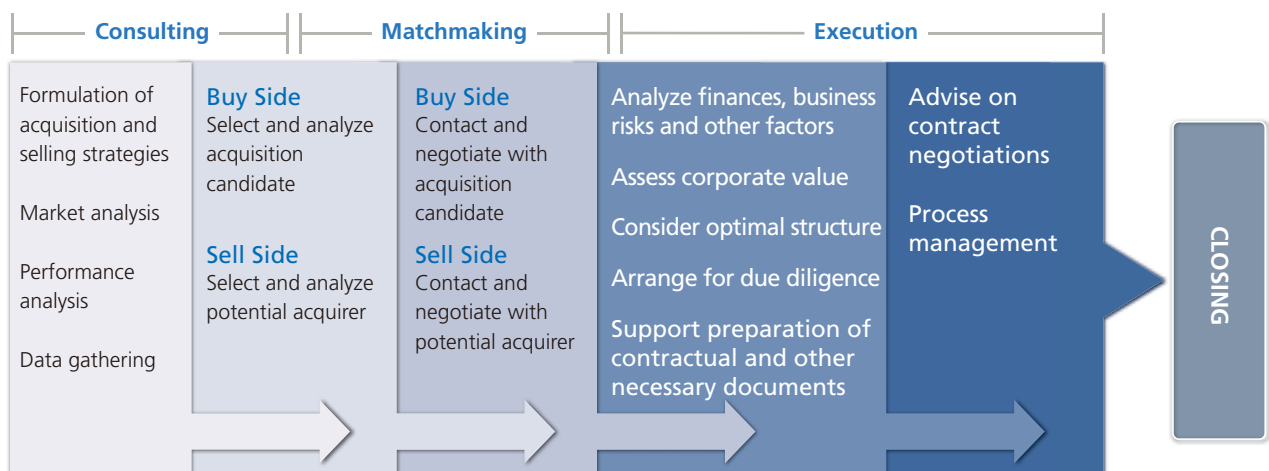
- **Knowledge**

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 regional 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), Beta Version Support Program

In April 2013, we opened the Otemachi Innovation Hub (iHub) within our headquarters building, as a new opportunity for value creation, with an eye toward finding solutions to social issues through business that leverages DBJ's neutrality and extensive network and combines these features with dormant corporate expertise. In addition, to contribute to the regional revitalization espoused by the Japanese government, we have promoted the regional development of iHub matched to the challenges and problems specific to each region.

In fiscal 2015, we shone a bright spotlight on joint creation between enterprises and regions, and with local enterprises in Sapporo (Hokkaido), Himi (Toyama Prefecture) and Setouchi

(Okayama Prefecture) and enterprises in Tokyo and other places outside these three cities, as well as local governments, financial institutions and other participants, we tackled the design of sustainable business models based on underlying issues specific to the regions surrounding Sapporo, Himi and Setouchi.

DBJ also launched a new initiative—the Beta Version Support Program—in December 2015 to assist in raising some of the funds needed by enterprises to verify business models at the development stage of the business they are pursuing and to encourage progress toward viable operations. This program is expected to contribute nicely to the formation of solutions to social issues and to regional revitalization through technological

innovation, market creation and other positive developments.

Moreover, it targets business development projects in which DBJ is proactively involved from a knowledge perspective, including the iHub connection. For the first project under this program, we have chosen to support a demonstration project for new preventative services to be offered by Hankyu Hanshin Holdings, Inc.

● Typical Examples of iHub Regional Development (Last Two Years)

Region	Date	Theme
Sapporo	January-March 2016	Addressing issues in Sapporo, world city
Hokuriku	From December 2013	Participation in the Hokuriku regional alliances platform
Toyama	November 2014, May 2015	Workshop entitled "Eliciting Dormant Expertise in Toyama"
Himi	July-December 2015	Creating solutions to issues in Himi
Tokai	June-October 2015	Opportunity for new value creation by Tokai B2B enterprises
Kansai	From December 2013	Healthcare
Setouchi	From October 2015	Initiatives to establish a Setouchi brand
Fukuyama	July-December 2015	Innovation seminars
Hiroshima	June-October 2014, June-September 2015, June 2016	Opportunity to jointly consider new business ideas
Kochi	May-September 2015	Opportunity to create new businesses by leveraging regional resources
Kyushu	From December 2013	Participation in "Future of Kyushu 2030"

Support Center for Technology Management

The Support Center for Technology Management plans and operates iHub and also undertakes surveys and provides advice on future business models linked to new value creation from the perspective of technology management—that is, the ability of management to derive value from technology in manufacturing—and conducts seminars and

other activities related to technology management.

We consider optimal growth strategies and business plans along with our clients, a process that includes second opinions based on our expertise in business screening and advice on business and financial strategies.

● 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	Expertise on value designing 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

Since the end of 2012, the Japanese government has prioritized “strengthening the utilization of human resources” as a key growth strategy to lead the Japanese economy, which had shifted into gradual recovery, toward sustained growth. With women increasingly expected to contribute to the realization of this goal, businesses created from a new, female perspective are the required element that will drive the creation of new markets and transform society.

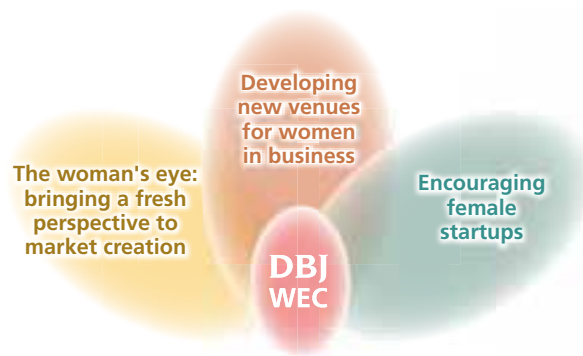
In response to such expectations, the DBJ Women Entrepreneurs Center (DBJ-WEC) provides comprehensive support, including funding and business startup expertise, that underpins new business growth by women.

As part of its initiative to cultivate and foster new businesses, DBJ-WEC holds an annual business plan competition for female entrepreneurs. The winner of the competition (i.e., a business plan presenting excellent potential and innovative qualities) is awarded an incentive payment of up to ¥10 million. Additionally, DBJ-WEC offers a variety of support to achieve business plans, including cooperation with outside experienced entrepreneurs and experts in various fields, access to startup expertise and advice and network introductions after the competition. In the Fifth DBJ Women Entrepreneurs New Business

Plan Competition, we established the Business Encouragement Award for businesses that have the potential to expand with subsequent support or other forms of assistance.

The business plan competition has received more than 1,800 ideas in total over the past five events, a testament to the expanding involvement of women keen to run their own business.

Going forward, the center will continue to work with regions and specialists to help female entrepreneurs develop new ideas into viable businesses.



The DBJ Women Entrepreneurs Center



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



Grand prize winner at the fifth annual competition: Junko Kemi (kay me Ltd.)

DBJ Asia Financial Support Center

DBJ opened the DBJ Asia Financial Support Center in June 2011 to reinforce its function as a provider of local information and consulting services to regional banks supporting the efforts of small and medium-sized enterprises and other entities in their regions to promote business in other parts of Asia.

The center's role is as a liaison to help small and medium-sized enterprises with their various needs in developing business operations in Asia from an information perspective in cooperation with regional banks throughout Japan. In addition to leveraging DBJ Group resources, such as its overseas representative office and subsidiaries and its subsidiary 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) as well as networks of overseas development finance organizations, private financial institutions and other sources of financial insight.

As of May 31, 2016, the center has a membership of 67 regional banks and has fielded a total of 1,754 inquiries. Breaking down inquiries by country, the majority pertained to China, Thailand, Vietnam or Indonesia, and the content dealt mainly with market research and business matching. In 2014, we began playing a part in the “fast-pass” system (currently, the new exporting superpower consortium) 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 is a method of looking at all of the public assets owned by local governments from a management perspective for the purposes of overall planning, control, use and disposal.

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

The first is that public assets built at an intensive pace in Japan's era of high economic growth are now rapidly deteriorating. Because public assets were constructed on a massive scale around the same time, they are aging concurrently as well. The second issue is a mismatch between the population—which is shrinking and changing in composition—and the supply of facilities and functions needed to serve the needs of residents. Going forward, as the overall population shrinks and the average age rises, local governments will face major changes in the amount and type of public assets that are necessary.

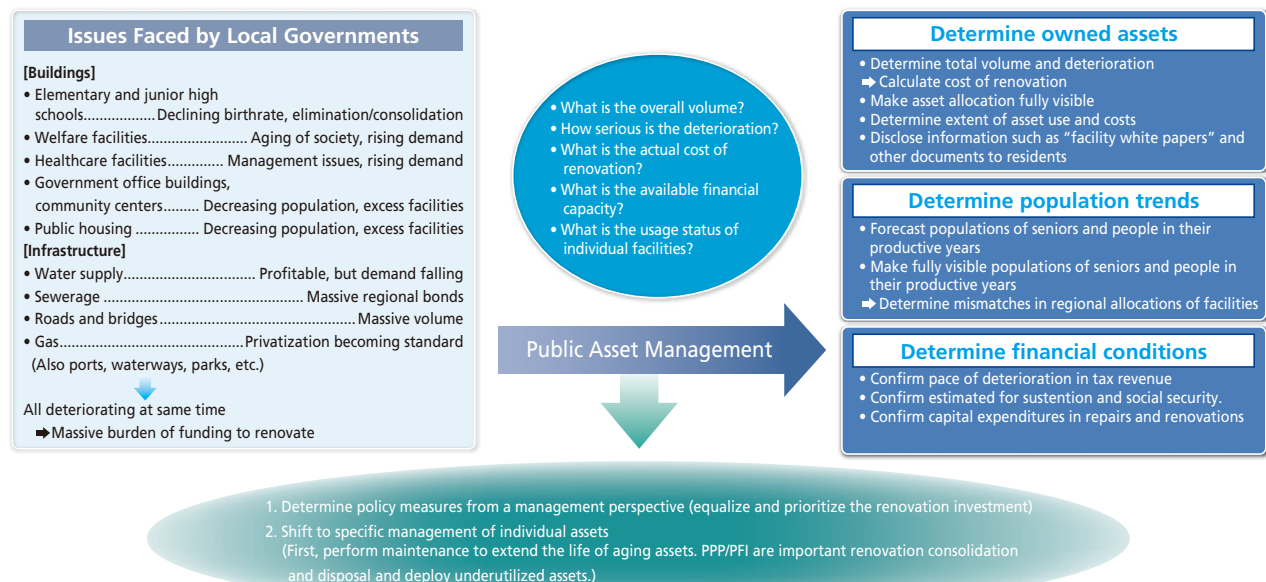
Additionally, a decrease in the percentage of the population in their productive years is likely to cause tax revenues

to fall and welfare budgets to increase. Owing to factors such as these, it may become difficult to secure the budgets necessary to renovate or reallocate public assets that have deteriorated.

Given these circumstances, in April 2014, the national government requested all local governments to map out a comprehensive plan to manage public facilities and other aging infrastructure. A comprehensive plan of this nature requires each local government to conduct full and regular maintenance and management of all public facilities and other infrastructure in its possession, matched to actual conditions in the region of jurisdiction.

This request from the national government is a catalyst for action, and local governments must quickly embark on the management of public assets and conduct sustainable urban management.

DBJ is working with Japan Economic Research Institute in this regard. We help in identifying the status of facilities, through the preparation of white papers on public facilities and so forth. We also assist in optimizing initiatives by drawing up a comprehensive plan to manage public facilities and other infrastructure and encouraging the introduction of PPP/PFI for individual model businesses.



Special Investment Operations

Special Investment Operations, established as an intensive but temporary scheme to supply growth capital* from the perspective of promoting the competitiveness of Japanese enterprises along with regional revitalization, draws only a portion of the investment (industrial investment) from the Japanese government to encourage the private sector to supply growth capital.

In June 2015, DBJ kicked off Special Investment Operations with risk capital for the overseas independent power producer (IPP) business of Shizuoka Gas Company, Ltd., and by the end of fiscal 2015, a total of ¥103.9 billion in investments and loans had been extended to 19 projects.

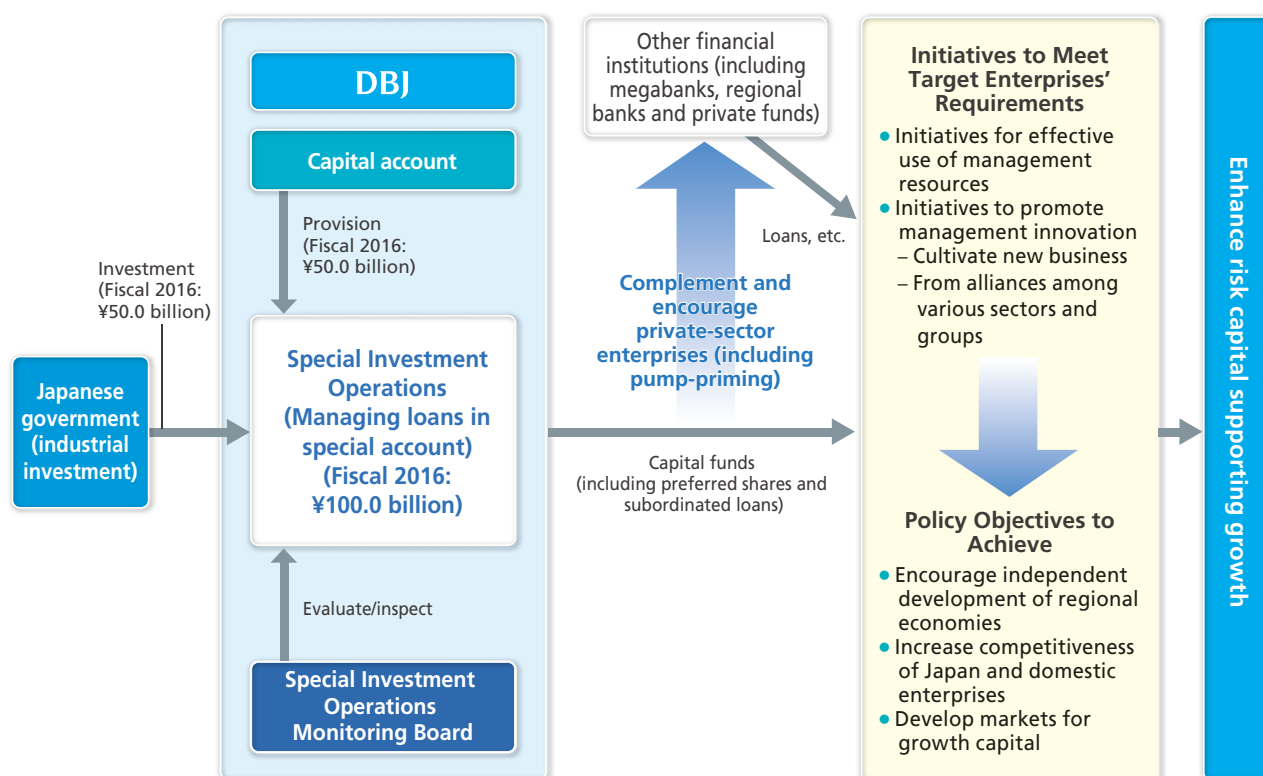
Special Investment Operations follows policy objectives, in accordance with the law, complementing and encouraging private-sector enterprises and ensuring appropriate competitive relationships. To improve the structure of Special Investment Operations and thereby maintain objective evaluation and supervision of activities, an advisory

body to the Board of Directors was established—the Special Investment Operations Monitoring Board—with participation from outside experts in financial and capital markets, industry circles and other professional groups.

DBJ will continue to support initiatives to effectively utilize management resources and corporate activities to cultivate new businesses and promote fresh alliances among different sectors and other groups, and will contribute to the independent development of regional economies, sharper competitiveness for Japan and enterprises, and development of markets for growth capital.

*According to the Japanese government's Study Panel Concerning the Promotion of Expanding Growth Funding, certain financial institutions, including DBJ, are expected to serve in a pump-priming capacity for the foreseeable future to attract private-sector investment by cultivating new capital providers, markets and investors, and thereby foster the development of an investment cycle led by the private sector.

● Special Investment Operations Scheme



● Results of Special Investment Operations (Fiscal 2015)

Loan and investment recipients (Co-entities)	Overview of the project
SG•Bang Bo Power Holding Co., Ltd. (Shizuoka Gas Company, Ltd.)	Risk capital provided through investment in preferred shares when Shizuoka Gas got involved in gas-fired thermal power IPP business in Thailand.
Omori Investment K.K. (Omori Machinery Co., Ltd.)	Additional shares in Indian packaging machinery manufacturer acquired through special purpose acquisition company in collaboration with Omori Machinery.
SII Semiconductor Corporation (Seiko Instruments Inc.)	Semiconductor business of Seiko Instruments transferred to new company through joint investment with DBJ.
Mitsubishi Heavy Industries, Ltd.	Mitsubishi Heavy Industries' own growth capital complemented to expand facilities for manufacturing fuselage components for Boeing's next-generation passenger aircraft, 777X.
Blue Partners 1 Investment L.P.	Joint fund with Mizuho Bank formed to provide risk capital that addresses growth capital needs of enterprises.
Tokai Region Core Industry Support Investment L.P.	Joint fund with The Juroku Bank formed to provide growth capital directed specifically toward aircraft and automobile component industries and other regional core industry sectors in the Tokai region.
Mirai Regional Vitalization Investment L.P.	Joint fund with The Bank of Yokohama and Higashi-Nippon Bank formed to provide risk capital to support growth of regional enterprises and, by extension, revitalize the region itself.
Iyo Growth Support Inv. L.P.	Joint fund with The Iyo Bank formed to provide risk capital for increasing competitiveness of leading regional enterprises and promote regional revitalization.
Mitsubishi Estate Co., Ltd.	Several redevelopment projects in the Marunouchi and Otemachi districts of central Tokyo supported through the purchase of subordinated corporate debentures.
Mitsui Sumitomo Insurance Company, Limited	Initiatives to reinforce growth segments aimed at achieving status as the world's top insurance and finance group supported through the purchase of subordinated corporate debentures.
Jimoto Revitalization Core Business Support Fund Investment L.P.	Joint fund with Jimoto Holdings, Inc. (Kirayaka Bank, The Sendai Bank) formed to provide risk capital for strengthening the competitiveness of leading regional enterprises.
SDT Solar Power K.K. (Taiyo Oil Company, Limited, Solar Frontier K.K.)	Three-company collaboration with Taiyo Oil and Solar Frontier formed to invest in large-scale solar power generation project.
Yokkaichi Kasumi Power Co., Ltd. (Cosmo Oil Co., Ltd.)	Joint company with Cosmo Oil, incorporating Cosmo Oil's IPP business, established to contribute to efficient energy supply.
Be Smile Project (Kamichiku Group)	With A-FIVE (Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan) and other participants, including food-related companies, jointly invested in new company established under the umbrella of Kamichiku, a livestock operator in Kagoshima Prefecture, to achieve sixth-order industrialization of livestock farming.
Kawasaki Heavy Industries, Ltd.	Growth capital provided by Kawasaki Heavy Industries complemented for investment related to an international joint development project on a commercial aircraft engine.
Setouchi Tourism Revitalization Investment L.P.	Joint fund with seven regional banks in the Setouchi region formed to provide growth capital for revitalizing tourism in seven prefectures of Setouchi.
Setouchi Brand Corporation	Joint effort with financial institutions and other companies in the Setouchi region organized to establish a company to provide management and funding support to energize tourism-related businesses and expand business activities.
BIC Co., Ltd. (TOKYO FM Broadcasting Co., Ltd.)	Investment in BIC, establishment of which was spearheaded by TOKYO FM Broadcasting, provided for the development of new businesses utilizing frequency bands made available for use through digitization of terrestrial television broadcasts.
Idemitsu Kosan Co., Ltd.	With several financial institutions and others, jointly arranged subordinated loans in connection with realignment of oil industry.
AeroEdge Co., Ltd.* (Kikuchi Gear Co., Ltd.)	Preferred shares in company established by Kikuchi Gear to apply high technological capabilities and pursue supply of parts to major aircraft engine makers overseas subscribed.

*AeroEdge Co., Ltd. (Kikuchi Gear Co., Ltd.) is on record under results for fiscal 2016 (as of April 30, 2016).

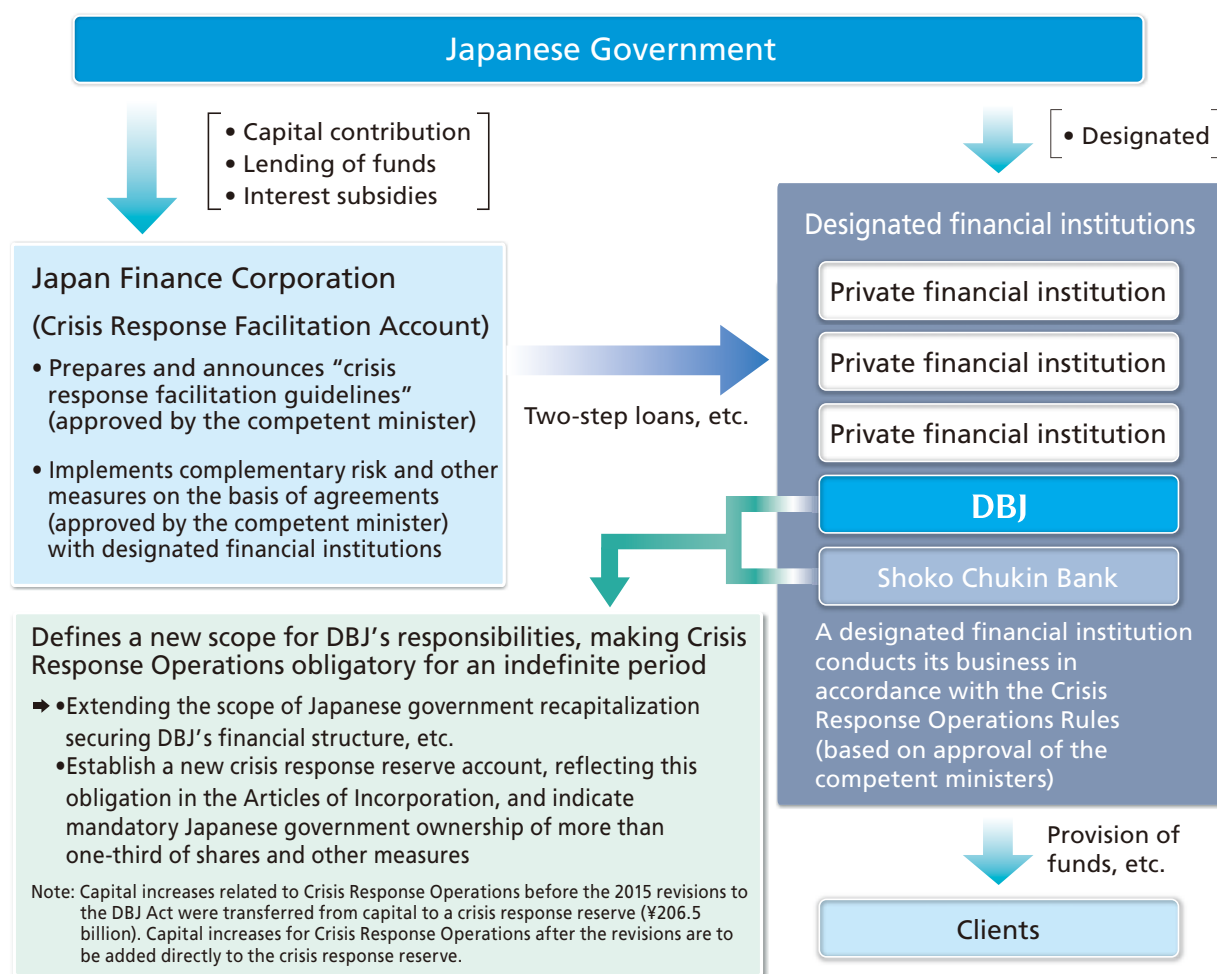
Crisis Response Operations

Crisis Response Operations, on the basis of the Japan Finance Corporation Act (Act No. 57 of 2007, including later revisions) consist of the provision of necessary funds during such crises as disruptions in domestic or overseas financial markets or large-scale disasters. In response to crisis-related damage, Japan Finance Corporation provides two-step loans as complementary risk and other measures to government-designated financial institutions (designated financial institutions) that supply necessary funds to address

crisis damage.

During the Lehman Shock and the Great East Japan Earthquake, DBJ was involved in large-scale Crisis Response Operations. The 2015 revisions to the DBJ Act evaluated the role DBJ has played through its Crisis Response Operations and absence of private-sector financial institutions. DBJ became obliged to implement Crisis Response Operations for an indefinite period.

●Crisis Response Operations Scheme



The Great East Japan Earthquake

In response to the March 11, 2011, Great East Japan Earthquake, DBJ, as a designated financial institution for Crisis Response Operations, 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.

Given the shift from the "restoration stage" to the "reconstruction and growth stage," we are working with regional financial institutions and others to provide risk capital

Please see pages 55–57 for "Initiatives Related to the Great East Japan Earthquake."

The 2016 Kumamoto Earthquakes

In response to the 2016 Kumamoto earthquakes, DBJ, as a designated financial institution for Crisis Response Operations, set up a full-fledged structure for anyone affected directly or indirectly by the disaster.

On April 28, 2016, DBJ established the Kumamoto Recovery Office within Kyushu Branch to better provide useful companywide knowledge and financial expertise toward the restoration and reconstruction of disaster-stricken regions. The Kumamoto Recovery Office has a cross-departmental structure that spans the Regional Planning Department, Financial Institution Department, and other departments and branches. The office provides useful infor-

mation related to restoration and reconstruction and, in cooperation with local governments, national institutions, economic organizations and regional financial and other institutions, undertakes surveys and planning services.

Working with regional financial institutions in the area affected by the 2016 Kumamoto earthquakes, DBJ formed the Kumamoto Reconstruction Support Fund not only to supply risk capital through such schemes as lump-sum loans for repayment and subordinated loans to businesses involved in disaster restoration and reconstruction efforts but also to quickly support such efforts.

Results of Crisis Response Operations

On October 30, 2008, the Japanese government established "lifestyle measures," providing financing to set Crisis Response Operations by Shoko Chukin Bank and DBJ in motion in response to the worsening corporate cash flow conditions resulting from the global financial and economic crisis that began 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 budget expansion and the commencement of acquisition of commercial paper, and labeled Cash flow Countermeasures for Medium-Sized and Large Enterprises Employing the Crisis Response Operations of the Japan Finance Corporation. On January 27, 2009, the Japanese government regulations were amended, and other measures were taken, 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 enterprises. 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 enable the smooth implementation of Crisis Response Operations.

On March 12, 2011, the Japanese Government decided to implement Crisis Response Operations related to the Great East Japan Earthquake one day earlier. 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.)

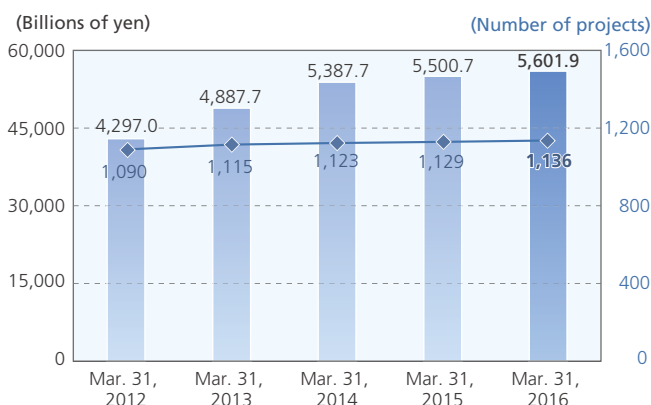
As of March 31, 2016, DBJ's cumulative loan performance and commercial paper acquisitions of crisis countermeasure loans were as follows.

- Loans: ¥5,601.9 billion (1,136 projects)
- Loans executed with loss guarantee agreements: ¥268.3 billion (47 projects, including those slated for application to JFC)
- Commercial paper acquisitions: ¥361.0 billion (68 projects)

Notes: 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 Japan Finance Corporation on the basis of the agreements.

2. A portion of the loans provided by DBJ to Micron Memory Japan Inc. (formerly Elpida Memory Inc.), was covered by a Japan Finance Corporation guarantee on losses. 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)



Providing a Safety Net

DBJ acts as a social safety net by providing investments and loans to support the restoration and rebuilding of areas affected by earthquakes, typhoons or other large-scale natural disasters and to address 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 conventional financial platforms fail to function.

Disaster Recovery Responses

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.

Hanshin-Awaji Earthquake in January 1995 and the Chuetsu Offshore Earthquake in October 2004 as well as typhoons and other natural disasters. We have responded to restoration projects in various sectors, from electricity, gas, rail, telecommunications, broadcasting, urban development and other infrastructure industries to providers of everyday necessities, such as foodstuffs and other retail items, as well as to manufacturers who fulfill a major role in revitalizing the employment and economic situations of local communities.

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)

DBJ Initiatives

DBJ has provided assistance in response to the Great

Emergency Financing

Societal Concerns

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

emergency response support system that provided financing to the Japanese airline industry (to maintain transportation and logistics systems), which had been immediately affected by downturns in business following both the September 11, 2001, terrorist attacks on the United States and the outbreak of SARS.

DBJ Initiatives

In the year ended March 31, 2002, DBJ established an

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 Mid Niigata Prefecture 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 Chuetsu Offshore Earthquake
2008 Reconstruction following the Iwate-Miyagi Earthquake
Financial crisis response
2010 Yen appreciation and other countermeasures
2011 Reconstruction following the Great East Japan Earthquake
2015 Damage related to torrential rains, mainly associated with tropical storm Etau
2016 Reconstruction following the Kumamoto earthquakes

Crisis Response Operations

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

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 implementa-

tion of Crisis Response Operations for clients affected both directly and indirectly by the disaster. The 2015 revisions to the DBJ Act evaluated the role DBJ has played through its Crisis Response Operations and absence of private-sector financial institutions following the Lehman Shock and the Great East Japan Earthquake. DBJ became obliged to implement Crisis Response Operations for an indefinite period. Accordingly, DBJ will continue with its earthquake reconstruction initiatives.

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 and strengthening Japan's economic and industrial competitiveness. Going forward, the energy sector will need large-scale financing to cover capital expenditures, including thermal power plants to replace or upgrade aging facilities. In addition, the energy supply structure is

changing, as electric power system reform prompts the entry of new participants into electricity retailing and power generation. In response, DBJ continues to work with private financial institutions to ensure access to the necessary capital.

As of March 31, 2016, DBJ's balance of loans to the energy sector (electricity, gas, heat and water providers) totaled ¥3.2 trillion.

Tohoku Reconstruction and Growth Support Office

On April 21, 2011, DBJ established the Tohoku Revival Reinforcement Office within the Tohoku Branch to consolidate and better provide useful knowledge and financial expertise toward the restoration and reconstruction of the Tohoku region and other disaster-stricken areas. But after roughly five years in a revival stage, the Tohoku region is now transitioning to a stage of reconstruction and new growth. Therefore, on April 1, 2016, the Tohoku Revival Reinforcement Office was renamed the Tohoku Reconstruction and Growth Support Office.

The Tohoku Reconstruction and Growth Support Office has a cross-departmental structure that includes the Regional

Planning Department and Financial Institution Department at DBJ headquarters as well as other departments and branches. The office provides information related to estimating damage amounts in stricken areas and cooperates with local governments, national institutions, economic organizations and regional financial institutions and other enterprises to conduct surveys and planning services that support creative construction.

Going forward, we will apply know-how and structures already in place to increase our level of support for growth-promoting projects undertaken by national and local governments and the business community.

Funding to Support Reconstruction and Growth Following the Great East Japan Earthquake

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 enterprises that sustained damage in the earthquake. So far, we have provided investment and loans on 46 projects.

In December 2014, in response to the shift of the stage of earthquake reconstruction from the restoration of production facilities (the "restoration stage") to efforts to open up a new enterprise-based market that resumes production, collaborates among multiple enterprises to boost industry competitiveness, builds infrastructure and rein-

force functions (the "reconstruction and growth stage"), we have established a new reconstruction and support growth fund in collaboration with the Regional Economy Vitalization Corporation of Japan (REVIC).

The new funds are aimed at providing subordinated loans and preferred shares to enterprises whose businesses are contributing to the reconstruction and growth of the disaster-stricken region. We are promoting forward-looking initiatives with a nationwide business model, aiming to support regional growth and revitalization.

Note: See page 89 for details.

Five Years after the Great East Japan Earthquake—Applying the Lessons Learned from the Great Hanshin-Awaji Earthquake to Realize New Growth

In February 2016, DBJ published a report entitled "Five Years after the Great East Japan Earthquake—Applying the Lessons Learned from the Great Hanshin-Awaji Earthquake to Realize New Growth."

This report, released just prior to the fifth anniversary of the devastating earthquake and tsunami, compares and con-

firms the impact that the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake had on their respective regional economies and other facets of merit. The report also looks at initiatives that fueled reconstruction in Kobe and potential growth industries in Tohoku, and considers new approaches to growth in Tohoku.

Research Papers Invited for Tohoku Data Index Project

The Sanaburi Foundation—chaired by Seiichi Ohtaki, professor, Graduate School of Economics and Management, Tohoku University—is a public charity institution that was set up to create a new channel of funding for community development initiatives. It offers assistance, underpinned through donations, in support of projects in the areas devastated by the Great East Japan Earthquake and also provides statistics and a variety of information on approaches to reconstruction following the disaster. In April 2016, the foundation began accepting research papers focusing primarily on issues in the three prefectures—Iwate, Miyagi and Fukushima—where the

consequences of the huge earthquake, tsunami and nuclear accident were most serious, and held an awards ceremony and commemorative forum.

By printing and publicly announcing the papers selected under this project, the foundation seeks to expand awareness and promote shared understanding of the issues that each area needs to address by the 10th anniversary of the Great East Japan Earthquake.

DBJ is part of the screening committee and also gave out an award—the DBJ Award—for the best paper in the economy and industry category.

Tohoku Future Creation Initiative

The Tohoku Future Creation Initiative (founders: Seiichi Ohtaki, professor, Graduate School of Economics and Management, Tohoku University; and Kentaro Ohyama, Representative Director, 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 regional municipal bodies 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.

Collaboration Agreement with Fukushima Prefecture on Industrial Reconstruction

In March 2013, DBJ signed a collaboration agreement with Fukushima Prefecture on industrial reconstruction. The purpose of this agreement is both to gather information and strategically review it and to develop the skills of human resources and pursue other measures under a comprehensive approach to promote local industry and tourism and communicate the appealing features of the region, which will ultimately invigorate the local economy in Fukushima Prefecture.

• Study Council on the Fukushima Medical-Related Industrial Cluster

In June 2013, the Study Council on the Fukushima Medical-Related Industrial Cluster, chaired by Makoto Kikuchi, president of the Japan Association for the Advancement of Medical Equipment, was set up with DBJ and the DBJ Group's Value

Management Institute serving as the secretariat. The council offered advice to Fukushima Prefecture and provided support on collaboration between the prefecture and enterprises, seeking to achieve a Fukushima-driven Japanese model that functions as a domestic hub for creating new medical instruments.

Since fiscal 2014, the Value Management Institute has conducted studies on business models for medical equipment used in emergency and disaster responses, under a project—Utsukushima Next-Generation Medical Industry Cluster and Upcoming Leading Projects—spearheaded by Fukushima Prefecture, and has worked with DBJ to present possible business models.

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 enterprises, 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.

The UN World Conference on Disaster Risk Reduction Public Forum

The UN World Conference on Disaster Risk Reduction is a conference sponsored by the United Nations that formulates international strategies on disaster risk mitigation. March 2015 marked the third meeting of this conference, which adopted the “Sendai Framework for Disaster Risk Reduction” as its new international disaster risk reduction roadmap for the next 15 years. Side events included more than 350 symposiums, seminars and exhibits related to restoration and reconstruction, disaster response, and disaster risk prevention and reduc-

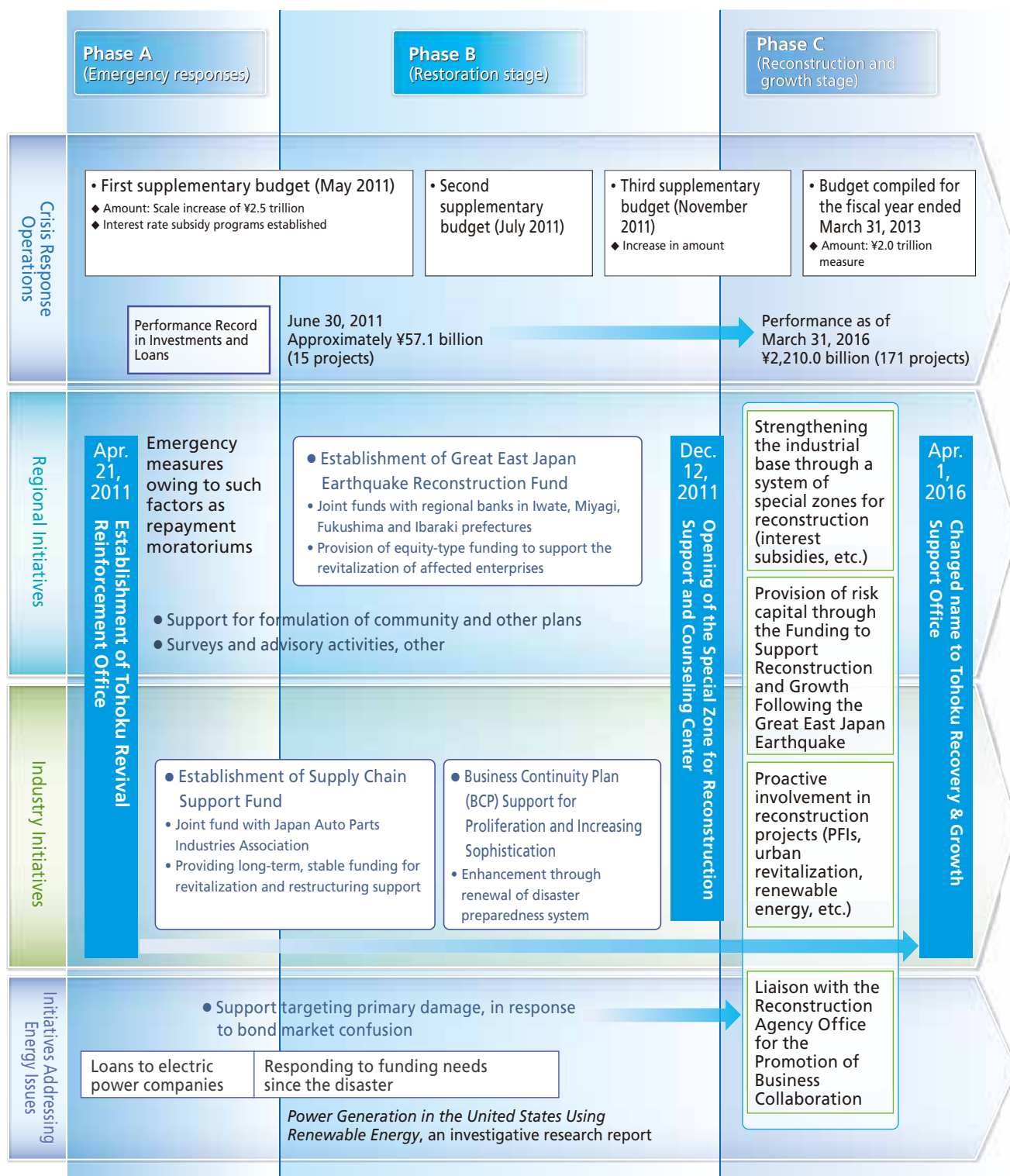
tion. DBJ held two symposiums, entitled “Financial Initiatives for Building the Resilient Society: Financial Sector's Roles for Pre- and Post-Disaster Response and Revival of Tohoku” and “Building Disaster Resilience through Alliances and Mutual Cooperation of Multi-stakeholders in Tohoku and Beyond: Region-wide Initiatives by the Tohoku Alliance.” Through these symposiums, we sent information about our experience and the lessons learned from the Great East Japan Earthquake to the world.

Restoration, Reconstruction and Growth 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, reconstruction and growth measures must be implemented on a step-by-step basis, in chronological

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

● Restoration, Reconstruction and Growth Support through Investment and Loan Activities



DBJ's Third Medium-term Management Plan prioritizes operations through which it contributes to revitalization in each region as a partner. To further encourage autonomous initiatives by regions to address the various issues they face, in September 2014 we established the Initiative for Creating Regional Futures. In addition, we launched the Regional Revitalization Program to support regional initiatives and offer solutions to their problems. In October 2014, we elicited input from managers of more than 170 medium-sized regional enterprises. Based on this input, we announced our Recommendations on Regional Revitalization, which summarizes measures necessary for regional revitalization and the role that financial institutions are called upon to perform.

Regional Revitalization Program

As a specific Regional Revitalization Program initiative, we deployed the Innovation Hub across regions to support the launch of cross-industrial creative businesses. Through working to expand PPP/PFI activities centered on the Private Finance Initiative Promotion Corporation of Japan (PFIPCJ), DBJ also has begun offering programs to members of regional municipal bodies and regional financial institutions through its PPP/PFI Academy. In addition, we are pursuing

initiatives such as providing DBJ's expertise and networks with regard to human resources to play a large role as part of the region. Furthermore, we set up the Regional Contribution M&A Program to support M&A projects that contribute to regional growth, such as to strengthen regional enterprises' management foundations.

Providing Regions with Risk Capital

To support regional revitalization via the tourism industry, in April 2014 DBJ formed the Mother Fund Corporate Mezzanine Limited Partnership for Tourism Vitalization in collaboration with the Regional Economy Vitalization Corporation of Japan (REVIC) and RISA Partners, Inc. (RISA) and has provided risk capital. Also, in September 2014 we set up the *Musubu* Setouchi Business Succession Fund with The Hiroshima Bank, Ltd., and two other regional financial institutions to facilitate the smooth business succession of

regional enterprises. In addition, with The Tokyo Tomin Bank, Limited and RISA, we formed the Tokyo Revitalization Fund Limited Investment Partnership and have provided risk capital. This partnership aims to supply funds to small and medium-sized enterprises that can help revitalize the economy of the Tokyo metropolitan area, supporting them in efforts ranging from improving and strengthening business foundations to achieving expansion and growth.

Setouchi Brand Promotion Initiatives

Along with seven Setouchi-area regional banks (The Chugoku Bank, The Hiroshima Bank, The Yamaguchi Bank, The Awa Bank, 114Bank, The Iyo Bank and The Minato Bank), DBJ contributed capital toward the April 2016 establishment of Setouchi Brand Corporation ("SBC") and formed the Setouchi Kanko Kasseika Fund ("the Fund"). SBC will liaise with the Inland Sea, Setouchi Tourism Authority^{*1} to create the Setouchi Brand Promotion Organization^{*2}.

SBC will strive to maximize the value of the Setouchi region by extending management and funding support to tourism-related businesses and develop a DMS^{*3}.

As for the Fund, it carries a growth capital function, hinging on capital funding, and will provide tourism-related businesses the financial support they need.

^{*1} The Inland Sea, Setouchi Tourism Authority: A general incorporated institution tasked with establishing the Setouchi Brand. Its representative is a private citizen, and its directors are from the seven prefectures bordering the Inland Sea (Hyogo, Okayama, Hiroshima, Yamaguchi, Tokushima, Kagawa and Ehime).

^{*2} Setouchi Brand Promotion Organization: An organization that links The Inland Sea, Setouchi Tourism Authority, tourism-related enterprises and SBC to improve the value of the Setouchi region. It is an example of a Japanese-style DMO^{*4}.

^{*3} DMS: Destination Management System. A framework that supports DMO activities by integrating various channels and platforms and delivering a comprehensive array of tourist-oriented content—that is, services, and other information.

^{*4} DMO: Destination Management Organization. Primarily seen in the United States and Europe. Takes integrated approach, including strategy formation, surveys, marketing, product creation and promotion, and other activities aimed at attracting tourists.

Initiatives for Regional Revitalization Drawing on the Power of Sports

Seeing the potential of sports as a catalyst for community-building and regional revitalization, DBJ has announced the results of sports sector surveys, including “Using ‘Smart Venues’ as Core Urban Sporting Locations” (August 2013), “Developing Sports Tourism” (February 2015) and “2020 Presents Development Potential for Domestic Sports Industry and Corporate Support for Sports” (May 2015).

In addition, twice in 2016—in January and March—DBJ participated as co-organizer, along with the main organizer, the Research Institute for Sport Business at Waseda University, and sponsors Sasakawa Sports Foundation and the Japan Sports Agency in holding a symposium on regional revitalization utilizing sports. This symposium featured speeches and panel discussions involving people in different positions and with different perspectives, including Daichi Suzuki, commissioner of the Japan Sports Agency, and Takeshi Okada, former head coach of the Japanese national football team and currently the owner of FC Imabari and vice-president of the Japan Football

Association. These presentations provided motivation to spur regional revitalization through sporting events that combine the capabilities of industry, academia, government and the private sector.



Symposium scene

“Regional Revitalization and Finance Course” with GRIPS

In April 2016, DBJ joined the National Graduate Institute for Policy Studies (GRIPS) in opening a master’s course—“Regional Revitalization and Finance Course”—in the public policy program. The institute specializes in policy studies.

Given the importance of cooperative efforts between local government and regional financial institutions in realizing regional growth strategies, this course is intended to provide an overview of theory, knowledge and specific techniques related to concepts in regional promotion, analysis of regional economies, regional project financing, processes for extending the reach of regional industries overseas, particularly in Asia, and other topics with a regional focus. Specifically, for local government employees, the course will improve policy-making capabilities from the perspective of business and finance, and for employees of regional financial institutions, the course will help cultivate the ability to judge circumstances and to enhance risk-taking capabilities to reinforce the competitiveness of regional industries and enterprises and will address other issues. Ultimately, the goal is to produce human resources who can plan and propose projects and support schemes

to spur regional economic revitalization that is made more effective through the solidarity of government and the private sector.

DBJ actively supports regional revitalization by sending teams of lecturers drawn from within the entire DBJ Group to speak at events and by providing various knowledge related to the provision of risk capital.



Opening the Regional Revitalization and Finance Course

Through its varied activities, centered on investments and loans, DBJ comes into contact with many aspects of society. In addition to enterprises, DBJ's information channels and human networks include the Japanese and overseas governments, governmental institutions, international institutions, regional municipal bodies and universities. Through these contacts, DBJ extracts a variety of information on economic and societal issues, boosting its ability to supply neutral information of high quality.

Economic and Industrial Research

In addition to analysis of macroeconomic and financial trends in Japan and overseas, DBJ undertakes various surveys and research, including industry-related surveys utilizing an extensive network of connections to the business community, to track not only trends at home and abroad but also technology developments, international competition and other industry-related topics, and for 60 years has been conducting planned capital investment surveys. DBJ provides reports based on these surveys and research activities to both clients and non-clients.

Survey Examples

DBJ Monthly Overview

This report, a key portal to our survey results, is provided on a monthly basis and is made widely available through our website.

The *DBJ Monthly Overview* features a brief commentary on domestic and overseas economic and industrial trends, with a core assessment of actual business conditions based on the latest indicators and monetary and fiscal policies in play in each country. In recent years, we have worked to enrich content related to Asia's emerging nations and financial markets within this region.

We have addressed the following topics, timely from the perspective of industry trends and macroeconomics, particularly conditions overseas, and presented detailed surveys and analysis.



"Industrie 4.0 Initiative in Germany to Promote Revolution in Manufacturing Through IoT"

(*DBJ Monthly Overview*, No. 238, August 2015)

The Internet of Things (IoT) is a network of physical things embedded with sensing devices that facilitates connection to the Internet. Household appliances as well as automobiles, factory manufacturing equipment and other things that previously lacked Internet connectivity can now be interfaced online or through machine-to-machine (M2M) communication, which heralds the creation of new products and services leveraging big data.

In Germany, labor inputs continue to fall because of a shrinking population and shorter working hours, and expectations are high that embracing the IoT revolution will boost productivity in the manufacturing sector.

Issue No. 238 describes initiatives under Germany's "Industrie 4.0" and delves into the potential of the IoT to revolutionize the



manufacturing floor, as well as into the status of IoT implementation in Japan and issues that need to be addressed for the IoT to be successful here.

"COP21 and Movement Toward Low-Carbon Future"

(*DBJ Monthly Overview*, No. 244, November 2015)

The 21st Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC) took place in Paris, France, at the end of 2015. The parties—that is, countries—ratified the UNFCCC in 1992 at the Earth Summit in Rio de Janeiro, and the signatories to the convention have met every year since 1995 to discuss climate change and measures to limit global warming.

Issue No. 244 preceded COP21 and took a multifaceted look at the establishment of the international framework and emission trends in key signatory countries, the outlook for COP21, Intended Nationally Determined Contributions (INDCs) in key signatory countries and major initiatives in these countries, a framework that extends beyond UNFCCC, investments to realize a low-carbon future after COP21, and other related topics.



DBJ Long-Term Interest Rate Weekly Outlook

This concise, two-page summary on long-term interest rates is put together for our clients and released on the first business day of each week. It offers commentary by our own economists on long-term interest rates, with a brief review of market trends from the previous week, particularly in Japan and the United States, and touches on key economic indicators, financial policy, treasury auctions and other announcements scheduled for the current week. The outlook also features "This Week's Topics," with fine-tuned observations on economic conditions at home and abroad, as well as interest rate projections looking six months ahead.

Interest Rate Forecast, Foreign Exchange Rate Forecast

We provide materials in presentation format that clients can use as long-term interest rate and foreign exchange rate information tools. The information is updated on a monthly basis. Forecasts consider trends in interest rates and foreign exchange rates, based on rate-specific deciding factors, and commentary covers interest rate and foreign exchange rate predictions through to the end of the fiscal year as well as upside and downside risks, points from a longer term perspective and other relevant issues.

"Japan's Economic Renewal and Business Chances in 'The Asian Century'"

(*Economics Today*, Vol. 36 No. 5, March 2016)

On November 13, 2015, Hitotsubashi University (Center for International Joint Research Policies for East Asia) and DBJ (Research Institute of Capital Formation) held their first jointly sponsored symposium. The purpose of this symposium was to make the results of joint research on the economic and financial situation in Asia widely available to the public, based on a comprehensive partnership agreement between the two parties. The event included keynote lectures by Eiji Ogawa, a professor at Hitotsubashi University Graduate School of Commerce and Management, and Makoto Kigawa, representative director and chairman at Yamato Holdings Co., Ltd., as well as a panel discussion with experts, and attracted participation from about 180 people involved in corporate activities.

"International Infrastructure Seminar (Minutes)"

(*Economics Today*, Vol. 36 No. 8, March 2016)

On December 2, 2015, in cooperation with the Long-Term Infrastructure Investors Association, DBJ participated in the International Infrastructure Seminar, an event highlighting investment in infrastructure. The main themes of the seminar were benchmarks and environment, social and governance (ESG) issues, and Yasutoshi Nishimura, former Senior Vice-Minister of the Cabinet Office, Thierry Déau, CEO of Meridiam SAS, Paul Druckman, CEO of the International Integrated Reporting Council, and other opinion leaders spoke on benchmarks in facilitating investment in infrastructure, the importance of initiatives related to ESG issues, integrated reports prepared in conjunction with ESG-related information disclosure, and other topics. These speeches provided an outlook on future investment in infrastructure in Japan. The seminar was an excellent opportunity to get this information out to the world.

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 2015 Survey of Capital Investment Plans for Years to March 31, 2015, 2016 and 2017"

(*Surveys*, No. 108, September 2015)

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 presents its results at speaking engagements and seminars. We even go further by applying these results to our investment and loan functions to provide clients with fresh financial solutions to support corporate social responsibility activities and commercial technologies.

(1) Environment

DBJ divisions in Japan and overseas conduct surveys and prepare reports on such themes as global warming prevention measures, recycling-oriented society promotion, and sustainable corporate management. DBJ is also engaged in complementary information activities under several formats, including speaking engagements and contributions to specialty journals, newspapers and magazines. The results of these various activities culminated in the introduction of the DBJ Environmentally Rated Loan Program in the fiscal year ended March 31, 2005. The program has since benefited many enterprises.

(2) Disaster Response and Business Continuity Management

Companies are required to protect the lives of their employees in the event of a crisis, such as a natural disaster, and have measures in place to prevent disasters and ensure business continuity

so that operations and services are not disrupted in emergency situations. In fiscal 2006, DBJ introduced Financing Employing DBJ Disaster Preparedness Ratings. This program's name was changed in 2012 to the DBJ Enterprise Disaster Resilience Rated Loan Program, and the evaluation criteria dramatically revised, given evolving trends at home and abroad in disaster response, business continuity and disaster resilience as well as lessons learned from the Great East Japan Earthquake and floods that hit Thailand, both 2011 disasters, and other destructive events.

Going forward, DBJ will continue to promote surveys and research on such topics as disaster prevention strategies put forth by the Cabinet Office, in cooperation with the Japanese government, the Science Council of Japan and other academic societies, the World Economic Forum, the United Nations Office for Disaster Risk Reduction and other organizations.

(3) Technology

In technology-related fields, DBJ's Support Center for Technology Management conducts research into approaches to enhance competitiveness and also gets involved in technology management training operations and supports companies in their efforts to turn technology into viable businesses.

Providing Information to Regional Communities

Supplying Information to Help Regional Community Development

Local communities face increasingly difficult circumstances, such as shrinking populations, the graying of society, a reduced workforce for production activities, dwindling local demand and other issues of concern that weaken the vitality of local industry. These times call for a greater degree of expertise and more ingenuity than ever. In response, DBJ applies an analysis of information collected through a network comprising its own offices (19 domestic locations [head office, branches and representative offices] and four overseas locations [three subsidiaries and a representative office] as of July 1, 2016), economic agencies of local governments and regional communities, and enterprises in Japan and abroad. The scope of this analysis is extensive, ranging from public-private partnerships to tourism promotion, regional and community development and local government finance. DBJ distributes this information through reports, publications, article contributions, lectures and other formats.



"Fiscal 2016 Regional Handbook: Regional Data and Policy Information"

This handbook is a collection of data that includes 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, Yoshitsugu Hayashi, a professor at Kwansei Gakuin University, contributed a special section entitled "Challenges in Regional Revitalization."



"Compact City Study Group Report"

This report presents content from the Compact City Study Group, which was established to discuss such aspects as the meaning of "compact city" and the path jointly taken by public and private sectors toward realization of such a concept in city planning.

The content of the report shines a spotlight on compact cities—an idea attracting greater interest as a new direction in urban contexts—to promote awareness of initiatives and facilitate a deeper understanding of approaches for application while providing suggestions on the formation of growth-oriented compact cities that link compact city initiatives to local characteristics and prosperity.

"2020 Presents Development Potential for Domestic Sports Industry and Corporate Support for Sports: Opportunity for Economic and Regional Revitalization in Japan Through Sports"

In this report, DBJ estimates the size of the domestic sports industry, including government-controlled competitive sports, at about ¥11.4 trillion in 2012, and also looks at the economic ripple effect on other industries as well as the size of the sports industry by region, concluding that "the sports industry has the power to contribute to regional economic revitalization." In addition, the report introduces progressive examples of companies that have positioned ownership of a sports team as a corporate activity, including business development focused on sports, as well as local governments that get involved in sports as a community revitalization strategy.

"Regional Revitalization Brought About by Economic Value Creation Associated with the Use of Old Japanese-Style Houses"

As a follow-up to the interim report "Regional Revitalization Using Old Japanese-Style Houses to Attract Visitors and Create a Dynamic Atmosphere," which was released in October 2014, this report offers a collection of suggestions on regionally coordinated activities by local governments, real estate agents, non-profit organizations and other participants to utilize traditional old houses and other structures built in a typical Japanese style to create economic value that translates into regional revitalization. In addition, the report looks into the size of the latent market for skilled trades, such as repair and renovation, to maintain traditional old houses, as well as the economic benefit gained by the region when travelers from abroad stay overnight at a traditional old house.

Branch Reports and Seminars

Hokkaido Branch

"Survey by DBJ/JTBF on Inbound Travel Trends in Eight Asian Nations and Regions—Opinions on Sightseeing in Hokkaido (2015 edition)"

(Report, October 2015)

DBJ has consistently conducted an online survey of overseas travelers to Japan from eight Asian nations and regions (South Korea, China, Taiwan,



Hong Kong, Thailand, Singapore, Malaysia and Indonesia) since 2012. The October 2015 survey was a joint effort with Japan Travel Bureau Foundation.

The Hokkaido Branch sifted through the results of the survey and created a mini report on inbound travelers' perceptions about Hokkaido, including location awareness as well as the desire to visit, expectations and other topics related to sightseeing in Hokkaido. The branch found that Hokkaido continues to enjoy high brand value—a top destination—among past and potential visitors to Japan.

Tohoku Branch

“Five Years Since the Great East Japan Earthquake—Applying the Lessons Learned from the Great Hanshin-Awaji Earthquake to Realize New Growth” (Report, February 2016)

On March 11, 2016, Japan marked the fifth anniversary of the Great East Japan Earthquake. Despite steady progress in restoration and reconstruction, operating budgets for reconstruction, which have underpinned the regional economy since disaster struck, are expected to shrink significantly, which raises concerns for the future.



The first chapter of this report delves into the impacts that the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake had on their respective regional economies, and considers the issue of transition from reconstruction to growth and other matters of concern to the communities affected by the Great East Japan Earthquake. The second chapter looks at the Kobe Biomedical Innovation Cluster, an industry development strategy representative of the initiatives that fueled reconstruction activity in Hyogo Prefecture, and the third chapter examines four growth industries in the Tohoku region. Based on the resulting analyses, the report considered new approaches to growth in Tohoku over the next five years.

Niigata Branch

“Promoting Inbound Tourism in Niigata (July 2015 survey)” (Report, March 2016)

DBJ has conducted this online survey of overseas travelers to Japan from eight Asian nations and regions (South Korea, China, Taiwan, Hong Kong, Thailand, Singapore, Malaysia and Indonesia) since fiscal 2012. The March 2016 survey was a joint effort with Japan Travel Bureau Foundation.



In this report, in addition to a cross-tabulation of the results generated through the above survey, the Niigata Branch sorts out information on the travel objectives of inbound travelers who visited the Niigata area and also touches on issues that need to be addressed to successfully attract visitors to Niigata and approaches to resolve such issues going forward.

Hokuriku Branch

“Women in Management Positions in the Hokuriku Region: Present and Future” (Report, May 2015)

The government of Japan has set a goal to raise the percentage of women in management positions to 30% by 2020, which requires companies and other organizations where women might have roles of responsibility to implement concrete initiatives to promote women to management positions. However, the percentage of women in positions of section

manager or higher currently sits below 1%, making the road toward the government's goal a very long one indeed.

This report considers points and possible methods for promoting women to management positions in the Hokuriku region in the future, based on the current status of women in management positions in Japan as well as unique local factors and examples of initiatives taken by companies in this region.

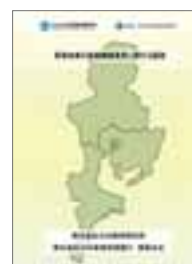


Tokai Branch

“Survey on Medical Equipment Industry in the Tokai Region” (Report, October 2015)

Demographically, Japan is characterized by fewer children and more seniors. In this environment, the market for medical equipment is expanding, and the medical equipment industry is viewed as a sector with future growth potential. After the chaos caused by the 2008 Lehman bankruptcy, more companies are keen to get into the medical equipment business, with automobile parts manufacturers in particular the leading the way.

This survey pulls together results collected from companies in the Tokai region that plan to enter—or already have entered—the medical equipment business, and selects key points of interest and provides suggestions for companies in pursuing market entry.



Kansai Branch

“Reinforcing the Image of Kansai as a Tourist Destination—Overcoming the Crisis of a Population Decrease by Increasing the Nonresident Population” (Report, July 2015)

The “Tourism Report Series,” released by the Kansai Branch since May 2010, whenever the situation warrants an update, stresses the importance of drawing the attention of tourists on circuit tours that take them through not only one city and prefecture but also the mega-region extending beyond Kansai and also the importance of distributing appealing information that raises recognition of Kansai as an area brand and thereby brings inbound visitors back again on another trip.

This report takes the view that the Kansai region, which is more likely than the Tokyo metropolitan area or the Tokai region to experience a severe population decrease, could offset the drop in permanent residents by welcoming more temporary residents. The report highlights the need to raise the standard of each sightseeing destination and accelerate initiatives in the wider Kansai region to address the needs of foreign visi-



tors and also estimates future conditions for tourism in Kansai based on tight accommodation capacity caused essentially by a sudden increase in the number of inbound tourists.

Chugoku Branch

“Inbound Tourist Trends in Hiroshima Prefecture”

(Report, September 2015)

In recent years, the rising number of inbound tourists to Hiroshima Prefecture has mirrored the trend seen nationwide. In 2014, the number of travelers to Japan reached 13.41 million, of which about 80% came from Asia and just under 20% came from the West, namely, North America and Europe, and other regions, including Oceania. In the same year, Hiroshima Prefecture welcomed 1.04 million inbound tourists, of which about 60% came from the West and other regions, while about 30% came from Asia. This is opposite to the national trend.

In this report, the Chugoku Branch builds on the prefecture's inbound tourist statistics in breaking down the movement of visitors to Japan, from not only Asia but also the West, Oceania and other regions, and organizing the information in line with its importance to the inbound tourist industry.



Shikoku Branch

Opened Kochi Innovation Hub (iHub)

(Seminar, May-September 2015)

DBJ holds iHub* events in all regions. In cooperation with Kochi Prefecture and through our Shikoku Branch, we opened the Kochi Innovation Hub a total of five times between May and September 2015, drawing more than 30 participants from industry, academia, government and the private sector.

Except for the first seminar, the theme was “addressing issues for women raising children,” and participants explored solution techniques through interviews and group work. One participant commented, “I’d like to apply the group work technique to product development at my company and integrate my own business into the network I’ve formed through participation in



this seminar.” Other participants shared similar impressions.

*Please refer to page 47.

Kyushu Branch

“Estimated Economic Effect in Kyushu from Rugby World Cup Japan 2019 Games”

(Report, March 2015)

Of the 12 host cities for the Rugby World Cup scheduled to take place in Japan in 2019, three—Fukuoka, Oita and Kumamoto—are in Kyushu. In this report, the Kyushu Branch endeavored to define the economic ripple effect of the Rugby World Cup on the Kyushu region. The results indicated a value of ¥35 billion.

The report references the importance of preparing for a potential influx of inbound tourists, particularly from Europe and Oceania, which is sure to accompany the hosting of the Rugby World Cup games in Kyushu.



Minami-Kyushu Branch

“Survey Report on Livestock Industry—Minami-Kyushu Growth Strategy II: ‘Livestock Kingdom’”

(Report, May 2015)

Minami-Kyushu is a major center of production in Japan's livestock industry. However, the industry is likely to be exposed to huge changes in the business environment, notably, a shrinking domestic market paralleling a shift in the nation's demographic structure and heightened competition from overseas producers due to the impact of the Trans-Pacific Partnership and other international developments.

For this report, the Minami-Kyushu Branch followed up a 2014 survey on *wagyu* (Japanese beef) with a survey on pork and chicken. The branch picked out information about the current status of the livestock industry in Minami-Kyushu and then proceeded to analyze the competitive environment that domestic producers face and pinpoint issues that farmers must address to hone a sharper competitive edge in this environment. The branch also presented possible growth strategies for pork and chicken farmers.



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 effect the Japanese economic structure in the areas of urban and regional development, social capital infrastructure, energy, economy and industry are supported by a broad net-

work that includes DBJ's investigative research department, universities, research institutions and other experts, as well as national and regional municipal bodies and the patronage of approximately 500 enterprises. DBJ works in conjunction with JERI to disseminate the results of its research.

