

Annual Report  
**2004**

**DBJ**

Development Bank of Japan



Development Bank of Japan

## Annual Report 2004

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#### Figures stated in this publication

Figures stated in this publication have been rounded down to the nearest whole unit, so the sum of individual figures may not match the total shown. Any figures that fall short of a single unit are shown as zero (0). A dash (—) indicates that there is no figure for the item concerned.



## Message from the Governor

The Development Bank of Japan (DBJ) takes a precise, scientific approach to identifying the challenges facing contemporary society and collaborates with private-sector financial institutions to support projects that achieve higher policy goals of great socioeconomic significance. Using a wide range of methods, including direct financing and various project funding schemes, DBJ strives to fulfill its responsibility of breathing new life into financial markets.

DBJ's top priorities are community development, environmentally sustainable societies, and the future of technology and new industry.

These are the areas that we have determined are most crucial for the revitalization and ongoing development of Japan's economy.

**Community development: Cooperating with local communities**

DBJ works in cooperation with local communities on a variety of efforts such as business revitalization and private finance initiatives (PFI). We spare no effort in applying both finances and knowledge to help communities energize their economies.

**Environmentally sustainable societies: Building a sustainable society**

DBJ strives to address social problems from a broad, interdisciplinary perspective that can contribute to building a society of true harmony that is worthy of being passed down to future generations. In its unique role as a policy-based financial institution, DBJ is proactive about using environmental ratings and other advanced means to contribute to the realization of a sustainable society.

**The future of technology and new industry: Making the most of technology**

The creation of new industries that capitalize on the latest technological advances is essential to strengthening the competitiveness of the Japanese economy. DBJ contributes to enterprises and projects that maximize the potential of technology by providing fine-tuned investments and loans, with a special focus on assistance for the commercialization of manufacturing technologies and the promotion of innovative workmanship.

Many issues remain as Japan faces the challenge of fully revitalizing its economy and ensuring its continued development. The knowledge and insight of a diverse range of people must be brought together to envision and then execute the most effective solutions. DBJ's part in this process is to serve as a catalyst for the synthesis of new value by helping to bring the right resources together at the right time and place.

On behalf of everyone at DBJ, please let me request your continued support and good will.

Takeshi Komura  
Governor

A handwritten signature in black ink that reads "Takeshi Komura".

The Development Bank of Japan (DBJ) was established based on the Development Bank of Japan Law on October 1, 1999, as the successor to all rights and obligations of the Japan Development Bank and the Hokkaido-Tohoku Development Finance Public Corporation. The finance functions of the Japan Regional Development Corporation and the Japan Environment Corporation were also transferred to DBJ.

## Objectives

DBJ provides long-term financing and other policy-based schemes to qualified projects as a supplement and inducement to the lending and other services provided by ordinary financial institutions, and, by doing so, promotes the following:

Upgrading vitalization and sustainable development of the economy and society, the realization of enhanced quality of life, and the creation of self-reliant regions.

## Capitalization (as of the end of March 2004)

DBJ is capitalized at ¥1,194.2 billion (wholly owned by the government).

## Number of Employees (as of the end of March 2004)

DBJ employs 1,362 workers.

## Services

As an integrated policy-based financial institution, DBJ's composite implementation of the following functions supports desirable projects in line with Japan's economic and social policy.

### Supply of long-term funds (providing loans, debt guarantees, and others):

DBJ supplies long-term, fixed-interest, good-quality funds, which, in collaboration with private-sector financial institution funding, support projects that have high policy content.

### Project support:

Practical application is made of a variety of know-how and financing functions, for the purpose of promoting smooth formulation of projects that have high policy content. This support is provided comprehensively at every stage, from concept and planning to commercialization.

### Information supply:

Using its domestic and overseas networks, DBJ carries out study and research related to important economic, social, industrial, and local trends, and furnishes a wide range of information.

## Characteristics of Business Management

### Creating and publicly disclosing investment guidelines based on its Medium-Term Policy Principles:

DBJ conducts its work according to the Medium-Term Policy Principles of the Development Bank of Japan prepared by the competent ministers.

Investment and Finance Guidelines is prepared and publicly disclosed for each fiscal year. In addition, the Management Council, consisting of independent experts, has been formed for deliberation on and public disclosure of the progress of work related to matters in the Medium-Term Policy Principles.

### Complementing and encouraging private financial institutions:

The Development Bank of Japan Law prohibits competition with private financial institutions. DBJ's role is to complement and encourage their financing.

### Ensuring sound finance:

In managing its work as a policy-based financial institution, DBJ is working toward sound and efficient operations based on the principles of certainty of repayment and balanced revenues and expenditures, while also strengthening its risk management capacity and upgrading its ALM (asset/liability management) system.

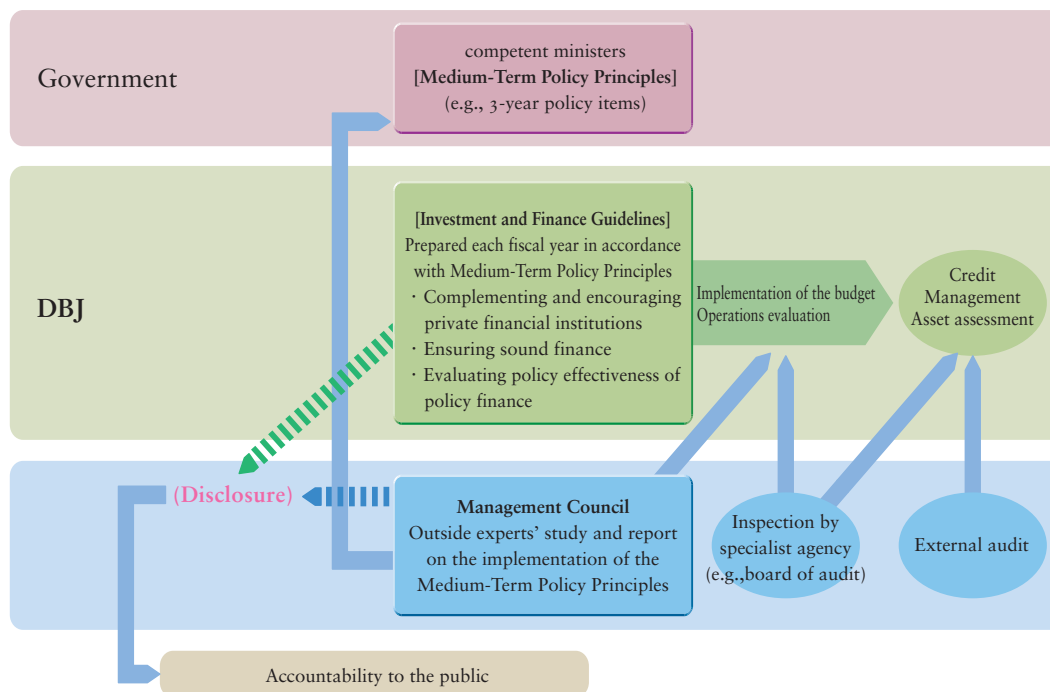
### Evaluating policy effectiveness:

DBJ works to ensure its accountability as a governmental institution by evaluating objectively the contribution of its financing to policy effectiveness.

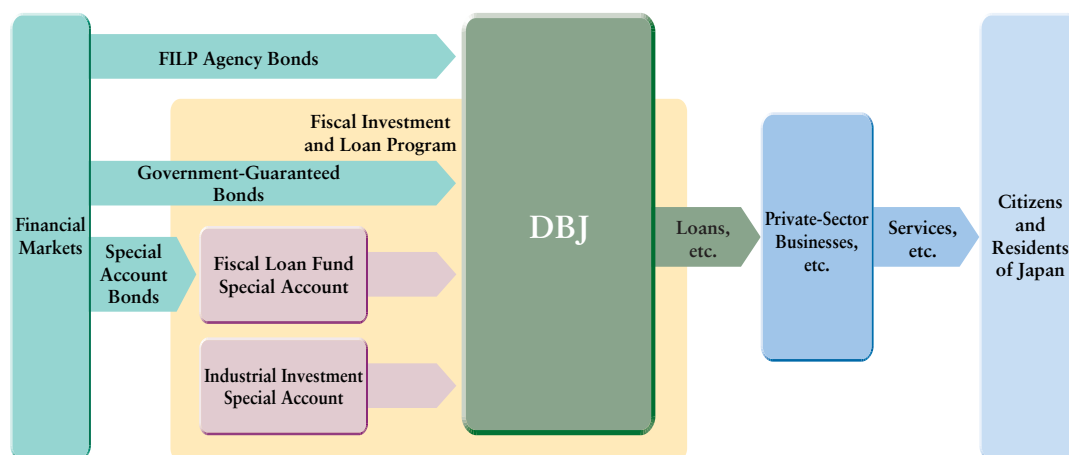
## Business Scale

The scale of lending and the target fields correspond to each year's policy requirements, and, together with fiscal investment plans, are determined by debate and decision of the Diet. Annual settlement is also reported to the Diet. DBJ's business scale in fiscal year 2004 is ¥1,178 billion.

### Principles of Work Management



## ■ Structure of Fund Procurement



## ■ Ratings for Development Bank of Japan (as of June 2004)

### Ratings on FILP Agency Bonds

Moody's	S&P	R&I	JCR
A2	AA-	AAA	AAA

Notes: 1. FILP agency bonds are not government-guaranteed.

2. Moody's: Moody's Investors Service, Inc.

S&P: Standard & Poor's

R&I: Rating and Investment Information, Inc.

JCR: Japan Credit Rating Agency, Ltd.

### Ratings on Government-Guaranteed Bonds

	Moody's	S&P
Foreign currency-denominated foreign bonds	Aaa	AA-
Yen-denominated foreign bonds		
Domestic bonds	A2	-