Applying Financial Expertise to Design the Future

Annual Report & CSR Report

2013

Development Bank of Japan Inc.

Profile (As of July 1, 2013)

Established:	October 1, 2008 (The Japan Development Bank [1951] and the Hokkaido-Tohoku Development Finance Public Corporation [1956] were merged to form the Development Bank of Japan in 1999)
Legal basis:	The Development Bank of Japan Inc. Act (Act No. 85 of 2007)
President:	Toru Hashimoto
Number of employees:	1,168 (As of March 31, 2013)
Capital:	¥1,206,953 million (100% owned by the Japanese government)
Address:	South Tower, Otemachi Financial City, 9-6, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8178, Japan
URL:	http://www.dbj.jp/en
Number of offices:	Branch offices, 10; representative offices, 8; overseas representative office, 1; and overseas subsidiaries, 2
Subsidiaries and affiliated companies:	Consolidated subsidiaries, 21; non-consolidated subsidiaries, 26; and affiliated companies, 17 (As of March 31, 2013)
Main business:	The provision of long-term funding (investment and loans)
Purpose:	To conduct business activities utilizing the methods of combining investments and financing and other sophisticated financial methodologies, thereby contributing to the smooth supply of funds to those who need long-term business funds, as well as to the sophistication of financial functions.
Scope of business operations:	• As well as such basic businesses as investment, lending and guarantee of obligations, DBJ carries out businesses in which it develops new financial techniques. • DBJ raises funds in a stable manner by borrowing from the government's Fiscal Investment and Loan Program (FILP) and by issuing government-guaranteed bonds, as well as corporate bonds (without government guarantees), and by taking out long-term loans from the private sector.
Total assets:	¥16,183.8 billion (As of March 31, 2013)
Loans:	¥14,015.4 billion (As of March 31, 2013)
Capital adequacy ratio:	15.02% (Basel 3, BIS standard) (As of March 31, 2013)
Issuer ratings:	Aa3 (Moody's Investors Service, Inc.), A+ (Standard & Poor's Corp.), AA (Rating and Investment Information, Inc.), AAA (Japan Credit Rating Agency, Ltd.)

Note: Information above is on a non-consolidated basis.

Forward-Looking Statements

This Annual Report & CSR Report contains statements concerning management policies and future operating results. Such statements are not guarantees. Please be aware that future performance is subject to various changes in conditions in the operating environment.

Contents

Note:
Figures contained herein are rounded down. Accordingly, the total of each column of figures may not equal the total of the individual figures.
In this report, a "0" indicates figures of less than the indicated unit. A "—" indicates the absence of an amount.

Issues Japan Faces and DBJ's Role in Resolving Them

The current state of the Japanese economy is characterized by a sense of gradual recovery, led by resurgent consumer spending and a recovery in corporate earnings, particularly among large corporations. Nevertheless, a mountain of issues remains to be addressed. These include the need for restoration and reconstruction following the Great East Japan Earthquake, as well as electrical power supply problems, enhancing the competitiveness of Japanese industry, reinforcing national infrastructure, environmental response and disaster preparedness.

DBJ approaches these problems, as it has in the past, by leveraging its characteristics: a long-term perspective, large size, integrated investment and loans, and a neutral standpoint. In these ways, we strive to contribute to Japan's socioeconomic development.

Specific DBJ Initiatives

The fiscal year ended March 31, 2013, was the final year of our three-year second medium-term management plan. Under this plan, in addition to focusing on post-disaster restoration and reconstruction response and such key fields as energy, infrastructure and urban development, we have proactively undertaken initiatives involving Japan's strategies for future growth.

Of these, in the category of post-disaster restoration and reconstruction response, we had provided approximately ¥1.5 trillion in financing for disaster and crisis response activities as of March 31, 2013. We are working with financial institutions in the disaster-stricken areas to arrange Great East Japan Earthquake restoration funds, providing funds for this purpose to companies in the area. Based on our BCM (disaster preparedness) ratings, we also support corporate disaster preparedness and business continuity efforts, in carefully tailored initiatives targeting early reconstruction.

Additionally, DBJ is pursuing its own activities toward Japan's strategies for future growth. We have continued implementing the DBJ Smart Japan Program for providing financing to boost global competitiveness and target community development and the environment and energy fields, among others. In this category, we have introduced new programs to support infrastructure reinforcement and the siting of growth industries.

Furthermore, in November 2012 we launched the Study Council on Strengthening Competitiveness, attended by numerous experts with knowledge in a wide range of fields, to deliberate ways to bolster Japan's competitiveness. Based on an interim report received from this council in January 2013, within our headquarters building we set up the Otemachi Innovation Hub (iHub) to serve as a place to exchange wide-ranging input and expertise in an open and equal manner. We also launched the Fund for Japanese Industrial Competitiveness to provide funding to companies aiming to create new value and enhance corporate value. Through these initiatives, we intend to promote open innovation and support efforts to augment the competitiveness of Japanese industry.

From the perspective of bolstering economic activity, in June 2013 we held our second business competition targeting female entrepreneurs to encourage their efforts in society.

Our third medium-term management plan, which commences in the fiscal year ending March 31, 2014, reinforces the initiatives begun under the second medium-term management plan. The new plan is also designed to ensure our quick response to issues faced by the Japanese economy and financial and capital markets. Accordingly, we aim to contribute to the increased competitiveness of Japanese industry and ongoing socioeconomic growth and development.

Meeting Our Corporate Social Responsibilities

We meet these responsibilities through business activities that realize societal values in a variety of ways, and via our financial services. Accordingly, our business endeavors themselves form the basis of our CSR activities. We plan to continue increasing our CSR efforts by increasing our sensitivity to societal needs and raising the level of the solutions that we provide.

July 2013

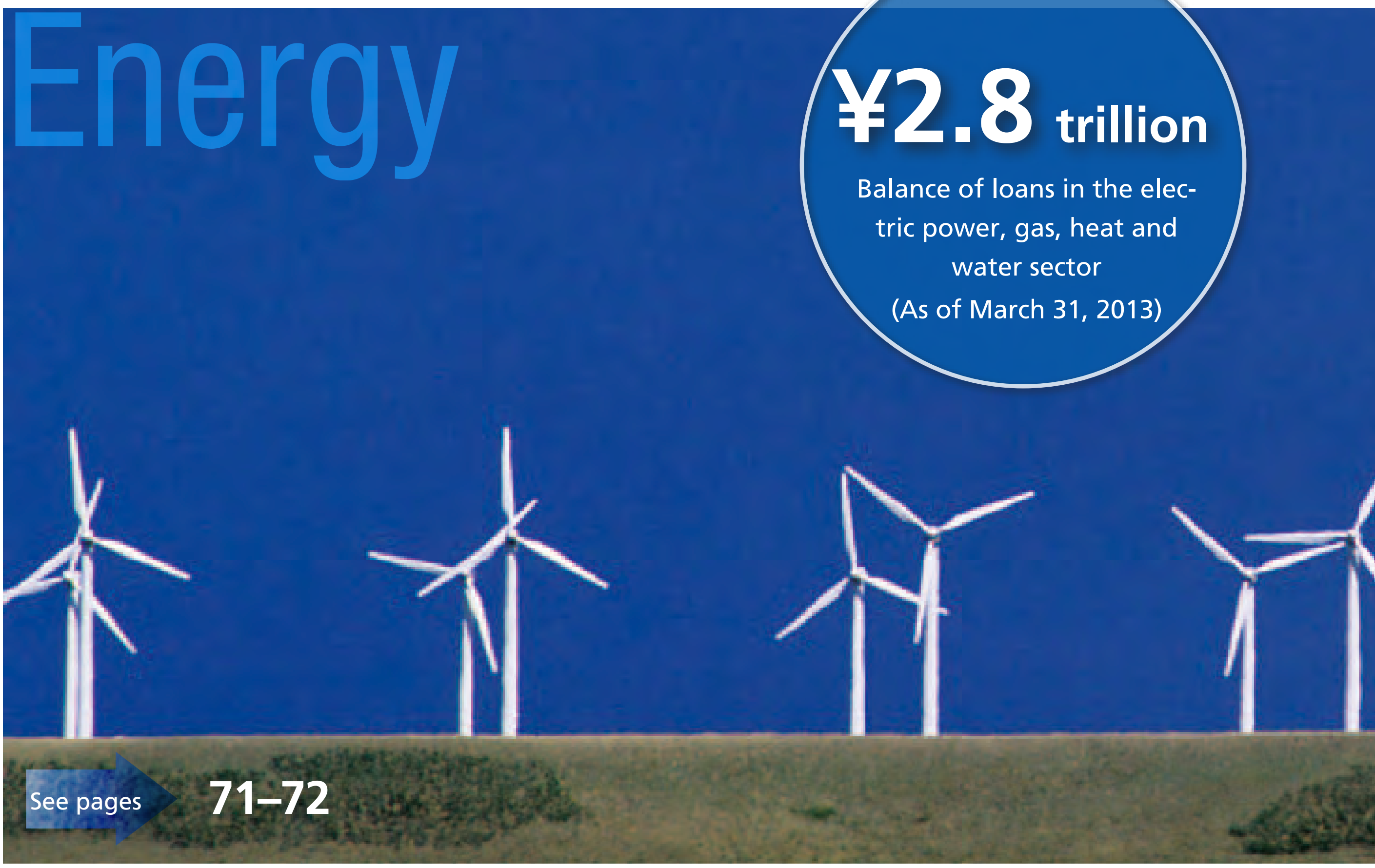
T. Hashimoto

Toru Hashimoto
President & CEO
Development Bank of Japan Inc.

Initiatives Targeting Crisis Response Operations

DBJ began crisis response operations as a designated financial institution on October 1, 2008.

Since March 2011, when the Great East Japan Earthquake struck, we have poured all our energy into initiatives to support the restoration and reconstruction of the disaster-stricken region. In addition to implementing crisis responses targeting clients affected directly and indirectly by the disaster, DBJ is making a proactive effort to support increases in the production of materials needed for restoration and reconstruction.



Energy

¥2.8 trillion

Balance of loans in the electric power, gas, heat and water sector

(As of March 31, 2013)

See pages 71–72

Resilience

Reconstruction Support

Consolidating useful knowledge and financial expertise

See pages 49–55, 69–70

Initiatives in the Energy Sector

DBJ supports the growth of Japanese industry through its investments and loans for resource development, oil storage and other initiatives. Against the backdrop of global warming, we also support clients' efforts to encourage and promote renewable energy from solar power, wind, biomass and other sources.

As of March 31, 2013, our balance of loans in the electric power, gas, heat and water sector totaled ¥2,831.9 billion, accounting for 20.2% of total loans, by industry.

Initiatives in the Transportation Sector

DBJ is involved in a wide range of initiatives in the development and improvement of transportation infrastructure (including railroads, airports, airlines, buses and roads). We also take part in the formation of a wide range of projects from a long-term perspective, to support collaboration among multiple companies from a position of neutrality.

As of March 31, 2013, our balance of loans in the transportation infrastructure sector (to transportation providers) totaled ¥2,810.2 billion, accounting for 20.1% of total loans, by industry.

See page 73

Real Estate

¥1.6 trillion

Balance of loans to the real estate sector (As of March 31, 2013)

See pages 74–75

Transportation

¥2.8 trillion

Balance of loans in the transportation infrastructure sector
(As of March 31, 2013)

Initiatives in the Urban Development (Real Estate) Sector

DBJ's long-term financing of real estate projects 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 by leveraging our accumulated expertise and networks.

In fiscal 2011, we introduced the DBJ Green Building Certification, which is designed to provide financial support for environmental and socially considerate initiatives.

As of March 31, 2013, our balance of loans in the real estate sector totaled ¥1,663.2 billion, accounting for 11.9% of total loans, by industry.

Overseas Business Initiatives

Since its conversion to a joint-stock company in October 2008, DBJ has enthusiastically embraced international business.

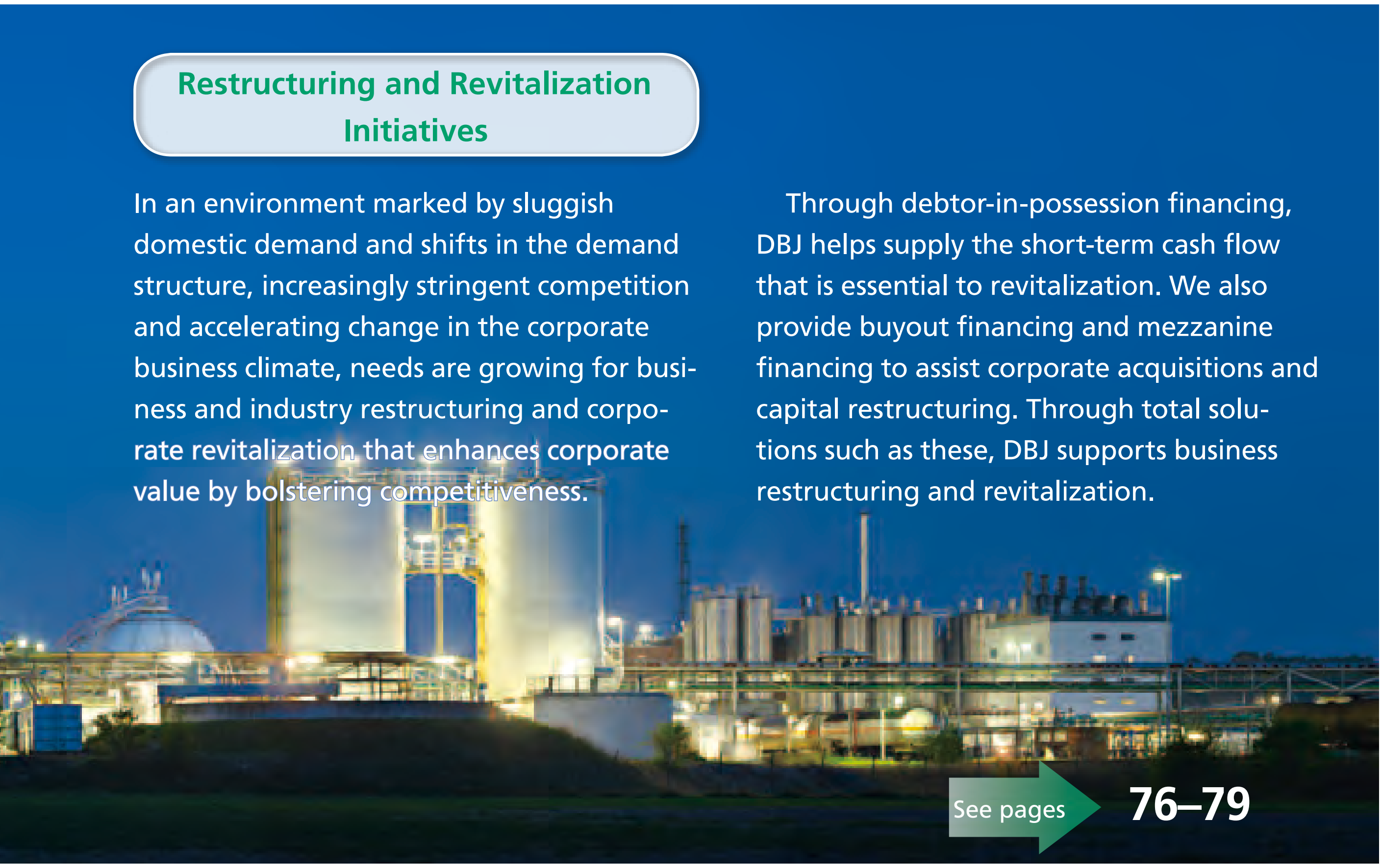
We are building an overseas risk management structure, preparing operating bases, training personnel and moving forward with core infrastructure. At the same time, we are working to expand our network with trustworthy partners and domestic and overseas financial institutions.

As of March 31, 2013, more than 40 countries were targeted for investments and loans.

Restructuring and Revitalization Initiatives

In an environment marked by sluggish domestic demand and shifts in the demand structure, increasingly stringent competition and accelerating change in the corporate business climate, needs are growing for business and industry restructuring and corporate revitalization that enhances corporate value by bolstering competitiveness.

Through debtor-in-possession financing, DBJ helps supply the short-term cash flow that is essential to revitalization. We also provide buyout financing and mezzanine financing to assist corporate acquisitions and capital restructuring. Through total solutions such as these, DBJ supports business restructuring and revitalization.



See pages 76–79

Overseas

More than 40 countries

Number of countries targeted for investments and loans (As of March 31, 2013)

See pages 28, 80

Initiatives in the Environmental Business Sector

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

In fiscal 2004, DBJ began employing environmental ratings in its financing based on knowledge we have cultivated for over four decades.

As of March 31, 2013, we had provided such financing to more than 371 companies, with the cumulative total amounting to ¥643.1 billion.

Environment

Initiatives in the Healthcare and Welfare Sectors

DBJ is engaged in maintaining and improving the quality including access, cost and technological standards of each area of healthcare in Japan through finance, consulting and the dissemination of information. As well as providing consulting services that include the development of business plans to support improvements in hospital management, DBJ studies and conducts research into a variety of medical issues.

As of March 31, 2013, our balance of loans in the healthcare and welfare sector stood at ¥67.3 billion, up 36.3% from the preceding fiscal year.

See pages 82–83

See pages 81, 90–93

Network

101 institutions

Cumulative number of allied financial institutions (As of March 31, 2013)

Social Infrastructure Initiatives

Since the era of reconstruction following World War II, DBJ has supported the development and advancement of Japanese economy and society. For the development and further sophistication of Japan's economy and improvements to quality of life, DBJ applies its experience and expertise to support the efforts of its clients to build and improve the social infrastructure.

As of March 31, 2013, DBJ's balance of loans for social infrastructure (electric power, gas, heating, water, telecommunications, transport and real estate) totaled ¥7,760.9 billion.

See pages 88–89

Community Revitalization Initiatives

DBJ provides optimal solutions from a long-term perspective that are designed to realize a prosperous lifestyle. To this end, we stimulate regional economies, build local infrastructures and construct wide-ranging networks as we strive to tackle the variety of issues facing the regions. Furthermore, DBJ maintains close relationships with regional financial institutions, which have excellent insights into the companies that operate in their regions. We have created a regional banking M&A network that links regional financial institutions with information on corporate M&A activities, thereby enhancing trust-based relationships and helping to achieve community revitalization.

As of March 31, 2013, a cumulative total of 101 financial institutions had entered into business alliances with DBJ.

See pages 84–87

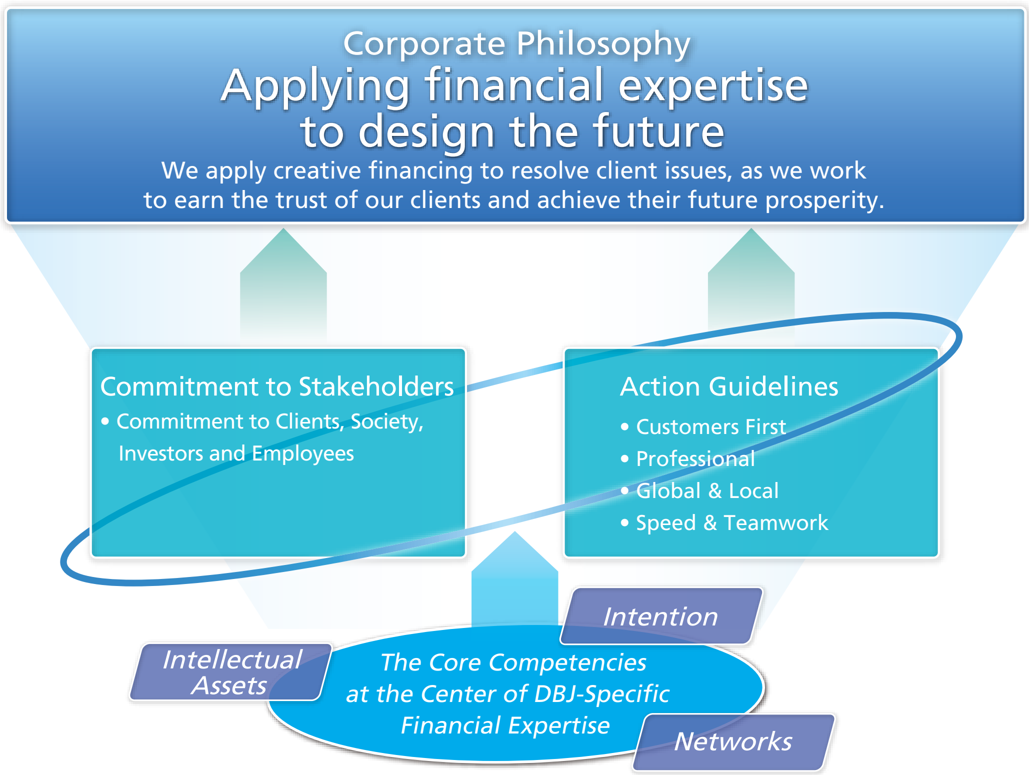
Infrastructure

¥7.7 trillion

Balance of loans in the electric power, gas, heating, water, telecommunications, transport and real estate sector

(As of March 31, 2013)

Corporate Philosophy



Logo and Corporate Color

Our "Earth" logo consists of four colors that represent four themes and embodies our corporate philosophy of working with clients to realize their goals.

Each Color Represents Two Aspects of DBJ

Corporate Values:

- Long-Term Perspective
- Neutrality
- Public-Mindedness
- Reliability

Action Guidelines:

- Customers First
- Professional
- Global & Local
- Speed & Teamwork

Commitment to Stakeholders, Action Guidelines and Core Competencies

Commitment to Stakeholders

- **Commitment to Clients**
  Using creative finance, DBJ will resolve its clients' challenges and help them enhance their economic and social value.
- **Commitment to Society**
  All business will be based on harmony among the three factors of society, the environment and the economy in order to contribute to a sustainable, affluent society.
- **Commitment to Investors**
  DBJ will maintain transparency while raising corporate value over the long term.
- **Commitment to Employees**
  Seeking out and training employees who share its corporate philosophy and possess high ethical standards, DBJ will strive to create an open and creative work environment.

Action Guidelines

- **Customers First**
  DBJ will operate from our clients' viewpoints, addressing their challenges and sharing pleasure in their success.
- **Professional**
  With discernment and creative skill, DBJ will be a unique financial platform providing integrated investment and loans both in Japan and abroad.
- **Global & Local**
  DBJ will maintain a long-term viewpoint, considering the needs of the times, the world and the region.
- **Speed & Teamwork**
  Relying on skilled teamwork, DBJ will act rapidly and in good faith, building strong foundations for clients' trust.

Core Competencies

Intention	The fundamental stance at the core of our corporate values: long-term perspective, neutrality, public-mindedness and reliability.
Intellectual Assets	Expertise in fields including industry research, credit analysis, financial technology and R&D, based on skills gathered over many years of experience.
Networks	Networks created with clients, local governments and other financial institutions.

DBJ

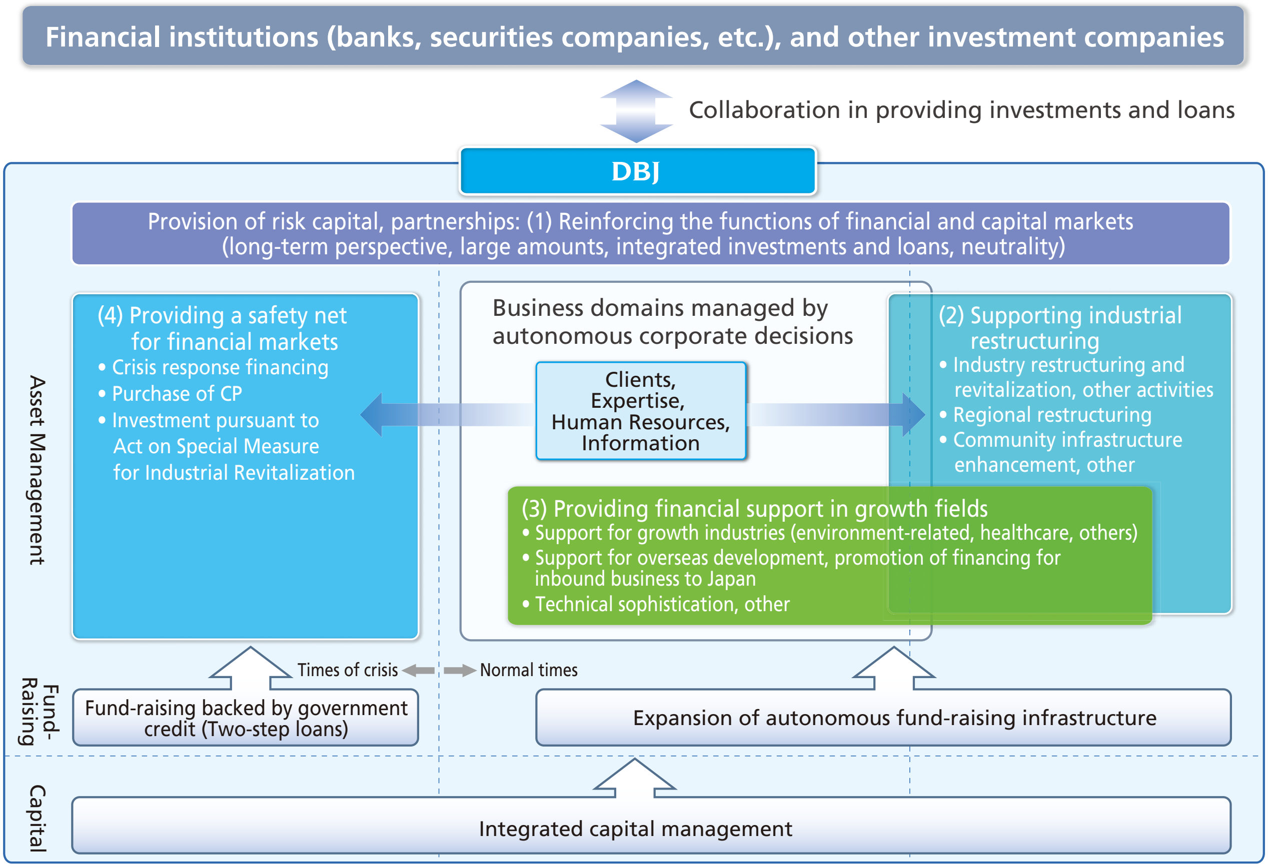
The shade of blue in "DBJ" represents a prosperous future, youthfulness and growth potential.

DBJ's Target Business Model

We work to resolve the issues clients face by providing specialized financial services involving integrated investment and loans.

DBJ's Roles

DBJ has continued to offer distinctive financial services through its integrated investments and loans, and will fulfill four key roles in financial and capital markets as it addresses the changes that are expected to take place in the socioeconomic environment.



Overview of DBJ's Second Medium-term Management Plan (Announced May 25, 2011)

After embarking on a new stage as Development Bank of Japan Inc. on October 1, 2008, throughout our First Medium-term Management Plan, "Challenge 2010," which covered two and a half years to the fiscal year ended March 31, 2011, we focused on establishing integrated investment and loan services and building a foundation of core strengths with the aim to further solidify our business base.

Based on the achievements made and the challenges confronted under our First Medium-term Management Plan, and in light of the unprecedented economical and social restoration and reconstruction challenges caused by the Great East Japan Earthquake, we have launched our Second Medium-term Management Plan "Endeavor 2013" to cover the next three fiscal years through March 31, 2014.

Basic Policies of Endeavor 2013, the Second Medium-term Management Plan (Fiscal Years from April 1, 2011, to March 31, 2014)

1. The Great East Japan Earthquake resulted in an unprecedented level of complex catastrophe. It is essential that disaster recovery measures be: (1) implemented on a step-by-step basis according to each stage towards recovery, and (2) tailored to meet specific needs of varying regions and different disaster categories.
   As we position crisis response as one of our major roles, we are committed to expending every effort to support restoration and reconstruction from the devastating damage caused to our economy and society. To this end, we will leverage our rich financial experience in regional, industrial, energy and infrastructure development projects accumulated through our unique financial capabilities in providing long-term debt and equity capital.
2. In addition to responding to the disaster, we are committed to building a solid foundation on which to grow by steadily implementing the growth strategy set forth in "Endeavor 2013": namely, (1) to focus on strategic priorities among existing business, (2) to further diversify our financial service, and (3) to enhance investment in human capital.

Key Measures under Endeavor 2013, the Second Medium-term Management Plan

◆Implementing integrated investment and loan services
- Provide optimal financing products and services that best suit customer needs
- Primary focus on medium risk investments and loans

◆Focusing on strategic priority industries and segments
- Concentrate on restoration and reconstruction efforts in response to the Great East Japan Earthquake in the near term
- Focus on following areas to promote Japan's long-term growth
  - Strengthening existing business: energy, logistics and transportation, urban development
  - Supporting industries with growth potential: environment, healthcare
  - Industry reorganization and revival
  - Infrastructure, regional development

◆Accelerating expansion in global markets
- Facilitate our customers' growth strategies in overseas markets
- Focus primarily on Asia, strengthen structured finance

◆Diversifying sources of funds
- Strengthen capabilities to raise funds relying on its own credit standing
- Utilize securitization etc.

◆Strengthening non-asset business
- Diversify fee-based revenue streams

Human Resources and Business Process

◆Strengthening investment in human resources
- Strategic allocation of human resources (strategic priorities and new business development)
- Training professionals equipped with skills required in strategic business
- Fostering young professionals

◆Business process management and risk management
- Enhancing business process and risk management system that properly helps drive strategic business decisions

Study Council on Strengthening Competitiveness

Amid the Japanese economy's protracted stagnation, in November 2012 we launched the Study Council on Strengthening Competitiveness to raise consciousness about and address the question of why Japanese industry is unable to find an innovative growth model, despite the advanced technologies it possesses.

Following exhaustive deliberation of sector-specific growth themes, council members—who include people with extensive business experience in the industrial sector and academics with wide-ranging expertise—began by verifying hypotheses regarding the need to realize growth by driving a change of mindset through new methodologies and specific project implementation and deliberating specific measures to resolve issues.

In January 2013, the council produced an interim report that emphasized the need for companies and other organizations to overcome internal and external barriers to resolve issues themselves. To achieve this goal, the report expressed the importance of strengthening the power of imagination to generate value and achieve value-linked promotion. In addition, the interim report suggested the creation of locations that could introduce and realize these business concepts. The interim report also touched on the importance of enhancing government measures to promote the autonomous resolution of issues and boosting financing, such as through the provision of risk capital.

Upon receiving an interim report from the council, DBJ undertook the following two initiatives.

- Provision of risk capital to form the Fund for Japanese Industrial Competitiveness
- Establishment of the Otemachi Innovation Hub (iHub) as a place to create new value

Establishing the Fund for Japanese Industrial Competitiveness

Consumer needs in Japan and overseas are undergoing a transition from quantity to quality, and in the process the things consumers' require from companies are growing more complicated and complex. As a result, in a growing number of fields it has become impossible for a single company to meet all these demands on its own. At the same time, however, being unable to respond appropriately to such demands appears to be one reason for a decline in industry competitiveness. Furthermore, international competitiveness necessitates swift action. Accordingly, "open innovation" that is extensive and rapid is needed to create new combinations of the advanced technologies and expertise that already exist internally and externally.

DBJ has established the Fund for Japanese Industrial Competitiveness, providing risk capital to convert companies' potential capabilities into businesses and link these initiatives to growth by exploring new frontiers and promoting strategic cooperation and open innovation. We have established the scale of the fund at ¥150.0 billion, but depending on how investment and loans progress, the scale of the fund could be expanded to around ¥300.0 billion. Case studies on pages 72 and 76 in the CSR report describe the results of two projects for which we provided investments and loans through this fund.

In establishing and operating this fund, to make use of a broad range of expertise we have elicited the cooperation of the outside experts described below.

<Advisors>

- Atsushi Ogasawara, Director, National Institute of Science and Technology Policy (NISTEP), Ministry of Education, Culture, Sports, Science and Technology
- Noboru Konno, Professor of Tama Graduate School of Business, President of Knowledge Innovation Research Office (KIRO)
- Hideyuki Horii, Department of Civil Engineering at the University of Tokyo
- Takashi Maeno, Dean and Professor, Graduate School of System Design and Management, Keio University
- Yoichi Mori, certified public accountant

Opening the Otemachi Innovation Hub (iHub)

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

Through open innovation, iHub will seek to foster broad-based corporate–government office–societal (including universities, citizens and government bodies) cooperation, forge links between the determination and resolution of societal issues, encourage movements to break down a range of barriers that are holding companies back and aim to provide a place to conceptualize new collaboratively creative business concepts.

Workshop underway

● DBJ's Initiatives to Enhance Industry Competitiveness

Initiatives to Enhance Competitiveness through Open Innovation

November 2012
Study Council on Strengthening Competitiveness
Proposals to drive a change of mindset through new methodologies and specific project implementation

January 2013
Interim Report Announcement
- Importance of strengthening the power of imagination to generate value and achieve value-linked promotion, as well as creating locations to introduce and realize these business concepts
- Importance of enhancing government measures to promote the autonomous resolution of issues and boosting financing, such as through the provision of risk capital

Summer 2013
Final Report Summary
Continuation of initiatives such as the Fund for Japanese Industrial Competitiveness and the Otemachi Innovation Hub (iHub) to further individual themes and foster human resources

DBJ's Independent Initiatives upon Receipt of the Interim Report

Fund for Japanese Industrial Competitiveness
▶ Provide risk capital toward the creation of new value.
(Around ¥150.0 billion→Could be expanded to around ¥300.0 billion)
Provide risk capital to convert companies' potential capabilities into businesses and link these initiatives to growth by exploring new frontiers and promoting strategic cooperation and open innovation.
- Also strengthen ties with iHub going forward.

Otemachi Innovation Hub (iHub)
▶ Establish a place to create new value.
To enable businesses to resolve societal issues
- Foster broad-based corporate–government office–societal (including universities, citizens and government bodies) cooperation.
- Forge links between the determination and resolution of issues.
- Encourage movements to break down a range of barriers that are holding companies back.
- Aim to provide a place to conceptualize new collaboratively creative business concepts.

▸ First, provide a base from which to initiate movement.
▸ Going forward, also consider long-term themes targeting lifestyle innovations.

Open Innovation:
Enhancing value through new combinations of advanced technologies and expertise that already exist in Japan

Collaboration with Regional Financial Institutions

Since its time as a policy-based financial institution, DBJ has sought to provide financial support for initiatives in various regions by liaising and collaborating with regional financial institutions. We have commenced new initiatives aimed at the further development and invigoration of local companies and regional economies.

- **Raising Funds through Syndicated Loans with Cooperative Financial Institutions**

  In addition to issuing corporate bonds, one of DBJ's fund-raising policies is to take out long-term borrowings from local banks and other institutions. The low loan-to-deposit ratios of regional financial institutions have come under scrutiny in recent years, but finding investment opportunities has been an issue for *shinkin* banks and other cooperative financial institutions whose operating regions are limited.

  To address this issue, DBJ has begun raising funds through syndicated loans targeting cooperative financial institutions. Going forward, DBJ aims to help increase regional financial institutions' financing opportunities in various ways, including by raising funds and transferring obligations.

- **Rolling out Financing Employing DBJ Environmental Ratings Program to Local Banks**

  In the fiscal year ended March 31, 2010, we began offering a service to support local banks' efforts to develop their own environmental ratings tools. To promote this collaborative effort further, we established the Eco-Finance Club with financial institutions that are encouraging the spread of environmental financing.

In addition, with regional financial institutions we have established the Great East Japan Earthquake Reconstruction Fund to provide restoration and reconstruction support to companies that sustained damage in the Great East Japan Earthquake. With the Act Concerning Temporary Measures to Facilitate Financing for Small and Medium-Sized Enterprises, etc., coming to an end, we are setting up business redevelopment funds and other exit strategy mechanisms.

Strengthening the Promotion of PPP/PFI

Since the Act on the Promotion of Private Finance Initiative (PFI Act) was promulgated in 1999, DBJ has done its utmost to expand the PFI market, starting with the provision of financing for the first PFI project in Japan. In recent years, we have cooperated with the planning and promotion of government policies in line with PFI Act revisions and held seminars in conjunction with regional financial institutions, thereby proactively taking part in these initiatives from their upstream phases.

Adopting PPP/PFI approaches is essential to addressing the question of how to improve aging public facilities despite policy constraints. Given this situation, the PFI Act has been revised to allow for the establishment of public–private infrastructure funds. The national government has also taken major steps to promote PPP/PFI in other ways, such as formulating action plans that dramatically reform PPP/PFI measures and positioning them as a new growth strategy. Against this backdrop, DBJ established the PPP/PFI Promotion Center in June 2013. By applying the experience and expertise that DBJ has accumulated to date, the center will facilitate cooperation among the national government, government bodies, companies and local banks to promote PPP/PFI activities more robustly.

History of DBJ

Here, we introduce DBJ's history of supporting the reconstruction of post-war Japan

Reconstruction and independence of the economy

In 1951, the Japan Development Bank was established and commenced accommodation loans to facilitate the development of the power supply, which forms the basis of the economy and industry, and the rationalization, modernization and cultivation of coal, steel, marine transportation and other major industries.

High-growth infrastructure development

To expand and reinforce the energy and transportation activities that underpin the industrial infrastructure, the Japan Development Bank served as the driving force that powered new economic expansion. In addition, it provided loans for local development to correct regional disparities.

Established in 1956, the Hokkaido Development Finance Public Corporation was restructured in 1957 to form the Hokkaido-Tohoku Development Finance Public Corporation and began providing investments and loans to promote industry in these two regions of northern Japan.

Development of international competitiveness and social development loans

Aiming to hone international competitiveness in accordance with the transition to an open economic system, the Japan Development Bank focused on support for industrial system improvements and independent technological development.

It also emphasized social development through regional development, urban redevelopment, logistics modernization, pollution prevention and other measures in a bid to relieve the problems of high-level growth.

Improvements to quality of life and stable supply of energy

As corrections to the imbalance of economic growth and standards of living, the Japan Development Bank began to focus on antipollution measures, regional and urban development and other social elements in addition to industrial development. Against the backdrop of the first oil crisis, it provided investment and loans for energy alternatives to fossil fuels, as well as efforts to conserve energy, to ensure stable energy supplies. It also supported efforts to develop land into large-scale commercial sites.

Economic recovery — **1951–1955**

Rapid growth — **1956–1965** | **1966–1971**

Stable growth — **1972–1984**

Kawasaki Steel Corporation: Construction of Chiba Steelworks (Chiba Prefecture) (currently JFE Steel Corporation)

Modernization of steelmaking through construction of the first postwar blast furnace

Toyota Motor Corporation: Modernization of facilities through procurement of imported machinery (Aichi Prefecture)

Modernization of the domestic automobile industry through refurbishment of production facilities

Asahi Chemical Industry Co., Ltd. (currently Asahi Kasei Corporation): Construction of the Fuji Plant for production of Cashmilon acrylic staple fiber (Shizuoka Prefecture)

Promotion of the synthetic fiber industry

Kawasaki Kisen Kaisha, Ltd.: The *Tonegawa Maru* tanker

Built tanker that was indispensable for the import of energy and raw materials

Sony Corporation: Trinitron color television factory

Promotion of home-grown technologies through commercial application of new technologies

Shinjuku new urban center: Shinjuku Mitsui Building and others (Tokyo)

New urban center formation through redevelopment of purification plant site

Source: DBJ website: http://www.dbj.jp/en, etc.

Economic bubble

1985–1995

Development of lifestyle and social infrastructure and a smooth industrial transformation

Pressing needs arose for increased domestic demand and an industrial structural shift, against a background of aggravating trade friction with other countries. The Japan Development Bank focused on support for social capital improvement, creative technological development, an industrial transformation and other issues. In the 1990s, it stressed environmental and energy measures and regional economic stimulation with the aim of making Japan a lifestyle superpower.

Yamagata JR Chokko Tokkyu Holdings: Yamagata Shinkansen

Improvements to regional railway infrastructure

Pacific Convention Plaza Yokohama: Pacifico Yokohama (Kanagawa Prefecture)

Construction and maintenance of hotels, international conference facilities, etc., in the Minato Mirai 21 area of Yokohama

Post-bubble

1996–2000

Creation of a vibrant and affluent society and stable economy

The Japan Development Bank focused on such important areas as ongoing improvements to social capital, environmental and other measures, and support for venture businesses. In addition, it swiftly implemented reconstruction loans in the wake of the Great Hanshin-Awaji Earthquake and loans in response to the financial environment to stabilize the financial system by functioning as a safety net.

Nakayama Joint Power Generation Co., Ltd.: Independent power producer (IPP) power generation operations (Osaka Prefecture)

In step with relaxation of regulations, project finance support for Japan's first steelmaker to enter the power generation business

Hankyu Corporation: Earthquake reconstruction work (Hyogo Prefecture)

Recovery work on traffic infrastructure destroyed by earthquakes

Structural reform

From 2001

Financial solutions that support communities, the environment and technology

In 1999, the Japan Development Bank and the Hokkaido-Tohoku Development Finance Public Corporation were dissolved and the Development Bank of Japan (DBJ) was established. DBJ focuses its operations in three areas: community development, environmental conservation and sustainable societies and the creation of new technologies and industries. In these ways, DBJ contributes to the sustainable development of Japan's economy.

The Former Niigata Tekkosho Co., Ltd.

Through such methods as DIP financing, mergers and acquisitions, and business revitalization funds, DBJ supports local companies, helping communities maintain excellent supplies of technical expertise and employment opportunities.

Toyo Tires Turnpike (formerly the Hakone Turnpike)

DBJ established Japan's first infrastructure fund in collaboration with Australian investment bank Macquarie Bank, involving equity investment to facilitate business transfer transactions for the former Hakone Turnpike.

October 1, 2008: Development Bank of Japan Inc. established

Providing integrated investment and loan services and conducting crisis response operations

Development Bank of Japan Inc. was established on October 1, 2008, as a special stock company through conversion to a joint-stock company. By applying its distinctive financial services through integrated investments and loans, DBJ addresses the various issues that clients face. At the same time, we fulfill our unique role by serving as a designated financial institution for crisis response operations, responding to financial crises and helping to meet the restoration and reconstruction challenges presented by the Great East Japan Earthquake.

V-Lease Corporation

By applying the expertise it has cultivated to date, DBJ entered the business of operating leases for aircraft engines, of which core parts are produced by Japanese companies involved in heavy industry. Through this business, we aim to promote the further development of the Japanese airline industry.

Development Bank of Japan Inc.
Established as a Joint-stock Company (Privatized) on October 1, 2008

Development Bank of Japan Inc. was established on October 1, 2008, under the terms of the Development Bank of Japan Inc. Act (Act No. 85, 2007; the "New DBJ Act") approved by the Japanese Diet on June 6, 2007, as part of the Act on Promotion of Administrative Reform for Realization of Small and Efficient Government (Act No. 47, 2006; the "Administrative Reform Promotion Act") approved by the Japanese Diet in May 2006, and the fundamental reform of policy-based finance. DBJ, upon its establishment, took over all assets of the Development Bank of Japan (the "predecessor") as investment in kind, with the exception of assets transferred to the government under the provisions of Article 15, Paragraph 2, of the Appendix to the New DBJ Act. Under Article 15, Paragraph 1, of the same act, DBJ also assumed all rights and obligations of the predecessor, with the exception of assets transferred to the government under Article 15, Paragraph 2, of the Appendix to the New DBJ Act.

Highlights of the New DBJ Act

Provision of Credit

The object of the New DBJ Act is to maintain the foundations of the investment and financing functions of long-term business funds as the Development Bank of Japan Inc. by conducting business activities utilizing the methods of combining investments and financing and other sophisticated financial methodologies with the goal of realizing full-scale privatization.

Fund-raising

In addition to borrowing and bond issuance, as a complementary measure, DBJ is now able to accept negotiable deposits and issue bank debentures for institutional investors.

Transitional Measures

In terms of fund-raising, DBJ depends largely on borrowing from the government and government-guaranteed bonds. To facilitate a smooth transition toward independent fund-raising following full privatization, measures have been enacted to allow DBJ to issue government-guaranteed bonds and borrow from the Fiscal Loan Fund. Upon the establishment of the new DBJ, the act provided for long-term borrowing from the private sector.

	Predecessor	New DBJ
Loans	Yes	Yes
Equity investments	Yes	Yes
Debt guarantees	Yes	Yes
Foreign exchange; money exchange	No	No
Bond issuance	Yes	Yes (including bank debenture bonds)
Borrowings	Fiscal Loan Fund	Fiscal Loan Fund bonds + private-sector borrowings
Deposits	No	Yes Checkable deposits and small-lot deposits that are covered by deposit insurance for the safe custody of deposits are not accepted.

Revision to the New DBJ Act (June 2009)

Since its establishment, DBJ has been engaged in crisis response operations as a designated financial institution. However, to reinforce DBJ's financial structure through government capital contribution and enable DBJ to introduce more broad-ranging initiatives in response to the global financial and economic crisis that commenced in autumn of 2008, the Act for Partial Amendment of the Development Bank of Japan Inc. Act ("revision to the New DBJ Act") was passed into law by the Japanese Diet on June 26, 2009, and the act was promulgated and went into effect on July 3, 2009.

Under the New DBJ Act, DBJ was to have achieved full privatization within five to seven years after its establishment. With the act's revision, the target date was extended to five to seven years after March 31, 2012. DBJ was to have become fully privatized within approximately five to seven years of April 1, 2012. At the end of fiscal 2011, the government was planning a review of DBJ's organization, which was to have included the future of government-held shares.

Note: Please refer to pages 126–132 for details of the New DBJ Act, the revision to the New DBJ Act and the Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake.

Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake (May 2011)

On May 2, 2011, in response to the damage caused by the Great East Japan Earthquake, the Act for Extraordinary Expenditure and Assistance to Cope with Great East Japan Earthquake (Act No. 40 of 2011; the Act for Extraordinary Expenditure), which included the partial revision to the New DBJ Act, was passed into law by the Japanese Diet.

The revision to the New DBJ Act in Accordance with the Act for Extraordinary Expenditure extended by three years (to March 31, 2015) the period for government capital contribution in order to facilitate DBJ's implementation of crisis response operations. Furthermore, the target date has been extended to five to seven years from April 1, 2015. The government is now planning a review of DBJ's organization, which will include the future of government-held shares, by the end of fiscal 2014. The government will continue to hold its shares until then.

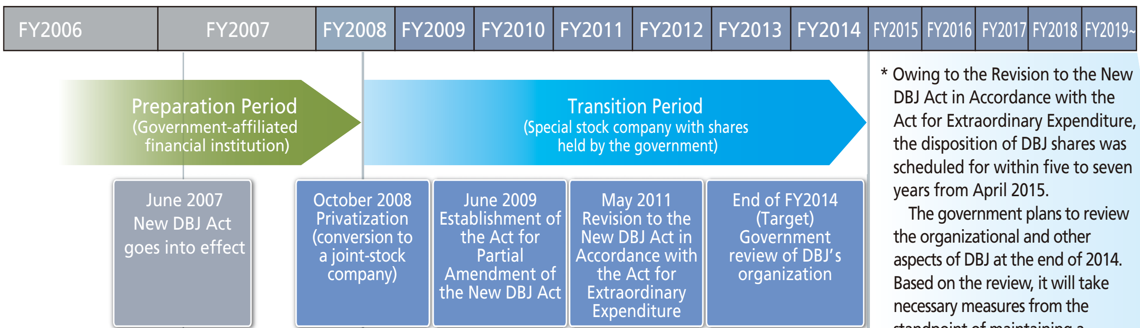
Revision to the New DBJ Act in Accordance with the Act for Extraordinary Expenditure

The Amendment of the Development Bank of Japan Inc. Act (based on establishment of the Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake) was passed at an Upper House plenary session of the ongoing 177th ordinary session of the Diet.

The act was revised to facilitate implementation of DBJ's crisis response operations with regard to the damage resulting from the Great East Japan Earthquake. The main thrust of the revisions is as follows.

- ◆To strengthen DBJ's financial base in order to facilitate a smooth response to crisis response operations, the period during which the government may make additional capital contributions to DBJ has been extended by three years, until March 31, 2015. Furthermore, the period for requiring the redemption of delivery bonds has similarly been extended by three years, to June 30, 2015.
- ◆In addition to extending the period for repayment of capital contribution and redemption of delivery bonds, the act extends the disposition period for government-held shares in DBJ. Whereas existing provisions stipulated a target of "approximately five to seven years after April 1, 2012," the revised act states that the government must dispose of all of its shares in DBJ by "approximately five to seven years after April 2015."
- ◆In view of the certain level of government involvement in DBJ, such as the government holding in excess of one-third of its outstanding shares at any given point, to ensure the proper implementation of crisis response operations, its organizational structure, including crisis response operations and the future of government-owned shares, are to be reviewed and necessary measures are to be taken. The target deadline for such activities is revised to the end of fiscal 2014.

● **Legal Basis for Revision to the New DBJ Act**



Shareholder	100% government	100% government
Company form	Government-affiliated financial institution (special public corporation)	Joint-stock company (special stock company)
Business	Based on former DBJ Act	Based on New DBJ Act
Fund-raising	Government-guaranteed bonds, FILP agency bonds, independent financing	Independent funding, government-guaranteed bonds and FILP agency bonds

* Owing to the Revision to the New DBJ Act in Accordance with the Act for Extraordinary Expenditure, the disposition of DBJ shares was scheduled for within five to seven years from April 2015.

The government plans to review the organizational and other aspects of DBJ at the end of 2014. Based on the review, it will take necessary measures from the standpoint of maintaining a constant level of participation in DBJ, including the possibility of holding more than one-third of DBJ's shares at any given time.

The government shall not dispose of its shares in DBJ until the necessary measures described above have been taken.

Overview of Operations in Fiscal 2012

Operating Results

Financial-Economic Environment

During fiscal 2012, ended March 31, 2013, the European debt crisis, although rampant in the first half, abated somewhat in the second half as a result of response measures such as the program of Outright Monetary Transactions (OMT), under which the European Central Bank makes purchases in secondary sovereign bond markets. In the United States, the pace of recovery began to slow as contributions from government spending waned, but the rate of recovery turned upward again in the second half with the introduction of large-scale monetary easing measures (QE3). In China, the government addressed a falling rate of economic growth with monetary easing and financial stimulus measures, which prompted a gradual recovery.

In Japan, during the first half of the fiscal year, protracted yen appreciation and the global economic deceleration sapped the strength of exporters, and the demand-promoting impact of eco-car subsidies abated, causing business conditions to worsen. During the second half, however, consumption bottomed out, and reconstruction-related demand fueled a recovery in manufacturing. As a result, the economy began to show signs of recovery.

In the corporate sector, exports were weak in the first half due to yen appreciation and global economic deceleration. Also, the phasing out of eco-car subsidies led to a drop-off in automobile demand. Conditions in the manufacturing sector rebounded in the second half, however.

For households, a resurgence in the number of people in employment and other factors that point to an improved employment situation slackened, and conditions remained at a standstill. Household-sector consumption was brisk, and housing starts were favorable due to factors such as the introduction of tax breaks on residential mortgages and moves to acquire property prior to an upcoming rise in the consumption tax rate.

On the financial front, in the first half the ongoing European debt crisis and the temporary deceleration in U.S. economic recovery prompted investors to strengthen their risk hedges. In the second half, however, the European debt crisis abated somewhat, and the U.S. economy returned to a path of stable recovery, ameliorating concerns of excessive risk.

In Japan, the fund-raising environment was generally accommodating, owing in part to the impact of monetary easing.

Long-term interest rates (yields on 10-year Japanese government bonds) continued to fall throughout the year, dropping to around 0.5%, as a result of monetary easing policies, including the Bank of Japan's establishment of commodity price stability targets.

Impacting currency exchange rates, U.S. interest rates decreased due to the effects of economic deceleration and monetary easing. This factor, plus concerns of a rekindled European debt crisis, caused investors to buy yen as a hedge against risk. As a result, at one point the yen rose into the neighborhood of ¥77 against the U.S. dollar and ¥94 to the euro. Following this level of appreciation against the dollar and the euro in the first half, the yen depreciated against these currencies in the second half as investors softened their risk-hedge positions. As of March 31, 2013, the yen was trading at around ¥94 to the U.S. dollar and ¥120 against the euro.

The Nikkei stock average dropped from the ¥10,000 level on March 31, 2012 to the lower half of the ¥8,000 level at one point during the year. However, the Nikkei then turned back upward in the second half as risk concerns abated, rising to the ¥12,000 level as of March 31, 2013.

Looking at commodity prices, the rate of increase in energy prices flattened, but consumer prices (excluding perishable goods) generally fell year on year, due to downward pressure stemming from gaps between demand and supply.

Progress and Results of DBJ Group Operations

Review of the Year Ended March 31, 2013

Since its establishment on October 1, 2008, the core of DBJ's business has remained the same as that conducted by its predecessor. As a highly specialized financial institution, we sought to resolve clients' issues by providing integrated investment and loan services.

Below is an overview of these activities during the fiscal year ended March 31, 2013. The figures provided for the loans, investment and consulting/advisory services described below are on a non-consolidated basis.

Loans

We provided senior loans through traditional corporate loans, non-recourse loans and other types of structured financing as well as a variety of other loans that employ advanced financial methods. During the year ended March 31, 2013, we provided ¥2,524.5 billion in loans, including loans for crisis response operations.

For details regarding business loans in response to the financial crisis, please refer to the section on page 50 entitled "Results of Crisis Response Operations."

Investment

We work to resolve client issues involving business expansion and support strategies and the formation of financial infrastructures. We achieve these goals by supporting the creation of funds, as well as mezzanine, equity and other financing methods, providing appropriate financing based on a long-term perspective. Above all, in recent years we have taken the approach of temporarily acquiring corporate shares and promoting measures to increase their value. Owing to these activities, ¥127.8 billion was allocated to investing activities during the year.

Consulting/Advisory Services

Consulting and advisory services utilize the networks created by DBJ's predecessor. Through these services, we help clients of all sizes grow more competitive in a host of industries. We provide consulting on projects that help invigorate regional communities and assign advisors to support these activities. During the year, investment and loan commissions and fees from M&A and other advisory services amounted to ¥8.5 billion.

Subsidiaries

In June 2012, we completed the transition of DBJ Nomura Investment Co., Ltd., a real estate asset management company that we had established jointly with Nomura Holdings, Inc., to a wholly owned subsidiary and in July 2012, changed its name to DBJ Asset Management Co., Ltd.

As a quality, highly trusted asset management company with long-term investors, we expect DBJ Asset Management to continue responding to diverse capital requirements, centering on the field of real estate, thereby contributing to the development and increasing sophistication of Japan's financing functions.

Loans and Investments and Fund-Raising Conditions (Flow)

(Billions of yen)

	For the Year Ended March 31, 2012	For the Year Ended March 31, 2013
Loan and investment balance	2,927.0	**2,652.4**
Loans[*1]	2,849.0	**2,524.5**
Investment[*2]	78.0	**127.8**

Funds raised	2,927.0	**2,652.4**
Fiscal Investment and Loans	801.4	**895.1**
Of which, FILP agency bonds[*3]	500.0	**600.0**
Of which, government-guaranteed bonds (domestic)	179.0	**160.0**
Of which, government-guaranteed bonds (overseas)[*4]	122.4	**135.1**
Corporate bonds (FILP bonds)[*4, 5]	263.1	**386.6**
Long-term debt[*6]	1,170.7	**868.3**
Recovery, etc.	691.7	**502.2**

Notes: 1. Figures, including those for corporate bonds, are on a management accounting basis.
2. Figures, including those for securities, money held in trust and other assets (funds), are on a management accounting basis.
3. This figure includes industrial investment and borrowings (special accounting for fiscal investment and loans).
4. Of government-guaranteed bonds and corporate bonds denominated in foreign currencies, appropriated government-guaranteed bonds and corporate bonds are converted to yen at market rates according to the conditions at the time of settlement.
5. The figure does not include short-term corporate bonds.
6. Long-term debt borrowed from Japan Finance Corporation in conjunction with crisis response operations during the fiscal year ended March 31, 2013, amounted to ¥590.7 billion.

Overview of Consolidated Operating Performance

Consolidated Financial Highlights

(Billions of yen)

	For the Year Ended March 31, 2012	**For the Year Ended March 31, 2013**
Total income	330.2	**341.1**
Net income	77.3	**71.3**
Total assets	15,579.8	**16,248.7**
Loans	13,645.4	**13,918.2**
Securities	1,176.6	**1,357.0**
Total liabilities	13,118.8	**13,710.1**
Borrowed money	9,170.5	**9,448.3**
Debentures and corporate bonds	3,671.8	**3,924.5**
Total equity	2,461.0	**2,538.5**
Common stock	1,187.7	**1,206.9**
Capital ratio (Basel 2, BIS standard)	18.56%	**—**
Total capital ratio (Basel 3, BIS standard)	—	**15.52%**
Ratio of risk-monitored loans (Banking Act base)	1.47%	**1.23%**
Return on equity	3.18%	**2.86%**
Return on assets	0.51%	**0.45%**
Number of employees	1,270	**1,315**

Consolidated operating performance during the year under review is described below.

Consolidated Income and Expenses

During the period, DBJ posted total income of ¥341.1 billion, up ¥10.8 billion from the previous fiscal year. Of this amount, interest income was ¥267.8 billion, down ¥9.4 billion, and fees and commissions rose ¥0.8 billion, to ¥10.2 billion. Other operating income expanded ¥2.3 billion, to ¥7.8 billion, while other income increased ¥17.1 billion, to ¥55.0 billion.

Total expenses were ¥224.8 billion, rising ¥4.8 billion. This amount included interest expenses of ¥144.2 billion, down ¥11.2 billion, expenses on fees and commissions of ¥1.0 billion, rising ¥0.5 billion, other operating expenses of ¥12.1 billion, rising ¥9.5 billion, and general and administrative expenses of ¥44.8 billion, which rose ¥7.0 billion, as well as other expenses of ¥22.4 billion, which decreased ¥0.9 billion.

Net interest income rose ¥1.7 billion, to ¥123.6 billion, whereas net fees and commissions increased ¥0.3 billion, to ¥9.2 billion, up year on year. We posted a net other operating loss of ¥4.2 billion, compared with net other operating income of ¥2.9 billion in the preceding fiscal year. However, DBJ recorded net other income of ¥32.5 billion, expanding ¥18.1 billion, owing mainly to the posting of gains on the sale of shares as the result of multiple exits.

Consequently, income before income taxes and minority interests came to ¥116.2 billion, up ¥6.0 billion from the previous fiscal year.

After posting current income taxes of ¥41.7 billion, ¥20.2 billion more than in the preceding fiscal year, deferred income taxes amounted to ¥2.8 billion, down ¥7.6 billion, and minority interests in net income dropped ¥0.6 billion, to ¥0.2 billion. As a result, consolidated net income came to ¥71.3 billion, ¥5.9 billion less than in the previous term.

Consolidated Assets, Liabilities and Equity

As of March 31, 2013, total assets amounted to ¥16,248.7 billion, up ¥668.8 billion from one year earlier. Of that amount, loans were ¥13,918.2 billion, improving ¥272.7 billion, and securities rose ¥180.4 billion, to ¥1,357.0 billion. In addition to a response to the financial crisis, the increase in loans reflects higher provision of loans to electric power companies, given the subdued market reception to the issuance of electric utility bonds.

Call loans and bills bought amounted to ¥84.0 billion at the end of the term, a decrease of ¥5.5 billion, and reverse repurchase agreements were ¥165.9 billion, up 13.0 billion from the previous year. These figures represent the temporary investment of excess cash on hand.

Owing to the November 2012 completion of our new head office building, amounts previously recorded under construction in process have been transferred to business-use land and structures.

Total liabilities as of March 31, 2013, stood at ¥13,710.1 billion, ¥591.3 billion more than a year earlier. Of this amount, debentures and corporate bonds came to ¥3,924.5 billion, an increase of ¥252.7 billion, and borrowed money was ¥9,448.3 billion, rising ¥277.8 billion.

The increase in borrowed money mainly reflects borrowings (two-step loans) from the Japan Finance Corporation to fund crisis response operations related to the Great East Japan Earthquake, as well as borrowings from commercial financial institutions.

Also, acceptances and guarantees came to ¥155.7 billion, up ¥27.2 billion.

Total equity at the end of the period was ¥2,538.5 billion, up ¥77.5 billion from one year earlier. The primary reason for this rise was higher net income. This increase stemmed from a ¥19,165 million redemption of delivery bonds, the total amount redeemed in June and December 2012.

Also, in June 2012, at DBJ's General Meeting of Shareholders a resolution was passed to award dividends on common stock. This dividend had a record date of March 31, 2012, and a total amount of ¥37.3 billion, for dividends per share of ¥856, resulting in a payout ratio of 49.98%.

The unrealized gain on available-for-sale securities that DBJ holds independently, as well as shares in listed companies that DBJ owns through funds, came to ¥36.8 billion, up ¥17.5 billion compared with the preceding term. This amount includes valuation gains on shares in listed companies.

Status of Risk-Monitored Loans

DBJ is not subject to the provisions of the Banking Act or the Act on Emergency Measures for the Revitalization of the Financial Functions (Act No. 132 of 1998), but it carries out independent assessments of liability classes and asset categories based on the Financial Services Agency's Financial Inspection Manual. According to these results, on a consolidated basis, DBJ's holdings of disclosed debt (risk-monitored loans) as prescribed by the Banking Act total ¥171.4 billion, accounting for 1.23% of total loans.

Profit and Loss Surrounding the Conversion to a Joint-Stock Company (Consolidated)

(Billions of yen)

	For the Six-Month Period Ended March 31, 2009	For the Year Ended March 31, 2010	For the Year Ended March 31, 2011	For the Year Ended March 31, 2012	**For the Year Ended March 31, 2013**
Gross operating profit	45.8	121.8	136.7	133.6	**128.5**
Net operating profit (after addition to the general provision for loan losses)	(75.6)	86.7	100.0	95.7	**74.7**
Income before income taxes and minority interests	(118.1)	51.1	104.3	110.2	**116.2**
Total income taxes	(13.5)	(10.8)	(1.3)	(31.9)	**(44.5)**
Net income	(128.3)	39.8	101.5	77.3	**71.3**
Total dividend amount*	—	10.0	50.0	37.3	**35.2**

* Record dates correspond to the total amounts of dividends for those respective fiscal years.

About DBJ

Overseas Business

Since its conversion to a joint-stock company in October 2008, DBJ has worked to make a full-fledged entry into international business, creating an overseas risk management structure, preparing operating bases, training personnel and moving forward with core infrastructure. At the same time, we are working to expand our network with trustworthy partners. Through these efforts we are promoting domestic and overseas financial institutions.

As one aspect of its efforts to build bases overseas, DBJ established DBJ Singapore Limited as a wholly owned subsidiary in December 2008, and another wholly owned subsidiary, DBJ Europe Limited, commenced operations in November 2009.

By maintaining intensive collaboration with its overseas offices, DBJ is able to provide global financial services that meet broad-ranging client needs, as well as support for clients' overseas operations.

Operations at Overseas Locations

New York Representative Office

Covering the Americas, the New York Representative Office monitors financial, industrial and economic trends as well as economic policies and urban and infrastructure development and other trends. The office provides information to Japanese companies and other entities that are planning to commence operations in North America and South America, as well as overseas companies that are considering entry into the Japanese market.

DBJ Singapore Limited

Established:	December 2008
Capital:	S$1,000,000
Business:	Investments and loan support and advisory services
Address:	9 Raffles Place, #30-03 Republic Plaza, Singapore 048619
CEO & Managing Director:	Takashi Sugiyama

DBJ Europe Limited

Established:	November 2009
Capital:	€7,500,000
Business:	Investments and loan support and advisory services
Address:	Level 20, 125 Old Broad Street, London EC2N 1AR, U.K.
Executive Chairman:	Haruhisa Kawashita
CEO:	Hiroyuki Kato

Business Tie-Ups with Overseas Institutions

To enhance its financial services, DBJ leverages its business alliances with the following overseas institutions.

International Finance Corporation (IFC)

A member of the World Bank Group and an international financial institution, conducting investment and loan operations primarily in developing countries

China Development Bank

Policy-based financial institution (converted to joint-stock company in 2008) handling financing for infrastructure and core industries in China

China International Investment Company (the CITIC Group)

Corporate group with a wide-ranging financial service network throughout Asia, including China

IE Singapore

Government institution that supports internationalization and provides overseas investment for Singaporean companies

Bangkok Bank

A major Thai bank that works with Japanese regional banks to provide lending denominated in local currency to small and medium-sized regional Japanese companies

DBJ Asia Financial Support Center

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

The center's roles are to liaise with regional banks throughout Japan and help meet the various needs of local medium-sized companies and other entities to develop their operations in Asia. We achieve this by leveraging the DBJ Group's information network, which includes public financial institutions in Asian countries.

As of June 30, 2013, 66 regional banks were members. By country, 70% of inquiries were related to four countries: China, Thailand, Vietnam and Indonesia. Inquiries included such topics as how to move into Japan, industry trends and fund-raising. DBJ will continue working to strengthen the transmission of information related to Asia.

Membership in the Long-Term Investors Club

Established in 2009, the Long-Term Investors Club (LTIC) is a global platform for cooperation among financial institutions (including DBJ) in charge of long-term investment in various countries, reflecting change in the financial environment after the Global Financial Crisis. With members numbering 19 institutions (from 16 countries and one region) from all over the world, LTIC promotes in areas such as information sharing in long-term financing, academic studies and research and co-investments. In July 2012, DBJ joined LTIC as the first financial institution from Japan. Going forward, we will deepen relations with other member institutions, employing global financial networks to invigorate long-term financial markets.

Group Companies

The DBJ Group, comprising DBJ and its subsidiaries and affiliates, provides a variety of services to meet its clients' needs.

Japan Economic Research Institute Inc.

The Japan Economic Research Institute primarily conducts surveys and provides consulting services.

Operating with a long-term perspective and from a standpoint of fairness and neutrality, the institute generates synergies from its three fields of research—the public, solutions and international arenas—and targets both the public and the private sectors. The company meets clients' research and consulting needs from a comprehensive viewpoint.

Outline of Japan Economic Research Institute Inc.

Established:	December 1989
Capital:	¥480 million
Business:	Research, consulting and advisory services
Address:	Chiyoda-ku, Tokyo
President:	Takashi Ando

DBJ Capital Co., Ltd.

DBJ Capital Co., Ltd. has invested in venture companies that can be expected to achieve high rates of growth, in an effort to support corporate growth and the creation of new industries in Japan. In addition to investing, DBJ Capital employs DBJ's and various other networks to provide support on the financing front and arrange solutions to meet the needs of investee companies.

Outline of DBJ Capital Co., Ltd.

Established:	October 2005 (Commenced operations on June 30, 2010)
Capital:	¥99 million
Business:	Investment in venture companies
Address:	Chiyoda-ku, Tokyo
President & CEO:	Fumiyuki Kashima

DBJ Investment Advisory Co., Ltd. (DBJ-IA)

DBJ-IA was established to promote added-value creative equity financing (the "Value for Growth" Investment Program) to support growth strategies from a medium- to long-term standpoint emphasizing relationships of mutual trust with entities receiving investment funds.

DBJ-IA aims to contribute to such entities' growth and development by helping them achieve their growth targets in terms of M&A, capital and domestic and overseas strategies by providing funds and utilizing DBJ's international and domestic networks as well as assigning human resources.

Outline of DBJ Investment Advisory Co., Ltd.

Established:	December 2009
Capital:	¥68 million
Business:	Operations related to DBJ's value-added equity investment
Address:	Chiyoda-ku, Tokyo
President & CEO:	Hiroshi Murakami

DBJ Securities Co., Ltd.

DBJ converted Hitachi Capital Securities Co., Ltd., to a subsidiary in August 2011 in a move to augment the financing methods available to it to meet increasingly diverse client needs. Given DBJ's increasing involvement with the company, in October 2011 the company's name was changed to DBJ Securities Co., Ltd.

DBJ Securities provides a securities function to complement the DBJ Group's investment and loan functions, thereby increasing the number of financial solutions that the Group can offer its clients.

Outline of DBJ Securities Co., Ltd.

Established:	October 1998
Capital:	¥500 million
Business:	Securities business
Address:	Chiyoda-ku, Tokyo
President & CEO:	Hiroshi Sakamaki

DBJ Asset Management Co., Ltd.

Established as a real estate fund investment company in November 2006, in July 2012 DBJ Asset Management Co., Ltd., made a new start as an asset management company wholly owned by DBJ.

Going forward, the company will operate as a quality and highly trusted asset management company serving the needs of long-term investors. In addition to the real estate business, the company will respond to diverse risk capital requirements as it contributes to the development and increasing sophistication of Japan's financing functions.

Outline of DBJ Asset Management Co., Ltd.

Established:	November 2006
Capital:	¥100 million
Business:	Real estate fund investments, etc.
Address:	Chiyoda-ku, Tokyo
President & CEO:	Masataka Ito

Value Management Institute, Inc.

In April 2013, DBJ converted Value Management Institute, Inc., to a subsidiary. This research and consulting company, which has maintained a business alliance with DBJ, provides high-quality, reliable services to resolve the problems customers face. Going forward, the company will continue to disseminate information and address diverse customer needs.

Outline of Value Management Institute, Inc.

Established:	June 1993
Capital:	¥75 million
Business:	Research, consulting and advisory services
Address:	Chiyoda-ku, Tokyo
President:	Kazuyuki Mori

Topics

2012

May
- Creation of the DBJ Visionary Hospital Program to support initiatives by excellent hospitals (See page 42.)
- Receipt of two awards, for Great East Japan Earthquake Reconstruction Fund Formation and Opening of the DBJ Asia Financial Support Center, in the Regional Economic Promotion Division at the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) annual meeting

Jun.
- Opening of the Comprehensive Special Zone Support and Counseling Center to promote industry's increased international competitiveness and support community revitalization from a financial perspective

Jul.
- Establishment of DBJ Asset Management Co., Ltd. (See page 29.)
- Membership in the Long-Term Investors Club (the first Japanese bank to become a member) (See page 28.)

Aug.
- Announcement of Capital Investment Planning Survey (nationwide and by region) results (See page 57.)
- Establishment of DBJ Green Building Certification, logistics edition (See page 41.)

Nov.
- Relocation of head office to South Tower, Otemachi Financial City
- Launch of the Study Council on Strengthening Competitiveness (See page 18.)
- Signing of a CSR accord with the Tokyo headquarters of The Yomiuri Shimbun Co., Ltd.

Dec.
- Exhibited and conducted presentation at Japan's largest environmental exhibition, Eco-Products 2012 (12th consecutive year) (See page 66.)

2013

Jan.
- Announcement of interim report by the Study Council on Strengthening Competitiveness (See page 19.)

Mar.
- Expansion of investment and loan programs (See page 42.)
  DBJ Smart Japan Program continuation: ¥400.0 billion,
  DBJ Infrastructure Reinforcement Support Program: ¥150.0 billion,
  DBJ Growth Industry Siting Support Program: ¥100.0 billion
- Establishment of Fund for Japanese Industrial Competitiveness (See page 18.)

Apr.
- Opening of the Otemachi Innovation Hub (iHub) (See page 18.)
- Conversion of Value Management Institute, Inc., to a subsidiary (See page 29.)

May
- Receipt of the CSR division award for operation of the Women Entrepreneurs Center at the ADFIAP annual meeting (See page 67.)

Jun.
- Holding of Second DBJ Women Entrepreneurs New Business Plan Competition award ceremony (See page 47.)
- Establishment of the PPP/PFI Promotion Center (See page 19.)