

Fourth Medium-Term Management Plan

— Initiate Change, Create the Future —

May 2017

 **DBJ** Development Bank of Japan

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1. Future Social Issues and DBJ Group's Role

- ◆ Spurred by globalization and innovation, industry, finance and society are evolving faster than ever.
- ◆ DBJ will **ensure economic and social sustainability** with solutions that provide high added value.

Future Changes in the External Environment

Population problem / Climate change, natural resources, and energy / Globalization / AI, Fintech, and other technological innovations / Government budgets, finances, and regulations

Realization of a Sustainable Economy and Society

Creation, conversion, and growth in industry

- ✓ New technologies and businesses (promote innovation)
- Commercialization of new technologies
- ✓ Reorganization
- Business restructuring to improve productivity and hone competitiveness
- ✓ Overseas expansion
- Business development in global markets



Self-reliance and revitalization of local economies

- ✓ Solve issues specific to each region
- Industrial revitalization based on regional characteristics
- Overseas business development
- Response to inbound tourism
- Business succession



Play a role connecting regions to Tokyo, Global regions to regions, and regions to the world

Rebuild and reinforce infrastructure

- ✓ Rebuild energy and transportation infrastructure, upgrade public infrastructure
- Rebuilding energy systems
- More advanced transportation networks
- ✓ Promote urban growth
- Creation of attractive communities



✓ **Environment** Realize a low-carbon society

✓ **Disaster prevention** Promote industry and cities resilient to natural disasters

✓ **Health** Support health management

Provision of creative solutions that only DBJ Group can offer amid emerging risks and opportunities brought on by faster changes in industry, finance, and society

Invigorate and stabilize financial markets through partnerships and collaboration

Crisis Response Operations

DBJ adequately prepares for financial **Crisis Response Operations** in the event of a major natural disaster or turmoil in financial markets.

Risk Capital Finance

DBJ supplies **the risk capital** needed to strengthen industrial competitiveness, including **Special Investment Operations**, rebuild infrastructure, and invigorate regional economies.

Originating Diverse Financial Deal Opportunities

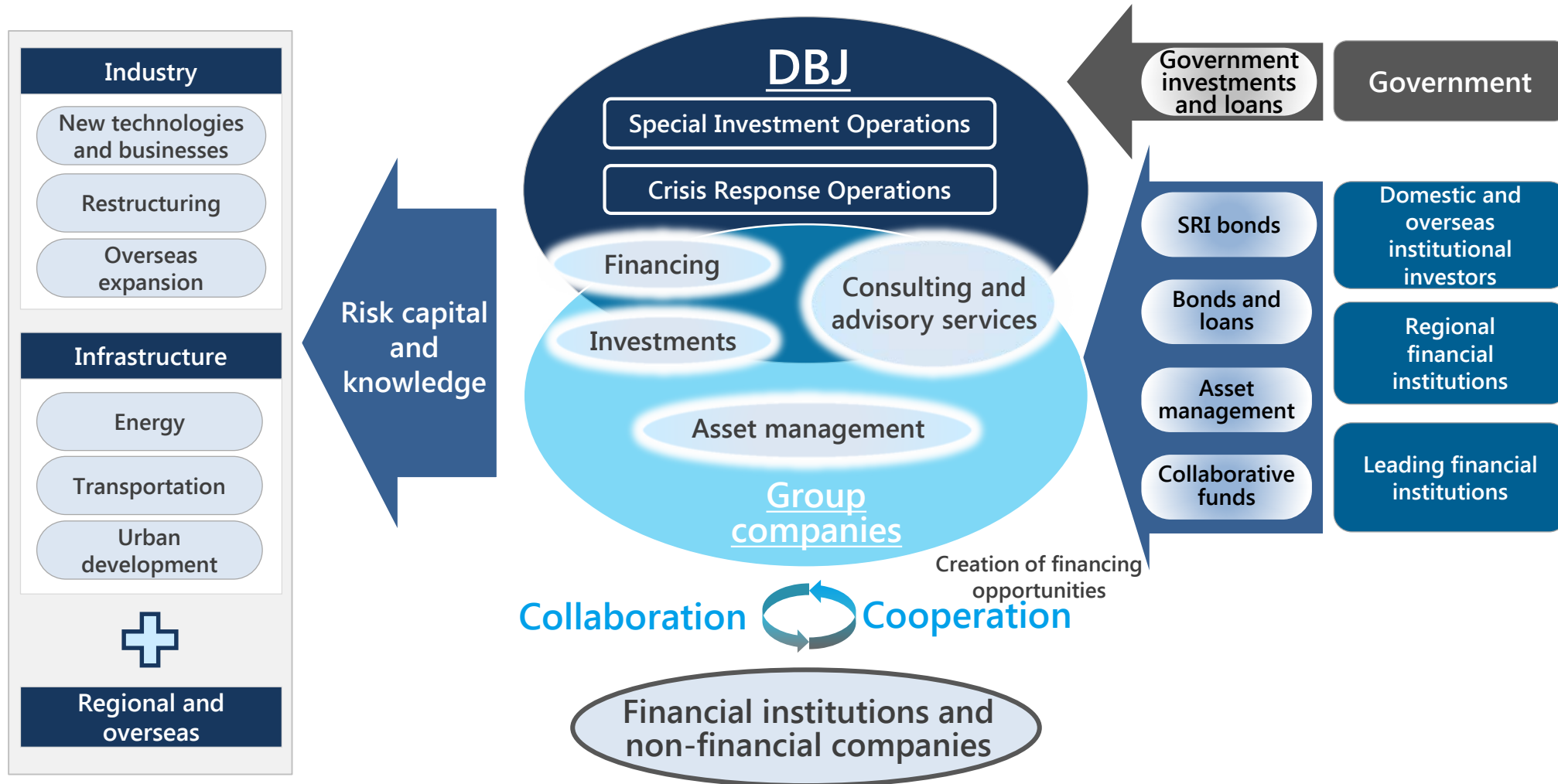
DBJ helps facilitate money flows by **originating diverse financial deal opportunities** in Japan and overseas.

Providing Our Knowledge

DBJ leverages its knowledge of industry and finance to build **new financing platforms**.

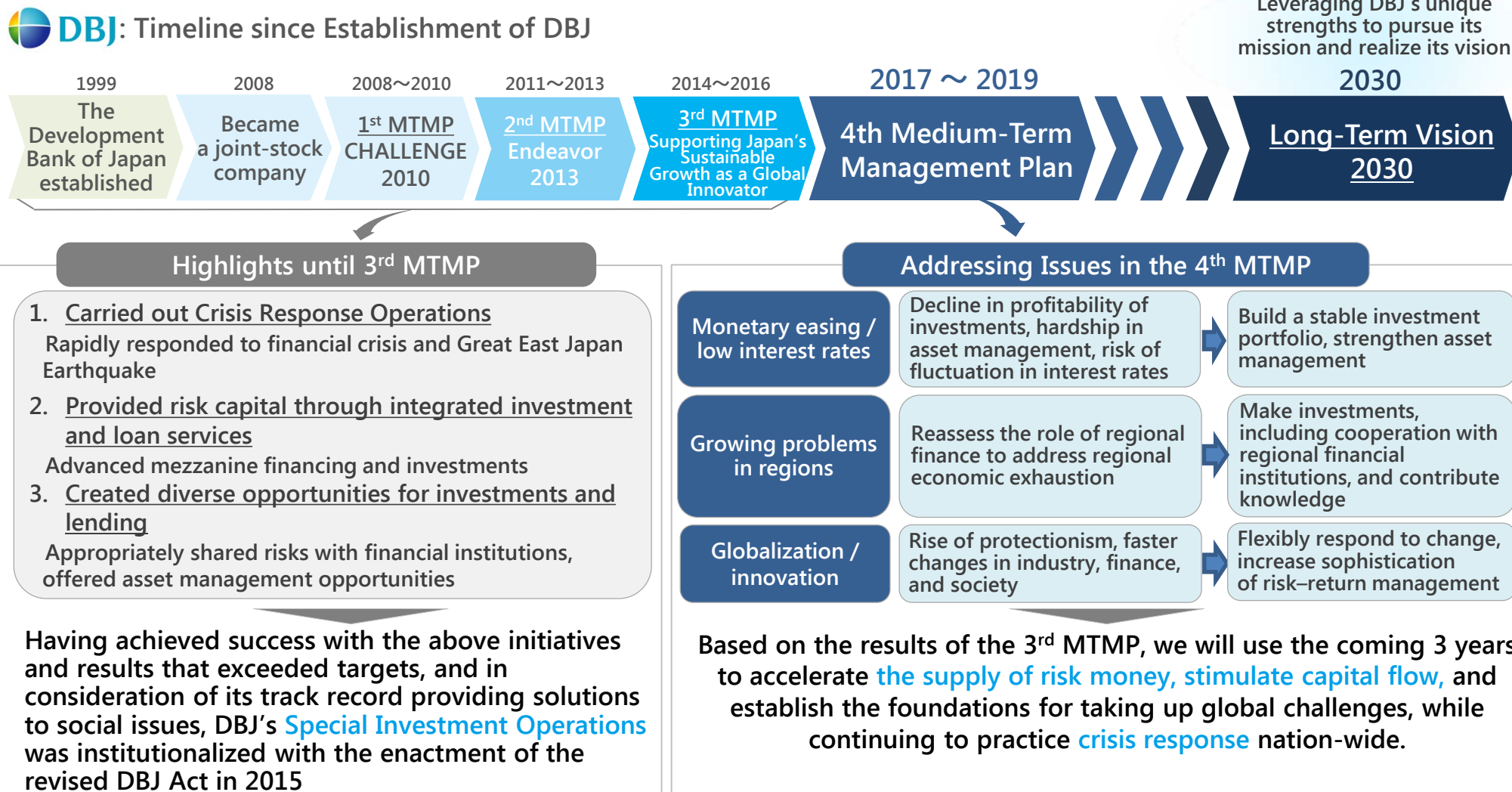
2. DBJ's Functions in the Financial Market

- ◆ DBJ plays a unique role in the financial market by supplying risk money and knowledge to domestic and foreign clients **in cooperation with financial institutions and businesses**.
- ◆ We help to **strengthen and stabilize the financial markets**, including its ESG aspects.



3. Fourth Medium-Term Management Plan in Context

- ◆ Previous MTMPs **have been productive** with the effective supply of risk capital and unique knowledge.
- ◆ Amid growing global uncertainty, we will draw on our experience to **seek solutions to changing social issues**.

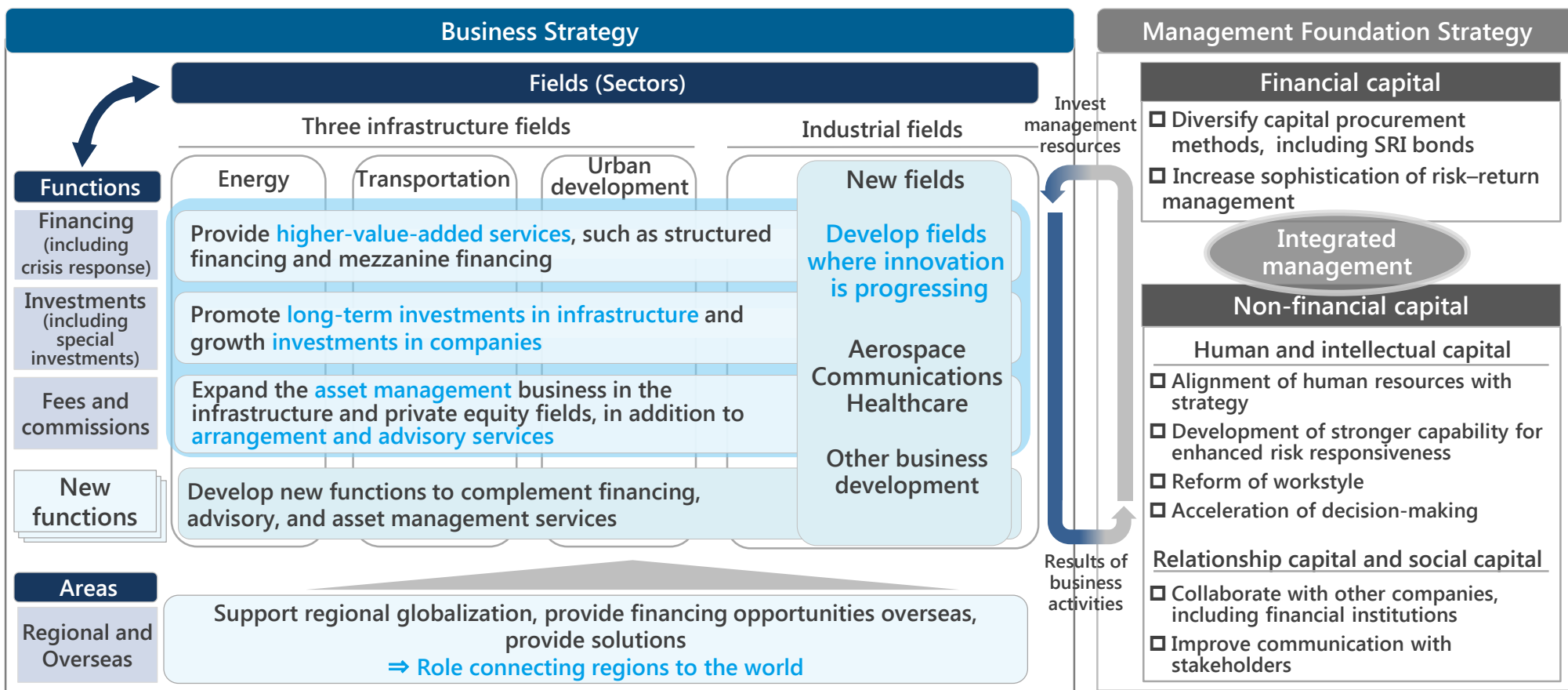


4. Basic Policy of the Fourth Medium-Term Management Plan

- ◆ DBJ will accelerate its development of new business together **with diverse financial institutions and other firms**.
- ◆ DBJ will strengthen its corporate fundamentals, including non-financial capital, and **create both economic and social value**.

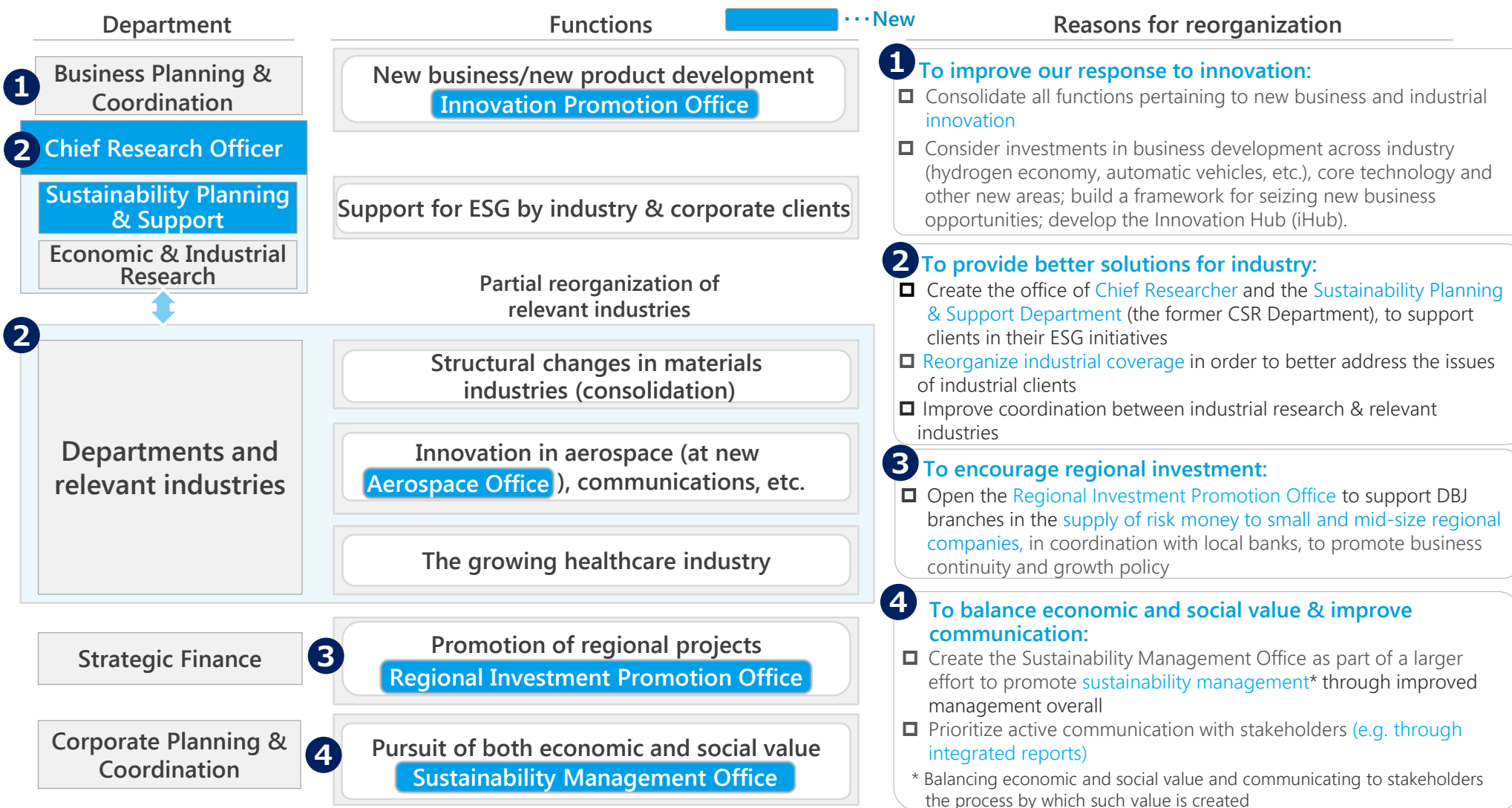
Fourth Medium-Term Management Plan

-Initiate Change, Create the Future-



5. Organizational Review

◆ Implementation of the Fourth MTMP is being facilitated by a [review of the DBJ organization](#).



6. Financial Targets

- ◆ Although difficult business conditions are on the horizon, we set the profitability of the Fourth MTMP at a higher level than for the Third MTMP.
- ◆ Looking ahead to the Fifth MTMP, we aim to **build a risk-return portfolio which values both profitability and soundness**.

(Consolidated)		3 rd MTMP			4 th MTMP
		Target (Fiscal 2016)	Actual (Average for fiscal 2014-2016)	Actual (Fiscal 2016)	Target (Fiscal 2019)
Profitability	Gross ordinary income ¹	¥160 billion	¥182.6 billion	¥171.1 billion	¥190 billion
	Current net income	¥70 billion	¥103 billion	¥87.6 billion	¥80 billion
	Expense ratio ²	28%	26%	30%	About 35%
	Total assets	¥15 trillion	-	¥16.5 trillion	¥16 trillion
	ROA ^{2,3}	1%	1.1%	1.1%	About 1%
	ROE ^{2,3}	3%	3.7%	3.0%	About 3%
Soundness	Capital adequacy ratio ⁴	16%	-	17.2%	At least 14%

1. Excludes credit costs. Target figure for the Third MTMP is pre-credit cost, adjusted from a post-credit cost basis.

2. Expense ratio and ROA versus gross operating profit, ROE versus net income.

3. Average for fiscal 2014–2016 uses simple average of ROA and ROE for each fiscal year.

4. Common equity Tier 1 risk-weighted capital ratio.

Long-Term Vision 2030

March 2017



Long-Term Vision 2030

- ◆ With an enduring social mission and an eye toward the external conditions and social issues of the year 2030, DBJ will **promote sustainability management in pursuit of both economic and social value.**

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Risks and opportunities

DBJ Group's
Corporate
Philosophy

Mission

Design the Future with Financial Expertise
Continue to expand financial frontiers;
Provide the best solutions for customers and society;
Pursue sustainable development for Japan and the world.

Vision
2030

As industry and infrastructure professionals skilled in handling all types of risk, we will play a unique role in the economy and society of 2030-leading new business and market creation while responding to crises and other social needs.

Values

Initiative · Integrity

DBJ Group's Business Model

Sector strategy

Industry

New technology and business
Restructuring
Overseas expansion

Infrastructure

Energy
Transportation
Urban development

Functional strategy

Investment and loans

Asset management

Advisory services

Crisis response



Area strategy

Regional

Overseas



Business activities in tune with risk appetites

Investment of management resources

Sustainability management

Creation of both economic and social value

Outcome of business activities

DBJ Group's Management Capital

Financial capital

- Shareholders' equity
- Borrowings

Creation of financial value

Human and intellectual capital

- Human resources
- Surveys and analysis
- Organizations, processes, and ICT

Long-term impact on ability to create financial value

Relationship capital

- Brands, reputation
- Relationships, networking

Creation of non-financial value

Social capital

- Natural environment
- Industrial and regional infrastructure
- Financial systems and markets

Increase and conversion of capital value

Financial reporting

Integrated reporting



Communication



Stakeholders

Customers, communities, employees, financial markets, investors, shareholders, among others



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