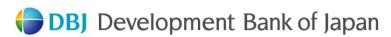
Fourth Medium-Term Management Plan

Initiate Change, Create the Future –

May 2017



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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 Regional
- 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



Realize a low-carbon **Environment** society



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



Regional

Tokyo

✓ Health Support health management <</p>



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.

Providing Our Knowledge

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

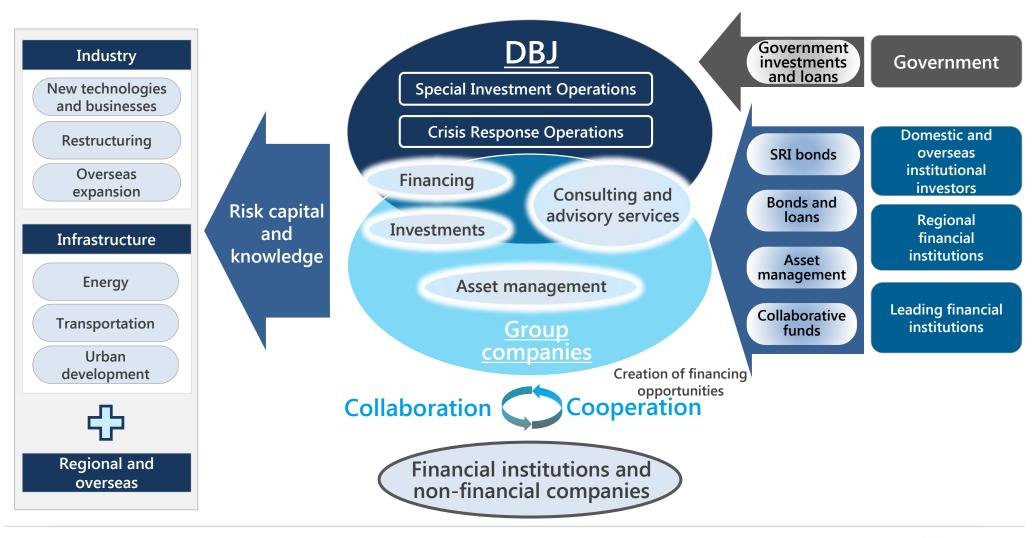
Originating Diverse Financial Deal Opportunities

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



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.

Leveraging DBJ's unique **DBI**: Timeline since Establishment of DBJ strengths to pursue its mission and realize its vision 2017 ~ 2019 2030 1999 2008 2008~2010 2011~2013 2014~2016 The 3rd MTMP **Became** 1st MTMP 4th Medium-Term **Long-Term Vision** Development Supporting Japan's Sustainable Growth as a Global a joint-stock **CHALLENGE** Bank of Japan **Management Plan** 2030 company 2010 established Innovator

Highlights until 3rd MTMP

- Carried out Crisis Response Operations
 Rapidly responded to financial crisis and Great East Japan Earthquake
- 2. <u>Provided risk capital through integrated investment</u> and loan services

Advanced mezzanine financing and investments

3. <u>Created diverse opportunities for investments and lending</u>

Appropriately shared risks with financial institutions, offered asset management opportunities

Having achieved success with the above initiatives and results that exceeded targets, and in consideration of its track record providing solutions to social issues, DBJ's Special Investment Operations was institutionalized with the enactment of the revised DBJ Act in 2015

Addressing Issues in the 4th MTMP

Monetary easing / low interest rates

Decline in profitability of investments, hardship in asset management, risk of fluctuation in interest rates

Build a stable investment portfolio, strengthen asset management

Growing problems in regions

Reassess the role of regional finance to address regional economic exhaustion

Make investments, including cooperation with regional financial institutions, and contribute knowledge

Globalization / innovation

Rise of protectionism, faster changes in industry, finance, and society

Flexibly respond to change, increase sophistication of risk-return management

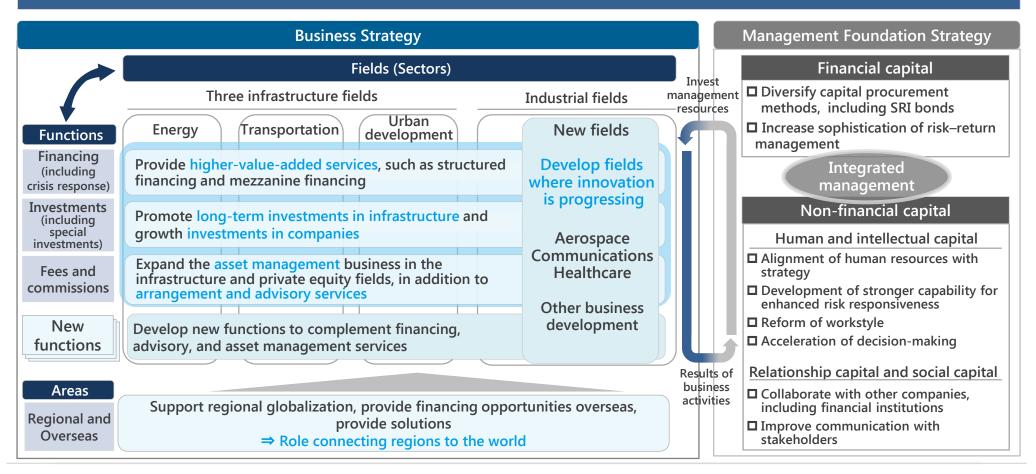
Based on the results of the 3rd MTMP, we will use the coming 3 years to accelerate the supply of risk money, stimulate capital flow, and establish the foundations for taking up global challenges, while continuing to practice crisis response nation-wide.



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.

· · · New **Functions** Reasons for reorganization Department To improve our response to innovation: **Business Planning &** New business/new product development ■ Consolidate all functions pertaining to new business and industrial Coordination Innovation Promotion Office innovation **Chief Research Officer** ■ Consider investments in business development across industry (hydrogen economy, automatic vehicles, etc.), core technology and Sustainability Planning other new areas; build a framework for seizing new business Support for ESG by industry & corporate clients & Support opportunities; develop the Innovation Hub (iHub). **Economic & Industrial** 2 To provide better solutions for industry: Research Partial reorganization of ☐ Create the office of Chief Researcher and the Sustainability Planning relevant industries & Support Department (the former CSR Department), to support clients in their ESG initiatives ■ Reorganize industrial coverage in order to better address the issues Structural changes in materials of industrial clients industries (consolidation) ☐ Improve coordination between industrial research & relevant industries Departments and Innovation in aerospace (at new To encourage regional investment: Aerospace Office), communications, etc. relevant industries ■ Open the Regional Investment Promotion Office to support DBJ branches in the supply of risk money to small and mid-size regional companies, in coordination with local banks, to promote business The growing healthcare industry continuity and growth policy To balance economic and social value & improve communication: Promotion of regional projects 3 **Strategic Finance** ☐ Create the Sustainability Management Office as part of a larger **Regional Investment Promotion Office** effort to promote sustainability management* through improved management overall ■ Prioritize active communication with stakeholders (e.g. through Corporate Planning & Pursuit of both economic and social value integrated reports) Coordination **Sustainability Management Office** * Balancing economic and social value and communicating to stakeholders the process by which such value is created



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.

sounaness.		3 rd MTMP			4 th MTMP
(Consolidated)		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.



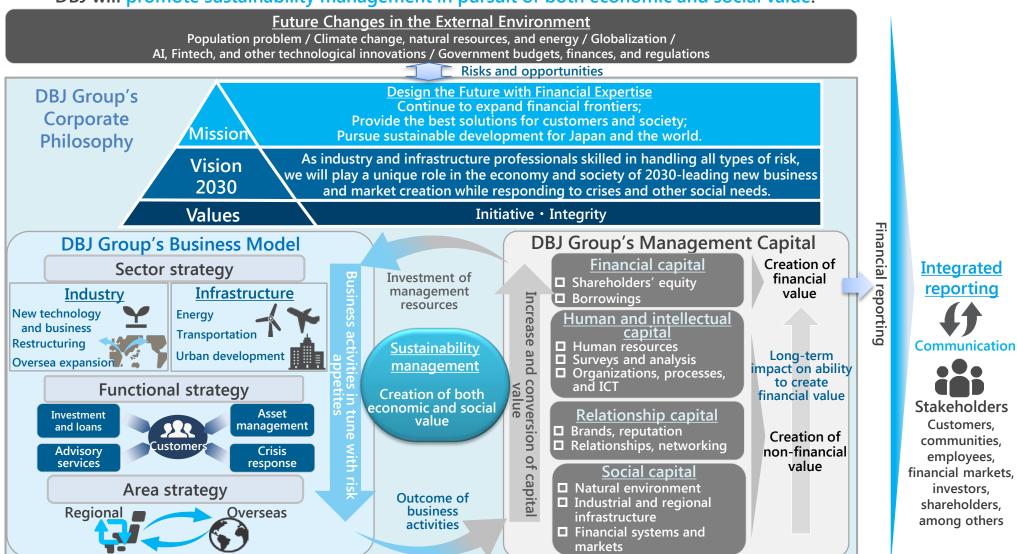
Long-Term Vision 2030

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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