



Development Bank of Japan

Integrated Report Main Part

2018

— 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.

## Editorial Policy

DBJ Group published its first report for increasing communication with stakeholders in fiscal 2003, *Environmental Report for a Sustainable Society*. This integrated report is intended to provide financial and non-financial information to explain DBJ Group's business activities and initiatives in sustainable value creation to our broad spectrum of stakeholders. The content is decided by the Management Committee.

### ▶ Period Covered and Scope

Period: Fiscal 2017 (April 1, 2017–March 31, 2018)  
(Some information from outside this period is also included.)

Scope: In principle, the report covers DBJ and its 11 main subsidiaries.

### ▶ Guidelines and Entities Referenced

International Integrated Reporting Council (IIRC)  
International Integrated Reporting Framework  
Guidance for Integrated Corporate Disclosure and  
Company-Investor Dialogues for Collaborative  
Value Creation



### ▶ Date of Publication

September 2018

## Disclaimer

Integrated Report 2018 contains forward-looking statements. Forward-looking statements are based on information available at the time of writing and hypotheses or judgments regarding uncertain factors. Accordingly, actual results may differ materially if conditions change.



<https://www.dbj.jp/en/>

Latest news, financial services, case studies for investment, loans, various reports, information for investors, and details about CSR initiatives  
Note: Detailed information in the main part can also be found on the DBJ corporate website.



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The Development Bank of Japan Inc. Act, Financial Condition

Note: Not included in the main part. See the integrated edition.

**As a top runner in sustainability management, we promote a sustainable society driven by both economic and social value.**

**Hajime Watanabe**

President and CEO  
Development Bank of Japan Inc.



## 1. Foreword

Political instability is increasing today against a global backdrop of emerging protectionism and growing geopolitical risk. The environment surrounding financial institutions is also changing rapidly amid tightened financial regulations across the globe, rapid innovation in fintech, and negative interest rates in Japan.

In a world of rising uncertainty, a heightened awareness of the role of finance in building a sustainable society has produced marked change in the environmental, social, and governance (ESG) movement. In June 2017 the Task Force on Climate-related Financial Disclosures, formed under the auspices of the Financial Stability Board (FSB), published its final recommendations. In Japan, corporate leadership in working towards the United Nations' Sustainable Development Goals (SDGs) has been a powerful motivating force, along with the ESG investment initiatives of the Government Pension Investment Fund (GPIF).

As countries across the world set forth shared goals for sustainable development and the world looks to private companies for solutions to social issues, increasing numbers of companies are making such initiatives an integral part of their business.

## 2. The Role of DBJ Group

Since the days of its predecessors, the Japan Development Bank and the Hokkaido-Tohoku Development Finance Public Corporation, DBJ Group has contributed to Japan's sustainable development. It has achieved this by responding flexibly to the issues of the day, through the periods of postwar reconstruction and high and stable growth, the bubble economy and its collapse, globalization, declining birth rates and aging population, and growing environmental and disaster awareness. The past decade alone has seen dramatic change in the wake of the global financial crisis and such major events as the Great East Japan Earthquake. DBJ Group has developed new initiatives with an eye on the future, made possible by steady dialogue with our clients and other stakeholders. This dialogue we regard as a precious asset.

In October 2018, DBJ Group will mark its 10th anniversary as a joint-stock company. Going forward, we will continue to focus on flexibly responding to the changing needs of our clients and society as a whole, in keeping with our mission of "designing the future with financial expertise" while maintaining the core values of initiative and integrity.

## 3. The Long-Term Vision 2030 and Priority Areas

In 2015, we gave fresh thought to the role DBJ should play leading up to 2030. In the course of our debate, we identified a number of changes in the external environment which have a significant impact on DBJ Group stakeholders: Japan's declining population and its climate and energy issues; intensifying global competition; and technological innovations such as AI and fintech. Since its founding during the postwar reconstruction period, DBJ Group has dealt with issues ranging from urbanization and pollution control, up through the period of high economic growth, to the challenges of crisis management and competitiveness building we are working on today. Based on the roles the Group has undertaken and the value it has realized over this time, we tried to identify the best areas in which to use our strengths over the longer term in the interests of a sustainable society.

The result was Vision 2030. Drawn up in 2017, it establishes infrastructure, industry, and regional economies as the three priority areas (materiality items) for DBJ Group initiatives (see page 10). Our contributions in these areas will be consistent with the Group's course so far, and we believe they will be in line with what society and stakeholders expect from us in the future. The Group will do its utmost to promote sustainable development in these fields.



We will approach the creation of value centered on these three areas through sustainability management. By this we mean the creation of both economic and social value through our business activities with the aim of realizing a sustainable society. Based on its unique business model, DBJ Group will work to enhance both its financial and non-financial value, pursuing dialogue with our stakeholders so as to improve the value creation process.

## 4. Initiatives under the Fourth Medium-Term Management Plan (Fiscal 2017–Fiscal 2019)

The Fourth Medium-Term Management Plan: Initiate Change, Create the Future was drawn up in 2017 by backcasting from the Group's long-term vision. It focuses on contributing to Japan's growth by supplying risk capital to new growth sectors and regions, particularly in the vision's three priority areas, and on creating diverse financing and investment opportunities by linking up and collaborating with other financial institutions.

In fiscal 2017, the first year of the plan, progress was made in investment in infrastructure. Industry initiatives were put forth in aerospace, telecommunications, and healthcare, which we see as sources of next-generation growth. Special Investment Operations (see page 34) allowed us to exercise creativity and originality in drawing up region-specific projects such as alliances between regional and overseas companies. I believe the Group's efforts to work as one in pursuing these initiatives also marked a significant advance.

## 5. Our Company Going Forward

Fiscal 2018 marks the halfway point in the Fourth Medium-Term Management Plan. In Future Investment Strategy 2018, published in July 2018, the Japanese government presents the concept of Society 5.0, which centers on a connected society based on digital technology. The challenge for our clients today is to move into new areas that transcend traditional established industries. In fiscal 2018 DBJ Group introduced initiatives in the innovative logistics sector to augment its activities in aerospace, telecommunications, and healthcare. In addition to supplying risk capital, we see our role as taking on challenges in new sectors and functioning as a financial hub for a diverse range of businesses.

Other areas in which we will provide support include renewable energy and urban transportation and distribution infrastructure, essential to the creation of strong and flexible communities which draw on next-generation technologies to promote environmental friendliness and disaster resilience. Key measures include expanding the flow of funds through instruments such as real estate investment trusts (REITs) designed to satisfy demand for real estate renewal, and public-private partnerships (PPPs) and private finance initiatives (PFIs) for infrastructure projects dealing with tightening fiscal constraints.

When addressing local issues as part of these forward-looking initiatives, we will need to keep regional characteristics in mind. Ties and collaboration with local financial institutions and other entities will be increasingly important. And with the rise in the ESG movement, we will be actively promoting our DBJ certification programs (see page 51).





## 6. A Top Runner in Sustainability Management

Sustainability management is the key to our value creation process, and human resources are its most important foundation. DBJ's officers and employees draw on our corporate DNA to pursue a balance of economic and social value. They have inherited the DBJ DNA of long-term perspective, impartiality, public-mindedness, and reliability which have evolved over the years in the course of our business. Bolstered by this DNA, the Group has always risen to meet the challenges of the times. We are constantly striving to enhance our skills in corporate and project assessment. Our expertise in long-term screening and assessment, based on a comprehensive view of regional or current issues, is equal to network building as a central Group asset.

The employees who embody the Group's core values should be able to pursue their activities in full health, and for this purpose we are promoting workstyle reform. In fiscal 2018 we introduced telecommuting to bring more flexibility to working patterns. Employees dealing with client and community issues need to have a good grasp of global trends, and to enhance their global perspective we offer an expanding range of multilevel training programs including courses at universities overseas.

Dialogue with stakeholders is essential to fulfilling our mission as a top runner in sustainability management. I hope that this integrated report will serve to deepen communication among our employees, customers, and the broader community.

August 2018

President and CEO  
Development Bank of Japan Inc.

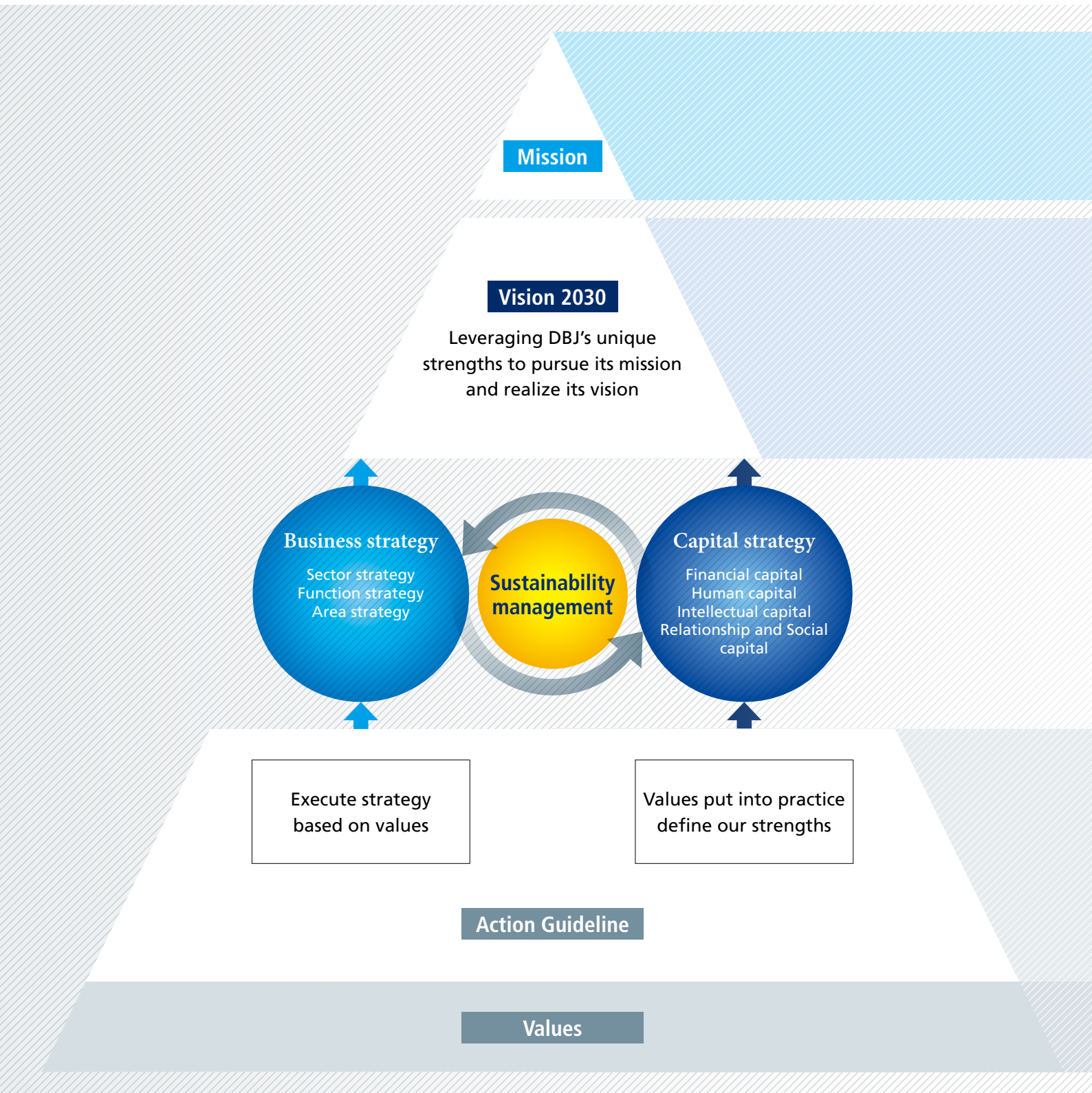
# DBJ Group's Corporate Philosophy

Design the Future with Financial Expertise

DBJ Group updated its corporate philosophy to coincide with the unveiling of its Fourth Medium-Term Management Plan.

With due consideration paid to progress it has made thus far, projected changes in the business environment, and outstanding social issues, DBJ Group has formulated a mission to relentlessly pursue, core values to share, and its Vision 2030 to follow as a guide into the future.

In connection with these elements of its corporate philosophy, DBJ Group has identified four core corporate values—long-term perspective, impartiality, public-mindedness, and reliability—that also embody its strengths and areas of differentiation.





## Sharing Our Corporate Philosophy

Further propagating and applying our corporate philosophy will improve awareness of our social responsibility, enhance the sense of unity in DBJ Group, lower communication costs, and motivate our employees to grow with intention and a sense of mission.

Our unwavering purpose and our incessant determination to shape the future

### 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.

Our vision for 2030, embodied in our mission and strategies

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.

## Our strategy to reach our vision for 2030 Fourth Medium-Term Management Plan

DBJ's unique strengths assist with strategy execution

**Our DNA** a long-term perspective, impartiality, public-mindedness and reliability

Our guidelines for taking specific actions that expresses our values

Our unwavering values shared by management and employees (base component)

- ▶ Responsibility to future generations... • We fulfill our responsibility to the future by pursuing both economic and social value.
- ▶ The customer's perspective ..... • We devote unequalled thought to each possibility—from the customer's point of view.
- ▶ Outstanding service ..... • We review and enhance our services while improving productivity.
- ▶ Commitment and cooperation ..... • We work tirelessly to broaden frontiers and achieve best results.  
• We respect diversity and work together for greater shared value.

▶ Initiative    ▶ Integrity

# Our History

## Our Mission and Values

The Japan Development Bank (JDB) and the Hokkaido-Tohoku Development Finance Public Corporation (HTDFP), the predecessors of DBJ, were established with the objective of reviving Japan's economy and society after the end of World War II.

These companies contributed to the sustained development of society by providing solutions in tune with the times, changing themselves while staying true to their core values of taking on challenges with integrity amid significant changes in the economic and social landscape.

### Economic recovery

### Rapid growth

### Stable growth

### Economic bubble

1951 The Japan Development Bank Law enacted

#### 1951–1955

##### Reconstruction and self-reliance of the economy

In 1951, JDB 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.



Kawasaki Steel Corporation (currently JFE Steel Corporation): Construction of Chiba Steelworks (Chiba) Modernization of steelmaking through construction of the first postwar blast furnace

#### 1966–1971

##### Strengthening of international competitiveness and creation of social development loans

Aiming to enhance international competitiveness in accordance with the transition to an open economic system, JDB 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 problems accompanying high-level growth.



Nissan Motor Co., Ltd.: Auto production facility (Kanagawa Prefecture) Strengthening of the Japanese automobile industry for capital liberalization

#### 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. JDB focused on support for social capital improvement, creative technological development, and industrial transformation and other issues.

In the 1990s, it targeted environmental and energy measures and regional economic stimulation with the aim of making Japan a lifestyle superpower.



Kansai International Airport Company, Ltd.: Kansai International Airport Construction of a large international hub airport

#### 1956–1965

##### High-growth infrastructure development

To expand and reinforce the energy and transportation activities that underpin industrial infrastructure, JDB served to power new economic expansion. It also provided loans for local development to correct regional disparities.

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



Nippon Yusen Kabushiki Kaisha: Liner Sanuki Maru Rebuilding Japan's merchant shipping fleet with finance under the government's shipbuilding program

#### 1972–1984

##### Improvements to quality of life and stable energy supply

JDB began antipollution measures, regional and urban development, other social initiatives, and industrial development. During 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 development of large-scale industrial sites.



New Town Center Development Co., Ltd. (Now Sunshine City Corporation): Sunshine City construction (Central Tokyo) Ikebukuro redevelopment for new urban configuration

#### 1996–2000

##### Creation of a vibrant and affluent society and stable economy

JDB 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 to stabilize the financial system by functioning as a safety net.



Nakayama Joint Power Generation Co., Ltd.: Independent power producer (Osaka) JDB offered project finance for Japan's first steelmaker to enter the power generation business triggered by deregulation.



The Development Bank of Japan (DBJ) was established in 1999. After becoming a joint-stock company in 2008, DBJ steadfastly engaged in major Crisis Response Operations in the wake of the global financial crisis and the Great East Japan Earthquake. Every day, DBJ strives to contribute to the sustained growth of the nation by addressing diverse social needs with financial solutions such as loans, investments, advisory services, and asset management.

## Post-bubble economy

## Structural reform

## The 2008 financial crisis / The Great East Japan Earthquake

2007 Enactment of the Development Bank of Japan Inc. Act

2015 Amendments to the Development Bank of Japan Inc. Act

### 2001–2007

#### Financial solutions that support communities, the environment, and technology

In 1999, JDB and HTDFP were dissolved and the Development Bank of Japan was established. It focused its operations in three areas: community development, environmental conservation and sustainable societies, and the creation of new technologies and industries. In these ways, it contributed to the sustainable development of Japan's economy.



PASMO Co., Ltd.: Development of the PASMO IC card that transformed public transport convenience  
Note: PASMO is a registered trademark of PASMO Co., Ltd.

#### Development of innovative financial products focused on sources of corporate value

Drawing on the knowledge gained from extending more than ¥3 trillion of investments and loans for environmental conservation projects over more than 40 years, in 2004 DBJ launched the Environmentally Rated Loan Program, which uses its proprietary screening system to evaluate firms' non-financial information and determine loan terms and conditions for selected firms with high scores. Using the same method, DBJ followed up with a disaster preparedness loan program in 2006, which was renamed the BCM Rated Loan Program in 2011, and the Employees' Health Management Rated Loan Program in 2012.



### 2008 onward

#### Development Bank of Japan Inc. established

Development Bank of Japan Inc. was established on October 1, 2008, as a special stock company by means of conversion to a joint-stock company. As an impartial provider of industrial finance, long-term funds, and risk capital provided through integrated investment and loan services, DBJ addresses the various issues that clients face.



V-Lease Corporation  
DBJ entered the business of operating leases for aircraft engines, of which core parts are produced by Japanese heavy industry companies. Through this business, we aim to promote the further development of the Japanese airline industry.



Dexerials Corporation  
DBJ supported the expansion of operations by providing management resources, including human resources, along with risk capital to Dexerials, which has world-leading technologies in the functional materials field.

#### Overseas business development

DBJ began to develop a foundation for providing investment and loans overseas with the intention of returning knowledge to Japan.



Senoko Power Ltd. (Singapore)  
DBJ provided subordinated financing to Senoko Power, the largest electric power company in Singapore.

#### Global financial crisis precipitated by the 2008 financial crisis

The financial crisis in the autumn of 2008 precipitated a global financial crisis. As this situation impaired the functioning of the bond markets, corporate cash flows worsened. DBJ responded promptly with financial Crisis Response Operations. Beginning in January 2009, these operations started to include purchases of commercial paper in response to falling functionality in that market.

#### Great East Japan Earthquake disaster and crisis response

Responding to the March 11, 2011, Great East Japan Earthquake disaster and crisis, DBJ worked with other financial institutions to provide appropriate financing, particularly to electric power companies. Through the Great East Japan Earthquake Reconstruction Fund, established jointly with financial institutions in the disaster-stricken region, DBJ continues to provide risk capital through such methods as subordinated loans and preferred shares.



Joban Kosan Co., Ltd.: Spa Resort Hawaiians (Fukushima Prefecture)  
Support for a theme park that became a symbol of reconstruction after the Great East Japan Earthquake

#### Reinforcement of the function of supplying growth capital

The Act for Partial Amendment of the Development Bank of Japan Inc. Act, which was enacted on May 20, 2015, created Special Investment Operations. This new investment scheme, a portion of the funding for which is provided by the Japanese government, is a temporary measure to intensively provide the growth capital needed to promote the competitiveness of Japanese enterprises and regional revitalization.



# Three Priority Areas for Realizing a Sustainable Society

Our Aspirations for the Future (Vision 2030)

With its values of initiative and integrity, DBJ Group has consistently responded to changes in the economic environment and social issues by providing solutions to fit the times and contribute to sustainable social development. This has been accompanied by changes to DBJ Group itself. In 2017, the Group formulated Vision 2030, which takes into account changes in the external environment that have a significant impact on stakeholders, in the pursuit of a sustainable society. In seeking to realize Vision 2030, the Group is building on its roles and dialogue with stakeholders thus far with a focus on the three priority areas of infrastructure, industry, and the regions.

## Roles Undertaken

Providing solutions that meet the needs of the times amid major changes in the economic environment and social issues

Developing high-growth infrastructure

Strengthening international competitiveness

Smoothing industrial transformation

Creating an affluent society

Regional revitalization

Regenerating business

Financial crisis response, post-earthquake reconstruction

Supplying risk capital

Long-running, continuous collaboration and dialogue



Advisory Board Monitoring Board

## Stakeholders



Customers



Communities



Employees



Financial institutions



Investors



Shareholders

## Future Changes in the External Environment

In drawing up Vision 2030, we identified changes in the external environment that could have a major impact on DBJ Group stakeholders in the future. These sync with the United Nations Sustainable Development Goals (SDGs) and we aim to contribute to realizing those goals.

Population problems

Climate change, natural resources, and energy

Globalization

AI, fintech, and other technological innovations

Government budgets, finances, and regulations



# Realizing a sustainable society

## Vision 2030

As professionals in the industrial and infrastructure fields, leveraging our ability to address diverse risks, taking the lead in creating businesses and markets, and precisely responding to such social demand as crisis response, we aim to play a unique role in the economy and society in 2030.

### Our Three Priority Areas

DBJ Group has established infrastructure, industry, and the regions as its three priority areas based on the roles it has played and the functions it has undertaken to date, the social value it has realized, and future changes in the external environment. Leveraging its professional

strengths, the Group is assessing long-term changes in the external environment to provide creative solutions to issues confronting clients in infrastructure, industry, and the regions and thereby play a part in creating a sustainable society.



#### Rebuilding and Reinforcement of Infrastructure

Rebuilding of energy systems, more advanced transportation networks, creation of attractive communities

Rebuild energy and transportation infrastructure, upgrade public infrastructure

Promote urban growth



#### Creation, Conversion, and Growth in Industry

Commercialization of new technologies, business restructuring to improve productivity and hone competitiveness, business development in global markets

New technologies and businesses (promote innovation)

Reorganization

Overseas expansion



#### Self-Reliance and Revitalization of Local Economies

Industrial revitalization based on regional characteristics, overseas business development, response to inbound tourism, business succession

Solve issues specific to each region

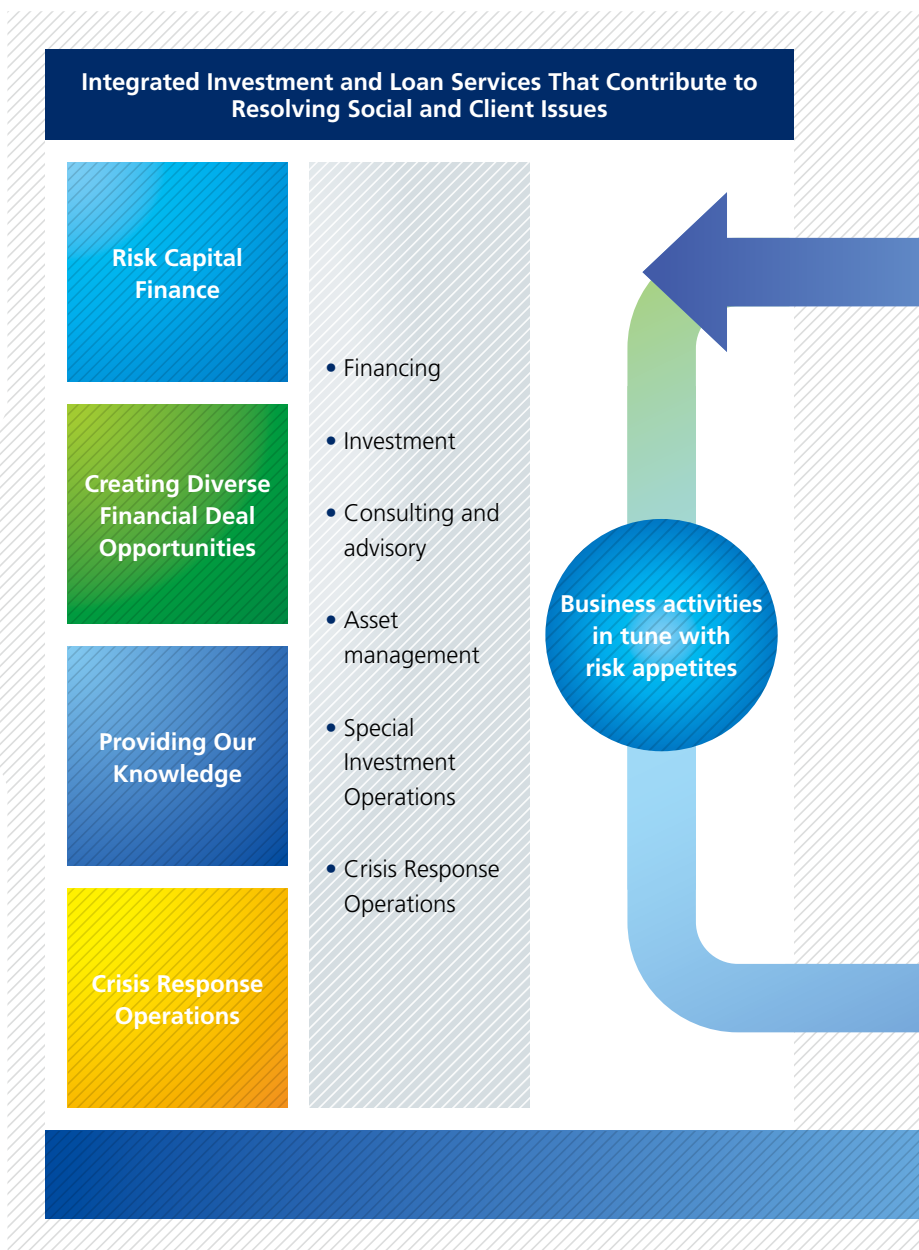
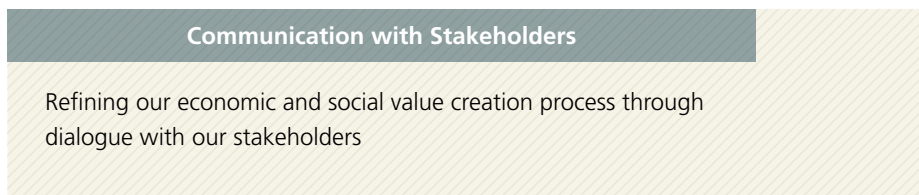
Play a role connecting regions to Tokyo, regions to regions, and regions to the world

# Sustainability Management

## Value Creation Process

As a top runner in sustainability management, DBJ Group seeks to promote sustainable development in Japan and worldwide with solutions to issues facing clients and society.

The sustainability management targeted by DBJ Group consists of business activities based on a business model that leverages Group capabilities in fields such as integrated investment and loan services and consulting and advisory services. The business model is designed to simultaneously raise economic value and social value in pursuit of a sustainable society. We are working constantly on improving our value creation process through collaboration and dialogue with stakeholders, seeking refinements in our sustainability management to elevate the value we create.



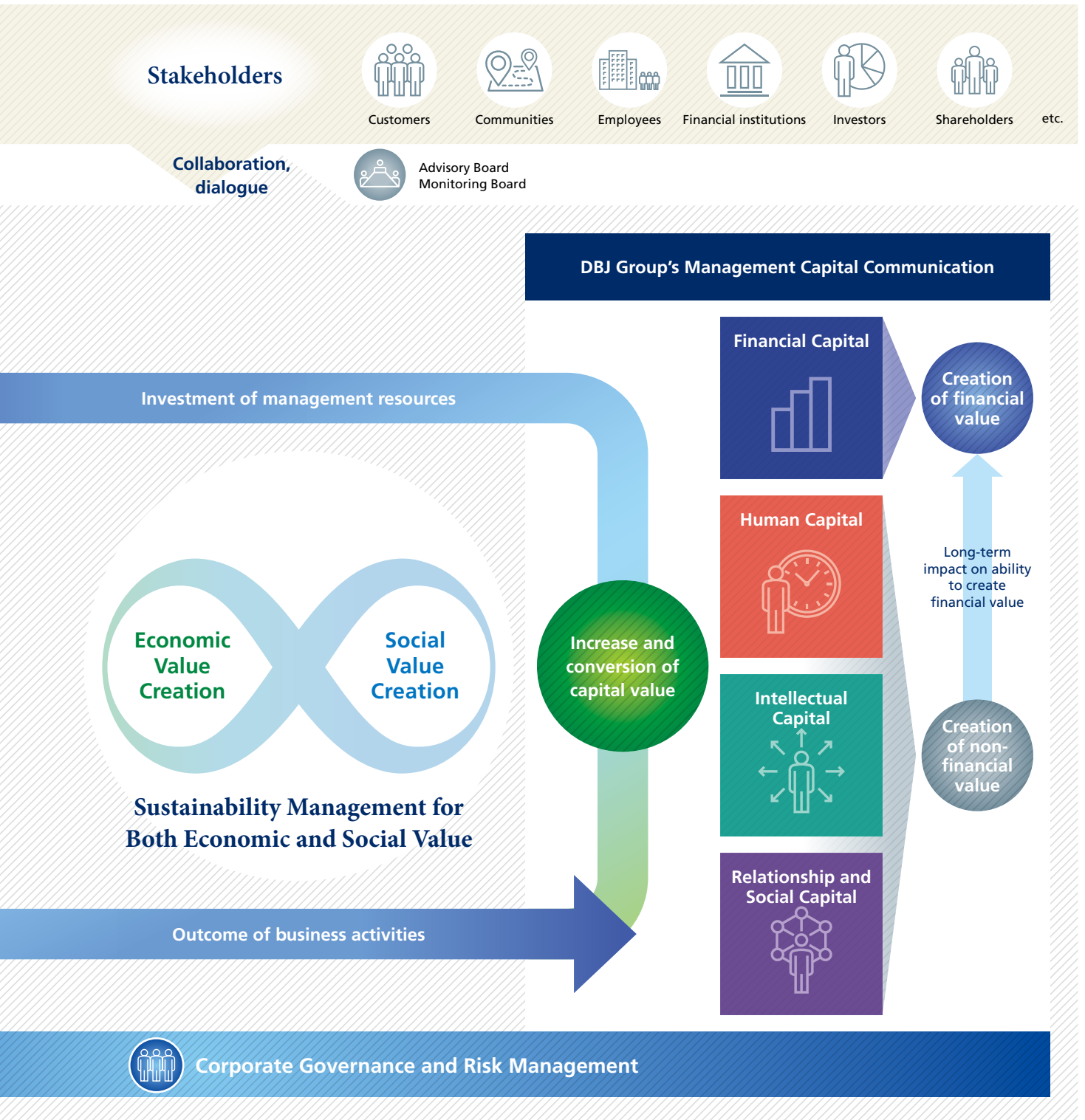


For our clients in industry and infrastructure, we provide integrated investment and loan services commensurate with their risk appetite along with consulting and advisory services. Additionally, for our investor clients we offer syndication and asset management services. These business activities extend to regions throughout Japan and overseas.

We also undertake Crisis Response Operations as required by events such as major disasters or financial

market instability as mandated under the DBJ Act.

Implementation of DBJ Group's business model requires special resources. While healthy financial capital is a vital support, we also strive for the integrated expansion of financial and non-financial capital, using clear definitions for the human capital, intellectual capital, relationship capital, and social capital that impact on our financial value creation in the long term.



# Fourth Medium-Term Management Plan

Initiate Change, Create the Future

Specific strategies for the three priority areas in realizing DBJ Group's long-term vision were incorporated into the Fourth Medium-Term Management Plan for fiscal 2017–fiscal 2019.

In formulating this plan, we undertook an in-depth analysis of our vision and considered business strategies centered on sectors, geographical areas, and functions as well as management foundation strategies for financial and non-financial capital.

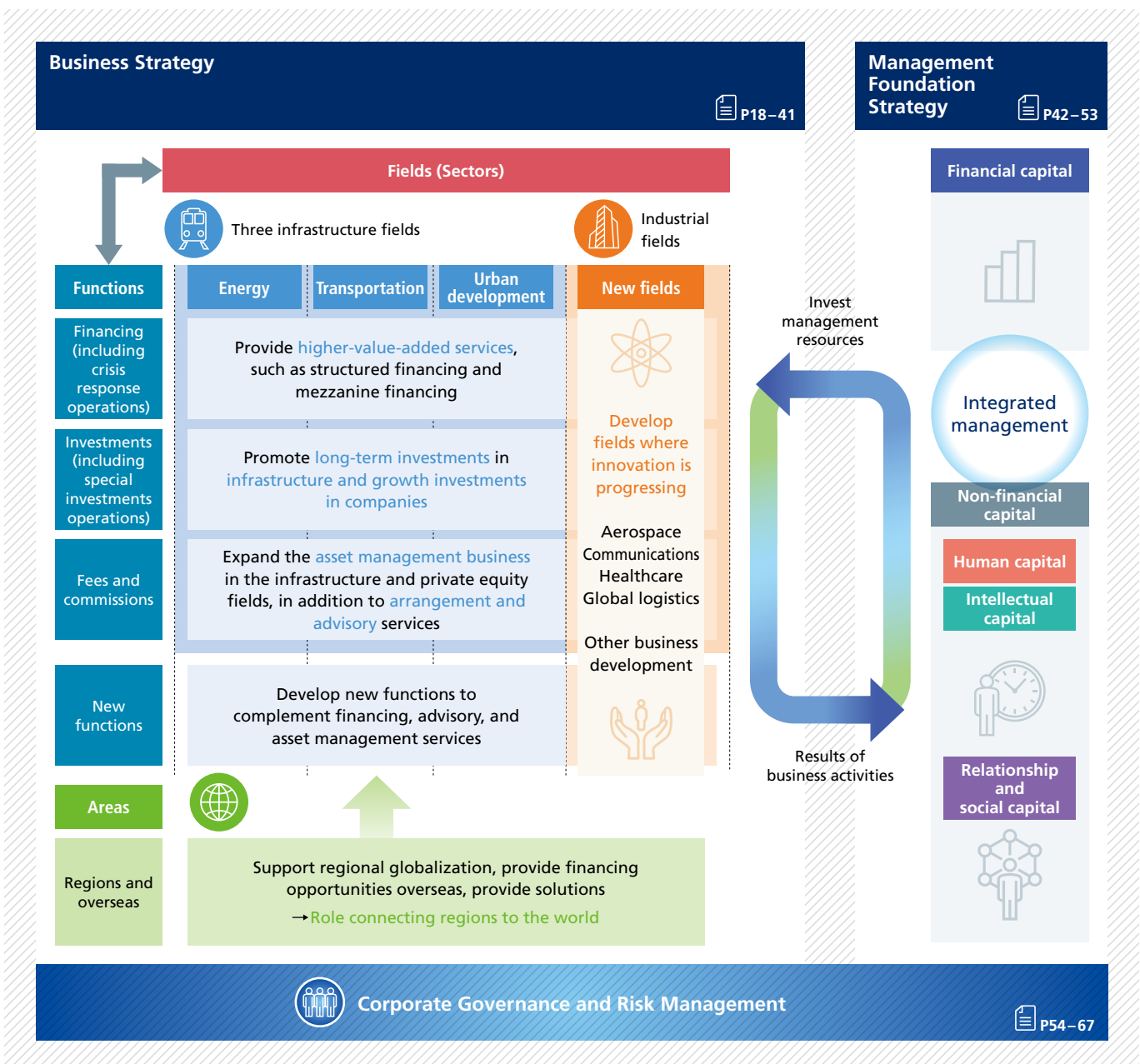
With regard to our business strategy, we are expanding our integrated investment and loan services for clients in three infrastructure fields and in industries including new sectors, and we will be extending these initiatives to regions across Japan and overseas.

As for our management foundation strategy, we have divided DBJ Group management resources into the

categories of financial, human, intellectual, and relationship and social capital. We will promote the growth and transformation of these capitals by investing in our management resources and improve our business activities to realize better results.

Amid heightened uncertainty in the external environment, DBJ Group will continue to work as one in line with its values of initiative and integrity to promote sustainable growth through the Fourth Medium-Term Management Plan.

The slogan of the plan—Initiate Change, Create the Future—designates our intention to spend the next three years creating a future foundation for DBJ Group that will allow it to respond flexibly to changes in the external environment and take on the challenge of changing itself for the better.



## Financial Targets of the Fourth Medium-Term Management Plan

Over the time frame of the Fourth Medium-Term Management Plan, DBJ Group will increase the supply of risk capital, including Special Investment Operations, work diligently to secure a stable earnings base for the long term, and strengthen overseas projects, such as infrastructure projects. The Fourth Medium-Term Management Plan targets gross ordinary income of ¥190 billion and net income of ¥80 billion, increases of ¥30 billion and ¥10

billion, respectively, from the targets of the Third Medium-Term Management Plan.

DBJ aims to maintain robust levels of shareholders' equity and profitability in order to continue conducting Special Investment Operations, financial Crisis Response Operations, and the supply of other risk capital. (In the Third Medium-Term Management Plan, our target for net income was ¥70 billion in the final fiscal year.)

(Consolidated)	Third Medium-Term Management Plan		Fourth Medium-Term Management Plan	
	Actual (Average for fiscal 2014-2016)	Actual (Fiscal 2016)	Actual (Fiscal 2017)	Target (Fiscal 2019)
Gross ordinary income* <sup>1</sup>	¥182.6 billion	¥171.1 billion	<b>¥174.3 billion</b>	¥190 billion
Current net income	¥103 billion	¥87.6 billion	<b>¥91.9 billion</b>	¥80 billion
Of which, credit costs (negative = cost)* <sup>2</sup>	¥19.2 billion	¥4.5 billion	<b>¥12.6 billion</b>	—
Profitability				
Expense ratio* <sup>3</sup>	26%	30%	<b>34%</b>	About 35%
Total assets	—	¥16.5 trillion	<b>¥16.9 trillion</b>	¥16 trillion
ROA * <sup>3</sup> * <sup>4</sup>	1.1%	1.1%	<b>1.0%</b>	About 1%
ROE* <sup>3</sup> * <sup>4</sup>	3.7%	3.0%	<b>3.1%</b>	About 3%
Soundness				
Capital adequacy ratio* <sup>5</sup>	—	17.2%	<b>16.8%</b>	At least 14%

\*1 Includes stock-related gains/losses, before credit costs and expense deductions

\*2 Credit costs (negative = cost) = reversal of allowance for loan losses (negative = provision) + reversal of reserve for contingent losses (negative = provision) + loan write-offs (negative) + collection of written-off claims + gain on sale of claims (negative = loss)

\*3 Expense ratio and ROA versus gross operating profit, ROE versus net income

\*4 Average for fiscal 2014-2016 uses simple average of ROA and ROE for each fiscal year

\*5 Common equity Tier 1 risk-weighted capital ratio

## Review of the Fourth Medium-Term Management Plan's First Year

### Business Profit and Loss (Consolidated)

(¥billion)	Fiscal 2016	Fiscal 2017
Loans	86.0	84.8
Investment	63.2	65.8
Fee and commission income	21.8	23.6
Gross ordinary income	171.1	174.3
Operating expenses	(51.1)	(59.1)
Net business profits	120.0	115.1
Other extraordinary items	(0)	2.2
Gains on reversal of reserves and collection of written-off claims	2.4	11.9
Loans	4.4	12.4
Investment	(2.0)	(0.4)
Pretax profit	124.4	129.4

Note: Business categories are those used in business management.

In investment and loan operations, lending yields were depressed by low interest rates. However, margins improved, albeit slightly, as DBJ focused on high-margin structured products, while the interest rate on external debt declined due to the maturity of debt carrying high interest rates. However, profits edged down due to interest payments on an increased debt balance.

High profits were maintained in investment operations thanks to factors such as exits. A certain degree of progress was made in constructing a stable investment portfolio.

In loan operations, fee and commission income from financing declined, but earnings exceeded those in the previous fiscal year due to factors such as DBJ Asset Management's contribution to profits.

### Business Strategy

DBJ Group made progress in constructing a stable infrastructure investment portfolio; using Special Investment Operations to support the overseas business development of regional infrastructure companies; promoting initiatives in new sectors, particularly special investment in aerospace through a cooperation agreement with Japan Aerospace Exploration Agency (JAXA); advancing tie-ups and collaboration with regional financial institutions, including setting up a cooperation fund; and expanding the asset management business.

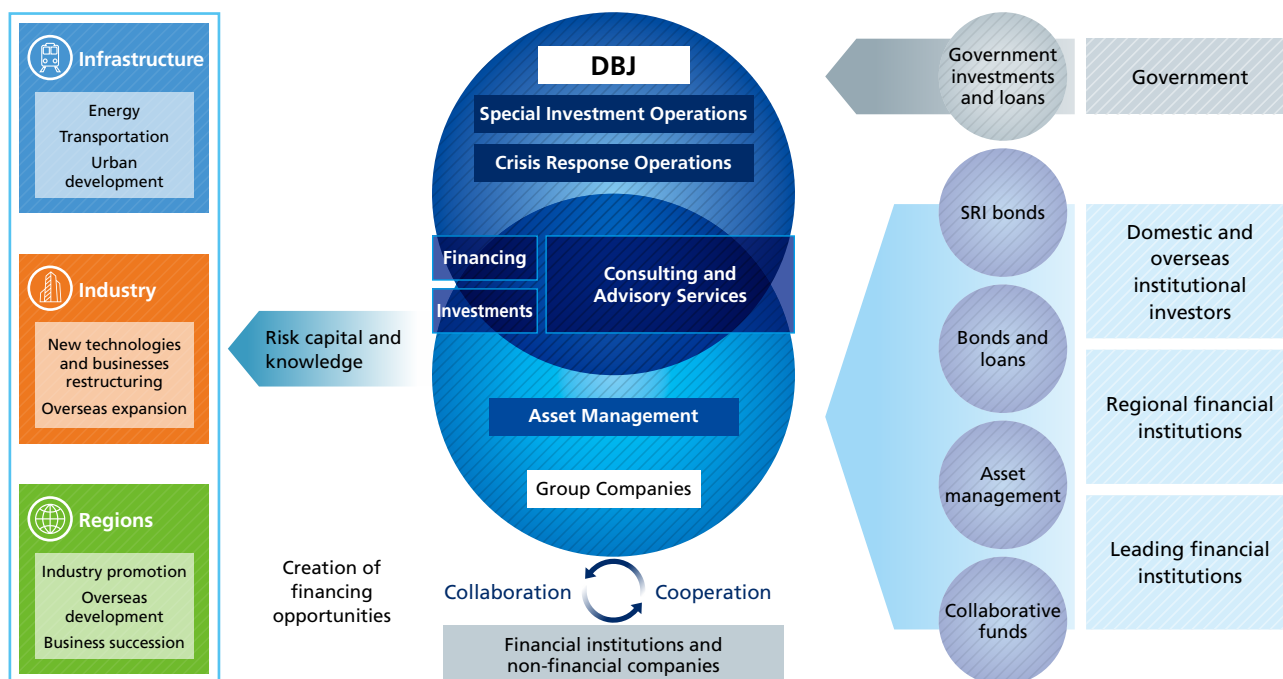
### Management Foundation Strategy

DBJ Group issued its largest Sustainability Bond (\$1 billion) to date; made progress in workstyle reform and business efficiency; initiated an employee engagement survey; promoted cross-department knowledge sharing; and participated in such external initiatives as Principles for Responsible Investment (PRI).



# Financial Market Activation and Stabilization Resulting from Cooperation and Collaboration under the Fourth Medium-Term Management Plan

Under the Fourth Medium-Term Management Plan, DBJ Group will provide unique solutions through optimal partnerships with an emphasis on cooperation and collaboration with other financial institutions and non-financial companies.



## ► Procurement and Management of Funds

DBJ receives funding in various formats, including the procurement and management of funds from institutional investors and financial institutions in Japan and abroad, and supplies risk capital to customers in the domestic and overseas industrial and infrastructure fields.

## ► Provision of Knowledge

DBJ Group creates added value through the provision of knowledge in such forms as surveys and analyses backed by its experience in industrial and infrastructure fields and in risk analysis and structuring.

## ► Crisis Response Operations and Special Investment Operations

These operations are mandated by the DBJ Act and will be properly undertaken as operations backed by the unique strengths of DBJ Group.

### Achievements through Financial Market Tie-Ups and Collaboration

#### ► Tie-Ups and Collaboration with Regional Financial Institutions P29

DBJ Group started borrowing from regional financial institutions in fiscal 2007 as part of its fund-raising activities and has since developed relationships through investment products such as syndicated loans and the establishment of joint funds (there were 30 at the end of March 2018), promoting regional risk capital supply.

#### ► Continuing Issuance of Socially Responsible Investment (SRI) Bonds P43 (As of March 31, 2018)

2017	\$1 billion
2016	\$500 million
2015	€300 million
2014	€250 million

#### ► DBJ Asset Management Co., Ltd. Initiatives P40

In its efforts to seek out and provide investment opportunities, DBJ Asset Management Co., Ltd. has set up seven co-investment programs targeted at seven regional financial institutions and foreign private equity funds as of July 2018.

In April 2018, Japan's Government Pension Investment Fund (GPIF) appointed DBJAM as an investment manager focusing mainly on Japanese infrastructure.

#### ► DBJ Securities Co., Ltd. Initiatives

In addition to products that leverage DBJ Group strengths, such as green bonds and bonds with business continuity management ratings, DBJ Securities is addressing diverse investor needs by introducing investors to instruments such as Tokyo Pro-Bonds and private equity funds while also seeking to stimulate financial market activity.

# DBJ Group's Strategy



## Business Strategy

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## DBJ Group

Working in unison, DBJ Group provides diverse, high-value-added solutions for solving various issues faced by its customers and for solving issues throughout society.

### Overseas locations

- DBJ Singapore Limited
- DBJ Europe Limited
- DBJ Investment Consulting (Beijing) Co., Ltd.

### Investments and loans, Asset management

- DBJ Capital Co., Ltd.
- DBJ Investment Advisory Co., Ltd.
- DBJ Securities Co., Ltd.
- DBJ Asset Management Co., Ltd.

### Research, Consulting

- Japan Economic Research Institute Inc.
- Value Management Institute, Inc.

### Real estate management / IT services

- DBJ Real Estate Co., Ltd.
- Consist, Inc.

Priority Areas

Rebuilding and Reinforcement of Infrastructure

Rebuilding of energy systems, more advanced transportation networks, creation of attractive communities

## Energy Sector



DBJ will contribute to the realization of a low-carbon society worldwide and the globalization of Japanese energy companies by taking a leadership role in the financing of change in Japan's energy markets.

### Main Business Fields

Financing and advisory services are provided to companies and projects in the following sectors:

- Electricity
- Gas
- Oil

Balance of loans in the electricity, gas, oil refinery, heat, and water sectors

As of March 31, 2018

¥3.4 trillion

### Longer-Term External Environment and Social Issues

Japan's energy industry is at a major crossroads. With changes in the macroeconomic structure, including the population decline, and advances in energy conservation, DBJ must promote the reduction of CO<sub>2</sub> emissions while dealing with deregulation in the electric power and gas markets at the same time.

Under these conditions, issues related to financial support for the energy industry entail the supply of capital funding to spur the spread of renewable energy and other new technologies and to address growing risks. Moreover, risks in project financing need to be clarified more clearly, and efforts should be undertaken to allow market participation by a broader range of companies.

### Strategy

While maintaining strong relationships with customers, DBJ will focus on providing capital funding (risk money) and advisory services to facilitate industry restructuring. Furthermore, DBJ will focus on the smooth supply of capital by collaborating with a broad range of financial institutions to meet demand for investments in the deregulated electric power market in Japan, in addition to strengthening initiatives in project financing with clarified risk allocation.

DBJ Group will reinforce its asset management operations in the energy field with the aim of nurturing markets able to recycle capital, thereby allowing more financial institutions to participate in the domestic energy infrastructure market.

Overseas, DBJ aims to become more involved in markets that have taken the lead in fostering deregulation, and then return any knowledge gained to the domestic market to advance its development, while proactively supporting Japanese companies in their efforts to develop business overseas. Through these and other efforts, we aim to contribute to the realization of a low-carbon society on a global basis.

### Accomplishments and Initiatives to Date

In recent years, DBJ has assisted with business restructuring and overseas business development in the electricity, gas, and oil sectors against a backdrop of structural reforms in the domestic energy industry. DBJ has provided optimal financial solutions in tune with the needs of the times, concentrating on the replacement of aging thermal power plants and the construction of new renewable energy power plants.

Initiatives in fiscal 2017 included the raising of funds for domestic solar power generation projects and a joint investment with Tokyo Gas Co., Ltd. in a gas distributor in Indonesia. While helping Japanese energy firms strengthen their overseas operations, DBJ has participated in projects in the U.S. market, which is a pioneer in deregulating the electric power market. For the purpose of gaining insight for the domestic market, DBJ also participated in a natural gas power generation project in Pennsylvania, U.S.A.



## Case Studies

## SDT Solar Power / Green Power Tsugaru

## SDT Solar Power

DBJ, Solar Frontier K.K., and Taiyo Oil Co., Ltd. established SDT Solar Power K.K. to develop and operate a 17.3 MW-scale power generation project that uses solar panels made by Solar Frontier K.K. at a solar and oil business site in Yamaguchi Prefecture. Construction on the power plant began in summer 2016, and the facility commenced commercial operations in November 2017 as a reliable source of clean energy. DBJ not only helped with financing, but was also the financial advisor for the company, assisting with the formulation of a business plan. DBJ also coordinated with a group of banks to raise project financing during the construction phase, with The Yamaguchi Bank, Ltd. as the arranger and a proactive supporter of projects that help revitalize the region and expand the use of renewable energy.



## Green Power Tsugaru

DBJ, together with megabanks, helped raise project financing for Green Power Investment Corporation, a renewable energy developer in which DBJ has invested, to construct Wind Farm Tsugaru (121.6 MW), the largest wind power generation project in Japan, in Tsugaru City, Aomori Prefecture. Although some of its construction began in 2017, Wind Farm Tsugaru truly began to take form once the project financing was raised. The project contractor, Kajima Corporation, plans to install 38 wind turbines made by General Electric with 3.2 MW of output. When this project finishes construction in April 2020, it will be able to supply electricity equivalent to the annual energy consumption of 90,000 households.



Rendering of completed wind farm

## Message from Employees



## Trying a New Type of Renewable Energy Financing



With decarbonization trending around the world, renewable energy has increasingly drawn attention. Aiming to help the government reach its target for a renewable energy ratio of 22–24% by 2030, DBJ will support the financing of renewable energy projects while focusing on the characteristics of each type of energy source, such as solar, wind, biomass or hydro power. Thanks to the feed-in tariff system that was introduced in 2012, it has become possible to expect stable revenues from each renewable energy power plant. As a result, project financing has been on the rise as a means of procuring funds for renewable energy plants. Although it takes time to put financing together, including negotiating contracts and creating revenue models, upon visiting the completed power plant, I came away with a profound sense of satisfaction with the meaningful work that was done. Lately, financing for renewable energy power plants has been on the rise, and from the standpoint of a sponsor, it has been a learning experience for me every day, participating in the operation of the power plant, drawing up annual budgets, and fixing broken equipment.

## Efforts to Combat Climate Change in the Energy Field

Sustainability management means balancing economic value with social value. Based on this fundamental principle, the DBJ Group has worked for many years to ensure a reliable supply of energy while reducing environmental impacts.

In the renewable energy field in particular, DBJ supplies diverse risk capital, including project financing, mezzanine loans and equity financing, to wind and solar power generation projects in Japan from their initial stages. DBJ also finances offshore wind power projects in Europe, with the aim of learning from cutting-edge initiatives overseas and applying those lessons in Japan.

In view of the global debate about climate change and the OECD's Arrangement on Officially Supported Export Credits, as

well as Japan's energy policy based on the 3E+S\* strategic plan, DBJ works to ensure reliable supply while combating climate change. In renewable and alternative energy, we plan to increase the supply of risk capital for wind and solar power, new power grids, and hydrogen projects in order to encourage their introduction. For new projects involving coal-fired power plants, which emit large amounts of greenhouse gases, DBJ takes a more cautious approach. In the process for finance decisions, we evaluate each project from environmental perspectives, such as whether generation efficiency is at or above the ultra-super-critical level, in order to reduce environmental burdens as much as possible.

\* Energy security, Economic efficiency, Environment, and Safety, as stated in Japan's Basic Energy Plan.

## Priority Areas

## Rebuilding and Reinforcement of Infrastructure

Rebuilding of energy systems, more advanced transportation networks, creation of attractive communities

# Transportation Sector



DBJ aims to lead in a financial aspect the growth of the transportation sector and advancement of transportation networks in Japan. DBJ will also act as a bridge between Japan's financial market and the global transportation finance market.

## Main Business Fields

Provision of financing to companies and for projects in the transportation sector

- Land transportation
- Marine transportation
- Air transportation

## Balance of loans in the transportation infrastructure (transportation industry) sector

As of March 31, 2018

**¥2.2 trillion**

## Longer-Term External Environment and Social Issues

Around the world, growing populations will lead to the greater movement of people and goods and spur growth in the transportation sector. In Japan, a country reliant on trade, it is imperative to maintain the reliable transportation of goods and address issues, such as the declining and aging population, as well as the influx of overseas visitors. Accordingly, various issues are waiting for solutions for sustaining growth in the transportation sector and increasing the sophistication of transportation networks. Keen to help its customers solve these issues, DBJ Group will provide financial solutions tailored to diverse needs while acting as a bridge between financial markets in Japan and the global transportation finance market.

## Strategy

While maintaining relations with customers in the transportation sector, we will refine our ability to respond flexibly to changes in the external environment and society. More specifically, DBJ will further strengthen its optimal financial solutions for quality projects and assets in the land, marine, and air transportation fields, as well as supply risk capital to Japanese companies for sharpening their international competitiveness. Additionally, DBJ will provide financing

opportunities to Japanese regional banks and other financial institutions and investors in the global transportation finance market through improved syndicated loans and various investment and loan products that utilize investment and securities functions.

## Accomplishments and Initiatives to Date

In recent years, DBJ has provided financial solutions optimized to satisfy modern needs, including debtor-in-possession financing for a Japanese start-up airline, participation in airport concessions, aircraft financing with a focus on material value, and ship financing to support industrial value chains.

Initiatives in fiscal 2017 included collaboration with private financial institutions in syndicated loans for Solaseed Air Inc. to acquire aircraft, project financing for the expansion of operations at the international passenger terminal building at Haneda Airport, and project financing for LNG carriers in response to the increasing attention on clean energy. Moreover, DBJ collaborated with Sumitomo Mitsui Banking Corporation to create the world's first aircraft financing scheme with insurance features. DBJ China and DBJ Securities worked together on the issuance of bonds for China Eastern Airlines on the TOKYO PRO-BOND Market.

## Case Study

## Re-Expansion Project of Haneda Airport International Terminal

Tokyo International Air Terminal Corporation (TIAT), which operates the international passenger terminal building at Haneda Airport, is undertaking a project to expand the terminal in preparation for a planned increase in international take-off and landing slots at Haneda Airport in 2020. For this project, DBJ raised a total of ¥145 billion (including about ¥95 billion in preexisting investments and loans) in project financing as the lead arranger.

Based on the Asian Gateway Initiative, TIAT was established in 2006 as a special-purpose company (SPC) to implement a completely financially independent private finance initiative (PFI) project to internationalize Haneda Airport, which had primarily served domestic routes back then. When TIAT was established, DBJ was deeply involved in the project as the lead arranger for putting together syndicated loans with other financial institutions, and was also an investor in its preferred shares. DBJ helped with raising additional funds for the 2014 expansion and the most recent expansion of the airport.

The internationalization of Haneda Airport strengthened the appeal of the Tokyo metropolitan area with 24-hour operations and convenient access to the city center. Amid a sharp increase in the number of foreign tourists visiting Japan, the greater passenger capacity at Haneda Airport will likely contribute significantly to the region as a transfer point between domestic and international routes. The project to expand the international passenger terminal will play an essential role in welcoming a greater number of foreign tourists as a result of public-private initiatives to promote Japan as a tourism destination and in hosting the Tokyo 2020 Olympic and Paralympic Games. DBJ will continue to contribute to the healthy development of the Japanese economy and promote the movement of people by increasing the sophistication of transportation networks while reinforcing Japan's mainstay transportation infrastructure, beginning with airports.



Rendering of completed Haneda Airport International Terminal

## Message from Employees



## Helping to Open Skies as a Gateway to Japan

This expansion project not only expanded buildings for the international passenger terminal, but also ventured in new directions, including the sharing of domestic and international routes at the No. 2 domestic terminal, a rarity in Japan, and an examination of possible flight routes over the Tokyo metropolitan area. In light of the steady flow of passengers, there was no doubting the overall potential of Haneda Airport with its prime location and brisk demand. Nevertheless, each issue was carefully addressed while all the details were worked out. The airport management business entails various risks with elements of commerce and real estate mixed in. DBJ brought its project experience and expertise to bear on the analysis and



decision-making for whether project financing would be a framework that could absorb all these risks. For an island nation like Japan, airports are a special place because they serve as the gateway for both people coming to Japan and those leaving on a trip. The expansion of international capacity at Haneda Airport, which is a special venue for business travelers and tourists thanks to its close proximity to the Tokyo metropolitan area, will further open the nation to the rest of the world. Despite my limited contribution, We are proud to have played a role in this expansion project.



Priority Areas

## Rebuilding and Reinforcement of Infrastructure

Rebuilding of energy systems, more advanced transportation networks, creation of attractive communities

## Urban Development Sector



Our vision is to grow alongside cities by helping with the maintenance, renewal, and expansion of urban functions. We also aim to grow with the real estate financing market as a market-stabilizing mechanism.

## Main Business Fields

Loans and investments in urban development projects undertaken by developers, special-purpose companies for owning real estate, loans and investments for real estate investment trusts (REITs), and management of DBJ Green Building Certification with the Japan Real Estate Institute

- Urban development business
- Real estate financing
- Green Building Certification

## Balance of loans in the real estate sector

As of March 31, 2018

# ¥1.8 trillion

## Longer-Term External Environment and Social Issues

Increasing the international competitiveness of cities in Japan is key to enhancing the country's overall competitiveness. Urban infrastructure, built up since 1945, is coming due for an upgrade. Seamlessly upgrading urban infrastructure without interruption is important from the standpoint of creating communities that take into account the environment and society.

The real estate finance market, an essential part of creating communities, is prone to instability due to international exposure. The securitization market in particular was greatly affected by the global financial crisis, while the real estate finance market was thrown into disarray. In spite of such conditions, it is necessary to ensure a reliable supply of capital, spur growth in the real estate finance market, and promote urban development.

## Strategy

DBJ will facilitate urban development through the supply of risk capital, including financing for developers and individual development projects. We also support the growth of REITs, which have become increasingly important entities for the stable management of properties.

DBJ will provide opportunities to invest in quality assets for institutional investors around the world as well as regional financial institutions. By engaging in collaborative financing through proper risk-sharing agreements, we will

create stable cash flows in the real estate finance market.

DBJ Green Building Certification was created in fiscal 2011 as a system for evaluating and certifying real estate from an environmental and social perspective. DBJ continues to operate this system along with the Japan Real Estate Institute, while endeavoring to improve the evaluation of environmental and social aspects of real estate.



## Accomplishments and Initiatives to Date

In recent years, DBJ has concentrated efforts on loans and investments in urban development projects undertaken by developers, special-purpose companies for owning real estate, and loans and investments for REITs.

As for special projects undertaken in fiscal 2017, DBJ arranged subordinated loans under its Special Investment Operations for Hulic Co., Ltd., as well as mezzanine loans for an SPC that acquires and manages housing that promotes employment.

As of March 31, 2018, a total of 539 properties have been recognized with DBJ Green Building Certification.

## Case Study

## Helping Nippon Steel Kowa Real Estate in the Development of AKASAKA INTERCITY AIR

Located in Akasaka 1-chome, AKASAKA INTERCITY AIR is a large-scale, mixed-use 38-story, 205-meter tall building with high-spec offices, conference rooms, retail stores, medical offices, and housing with direct access to a Tokyo Metro train station. The Akasaka 1-chome district is a rare part of central Tokyo that consists of a mix of office and residential areas and an international atmosphere represented by the many embassies and foreign companies present there.

The property has over 5,000 square meters of greenery that cover over half the site, giving office workers, residents, passersby, and other members of the community a place to rest and relax. Situated along the Roppongi thoroughfare, the property creates a green oasis in the center of the grounds.

In addition, with about 200 meters of trees lining the boulevard on the west side, the project was designed to complete a network of green pathways for pedestrians that connect to Toranomon, based on the Akasaka-Toranomon Green Road Concept of about 850 meters of tree-lined roads that start at Circular Route #2.

The development project received DBJ Green Building Certification (plan certification) as a building incorporating outstanding environmental and social considerations in Japan, in recognition of its consideration for the environment, amenities that satisfy the diverse needs of tenants, and excellent BCP performance.

Small and medium-sized office buildings in the 23 wards of Tokyo are advancing in age, and many were built under older earthquake resistance standards. Ever since the Great East Japan Earthquake, companies have put more emphasis on the earthquake-resistance, disaster preparedness, and BCP of office buildings when they move locations.

In light of the current conditions, Nippon Steel Kowa Real Estate Co., Ltd. is working on the development of the BIZCORE series of high-grade, medium-sized office buildings, leveraging its know-how accumulated in the development, management, and operation of more than 90 office buildings in the city center.

DBJ, along with private financial institutions, supports development by providing business funds to Nippon Steel Kowa Real Estate for the upgrading and maintenance of the urban foundation.



External view of AKASAKA INTERCITY AIR

### Message from Employees



## Ongoing Support for Urban Redevelopment

Tokyo and other major cities in Japan are among the first in the world to have reached a mature stage. Reinforcing and renewing urban functions has become an issue within the context of strengthening international competitiveness, improving disaster preparedness, fostering tourist destinations, creating green spaces, reinforcing the earthquake resistance of aging small and medium-sized office buildings, and adapting to diverse work styles. The construction of AKASAKA INTERCITY AIR, which opened its doors in September 2017, and the development of the BIZCORE series are a part of efforts to help solve these issues faced by cities. Real estate development requires large sums of funds, and it takes a long time to recover investments. For these reasons, it is often the case that deep risk-taking is necessary with stable, long-term financing and mezzanine loans. We aim to back such efforts to create communities through the ongoing provision of business funds and assistance with financial technologies, such as asset financing.



# Industrial Sectors

In industrial fields seeing changes brought about by technological innovation, the creation of new businesses, and restructuring, DBJ Group will take a direct approach to solving issues faced by customers and society while searching for growth opportunities for itself. As an incubator that creates new businesses and markets, DBJ aims to play an essential role in strengthening the competitiveness of industries in Japan.

## Main Business Fields

Provision of financing and advisory services for companies and projects in the industrial sector

- Manufacturing
- Communications, broadcasting, media
- Retail and foods
- Healthcare
- Hotels, Japanese-style inns, tourism, etc.



## Longer-Term External Environment and Social Issues

Amid changes in the external environment, including population problems, globalization, and such technological innovations as AI, customers are dealing with a variety of issues that include the commercialization of new technologies and other innovations, business restructuring to enhance productivity and competitiveness, and overseas business development with an eye on new growth opportunities. Meanwhile, the financial environment is likely to include diversification in capital providers, considering the ongoing surplus capital conditions and advances in fintech and other technologies. As it becomes easier to access capital, providing unique added value will become essential to helping customers solve their problems on the financial front.

## Strategy

DBJ will offer solutions to the issues faced by customers—centered on the fields of business portfolio optimization, new business creation, overseas business development, financial strategy, and capital policy—by mobilizing its financing functions, knowledge, and unique networks while leveraging its insight and expert knowledge of each industry. DBJ has created teams of specialists for establishing a solid business foundation in the aerospace, communications, and healthcare fields since 2017, and in the logistics field since May 2018. While being deeply involved in each industry, DBJ keeps an eye on socioeconomic megatrends and changes in the landscape to facilitate innovation

on various fronts of business development across industries (such as moving toward a hydrogen-based society) without being beholden to traditional frameworks.

## Accomplishments and Initiatives to Date

In the 1990s, DBJ was involved from an early stage in financing new businesses, utilizing its ability to survey industries and analyze corporations derived from its track record of providing long-term capital for capital investments. From the early 2000s, when business and industry restructuring came to the forefront, DBJ ramped up debtor-in-possession financing, private equity investments, and M&A advisory services. Since becoming a joint-stock company in 2008, DBJ has leveraged its knowledge and experience in these fields to further improve its ability to survey industries. At the same time, DBJ has helped companies enhance their competitiveness and clients solve various problems through advisory services backed by loans and investments to create new businesses and rebuild finances while entering overseas markets and spinning off non-core businesses.

Initiatives in fiscal 2017 included the provision of DBJ rated loans (see page 51) for the materials industry amid growing interest in environmental, social, and governance (ESG) issues. These also included helping Fujitsu Ltd. and Lenovo Group Limited establish their joint venture in the PC business, in addition to efforts in new business fields.



## Aerospace

DBJ has been assisting the aircraft field for 30 years or so, ever since the Japan Development Bank era, through lending facilities based on the Aircraft Industry Promotion Act for Japan's first international joint development project for jet engines. In April 2017, DBJ established the Aerospace Office with the aim of developing the outer space field, which is expected to grow as a new industry, in addition to the aircraft field, leveraging the abundant knowledge and networks it has accumulated.

In fiscal 2017, initiatives in the aircraft field included the provision of risk capital through Special Investment Operations to support expansion in the civilian helicopter business of Kawasaki Heavy Industries, Ltd. and the aircraft engine businesses of Uemura K.K. and AeroEdge Co., Ltd.

In the outer space field, DBJ signed a collaborative agreement with Japan Aerospace Exploration Agency (JAXA) in May 2017, under which it published a report titled "Strengthening the Competitiveness of Japan's Space Industry." DBJ also invested in Global Positioning Augmentation Service Corporation, a company planning a satellite positioning service accurate to the centimeter level using Japan's version of GPS; New Generation Small Rocket Development Planning Co., Ltd., a company developing small rockets; and ispace, inc., a company working to commercialize resource development on the moon's surface.

## Communications

Communications networks are responsible for handling ever-increasing volumes of data and communications traffic, and their importance is only growing. Along with the arrival of a society where everything is connected together over networks, as key social infrastructure, communications networks will have to become more resilient and sophisticated.

Our initiatives in fiscal 2017 included providing financing for core communications assets, such as communications towers and data centers, as well as purchasing shares, along with JTOWER Inc. and RISA Partners, Inc., in an operating company in Vietnam with the largest In-Building Solution (IBS)—that is, mobile communications infrastructure sharing inside buildings. In these and other ways, DBJ is proactively supporting the overseas business development of Japanese growth companies that have advanced technologies.

## Healthcare

In the healthcare field, DBJ Group has focused on medicine and nursing care, and has launched new initiatives in the life sciences field.

As for initiatives in fiscal 2017, DBJ cooperated with the Ministry of Economy, Trade and Industry on the dissemination of knowledge related to medical equipment innovation. DBJ also provided growth opportunities and supported overseas business development by matching Japanese companies with foreign firms through financing for medical equipment venture funds in North America.

## Logistics

In May 2018, DBJ newly established the Global Logistics Office in its Corporate Finance Department, Division 3, in order to sharpen its focus on the logistics field in light of sweeping changes in the logistics industry being ushered in by technological innovations including AI and IoT.

In terms of financial support, the Global Logistics Office supports improvements in competitiveness and productivity in the logistics field through assistance for creating new industries with the latest technologies, the supply of risk capital to companies innovating on the technological front, and investments and loans for the latest, high-function logistics facilities.

In terms of information support, DBJ holds Logistics Innovation Workshops for industrial, government, and academic entities to discuss issues and approaches related to technological innovation in the logistics industry.

## Responding to Innovation

Over the past few years, there has been a sudden rise in technologies and innovations, such as in IT, new materials, new energy, bioscience, and robotics, with the potential to substantially change the existing fabric of industry and society. For these new technologies to help society and lead to the creation of new businesses, it is important to spread new value systems and lay down rules for collaboration across industries and between the public and private sectors.

DBJ Group created the Innovation Promotion Office under the Business Planning & Coordination Department in April 2017 to facilitate collaboration among these diverse players and take the long view for moving projects forward.

As for initiatives in fiscal 2017, DBJ, along with 10 other companies including automakers and infrastructure developers, established Japan H2 Mobility, LLC (JHyM) for the purpose of building out a network of hydrogen refueling stations for fuel-cell vehicles.

## Case Study

## Establishment of Joint Venture for Building Out Network of Hydrogen Refueling Stations

In February 2018, Japan H2 Mobility, LLC (JHyM) was established through joint investments by a total of 11 companies including DBJ for the purpose of building out a network of hydrogen refueling stations for fuel-cell vehicles (FCVs).

The newly established JHyM aims to bring Japan one step closer to a hydrogen-based society by facilitating the proliferation of FCVs and a self-sustaining hydrogen station business based on its plans to create and fine-tune a network of optimally located hydrogen refueling stations across Japan.

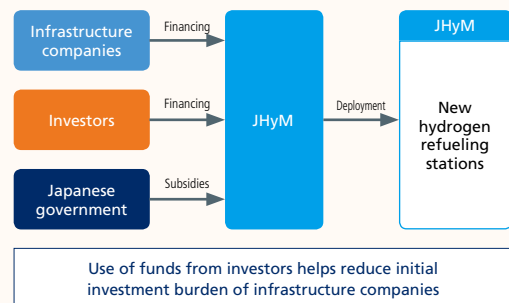
Under the guidance of the Ministry of Economy, Trade and Industry, the Strategic Roadmap for Hydrogen and Fuel Cells was drawn up in March 2016 to define public-private targets for the proliferation of hydrogen refueling stations for FCVs toward the realization of a hydrogen-based society in the future. JHyM was established after it became apparent that a new framework is needed for collaboration among the Japanese government, auto-makers, and hydrogen station network operators.

DBJ has cooperated with the parties involved in this project from the initial stages, working toward its realization, and helped bring the project to fruition as the chief advocate for establishing the new company.

This initiative was highly significant for DBJ, bringing with it a recognition of its role in improving social value by helping move Japan toward a hydrogen-based society, as DBJ promoted this joint project while enlisting the cooperation of key domestic players in the automobile and energy sectors. Other parties involved in this project stand to benefit as well, as it lessens initial risks related to the hydrogen refueling stations for infrastructure developers and spurs sales of FCVs for automakers. The project also contributes to Japan's energy policy, which seeks to expand the use of hydrogen energy from the perspectives of energy security, energy conservation, and lessening environmental load.



Press conference on establishment of JHyM



## Message from Employees



## DBJ's Financial Capabilities Help Make Hydrogen-Based Society a Reality

For this project, DBJ was asked to play a specific role in navigating conflicts of interest among the involved parties, creating business models, and formulating revenue targets. Navigating the conflicts of interest was rather difficult in this case, owing to the many parties involved having different points of view. DBJ designed a framework to minimize risks and found the common ground where all the involved parties are satisfied. All of this led to the establishment of JHyM.

Creating the business model was also quite difficult due to the considerable uncertainties about the future, the rarity of such projects in terms of the diverse parties involved from across various industries, and because it took so long to get through the examination phase. The project was also unique in that it was an all-Japan initiative, making it necessary to clear regulatory hurdles under the Anti-Monopoly Act.



Regardless, DBJ's involvement in this paradigm shift in the automobile industry, a core industry in Japan, carries with it great meaning. Whether or not the automobile industry continues to drive growth in the Japanese economy depends on the ability of each domestic player to address environmental issues. Japan has the best hydrogen-related technologies in the world, and for Japan to lead the world, we believe DBJ will need to play a major role through JHyM.

## Case Study

## Development of the Domestic Space Industry by Commercializing a New Generation of Small Rockets

In August 2017, DBJ, along with Canon Electronics Inc., IHI AEROSPACE Co., Ltd., and Shimizu Corporation, established New Generation Small Rocket Development Planning Co., Ltd. for the planning and examination of the small rocket launch business, with the aim of tapping into demand for launching small satellites into outer space, a potential growth field around the world.

In July 2018, New Generation Small Rocket Development Planning and the aforementioned four companies decided to proceed to the business development stage after examining the feasibility of the business. After an additional round of investment from the four companies, New Generation Small Rocket Development Planning was renamed Space One Co., Ltd. and turned into an operating company. As major players in their own fields, the four companies' collaboration on the project has given it more credibility. With a corporate vision of providing the most frequent launches in the world for highly convenient access to outer space, the new company plans to accelerate efforts toward the commercialization of launch services during fiscal 2021.

As each company commits their expertise to the project, such as Canon Electronics' know-how in reducing mass production costs for consumer electronics, IHI AEROSPACE's advanced technologies in rocket development, and Shimizu's resources in infrastructure development, DBJ's role will be to act as a neutral facilitator of their alliance while examining the feasibility of the business by leveraging its know-how accumulated in advancing and supporting the development of the aircraft industry.

The establishment of infrastructure for frequently launching satellites on small rockets in Japan will create greater opportunities for domestic aerospace companies, which have had to rely on overseas rockets to get their satellites into space. As conditions come into place for creating businesses while technologies are verified, we anticipate the smooth development of technologies and businesses in the outer space field. Accordingly, this project is highly significant for the development of Japan's space industry. DBJ is fully committed to this project in its aim of helping strengthen the competitiveness of Japan's space industry through new business development via collaboration across different sectors.



Rocket launch at Japan Aerospace Exploration Agency (JAXA)  
Photo courtesy of JAXA

### Message from Employees



## Corporate Collaboration across Industries and New Business Creation

Canon Electronics is a leading mass-producer of electronics in the Canon Group. IHI AEROSPACE has engineered and developed rocket launches for national projects while collaborating with other manufacturers. Shimizu has always been on the front lines of infrastructure development in Japan. Although each company shares the same goal of creating a rocket business by marshaling the necessary technologies and resources, they are all pieces in a great puzzle with different corporate cultures and major gaps in the languages used to describe technological development. To steer the project toward commercialization, it was necessary to have someone put these pieces of the puzzle together. DBJ has functioned well as a mediator for aligning opinions and forming business plans, because as a bank, DBJ has developed contacts across various industries, and it has many years of experience working with the IHI Group, which is assuming the main role in rocket development for this project, through its aircraft engine business.



In particular, while each company struggled to set clear targets for this project as a new business, DBJ has provided key support for defining and setting targets from the standpoint of creating a space industry through this project and aiming to establish profitable businesses for the participants. There is a risk that unforeseen troubles or problems will arise, but we will do our best to support the creation of new businesses and industries in Japan while making adjustments from a broad top-down view of the project.



Priority Areas

## Self-Reliance and Revitalization of Local Economies

Industrial revitalization based on regional characteristics, overseas business development, response to inbound tourism, business succession

# Regions

DBJ Group provides solutions for regional issues, connecting regions throughout Japan to Tokyo, domestic regions to those overseas, and regions the world over to each other.



### Outline

DBJ Group provides services tailored to the characteristics of each region in Japan from 10 branches and eight representative offices across the country.

- Investments and loans
- Consulting services
- Planning and research services

Total number of business alliances with financial institutions

March 31, 2018

107



### Longer-Term External Environment and Social Issues

The regional economic outlook is severe with declining household spending and weaker demand for loans alongside a long-term downtrend in regional populations. As regional economies contract, regional enterprises need growth strategies that include overseas business development, measures to improve corporate value through business restructuring and succession, and ascertainment of good opportunities in asset management.

### Strategy

DBJ will provide services with two objectives in mind—namely, to create value by connecting regions throughout Japan to Tokyo, domestic regions to those overseas, and regions the world over to each other, and to solve problems through risk capital and consulting. More specifically, while taking into account regional characteristics, the themes of key objectives entail improving the productivity and growth strategies of regional companies through business restructuring and overseas business development, respectively, and cooperating with regional financial institutions to create opportunities in asset management. As a part of these initiatives, DBJ created the Regional Investment Promotion Office in the Strategic Finance Department under the chief investment officer on April 1, 2017, for the purpose of facilitating the supply of risk capital to regional mid-tier companies and small and medium-sized enterprises.

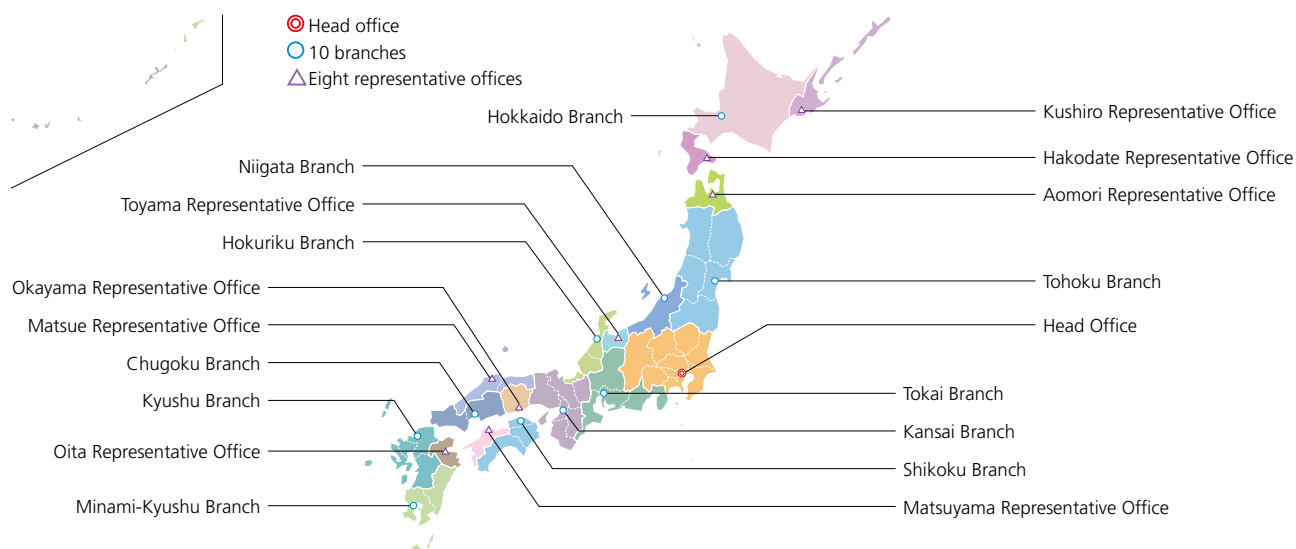
By providing detailed solutions to regional problems, DBJ Group strives to increase the value of its human capital (e.g., the skills and experience of its managers and employees), and relationship capital (e.g., networks).

### Accomplishments and Initiatives to Date

In recent years, DBJ has provided financing tailored to the characteristics of each region through its Regional Areas *Genki* Program (see page 29), risk capital through joint funds with regional financial institutions, and knowledge to local governments. Through Crisis Response Operations, DBJ has also provided assistance for reconstruction in the wake of natural disasters in various regions, including the Great East Japan Earthquake and the Kumamoto earthquakes.

Initiatives in fiscal 2017 included Special Investment Operations providing support for the overseas business development of local companies, as well as assistance for domestic hotel operators through a joint fund with Hoshino Resorts Inc. Additionally, DBJ formed funds with The Hokuriku Bank, Ltd. and The Shizuoka Bank, Ltd., and it also jointly developed loans with special provisions to waive the original principal in the event of an earthquake with The Hiroshima Bank, Ltd. DBJ also supplied risk capital to regions through collaboration with regional financial institutions, including assistance for evaluating the feasibility of businesses for regional financial institutions. As of March 31, 2018, DBJ has entered into business alliances with a total of 107 financial institutions.

Moreover, DBJ engaged in a variety of other activities, as it distributed knowledge through the publication of reports about solving regional issues, provided advice and suggestions for advancing PPP/PFI and rebuilding public infrastructure, supported the management of public assets, and offered advisory services to local public organizations related to comprehensive government policies.



### Collaboration and Cooperation with Regional Financial Institutions

#### Collaborative Funds with Regional Financial Institutions

DBJ collaborates with regional financial institutions with customer bases in their own regions to take advantage of their networks and knowledge in order to advance the supply of risk capital, including through preferred shares and subordinated loans, to local companies. Through these activities, DBJ aims to address diverse regional issues, such as business succession, moving into growth fields, and the revitalization of local economies, while responding to emerging social needs against a backdrop of changing demographics.

In fiscal 2017, DBJ created new funds with The Hokuriku Bank, Ltd. and The Shizuoka Bank, Ltd. As of March 31, 2018, DBJ has created 30 collaborative funds with regional financial institutions.

#### Assisting Regional Financial Institutions with Business Feasibility Studies

Working with regional financial institutions, DBJ provides support to the clients of regional financial institutions for assessing the feasibility of businesses that propose solutions for solving management issues. Based on an analysis of macroeconomic conditions and individual companies, DBJ engages in fact-finding to identify management issues at clients, and then presents its findings in an easy-to-understand format. DBJ subsequently comes up with various financial solutions to solve the identified issues to help its clients formulate their own growth strategies and drum up business. Employees dispatched from regional financial institutions are given opportunities to gain knowledge through on-the-job training while performing business feasibility studies of the clients of their own bank. In 2017,

DBJ provided support to 21 companies and held study groups to help regional financial institutions gain a better understanding of business feasibility assessments.

#### Collaboration for M&A of Local Companies and Overseas Information Dissemination

DBJ helps local companies address various management issues, such as business restructuring and succession as well as expansion of business domains, including overseas expansion. As part of efforts to revitalize regions through collaboration with regional financial institutions, DBJ creates M&A opportunities for local companies through its network of regional banks (75 regional banks as of March 31, 2018). DBJ also provides information to regional financial institutions helping local companies get a toehold in Asian markets through its Asia Financial Support Center (67 regional banks as of March 31, 2018).

#### Regional Areas Genki Program

Facing the challenges of population constraints, severe financial conditions, environmental restrictions and global competition, Japan's regions must coordinate with one another and implement diverse regional development schemes that capitalize on their respective strengths, competitive advantages, and latent potential. In fiscal 2010, DBJ arranged a unique initiative, the Regional Areas *Genki* Program, to support regional growth that capitalizes on each region's respective strengths and potential from information and funding aspects. In addition, each DBJ branch focuses on its region's distinctive fields and businesses, based on its industrial structure, and partners with regional financial institutions to offer financial support.

Please click on the link to DBJ's website for information about support coverage in the areas of each branch (Japanese only).  
<https://www.dbj.jp/service/finance/area/>

### Provision of Knowledge about Local Issues

#### Green Infrastructure

DBJ has published a research report entitled “DBJ Workshop on Green Infrastructure for Rebuilding Urban Frameworks Report: Proposal for Sustained Urban Renewal with Green Infrastructure.”

Green infrastructure is designed to increase greenery in urban areas and replace certain functional aspects of conventional infrastructure in terms of disaster preparedness and the environment. Attracting attention in recent years, green infrastructure enhances the appeal of cities and increases sustainability. It is expected to help alleviate financial burdens while updating infrastructure.

DBJ created the DBJ Workshop on Green Infrastructure for Rebuilding Urban Frameworks, chaired by Associate Professor Takanori Fukuoka from the Tokyo University of Agriculture, and invited President Takashi Onishi of the Toyohashi University of Technology as an advisor as well as Distinguished Professor Shiro Wakui from Tokyo City University and others as leading experts to the workshop. Discussions covered several topics related to facilitating green infrastructure in society. The work group’s report outlines the discussions undertaken by the experts and suggests ways to implement green infrastructure in society based on their discussions.

#### Smart Venues and Estimations of Economic Scale of Sports Industry

In conjunction with the Smart Venue Workgroup (Chair: Professor Yoshiyuki Mano from Waseda University Faculty of Sport Sciences), DBJ published a research report titled “Creation of Sports-Oriented Communities with Smart Venues®—Multi-Function Facilities as Venues for Community Exchange.” A smart venue is defined as a sustainable facility for exchange that includes multiple functions, including management of neighboring areas. The report estimates that more than ¥2 trillion will be spent over the next 20 years on modernizing and building new stadiums and sports arenas, and recommends turning them into smart venues that also function as spaces for exchange.

In the joint research paper “Estimation of Economic Scale of Japan’s Sports Industry” with Doshisha University, DBJ estimates the economic scale of the sports industry was ¥6.6 trillion in 2011. In “the Future Investment Strategy 2018,” it is written that, with the cooperation of DBJ, the government will examine methods to estimate the size of the sports market on an ongoing basis in a format that facilitates international comparisons. DBJ will continue to research and study the sports industry, which is likely to grow in the future.

Please click on the link below to see the Regional, Industry and Economic Report on DBJ’s website (Japanese only).  
<https://www.dbj.jp/investigate/etc/index.html>

### Collaboration with Local Governments

#### Initiatives in PPP/PFI and Public Asset Management via Collaboration with Local Governments and Regional Financial Institutions

Local governments are directly dealing with issues, such as aging, related to public assets under their management. Public asset management refers comprehensively to the planning, management, utilization, and disposal of assets from a management perspective. DBJ assists numerous local governments in this regard, helping them create plans and draw up individual projects with Group think tanks.

In June 2013, DBJ set up PPP/PFI Promotion Centers to facilitate collaboration with local governments and regional financial institutions. While planning and holding seminars at the PPP/PFI Academy, DBJ offers regional platforms for cooperating at the national level. In these and other ways, DBJ has made a concerted effort to expand the use of PPP/PFI, putting into place a structure for promoting their use. In particular, the PPP/PFI Academy encourages roundtable discussions and the sharing of case studies through a tele-conference system that connects all of DBJ’s bases. In its seventh year, the PPP/PFI Academy has welcomed a cumulative total of 6,000 people as participants.

DBJ is keen to supply risk capital and support the formation of pioneering businesses through research and advisory services for properly advancing various PPP/PFI projects tailored to regional issues and situations, based on collaboration with the national government, local governments, private companies, and regional financial institutions.

#### Advisory Services on Comprehensive Government Policies for Matsudo City

DBJ received a request from Matsudo City for help creating a collaborative framework with a broad range of experts in measuring investment effectiveness from the business planning and proposal stages, evaluating effective and efficient operating methods, and providing insight into the management of private companies. In July 2017, DBJ signed a comprehensive partnership agreement and advisory service contract for consultations on the collaborative framework.

The main advisory services provided by DBJ entailed advice, research, and analysis of the impact on city finances from the implementation of various projects, including calculating the effectiveness of investments in projects to create communities, as well as the viability and the optimal approach for executing individual projects.

With this advisory agreement, DBJ will help Matsudo City achieve its aim to develop community management models from a private-sector perspective by leveraging its knowledge and network accumulated in PPP/PFI and public asset management, as well as various solutions including project financing.



## Case Study

## Business Rehabilitation at Miyazaki Car Ferry

Miyazaki Car Ferry Co., Ltd. operates a long-distance ferry service on routes between Miyazaki and Kobe. The company also transports trucks that deliver agricultural products from around Miyazaki Prefecture to the Kansai, Chukyo, and Tokyo regions. Agricultural produce must be reliably delivered by the next day to Tokyo and other regions. The company has key transportation infrastructure for meeting tourist demand from the Kansai region.

However, the company's two ferries have been in service for over 20 years and need replacing. Although the company has reliably generated a certain level of profit, Miyazaki Car Ferry has large amounts of debt inherited from its predecessor, making it a challenge to raise funds.

In light of these circumstances, DBJ, along with local companies, financial institutions, and local governments in Miyazaki Prefecture, in addition to the Regional Economy Vitalization Corporation of Japan, provided the financing needed to rehabilitate Miyazaki Car Ferry and restart operations as a new company.

The rehabilitation of Miyazaki Car Ferry will not only keep people employed at the company but also keep in service its ferry routes that are a lifeline for the economy of Miyazaki Prefecture, enabling the reliable shipment of regional products. After restarting as a new company, Miyazaki Car Ferry is now working to improve earnings and its governance structure while drawing up specific plans to introduce new ferries, satisfying its initial objective. DBJ has dispatched a manager to serve as an outside director at the company to keep their dialogue going. Leveraging its networks and research and analysis capabilities, DBJ is providing the company with a complete solution to its problems while helping it improve management and draw up plans for the future.



## Message from Employees



## Supporting All of Miyazaki with Ferry Services Essential to the Regional Economy

The business rehabilitation of Miyazaki Car Ferry was unique in that it involved a support structure for all of Miyazaki with the establishment of Miyazaki Car Ferry as a new company by a diverse range of stakeholders, including users of the ferry service, local governments, and financial institutions.

This unique structure underscores the broad base of support Miyazaki Car Ferry has gained from numerous stakeholders, reflecting the essential nature of its ferry services for the regional economy. However, the diverse range of stakeholders has meant that it is necessary to find common ground while engaging with the many people involved.

Looking ahead, these diverse stakeholders will need to get behind the company as it addresses issues, including business improvements and plans to introduce new ferries, and by marshaling the advantages offered by each stakeholder, the company will be able to take on future challenges. DBJ intends to support business improvements and help the company manage its stakeholders.



## Publication of DBJ BOOKs

Working as a unified group, DBJ has published the results of its surveys and research activities in a variety of fields through various report brochures and professional journals. DBJ recently published DBJ BOOKs with the aim of deepening the understanding of the latest topics and specialized fields among its broad readership.

In fiscal 2017, DBJ published its first round of two books, titled "Reforming Management of Waterworks—Advanced Shape of Wide Area and Public-Private Partnerships (PPP/PFI)" and "Highlights of Tourism DMO Design and Operation—Genuine Tourism Stimulus with DMO and Regional Revitalization." DBJ plans to turn them into a series.



Priority Areas

## Self-Reliance and Revitalization of Local Economies

Industrial revitalization based on regional characteristics, overseas business development, response to inbound tourism, business succession

# Overseas

Positioning overseas operations within its sector strategies and function strategies, DBJ Group engages in global operations in sectors providing high added value.



### Outline

DBJ engages in overseas operations in line with its sector strategies and function strategies. To coordinate these operations, it has subsidiaries in London, Singapore, and Beijing (including a branch office in Shanghai), as well as a representative office in New York.



### Longer-Term External Environment and Social Issues

Based on projections for continued growth in the world economy, DBJ Group is likely to see continued demand for global business development from its core customers in domestic industries. At the same time, demand for capital should increase strongly from the infrastructure and transportation sectors against a backdrop of population growth and the increasing volumes of movement in people and physical goods. It is imperative that Japan's economy and industry sustain growth by effectively tapping into these overseas growth opportunities.

### Strategy

DBJ will continue to engage in overseas operations in line with its sector strategies and function strategies.

- 1) In infrastructure fields such as energy and transportation, DBJ will provide investments and loans for the overseas development of Japanese industry and for projects that bring overseas knowledge to domestic markets.
- 2) DBJ will provide investment and advisory services to support the overseas industrial expansion needs of its customers, including customers headquartered regionally in Japan.
- 3) Group companies will manage investments in infrastructure assets and corporate assets for the purpose of providing Japanese investors with investment opportunities overseas.

### Accomplishments and Initiatives to Date

When it first became a joint-stock company, DBJ began to extend corporate loans in developed countries where it could apply its knowledge of industries in Japan. DBJ then gradually diversified into project finance, asset finance, and investment operations as business foundations were laid overseas in accordance with DBJ Group's sector strategies and function strategies.

In Singapore and China, DBJ set up an M&A advisory team to coordinate with the head office's Business Development Department in meeting the M&A needs of customers in the Asian region.

Initiatives in fiscal 2017 included participation in syndicated loans for an airport in the United Kingdom, investment in a PPP project for a toll expressway in the United States, participation in syndicated loans for the leading Singaporean company in the LPG carrier industry, the acquisition of bonds issued by a Chinese airline company on the TOKYO PRO-BOND Market, and participation in an oil and gas floating production, storage, and offloading (FPSO) project at a Japanese company that is destined for gas fields off the shores of Ghana. Using a variety of financing methods, DBJ promoted projects in a broad range of sectors, countries, and regions.

## Case Study

## Participation in Natural Gas Power Plant Project (Hickory Run Project) in Pennsylvania, U.S.A.

DBJ was the coordinating lead arranger for project financing totaling U.S.\$53 billion for the Hickory Run Power Plant that is to be constructed in Pennsylvania in the United States.

The power plant, located near Pittsburgh, Pennsylvania, is a nominal 1,000 megawatt (MW) natural gas-fired combined cycle power plant with a planned commercial operation date of April 2020. When completed, the electricity will be sold on the PJM Energy Market, the largest wholesale power market in North America. In the U.S., the shale gas revolution has spurred the construction of new natural gas-fired power plants and the discontinuation of older coal-fired power plants. When completed, the power plant is expected to greatly contribute to the area by providing efficient, clean, and reliable power.

Tyr Energy, Inc., a U.S. subsidiary wholly owned by ITOCHU, is the largest investor in the project, and has driven it forward while leveraging its operational know-how in the development and construction of the power plant. Kansai Electric Power Co., Inc. is also participating as a major investor. Through its involvement in power generation projects in the U.S., which leads in deregulation of the electric power sector, DBJ is able to acquire knowledge related to finance in deregulated markets that is useful in the overseas business development of Japanese companies. DBJ aims to use this knowledge for the benefit of Japan's rapidly deregulating electric power market.



Planned construction site



Power plant under construction

## Tapping into Growth in Southeast Asia for Japan —Initiatives at DBJ Singapore Limited

Since becoming a joint-stock company in 2008, DBJ Group has engaged in overseas operations in order to help Japanese companies develop business overseas and stimulate capital markets in Japan. In December 2008, DBJ Singapore Limited was established as its first overseas subsidiary and its main base of operations for emerging markets in the Asia-Pacific region. DBJ Singapore works closely with DBJ Group companies in Japan to provide investments, loans, and M&A advisory services in this region.



In the wake of the global financial crisis triggered by the collapse of Lehman Brothers, emerging countries in Asia have continued to grow strongly, and Japanese companies have been expanding investments in the promising markets of this region. DBJ Singapore helps Japanese companies enter these markets and provides investments and loans in Asian countries to meet funding demand in the energy, transportation, communications, and other fields.

In its 10th year since being established, DBJ Singapore will continue to work with members and help customers develop businesses while meeting diverse needs in Asian countries that are key to the future growth of Japan.



# Special Investment Operations / Crisis Response Operations



DBJ will provide optimal financing solutions tailored to customer needs, from loans to mezzanine financing and investments, while reinforcing its ability to adequately evaluate various risks.

## Outline

DBJ provides loans and investments after analyzing business prospects, evaluating risks, and creating financing schemes. Taking into consideration the traits of each project and the intentions of participants, DBJ specializes in an integrated investment and loan model that flexibly deploys loans, mezzanine financing, and investments.



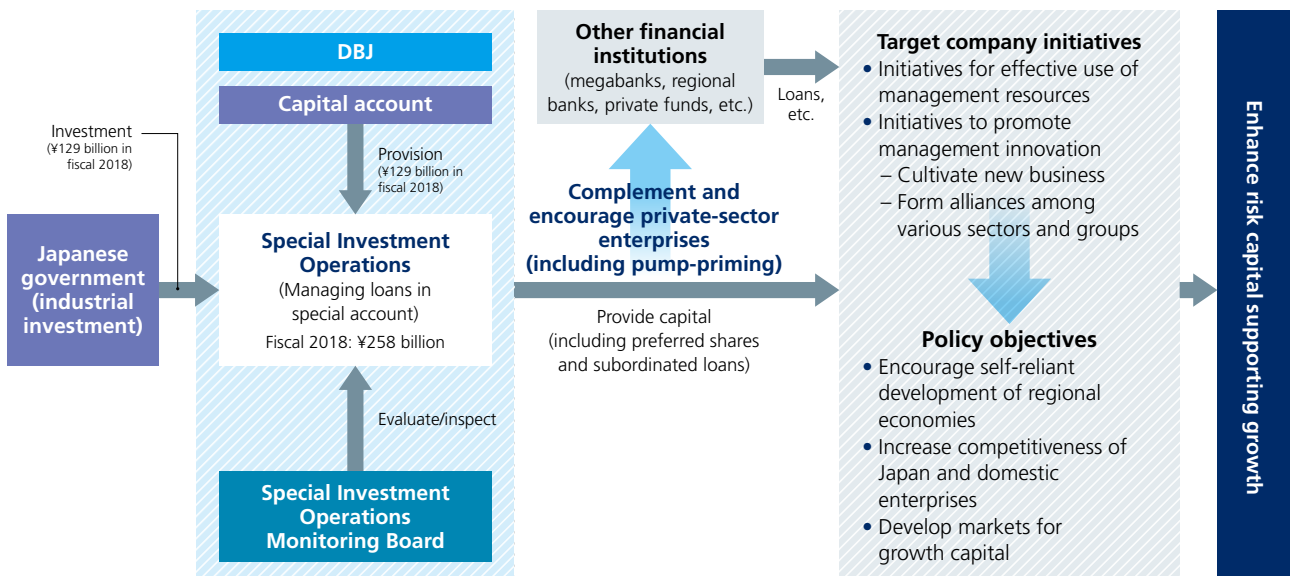
## DBJ's Initiatives to Supply Risk Capital

### Special Investment Operations

Special Investment Operations, established as an intensive but temporary scheme to supply growth capital\* from the perspective of promoting the competitiveness of Japanese enterprises along with regional revitalization, draws only a portion of the investment (industrial investment) from the Japanese government, enough to encourage the private sector to supply growth capital. In June 2015, DBJ kicked off Special Investment Operations with risk capital for the overseas independent power producer business of Shizuoka

Gas Company, Ltd. As of March 31, 2018, a total of ¥260.0 billion in investments and loans had been extended to 62 projects.

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



Investment Operations Monitoring Board—with participation from outside experts in financial and capital markets, industry, and other professional groups (see page 58).

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

### Case Study

## Acquisition of Shares in National Car Parks Group, the United Kingdom, through Joint Investment with Park24

DBJ acquired shares in National Car Parks Group, the United Kingdom's largest private parking lot operator, as part of a joint investment with Park24 Co., Ltd., the world's largest parking lot operator (by number of sites) as well as the operator of Japan's largest car-sharing service.

The acquisition provided Park24 with solid business foundations in the United Kingdom that will enhance its position as a global player. Because the deal also helped increase Japan's international competitiveness in the parking lot business, DBJ was able to utilize its Special Investment Operations to acquire shares in National Car Parks Group.

Operating under the slogan "People, Cars, and Communities," Park24 is contributing to the development of travel infrastructure services in Japan through its efforts to create a comfortable automobile society. The company accelerated its overseas development in January 2017 with the acquisition of Secure Parking Group, a parking lot operator focused on Asia and Oceania. In addition to providing assistance in financing as a joint investor, DBJ is supplying Park24 with complementary resources accumulated in travel infrastructure financing in Japan and overseas and making investments in individual companies. DBJ hopes that the active support from these resources, which include expertise, personnel, and information networks, will help maintain and extend National Car Parks Group's competitive edge and thus increase Park24's corporate value.



NCP parking lot, U.K.

### Case Study

## Joint Investment in Singaporean Company with Chudenko

When Chudenko Corporation acquired shares in Singaporean electrical engineering contractor RYB Engineering Pte. Ltd., DBJ Group made a joint investment by acquiring shares issued by the acquisition SPC.

Chudenko is a comprehensive facility engineering firm supporting the stable supply of electric power in the Chugoku region. In its medium- to long-term vision, which outlines what Chudenko hopes to achieve as an organization by the time it celebrates its 80th anniversary in 2024, the company is aiming to actively expand its group presence beyond the Chugoku region into other regions of Japan and overseas. Chudenko is seeking to grow its business domain with a view to raising corporate value.

RYB Engineering has built up its business with a focus on design and installation for data centers with demand for high technology, gaining a strong reputation in Singapore. The owner was looking for participation from a sponsor with growth capabilities as it sought to expand its business.

Chudenko's first overseas acquisition gives it a base for business in Southeast Asia, a market notable for its pace of growth, and is a spur for overseas development and company growth.

DBJ Singapore Limited was responsible for establishing connections between Chudenko and RYB Engineering. DBJ Group provided support for Chudenko in the form of financial advisory services from its Business Development Department, while its Chugoku Branch supplied risk capital through Special Investment Operations, thus assisting in raising the international competitiveness of Chudenko and Japanese industry.



More information about Special Investment Operations, including our initiatives, is on the DBJ website (<https://www.dbj.jp/service/invest/special/index.html>).

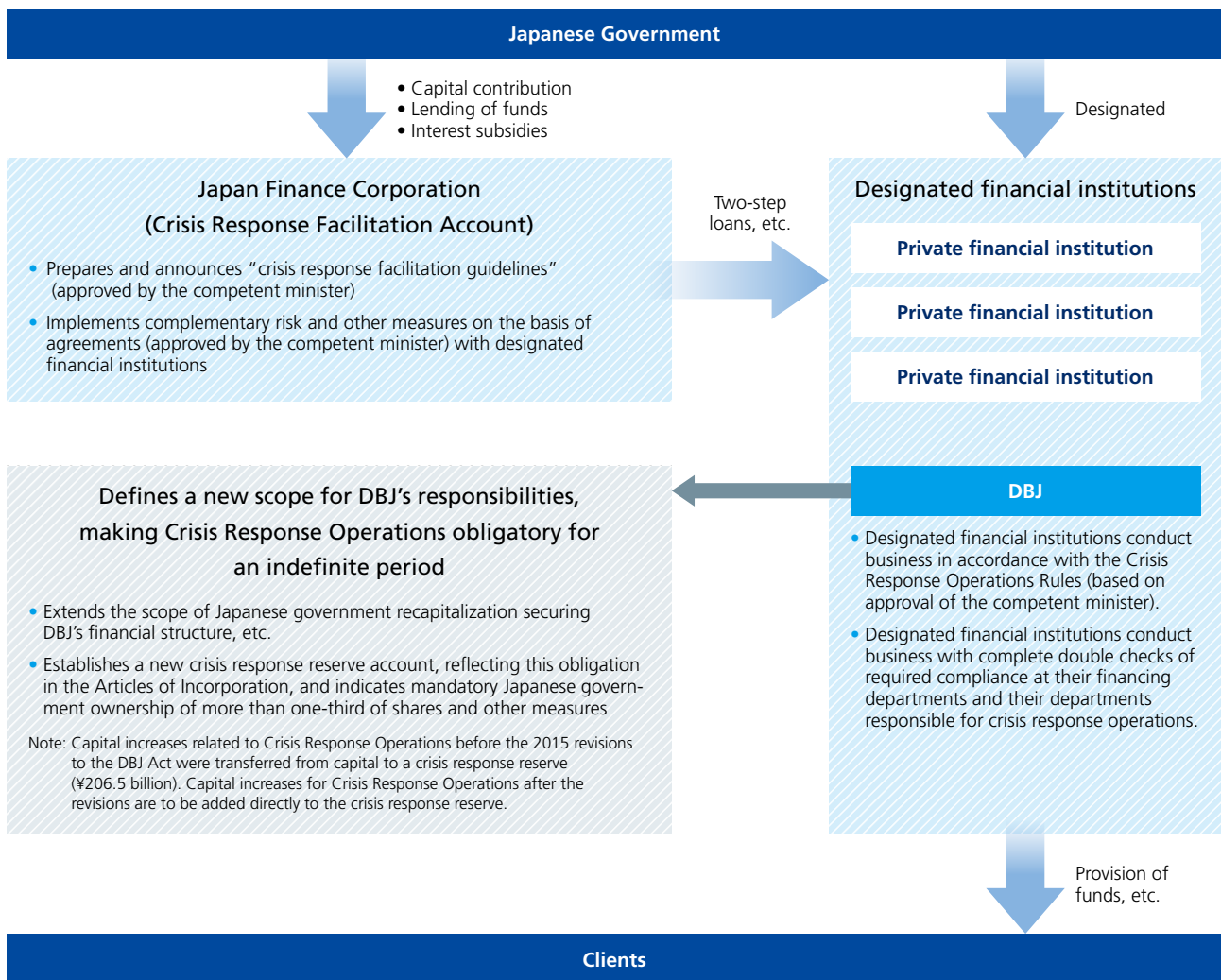
### Crisis Response Operations

DBJ's Crisis Response Operations function as a stabilizing force during periods of instability in the economy, society, and markets.

Crisis Response Operations, on the basis of the Japan Finance Corporation Act (Act No. 57 of 2007, including later revisions) consist of the provision of necessary funds

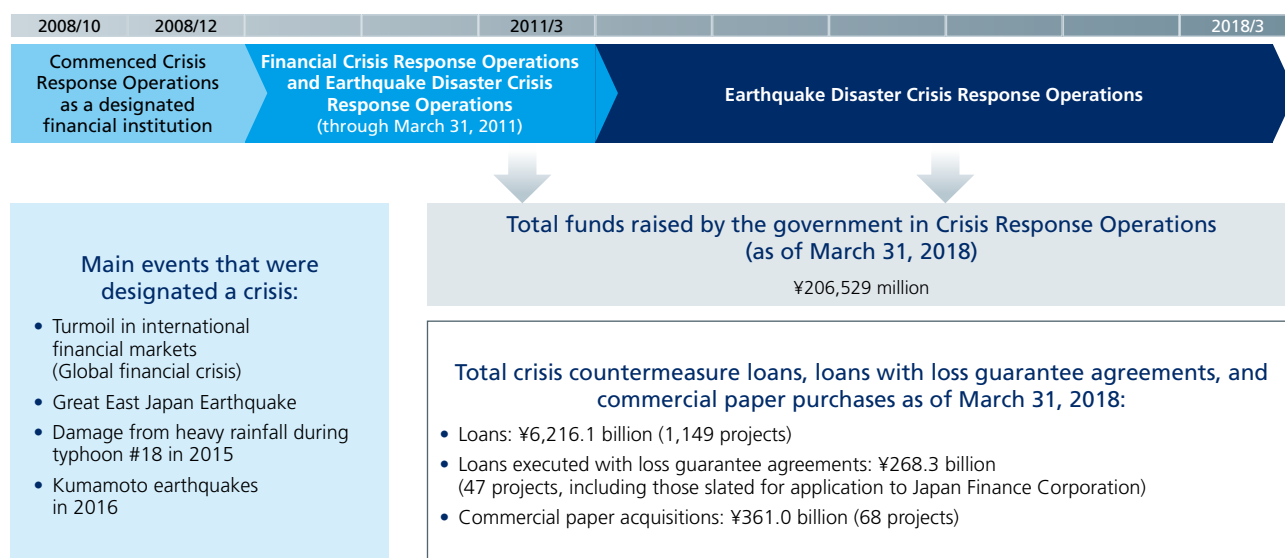
during such crises as disruptions in domestic or overseas financial markets or large-scale disasters. In response to crisis-related damage, Japan Finance Corporation provides two-step loans as a complementary risk measure, among other measures, to government-designated financial institutions (designated financial institutions) that supply necessary funds to address crisis damage.

### Crisis Response Operations Scheme





## Accomplishments and Initiatives to Date



## Case Studies

## Great East Japan Earthquake of 2011

In the fiscal 2011 supplementary budget passed in the wake of the Great East Japan Earthquake, ¥2.5 trillion was earmarked for Japan Finance Corporation for Crisis Response Operations targeting medium- and large-sized enterprises. DBJ proactively provided assistance for clients affected both directly and indirectly by the disaster.

Along with designated financial institutions in the disaster area, DBJ arranged the Great East Japan Earthquake Reconstruction Fund, which has financed 56 reconstruction projects to date.

In December 2014, in response to the shift of the stage of earthquake reconstruction from the restoration of production facilities (the "restoration stage") to efforts to open up a new enterprise-based market that resumes production, collaborates among multiple enterprises to boost industry competitiveness, builds infrastructure and reinforces functions (the "reconstruction and growth stage"), we have established a new reconstruction and growth support fund in collaboration with the Regional Economy Vitalization Corporation of Japan. The new fund is aimed at providing subordinated loans and preferred shares to enterprises whose businesses are contributing to the reconstruction and growth of the disaster-stricken region. We are promoting forward-looking initiatives with a nationwide business model, aiming to support regional growth and revitalization.

## Kumamoto earthquakes in 2016

In 2016, DBJ established the Kumamoto Recovery Office within the Kyushu Branch to better provide useful knowledge and financial expertise for the restoration and reconstruction of regions affected by the Kumamoto earthquakes.

In July 2016, DBJ formed the Kumamoto Reconstruction Support Fund jointly with the Higo Bank, Ltd. and the Kagoshima Bank, Ltd., financial institutions in the disaster-stricken area. The fund supplies risk capital, through such schemes as senior loans (repayment in full on maturity, uncollateralized, non-guaranteed loans) and subordinated loans, to businesses affected by the disaster.

Additionally, DBJ provided beneficial information about restoration and reconstruction through a cross-departmental system, and offered survey and planning services in conjunction with related local governments, national institutions, and economic groups, as well as local financial institutions.



Kumamoto Castle, damaged by the earthquakes (photo from the Ninomaru Parking Lot)

# Syndication, Advisory, Consulting Services

DBJ mobilizes tie-ups and collaboration to provide syndicated loans and support for M&A designed to promote Japanese companies' growth strategies and strengthen their international competitiveness, and offers impartial consulting with a long-term perspective. Along with related services, this helps clients solve the problems they face and stimulates activity in financial markets.



## Outline

### Syndication

DBJ utilizes its impartial standpoint to call on a wide range of financial institutions in providing high-value-added syndicated loans that draw on such original DBJ financing products as DBJ Green Building Certification and the Regional Areas *Genki* Program.

### Advisory Services

DBJ offers expert advice related to corporate M&A—ranging from the formulation of strategies, screening of acquisition candidates, and assessment of corporate value to negotiations, structure policy, and post-merger integration assistance—for a variety of situations, including industry restructuring, overseas business development, business domain expansion, business succession, and fund investments and exits.

### Research & Consulting

Utilizing its extensive network of connections to universities, research institutions, experts, national governments, and local governments, DBJ provides support through surveys and problem-solving ideas related to business strategies and policy formation for urban development, regional development, social capital maintenance, energy, the economy, and industry.

## Strategy and Initiatives to Date

### Syndication

Activities have included leveraging DBJ's strengths in syndicated loans in the energy sector and reinforcing ties and partnerships with regional financial institutions through such means as business cooperation agreements for syndicated loans. In this way, DBJ is contributing to corporate fund-raising while also providing financing opportunities for financial institutions.

In fiscal 2017, DBJ and The Hiroshima Bank, Ltd. created a loan with a special provision that all or a portion of the principal amount borrowed would be waived in the event of a major earthquake that met pre-determined conditions. Both parties provided a syndicated loan using this instrument.

### Advisory Services

As a result of its impartiality, DBJ has a wide network to mobilize in its advisory services, including not only Japanese firms but also foreign companies and private equity funds. In September 2017, when DBJ entered into an overseas M&A advisory business cooperation agreement with BDA Partners (headquartered in New York)—which needed to develop business in Asia and other parts of the world—the synergies generated between BDA's overseas network and DBJ Group's M&A advisory organization and domestic and overseas networks produced a more effective and efficient overseas M&A advisory service for the client.

### Research & Consulting

Japan Economic Research Institute, Inc. is a comprehensive think tank that conducts research in the public, solutions, and international fields. In the public-private partnership and project finance initiative fields, it has a top-class track record in Japan backed by unparalleled experience and know-how.

Value Management Institute, Inc. is also a comprehensive think tank that excels in analysis using proprietary economic models and insight into cutting-edge technologies. Its highly specialized knowledge encompasses a broad range of policy fields, including the formulation of integrated strategies for local governments across Japan.

## Case Study

## Proposal of ¥2 Billion Syndicated Loan for Tisco Logistics Corporation to Build Distribution Warehouse with Head Office Functions

Tisco Logistics Corporation is a road haulage operator headquartered in Yamagata Prefecture. Its main area of operation outside of Yamagata Prefecture extends from Tohoku to Kanto. Tisco Logistics has moved into third-party logistics (3PL), taking over functions such as storage and inventory management from shippers due to the trend in the logistics industry toward small lots and high-frequency deliveries fueled by the growth of the e-commerce market and increasing sophistication in inventory management. As a result of regional growth in demand for 3PL, Tisco Logistics wanted to build a distribution warehouse with head office functions.

To this end, the Kirayaka Bank, Ltd., which is Tisco Logistics' main bank and has a business cooperation agreement regarding syndicated loans with DBJ, consulted with DBJ. To finance the warehouse Tisco Logistics wanted to build, DBJ and Kirayaka Bank proposed a ¥2 billion syndicated loan and a ¥200 million preferred stock placement for strengthening the company's balance sheet. In addition to joint arrangers Kirayaka Bank and DBJ, eight companies participated in the loan, the majority of which were regional financial institutions in Yamagata and Miyagi prefectures. They included Shoko Chukin Bank, The Yamagata Bank, Ltd., Yamagata Shinkin Bank, The 77 Bank Ltd., The Shonai Bank, Ltd., and The Sendai Bank, Ltd.

The ¥200 million of preferred stock issued by Tisco Logistics was taken up by the Jimoto Fund (a core business assistance fund investment limited partnership), created by DBJ together with Kirayaka Bank and Sendai Bank, which are subsidiaries of Jimoto Holdings, Inc.

DBJ aims to assist in upgrading the functionality of regional logistics infrastructure through integrated investments and loans for local growth companies that support regional logistics.



Rendering of the completed warehouse scheduled for construction



### Message from Employees



## Regional Financial Institutions Cooperating to Support a Local Growth Company

DBJ became involved after it was approached for consultation by Tisco Logistics' main bank, Kirayaka Bank. Fund-raising was an issue to begin with, in part because a large-scale investment of more than ¥2 billion was required. However, DBJ and Kirayaka Bank wanted to support the company's president in his desire to develop a logistics business that plays a part in regional economic stimulation and held many discussions on how to proceed.

DBJ and Kirayaka Bank conducted a joint assessment of Tisco Logistics' business potential and arranged for an injection of ¥200 million from the Jimoto Fund to put the balance sheet on a firm footing for large-scale investment. Given that Tisco Logistics was a local growth company supporting regional logistics, we also thought it would be ideal to have regional financial institutions unite to provide assistance; therefore, we embarked on our first jointly arranged syndicated loan. Due to the many financial institutions and experts such as lawyers and accountants involved, it took time to construct the plan and reconcile the various interests, but all went well.

We are confident that the funding plan based on DBJ's integrated investment and loan approach provided a local growth company with funds that will contribute to boosting the company's competitiveness and enhancing the functionality of regional logistics infrastructure.



# Asset Management

Backed by the DBJ Group philosophy and comprehensive financial expertise, DBJ Asset Management Co., Ltd. (DBJAM) provides investment and asset management services that meet clients' best interests.

By stimulating the flow of funds and appropriately addressing diverse investment needs, DBJAM aims to spur the development of capital markets in Japan.

## Outline

DBJAM is an asset management company that specializes in investments in the real estate, private equity, and infrastructure fields.

- Real estate
- Private equity
- Infrastructure

## Longer-Term External Environment and Social Issues

Japan is a nation with considerable assets, including over ¥1,700 trillion in household financial assets and ¥200 trillion in pension assets. With the Japanese economy confronted by a declining population and an aging society, it is imperative that this wealth (financial assets) is steadily expanded.

In realizing sustainable asset formation for the nation, it is an extremely important policy issue for Japan to have a healthy and efficient capital market. Financial institutions, pension funds, and other institutional investors must also advance their investment capabilities in order to maintain a vibrant capital market.

DBJAM acknowledges the importance of such policy objectives and believes that its services are well aligned with the public interest.

## Strategy

DBJAM, as a fiduciary investment manager, works in the best interest of its institutional investor clients with the aim of achieving longer-term growth in returns on each investment, being aware of the profits flowing to the ultimate beneficiaries. DBJAM also works to help its clients increase their asset management capabilities.

To achieve these aims, DBJAM develops deep understanding of the financial standings, investment policies, and risk/return preferences of its clients through active, thorough, and faithful engagement.

DBJAM believes that such an attitude allows it to provide investment and asset management services that are truly optimized for the client.

Through these services and operations, DBJAM contributes to the development of financial markets in Japan by energizing new money flows, as well as the conversion of fund flows into reliable asset formation for the nation's citizens.

## Accomplishments and Initiatives to Date

DBJAM was established in November 2006 for the purpose of energizing the real estate finance market in Japan. Since then, DBJAM has provided domestic real estate fund management and asset management services. In 2016, it formed and began asset management in DBJ Private REIT Inc., an unlisted private real estate investment trust. In addition, since 2013, DBJAM has begun to providing discretionary investment services and investment advisory services related to alternative investments in overseas/domestic private equity and infrastructure and overseas real estate.

In its efforts to seek out and provide investment opportunities, DBJAM has set up seven co-investment programs targeted at regional financial institutions and foreign private equity funds as of July 2018. In 2018, Japan's Government Pension Investment Fund appointed DBJAM as an investment manager focusing mainly on Japanese infrastructure.

As a result of these activities, DBJAM had ¥1,155 billion in assets under management as of March 31, 2018.

## Case Study

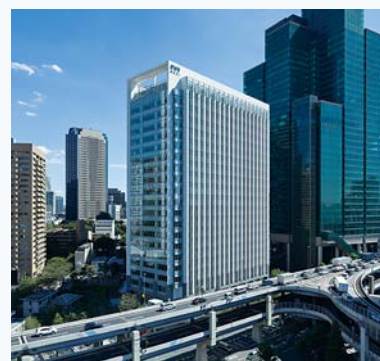
## New Stimulation for the Real Estate Finance Market with Private REIT

DBJAM established DBJ Private REIT Inc. in August 2016 to cater to diverse investment needs by providing high-quality investment opportunities to entities such as regional financial institutions and pension funds from an impartial and long-term standpoint. One objective of the establishment of DBJ Private REIT was to energize the real estate finance market.

DBJ Private REIT takes full advantage of DBJ Group's extensive experience in urban and regional development and its wealth of expertise in real estate securitization, including REITs, in aiming for stable longer-term earnings and steady growth in assets under management.

DBJ Private REIT is distinguished by a basic policy of investment in properties with DBJ Green Building Certification or other environmental certifications to promote sustainable real estate. In 2017, DBJ Private REIT led the way in the private REIT sector thanks to its being awarded a Green Star (highest designation) in the Global Real Estate Sustainability Benchmark (GRESB) assessment.\* Investment in sustainable real estate and property management guided by sustainability fit with current investor interest in environmental, social, and governance (ESG) issues while also leading to the maintenance and enhancement of asset value in the longer term.

\* GRESB, established in 2009 by leading European pension fund groups, undertakes annual assessments that take into account real estate sector ESG performance.



## Message from Employees



## Harnessing the Overall Power of DBJ Group in Private REIT Management

DBJ Private REIT currently has the funds of more than 70 investors, including financial institutions and pension funds, under management. We believe private REITs are suited to long-term investors due to their ability to potentially generate longer-term, stable income gains commensurate with fundamental real estate value by virtue of their non-listed, indefinite-period, open-ended structure. Private REITs are entrusted with the funds of professional investors (institutional investors) and are required to perform to a high standard in real estate acquisition and management and in fund-raising. Furthermore,

as private REITs are predicated on being going concerns for indefinite periods, it is particularly important that they earn the unwavering trust of investors over the long term.

Our employees, with distinct responsibilities in property acquisition, fund-raising, property management, and DBJ Private REIT management, will continue working together to build a track record of stable management and stable dividends. And equipped with investment opportunities and services that draw on DBJ Group's long-term perspective and impartiality, they will engage in close communication with investors and participate in DBJ initiatives regarding ESG and sustainability to maintain a customer-first approach in stable investment.



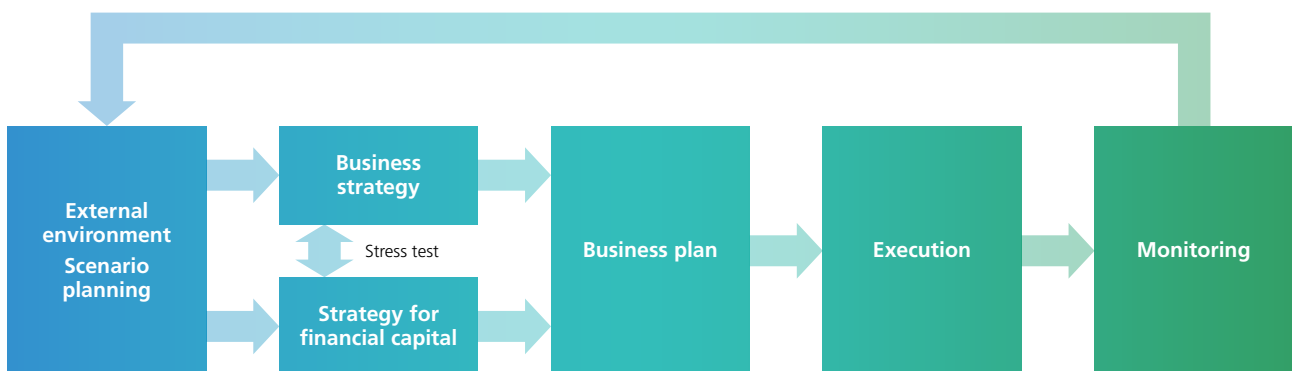
# Financial Capital

We target sustainable growth by constructing an optimal risk–return portfolio while maintaining and strengthening a robust financial base that supports our unique business activities, including integrated investment and loan services.

## Basic Policy

Financial capital is a vital element of our business foundation implementing advanced business strategies centered on our sector strategy (see page 18) and function strategy (see page 34) under the Fourth Medium-Term Management Plan. A robust financial foundation of funds and capital is necessary for DBJ Group to execute its sector strategy, supply risk capital, and engage in Crisis Response

Operations. We aim to maintain and strengthen our financial capital by managing it within the context of a risk appetite framework based on sophisticated analysis of risks and returns with due consideration paid to regulatory capital (management focused on shareholders' equity ratios) and economic capital (management of capital using stress tests).



## Financial Soundness Indicators

Issuer ratings	A1 (Moody's), A (S&P), AA (R&I), AAA (JCR)	(As of March 31, 2018)
Common equity Tier 1 risk-weighted capital ratio	16.8%	(As of March 31, 2018)



### Specific Initiatives to Improve the Value of Financial Capital

A pillar of DBJ Group's business strategy is to provide long-term financing for infrastructure projects. To do so, DBJ Group procures long-term funds through corporate bonds and the Fiscal Investment and Loan Program (FILP). In recent years, DBJ has stably procured funds through FILP as well as by issuing corporate bonds, thereby augmenting its fund

#### DBJ Socially Responsible Investment Bond (SRI Bond)

In 2014, DBJ became the first issuer in Japan to issue a green bond. Also, DBJ has issued a DBJ Sustainability Bond each year since 2015; DBJ's \$1,000 million issuance in fiscal 2017 was the largest sustainability bond ever issued by a Japanese issuer. The raised funds are allocated toward the creation of a sustainable society through DBJ Green Building Certification and the Environmentally Rated Loan Program. Information on the management and allocation of funds is evaluated by third parties to increase transparency.

In January 2017, DBJ became an issuer member, the first Japanese firm with an issuer status, of the Green Bond Principles\* and in March 2017 participated on a committee created by the Ministry of the Environment to draw up the

procurement activities with diversified maturities and methods. DBJ has been issuing green bonds and sustainability bonds since fiscal 2014. The issuance of these bonds has not only diversified our fund procurement base but also invigorated the socially responsible investment (SRI) bond market.

Green Bond Guidelines, 2017. DBJ will continue to support the sustainable growth of this market by continuing to issue SRI bonds as well as proactively engaging in international and domestic initiatives.



\* The Green Bond Principles (GBP): GBP are compiled by the International Capital Market Association (ICMA), investors, issuers, and securities companies. These parties are responsible for updating annually the Green Bond Principles, which are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuance of a green bond. These parties also create a platform to share the latest information about green bonds and send relevant information to society.

#### Capital Procurement (Non-Consolidated)

(¥100 million)

	Fiscal 2015	Fiscal 2016	Fiscal 2017
Funds raised (flow)	3,027.7	4,012.6	3,153.4
Fiscal Investment and Loan Program	634.4	1,127.7	922.7
Of which, borrowings from FILP*	300.0	800.0	580.0
Of which, government-guaranteed bonds (domestic)	200.0	150.4	150.2
Of which, government-guaranteed bonds (overseas)	134.3	177.3	192.5
Corporate bonds (FILP bonds)	395.3	497.1	535.8
Long-term debt	358.2	861.5	589.5
Of which, recovered, etc.	1,639.7	1,526.1	1,005.0

\* Borrowings from FILP in fiscal 2016 included ¥500 billion in the supplementary budget for "economic stimulus measures for investments in the future."

#### Message from Employees



### Spreading Understanding of DBJ's Principles and Work through IR Activities

In addition to procuring funds through the Fiscal Investment and Loan Program (FILP) and government-guaranteed bonds, DBJ conducts its own credit-raising activities, such as issuing corporate bonds (FILP bonds) and borrowing money from regional financial institutions. When conducting its own credit-raising activities, DBJ places emphasis on having investors understand and support its principles and work and, to facilitate that, dispatches representatives to conduct proactive IR activities in all regions of Japan and overseas.

Amid rising global interest in environmental, social, and governance (ESG) investment, DBJ aims to broaden the investor base for sustainability bonds—one of its distinctive fund procurement methods—by introducing the unique activities of the Environmentally Rated Loan Program and DBJ Green Building Certification and spreading understanding of the sustainability management activities of DBJ Group as a whole.



## Reference (Long-Term Profits / Losses, Financial Conditions)

	2008	2008–2010	
	Became a joint-stock company	First Medium-Term Management Plan: CHALLENGE 2010	
	Fiscal 2008 (October 1, 2008 to March 31, 2009) (Six-month fiscal period)	Fiscal 2009 (April 1, 2009 to March 31, 2010)	Fiscal 2010 (April 1, 2010 to March 31, 2011)
<b>Consolidated</b>			
Total income	151.2	347.9	345.1
Income before income taxes	(121.6)	51.9	95.0
Of which, equity and fund-related gains/losses	N/A	(26.7)	(2.9)
Extraordinary profit/loss	3.5	(0.8)	9.3
Income before income taxes and minority interests	(118.1)	51.1	104.3
Total income taxes	(13.5)	(10.8)	(1.3)
Net income attributable to owners of the parent	(128.3)	39.8	101.5
Total dividend amount	—	10.0	50.0
Total assets	14,028.0	15,595.7	14,845.2
Loans	12,008.8	13,514.6	13,031.4
Securities	1,246.5	1,289.4	1,165.5
Total liabilities	11,941.6	13,268.2	12,435.2
Borrowed money	8,067.8	9,082.4	8,576.4
Debentures and corporate bonds	3,513.0	3,746.3	3,629.3
Total equity	2,086.4	2,327.5	2,409.9
Common stock	1,000.0	1,181.1	1,181.1
Total capital ratio (Basel II, BIS standard)	18.87%	19.13%	20.50%
Total capital ratio (Basel III, BIS standard)	—	—	—
Ratio of risk-monitored loans (Banking Act basis)	1.60%	5.07%	1.28%
Return on assets (ROA)	(0.92)%	0.27%	0.67%
Return on equity (ROE)	(6.06)%	1.82%	4.31%
Number of employees	1,096	1,181	1,203
<b>Investment and fundraising flow (non-consolidated)</b>			
Loans and investments (flow)	1,733.4	3,793.1	2,116.6
Loans	1,670.3	3,682.0	2,034.4
Investments	63.1	111.1	82.2
Funds raised (flow)	1,733.4	3,793.1	2,116.6
Of which, recovery, etc.	184.3	840.9	1,212.8

(¥100 million)							
2011–2013 Second Medium-Term Management Plan: Endeavor 2013			2014–2016 Third Medium-Term Management Plan: Supporting Japan's Sustained Growth as a Global Innovator			2017–2019 Fourth Mid-Term Management Plan	
Fiscal 2011 (April 1, 2011 to March 31, 2012)	Fiscal 2012 (April 1, 2012 to March 31, 2013)	Fiscal 2013 (April 1, 2013 to March 31, 2014)	Fiscal 2014 (April 1, 2014 to March 31, 2015)	Fiscal 2015 (April 1, 2015 to March 31, 2016)	Fiscal 2016 (April 1, 2016 to March 31, 2017)	Fiscal 2017 (April 1, 2017 to March 31, 2018)	
318.7	340.0	361.6	339.0	358.6	285.4	291.7	
99.2	115.6	165.7	153.0	185.1	122.5	127.1	
(1.3)	30.0	30.3	32.1	70.8	41.1	39.7	
10.9	0.6	0.2	0.6	1.5	(0.0)	2.2	
110.2	116.2	166.0	153.6	186.7	122.4	129.4	
(31.9)	(44.5)	(40.8)	(58.9)	(57.6)	(34.6)	(35.0)	
77.3	71.3	124.3	92.7	128.9	87.6	91.9	
37.3	35.2	30.8	22.5	29.2	19.7	22.1	
15,579.8	16,248.7	16,310.7	16,360.6	15,907.1	16,570.4	16,952.2	
13,645.4	13,918.2	13,838.4	13,261.3	12,952.5	13,039.5	12,725.2	
1,176.6	1,357.0	1,637.5	1,887.9	1,803.0	1,750.3	1,866.4	
13,118.8	13,710.1	13,682.9	13,613.3	13,022.9	13,584.2	13,842.1	
9,170.5	9,448.3	9,182.6	8,598.2	7,892.1	8,472.3	8,574.1	
3,671.8	3,924.5	4,237.4	4,569.3	4,727.9	4,711.8	4,932.9	
2,461.0	2,538.5	2,627.7	2,747.2	2,884.2	2,986.2	3,110.1	
1,187.7	1,206.9	1,206.9	1,206.9	1,000.4	1,000.4	1,000.4	
18.56%	—	—	—	—	—	—	
—	15.52%	15.83%	16.80%	17.87%	17.47%	16.94%	
1.47%	1.23%	0.99%	0.77%	0.64%	0.54%	0.47%	
0.51%	0.45%	0.76%	0.57%	0.80%	0.54%	0.55%	
3.18%	2.86%	4.83%	3.47%	4.60%	2.99%	3.03%	
1,270	1,315	1,391	1,407	1,435	1,546	1,631	
2,927.0	2,652.4	2,943.3	2,544.2	3,027.7	4,012.6	3,153.4	
2,849.0	2,524.5	2,805.1	2,262.7	2,861.3	3,805.8	2,973.6	
78.0	127.8	138.2	281.4	166.3	206.7	179.7	
2,927.0	2,652.4	2,943.3	2,544.2	3,027.7	4,012.6	3,153.4	
691.7	502.2	1,307.5	1,129.9	1,639.7	1,526.1	1,005.0	



# Human Capital

We aim to become a “human resource development bank” with diverse human resources, and help employees develop skills while raising their motivation.

As of March 31, 2018



## Basic Policy

To steadily implement DBJ Group’s value creation process, which aims to create both economic and social value, and to realize Vision 2030, our vision for our future, it is imperative for us to nurture excellent employees who can implement the distinctive business models of DBJ Group, including its integrated investment and loan services.

Furthermore, we think it is important to create structures in which employees will be highly motivated. Improving the value of human capital is identified as one of the most important themes under the Fourth Medium-Term Management Plan and DBJ is taking concrete steps to achieve this goal.

## Human Resource Development Vision

DBJ’s role has evolved and developed substantially to meet the needs of the times. DBJ considers such innovation crucial to maintaining its leadership position in the constantly advancing field of finance.

To develop its all-important human resource assets, DBJ encourages autonomous and pioneering behavior in its employees as financial professionals in keeping with the vision of “generalists who can be specialists in many fields.” While it is important to acquire specialist knowledge, responding to society’s constantly changing demands also requires broad experience, deep knowledge, and the ability to see the big picture. We continue to build a wide variety of systems based on this philosophy.

## Career Development



## Message from the Head of the Human Resources Management Department

### All-Important Human Resources

All work comes down to a test of human capacity. That is why DBJ focuses on fostering human capacity more than on developing financial skills to be utilized in individual jobs. To foster this human capacity, we rotate our employees, especially those aged in their 20s, roughly every two years so that the experience they gain in multiple jobs in different departments and workplaces allows them to develop a broad base of specialist knowledge in the field of finance. At DBJ, our policy is not to rush in creating this knowledge base but instead to build it steadily and carefully.

Recently, the number of overseas investment projects involving Japanese and foreign companies has increased, and accordingly DBJ is focusing on developing its global human resources. In addition to sending young employees

to study as trainees or overseas students, DBJ has worked with overseas business schools to establish its own educational programs. In the future, we hope to allow an increasing number of young employees opportunities to benefit from the experience of overseas study programs.

DBJ has made a commitment as an organization to take a long-term view in the development of human resources who realized DBJ's integrated investment and loan services business model by offering employees various work and overseas experience as well as a wide range of training opportunities.

**Tsutomu Murakami**

Executive Officer,  
Head of Human Resources Management Department

### Specific Initiatives to Increase the Value of Human Capital

#### (1) Intensification of the Hiring and Exchange of Human Resources across DBJ Group

DBJ will strengthen its hiring processes and practices and secure the personnel necessary across the entire Group to implement its sector strategy, function strategy, and area strategy.

DBJ will also work to further disseminate the DBJ Group Vision 2030 and its value creation process by strengthening the exchange of human resources across DBJ Group.

#### (2) Skills Development

DBJ conducts human resource development across the Group by providing employees with practical on-the-job training and ample other training opportunities.

- Strategically rotate employees so they steadily develop highly specialized skills by gaining practical experience in multiple departments

- In offering practical experience, dispatch employees to central government agencies, Group companies in Japan and overseas, and companies in which DBJ has invested
- When hiring new graduates, provide extensive, year-long training through new employee training programs, including DBJ's accounting and financial analysis training, which is roughly three months

#### 2017 Training Program Schedule for New Employees (Regular Employees)

April	May	June	July	August	September	October	November
Early April to mid-April <b>Introductory training</b> (business etiquette, communication, and PC and other training)			Early July <b>Business knowledge training</b>			Early October <b>Finance training</b>	
Mid-April to mid-June <b>Accounting and financial analysis training</b>			Mid-July <b>Legal training</b>			October and November <b>English-language training</b>	

- DBJ provides abundant opportunities for training through combinations of rank-based, business-related, and self-improvement training.

Established the Minami Aoyama Training Center and other facilities to provide concrete support for human resource development as well as qualitative and quantitative strengthening of intangibles in the areas of career development, management ability, and global awareness.



New employee training



Minami Aoyama Training Center

### Human Resource Training Program

		Training for new employees	
Rank-based	Career development / management / leadership		Management / leadership Career Development Program
In-house training	Strategic human resource development through job rotation and on-the-job training		
	<b>Work skills</b> Front office Functional department Management department Middle/Back office	Finance Financial accounting Legal	Proposal ability Screening ability Corporate finance, etc.
	<b>Shared skills</b>		Logical thinking / facilitation / presentation, etc.
Dispatch outside DBJ	<b>Domestic</b>		Seconding to Group companies and outside institutions
	Strategic global human resource development		Overseas university strategic partnership programs / Short-term study in top business schools / Overseas study / Trainee programs / Seconding to overseas institutions, etc.
	<b>Overseas</b>		
Self-study	<b>Knowledge and skills</b>		Language study / Finance / Law / Accounting

- In order to develop global human resources, DBJ has created a robust system that allows employees to study overseas at graduate schools and as trainees. Through a strategic partnership with the University of Oxford, DBJ has also created its own leadership program, conducted completely in English, for young employees.

#### Partnership Program with the University of Oxford

- A three-month leadership program (completely in English) independently created by DBJ based on a strategic partnership with the University of Oxford
- Program conducted by Jonathan Trevor based on the unique theory of Strategic Alignment
- Approach to the strategic partnership with the University of Oxford in addition to this leadership program



### (3) Motivation and Health Management

- Increase motivation by conducting employee engagement surveys, considering survey results, developing action plans in each department, and implementing improvement measures
- In addition to periodic health checkups, introduce counseling services staffed by external professionals as a part of management that cares for the physical and mental well-being of employees

#### Diversity Management and Workstyle Reforms

Employees come together to work tirelessly to promote workstyle reforms based on new ways of thinking, improve productivity by reevaluating work processes, create systems that take into account work-life balance, and create organizational structures wherein a diverse range of people can thrive.

- Training aimed at into the reduction of overtime work: Throughout the year, DBJ promotes improvement in work efficiency by selecting model departments, holding workshops, implementing concrete measures to reduce workloads, and spreading know-how gained from these measures across DBJ.

- In addition to enhancing work and leave systems for child-rearing and elderly care, DBJ holds “iku-boss” seminars for management to support employees using these systems and seminars to assist in finding childcare facilities with enrollment capacity. DBJ also conducts career training and implements training and other measures aimed at creating an environment that is supportive of these initiatives.
- Set targets for empowering women, specifically for hiring women and promoting them to management positions
- Proactively hire people with disabilities, maintain work environments for diverse human resources



## Employees' Use of Childbirth and Child-Rearing Support Systems

- In addition to maintaining systems to enable female employees to work actively in a variety of departments over a long period of time even as they navigate important life events such as marriage and childbirth, DBJ conducts a variety of different types of training and implements various support measures to create a workplace environment wherein use and understanding of these systems are promoted.

Ratio of employees returning to work after taking childcare leave (Number of employees having completed childcare leave in fiscal 2017)	91%
Rehiring system (Number of registrants as of the end of fiscal 2017)	27

- As a result of these efforts, DBJ not only achieved a high ratio of employees returning to work after taking childcare leave, but all employees not returning to work after taking childcare leave cited a spouse's job transfer as the reason for not returning and are registered in the rehiring system. Therefore, in effect, all employees taking childcare leave expressed the desire to return to work, if possible.
- A total of nearly 100 employees have taken advantage of programs allowing reduced work hours after returning from childcare leave or the flextime system, and DBJ encourages employees to make use of systems that suit their needs.

## Training and Measures to Support Child-Rearing Systems

### "Iku-Boss" Training

DBJ has been conducting "iku-boss" training since 2014. The aims of this initiative are to deepen understanding of DBJ's robust systems to support childbirth and child-rearing and to promote understanding by managers of subordinates making use of the childcare leave and reduced work hours systems through case studies as well as seminars presented by outside experts. As of March 31, 2018, a total of 200 employees have participated in this training. In fiscal 2018, "iku-boss" training was designated a mandatory program for young management candidates.

### Seminars on Finding Childcare Facilities

Since 2017, DBJ has been hosting seminars to assist in finding childcare facilities with enrollment capacity. In response to the situation of children who have been put on waiting lists for childcare facilities, which has become a serious issue in many of the cities in Japan where our employees work, and to support employees returning to work after taking childcare leave, we provide information on career development to employees who are considering having children and to assist DBJ employees and their spouses in finding childcare. We host lectures by outside experts and share the experiences of people who have faced such issues. These informational programs are aimed not only at employees and their spouses who are searching for childcare facilities but also at managers with subordinates in this situation. As of 2018, a total of nearly 100 employees have attended these lectures.

## Employee Interviews

**Female Employee:** I am currently raising two children and taking advantage of the reduced work hours after returning from childcare leave. Just after 8:00 a.m., I take my children to childcare on my bicycle and arrive at the office at 9:25 a.m. I finish work at 4:40 p.m., shop at the supermarket, and then pick up my children from childcare. Because my time at work is limited, I try to focus and work efficiently and I receive support from my team, with whom I share work responsibilities. Thanks to this arrangement, I am able to lead a fulfilling life. Also, when one of my children suddenly becomes ill, I can make full use of the child sick leave program and the policy allowing annual paid leave to be taken in hourly units. I think employees rearing children truly appreciate having these various systems in place.

**Male Employee:** I took a month's childcare leave after the birth of my second child. The fact that I was able to focus on housekeeping and child-rearing during the very difficult time immediately after the birth was not only important to my family but also a valuable experience that broadened my perspective. I was busier than expected during this time and, on many days, before I knew it, it was time to pick up my children at childcare. After going through this valuable, albeit hectic, experience, I hope more men decide to take childcare leave so that they can have a similar experience. Even after returning from leave, I was able to drop off and pick up my children from childcare and help out when they suddenly became ill by taking my annual paid leave in hourly units and working from home. I am very thankful for this fulfilling working environment.



# Intellectual Capital

DBJ aims to build on strengths in knowledge, the wellspring for value-added operations such as research, analyses, and risk management, as well as strengths in frameworks, including processes, information and communication technology (ICT) systems, and organizations.



## Basic Policy

### (1) Knowledge

We strive to improve skills as a core element of operations necessary to differentiate our business model through surveys, research, analyses, and risk management centered on industry.

### (2) Processes

We will improve operations, including via investments in ICT, by clarifying and simplifying business processes from the customer's standpoint in order to rapidly and properly address customer needs.

## Specific Initiatives to Improve the Value of Intellectual Capital

### Knowledge

#### Improving Screening Capabilities and Proposal Abilities

In order to continue carrying out its mission while engaging in high-risk operations such as integrated investment and loan services and crisis response, DBJ Group must maintain excellence in not only industry analysis but also its capabilities to evaluate corporations and businesses. To increase the corporate value of DBJ's customers, we also strive to propose improved solutions that leverage DBJ's capabilities and unique characteristics.

#### Industry Analysis

The role of the Economic & Industrial Research Department is to analyze and disseminate information on economic and industrial trends in Japan and overseas, including macroeconomic trends and trends in key industries, and to support investment activity. DBJ proactively works to accumulate and use intellectual capital, including information on recent trends in such areas as big data, AI, computer-assisted software engineering (CASE), virtual/augmented reality, and fintech.

In April 2017, DBJ established the post chief research officer and placed under it the Economic & Industrial Research Department and the Sustainability Planning &

Support Department. We provide knowledge-based solutions to customers in various industries, including solutions from the perspectives of environmental, social, and governance issues and the Sustainable Development Goals (SDGs), based on our wide-ranging knowledge of industry.

For details, please follow the link below to the DBJ website.  
<https://www.dbj.jp/en/investigate/>

#### Capital Investment Planning Survey

With a history of more than 60 years (since 1956), DBJ's Capital Investment Planning Survey looks at trends in corporate capital investment in Japan as well as corporate activities based on the "broad definition of investment," including capital investment overseas, and spending on R&D, M&A, and human resources. The results of the survey are used for many purposes, such as furthering education at universities and research at R&D organizations, in addition to serving as a reference for national economic policy and corporate planning.

#### Cross-Sector Conference

Cross-sector innovation is accelerating and the number of themes that must be analyzed by industrial surveys is increasing. Against this background, to pursue deep industry knowledge while maintaining a cross-sector perspective, DBJ Group set up the Cross-Sector Conference in fiscal 2017 as a platform for sharing information among the Economic & Industrial Research Department, business offices, and Group companies. To discover and share cross-sector knowledge, we convened the Cross-Sector Conference nine times in fiscal 2017 with such themes as CASE, logistics, and healthcare.

#### Research Institute of Capital Formation

The Research Institute of Capital Formation (RICF) was established in 1964 with Dr. Osamu Shimomura, who advocated for the principles behind Japan's post-1940s, high economic growth, as its first executive director. The institute

serves as a venue for creating intellectual capital through cooperation and collaboration between DBJ and external experts at universities and other organizations. Its research includes a focus on the formation of a sustainable economy and society from an academic and liberal standpoint. In recent years, the institute has expanded the means for creating intellectual capital by establishing new committees for researching sustainability, publishing research papers through Springer, an international academic publishing company, and holding international academic conferences in conjunction with foreign academic journals and think tanks.

## Processes

### Work Reform Project

DBJ established the Work Reform Project in fiscal 2016 under the leadership of a deputy president and with members from a range of departments to devise measures to raise added value for customers, including streamlining investment and loan processes, increasing productivity, vitalizing organizations, streamlining how meetings are conducted, reviewing decision-making processes, setting up a mobile work environment, introducing a video-conference system, and streamlining settlement procedures.

## DBJ Certification Programs

Using its independently developed screening system, DBJ certification programs set terms and conditions of loans based on corporations' non-financial information. Evaluations of the sustainability of corporations' activities contribute to practical implementation of the Plan-Do-Check-Act (PDCA) cycle. Also, by factoring non-financial information into the assessment of corporate value, DBJ aims to create an environment wherein companies with medium- to long-term growth potential can be evaluated by financial markets and stakeholders.

DBJ launched the Environmentally Rated Loan Program in 2004, the first such program in the world. In 2006, DBJ launched the BCM Rated Loan Program to evaluate disaster preparedness and measures to ensure business continuation. Furthermore, in 2012 DBJ began to offer the Employees' Health Management Rated Loan Program, which assesses a company's efforts at health management to improve the productivity of its employees through work-style reforms and measures to raise employee awareness of health issues. To date, we have provided more than 900 rated loans to customers while engaging in dialogue with them to support their initiatives. Our screening sheet for

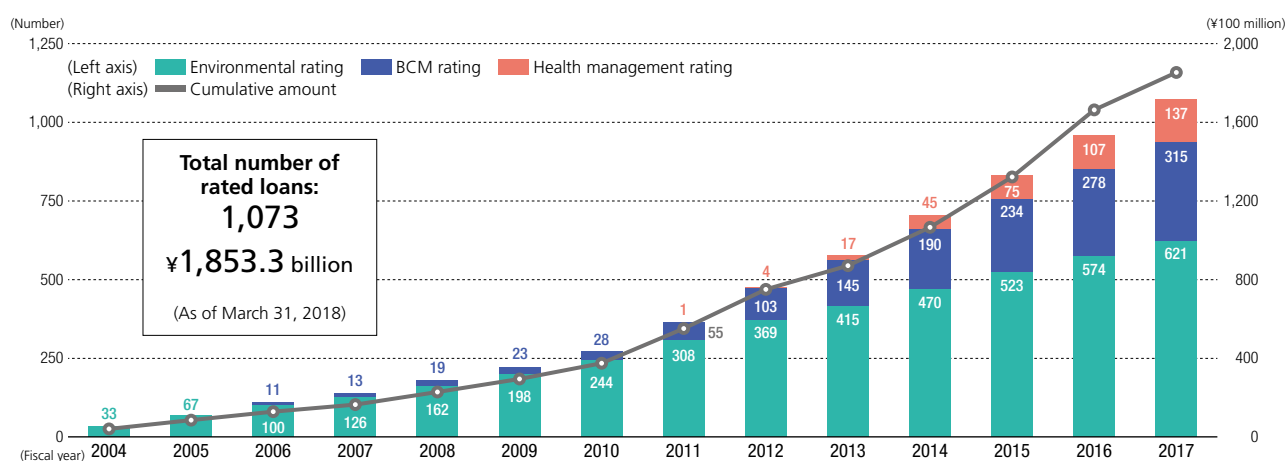
rating loans is revised every year by a panel of advisors consisting of external experts with due attention paid to the latest issues and trends around the world.

In February 2018, DBJ received a commendation from the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) in recognition of its efforts through the Employees' Health Management Rated Loan Program. DBJ certification programs provide broad support for the efforts of its customers while contributing to the creation of a sustainable society.



For details on DBJ certification programs, please follow the link below to the DBJ website (Japanese only).  
<https://www.dbj-sustainability-rating.jp/>

## DBJ Rated Loans





# Relationship and Social Capital

DBJ Group aims to create value by cooperating with other parties to enhance the value of its network and brand.

Its also aims to achieve sustainable growth in business and corporate value while developing social capital for society as a whole.



## Basic Policy

### Relationship Capital

DBJ Group has built diverse networks with customers, financial institutions, investors, and national and local government agencies for the purpose of exchanging information and avoiding conflicts of interest. DBJ Group utilizes its unique networks to identify issues affecting the economy and society and to conduct investment and loan operations. We aim to maintain our reputation and improve our brand value through the services we provide to customers.

### Social Capital

DBJ Group defines social capital as a resource shared across society that underpins the foundations of market economics. Increasing the value of social capital is a basic tenet for realizing a sustainable society. DBJ specifically engages in unique initiatives within the context of (1) the natural environment, (2) social infrastructure, and (3) system capital.

Social capital	Details	Example of initiatives
(1) Natural environment	Forests, mountains, rivers, lakes, soil, air	Environmentally Rated Loan Program DBJ Green Building Certification
(2) Social infrastructure	Energy, transportation, urban infrastructure, industrial value chains	Loans and investments for infrastructure and industrial projects BCM Rated Loan Program
(3) System capital	Stabilization and stimulation of the financial system, development and invigoration of financial markets	Crisis Response Operations Supply of risk capital Socially responsible investing bond issuance

## Concrete Measures to Increase the Value of Relationship Capital and Social Capital

### Universities and Research Institutions

DBJ uses its network of roughly 450 scholars at 116 universities in Japan and abroad to promote research activities and human resource development, mainly in the social

science fields. From early on, we have worked to make this network a global one, launching a system to support overseas researchers in 1991 which now includes 38 overseas researchers from 14 countries including the US, Canada, the UK, Germany, France, Singapore, China, South Korea, and Australia.

In fiscal 2017, we hosted the DBJ Sustainability Conference with the theme of CSR, the Economy and Financial Markets. Through this and other international academic conferences, we deepen discussions between global researchers and businesses such as DBJ and these conferences have been well received as an opportunity for exchanges that take place in an environment different from universities.

The DBJ Academy provides training to DBJ employees and students from outside DBJ as part of our efforts to foster human resources capable of conducting high-level financial operations. In fiscal 2017, with the help of 18 outside instructors in various fields from 11 universities, we were able to provide instruction to a total of 481 students.

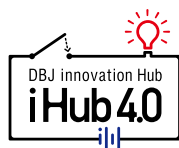
### Comprehensive Partnership Agreement with AIST

In September 2017, DBJ and the National Institute of Advanced Industrial Science and Technology (AIST) signed a partnership agreement with the purpose of pursuing open innovation to contribute to the construction of next-generation social and industrial infrastructure.

Through this partnership, private-sector companies are given access to technologies developed by AIST so that they can be commercialized. This arrangement assists corporations working with DBJ Group in solving problems by using leading-edge technologies and encourages the launch of joint development projects. Under the agreement, DBJ and AIST plan to exchange information and hold discussions aimed at strengthening communication with private-sector companies and identifying good matches for collaborative projects.

### iHub4.0 (innovation Hub4.0)

Along with Japan Economic Research Institute, DBJ engages in the management of technology training and innovation iHub4.0 activities. By using its impartial position and broad network, DBJ aims to resolve social issues through logical and innovative business solutions.



For more information, please follow the link below (Japanese only).  
<https://www.jeri.or.jp/sctm/about/ihub.php>

### DBJ Women Entrepreneurs Center (DBJ-WEC)

DBJ provides comprehensive support, including entrepreneurial know-how and networking opportunities, to nurture growth businesses led by women from new vantage points that could change society and the economy for the better. As a part of these efforts, DBJ holds a business plan competition every year for women entrepreneurs. New business ideas that evince excellent business potential and innovativeness are awarded business grants of up to ¥10 million. After the competition finishes, the winners are connected with outside experts and venture capitalists who help them turn their business plans into reality by supporting the growth and development of their business ideas.

In addition to the DBJ Women Entrepreneurs Prize, the DBJ Women Entrepreneurs Prize for Excellence and the DBJ Women Entrepreneurs Prize for Business Promotion, in 2017 DBJ created the DBJ Women Entrepreneurs Prize for Social Design. DBJ presents these awards for high-utility sustainable plans that make strong contributions to society and contribute to the solution of regional issues while taking into consideration the Sustainable Development Goals (SDGs).

More than 2,100 business plans have been submitted over the past six competitions, expanding the scope of opportunity for women entrepreneurs.



For more information, please follow the link below (Japanese only).  
<https://www.jeri.or.jp/wec/>

### DBJ Connect

Beginning in June 2017, at the suggestion of our young employees, we launched DBJ Connect, a service promoting open innovation collaboration between start-ups and established companies, in collaboration with Creww, a company that operates the largest start-up community in Japan. The programs that DBJ Connect operates allow start-ups to leverage the management resources of established companies to accelerate the growth of their businesses and offer established businesses a foothold into emerging new businesses.

DBJ Connect's first program was Kyoto Open Accelerator, wherein four established companies based in Kyoto collaborated with six start-ups.



For more information, please follow the link below to the DBJ website (Japanese only).  
<https://www.dbj-i.net/jp>

### Participation in Outside Initiatives

DBJ actively participates in and contributes to outside initiatives aimed at promoting sustainability management. For example, in December 2016, DBJ and DBJ Asset Management Co., Ltd. became signatories of the United Nations-supported Principles for Responsible Investment (PRI) and, since February 2018, have served as members of the PRI Infrastructure Advisory Committee. Also, DBJ invited Richard Howitt, chief executive officer of the International Integrated Reporting Council (IIRC), to take part in an exchange of views among businesspeople involved in integrated reporting. Further, DBJ joined the Global Real Estate Sustainability Benchmark as an investor member and participates in study groups hosted by the Japanese Ministry of Economy, Trade and Industry on long-term investment in sustainable growth (ESG and investment in intangible assets) and round table conferences held by the Japanese Ministry of the Environment on ESG financing.



### Approval of TCFD

In June 2018, DBJ expressed its approval of the final report on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Going forward, DBJ will respond appropriately through scenario analysis based on recognition of the risks and opportunities related to climate change.

### Message from the Chairman

**With ongoing efforts to strengthen governance,  
we contribute to sustainable growth through  
an innovative value creation process.**

## 1. Toward the Creation of a Unique Business Model

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In accordance with the Development Bank of Japan Inc. Act, DBJ Group promotes sustainability management that balances economic value with social value, with the aim of realizing a sustainable society. Under the current Fourth Medium-Term Management Plan, DBJ supports forward-looking initiatives by supplying risk capital through Special Investment Operations. These initiatives aim to stimulate new flows of risk capital in Japan by collaborating and cooperating with private financial institutions. Through investments and loans in new fields, DBJ contributes to the strengthening of Japan's international competitiveness. DBJ also supplies risk capital for addressing local issues through joint funds created with regional financial institutions.

Furthermore, DBJ plays the role of rapidly supplying capital during responses to such crises as natural disasters. During turmoil in international financial markets, the Great East Japan Earthquake, the Kumamoto earthquakes, and other events that required fresh capital, DBJ has been there to rapidly provide relief.

## 2. Governance Suitable for Our Business Model, and Dialogue with Stakeholders

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In order to continue playing this unique role, it is essential that DBJ has robust corporate governance, ensures transparency in management, and takes into consideration the opinions of external experts. For these reasons, DBJ has set up the Operations Audit Committee, Compensation Committee, and Personnel Evaluation Committee as advisory bodies to the Board of Directors. Based on this framework, aiming to increase the effectiveness of the Board of Directors, we believe it is also imperative to listen to the opinions of our stakeholders.

In a reasonably competitive environment, it is very important for DBJ to collaborate and cooperate with private financial institutions, thus DBJ periodically creates events, usually twice a year, for exchanging opinions with representatives of such institutions. In addition, with regard to Special Investment Operations, DBJ has set up the Special Investment Operations Monitoring Board (see page 58) as an advisory body to the Board of Directors that meets twice a year in order to deliberate and evaluate projects, as well as embolden private-sector enterprises and complement their operations while maintaining appropriate competitive relations.

The opinions elicited from the periodic social events with private financial institutions and the outcomes of deliberations by the Special Investment Operations Monitoring Board are reported to the Advisory Board and debated. As an advisory body to the Board of Directors, the Advisory Board (see page 57) is made up





of outside experts and directors in fields including manufacturing, infrastructure, regional communities, and finance. The Advisory Board provides valuable opinions about matters concerning the safeguarding of appropriate competitive relations with private financial institutions and DBJ Group's management plans. I believe a unique aspect of DBJ Group's corporate governance is the continuous reassessment of its novel value creation process while engaging in dialogue with stakeholders.

Moreover, to advance initiatives one step ahead of the times, it is important for DBJ to ensure the appropriateness of its operations based on the Companies Act. For this purpose, the Board of Directors formulated the Internal Control System Basic Policy, which positions legal compliance, risk management, and internal audits as important issues for management.

### 3. Realizing a Value Creation Process That Balances Economic Value with Social Value

In 2017, DBJ Group created the Policy on Sustainability and the Sustainability Committee in light of the increasing need to review corporate management from the standpoint of sustainability, given recent developments including the adoption of the Sustainability Development Goals (SDGs) and the Paris Agreement. The Sustainability Committee has discussed matters that are important for management, such as constantly changing social issues for the realization of a sustainable society, and in 2018, directors enthusiastically exchanged opinions about initiatives related to energy, climate change, and the SDGs.

DBJ Group aims to realize a sustainable society while balancing economic value and social value by offering solutions to issues faced by society and the Group's customers. DBJ will create innovative business models for advancing sustainability management and maintaining a balanced value creation process. Moreover, we will continue making every effort to ensure robust and effective corporate governance based on the notion that nothing is more important than the trust placed in us by our customers and society.

August 2018

Yasushi Kinoshita  
Chairman

## Basic Position on Corporate Governance

DBJ is governed by the Development Bank of Japan Inc. Act (the DBJ Act) in accordance with the following objective.

### Article 1

Development Bank of Japan Inc. (hereinafter referred to as the “Corporation”) shall be a joint-stock company (*kabushiki-kaisha*) whose objective is to contribute to the smooth supply of funds to those needing long-term business funds, as well as to the sophistication of financial functions.

DBJ is working to enhance its unique governance system in addition to usual management supervision as a company with a board of directors and company auditors (Audit & Supervisory Board) through a business model built upon features such as integrated investments and loans and proper execution of the preceding objective in order to raise the value of tangible and intangible management resources to be invested and to realize sustainable management that aims for both economic and social value.

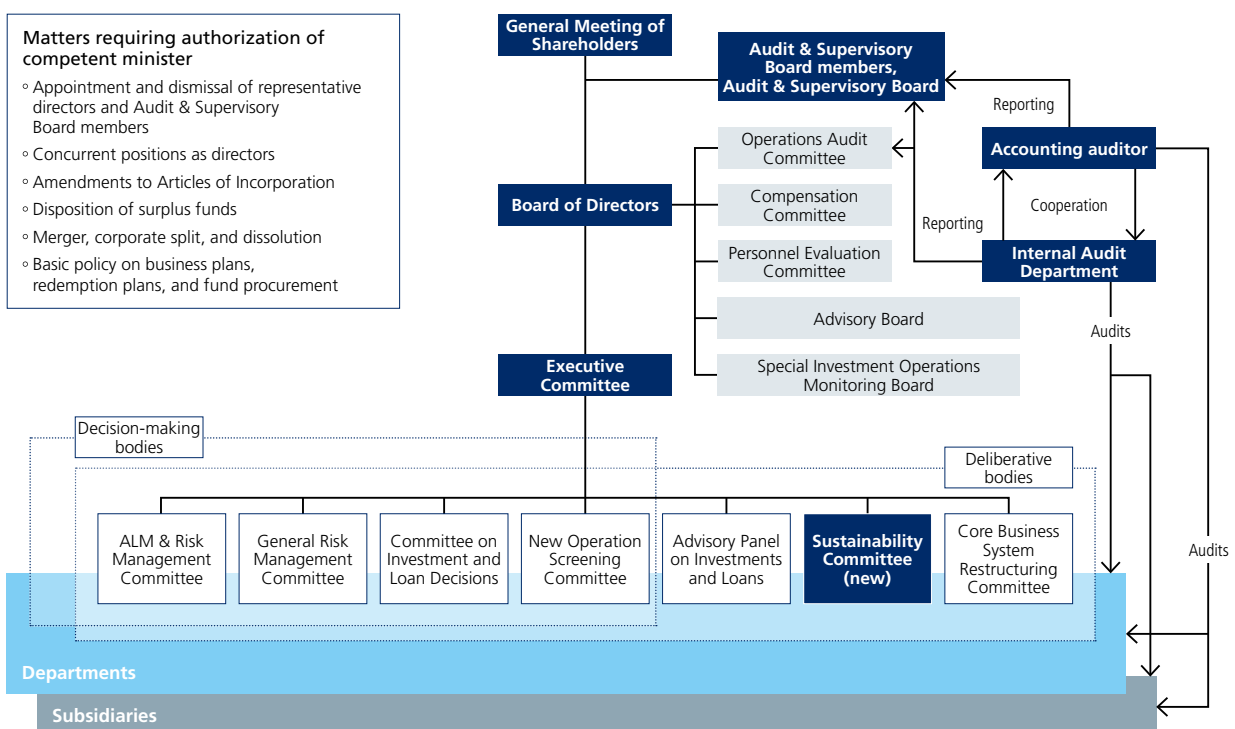
Specifically, the 2015 revisions to the DBJ Act established the creation of Special Investment Operations and obligatory measures to be considered, requiring that DBJ conduct its operations in a manner that does not obstruct appropriate competitive relations with other entities, in particular, applying these requirements to the Advisory Board, made up of outside experts and directors, and the Special Investment Operations Monitoring Board, composed of outside experts, which function as advisory bodies to the Board of Directors. These bodies provide advice on DBJ's

overall management and deliberate and evaluate business results, including consistency with the policy objectives of Special Investment Operations, ensuring that appropriate competitive relations are maintained with private financial institutions.

### DBJ's Corporate Governance System

Institutional design configuration	A company with a board of directors and company auditors (Audit & Supervisory Board)
Number of directors	10
Of whom are outside directors	2
Number of Board of Directors' meetings this fiscal year	13
Number of Audit & Supervisory Board members	5
Of whom are outside Audit & Supervisory Board members	3
Number of Audit & Supervisory Board meetings this fiscal year	14
Adoption of executive officer system	Yes
Accounting auditor	Deloitte Touche Tohmatsu Limited

### Overview of DBJ's Corporate Governance System



## Audit & Supervisory Board Members, Audit & Supervisory Board

The Audit & Supervisory Board comprises five members. The Companies Act prescribes that a majority of Audit & Supervisory Board members be outside members (in DBJ's case, three of the five). DBJ offices contribute three members (two members proper to DBJ and one an outside member).

Also, DBJ has created the Audit & Supervisory Board Office, which under the board's direction, assists board members, including outside members, in performing their

duties. The Audit & Supervisory Board and Audit & Supervisory Board members audit the execution of duties by directors, based on their audit policy and audit plans.

Audit & Supervisory Board members attend Board of Directors' and other important meetings and may query the execution of business by directors, peruse documents, and conduct branch audits.

## Advisory Bodies to the Board of Directors

In pursuit of sustainability management and DBJ's corporate objectives, the following committees have been established as advisory bodies to the Board of Directors for the purpose of maintaining transparency in management and to reflect the knowledge of outside experts.

### Operations Audit Committee

The Board of Directors has established the Operations Audit Committee, delegating to this body the authority to deliberate important matters related to internal audits. This committee met two times during the fiscal year ended March 31, 2018.

### Compensation Committee

The Compensation Committee, whose members include outside directors, considers the type of executive compensation structure that befits DBJ from the standpoint of ensuring transparency and objectivity regarding compensation.

### Personnel Evaluation Committee

The Personnel Evaluation Committee, composed of outside directors and other outside experts, evaluates personnel proposals on the selection of directors and Audit & Supervisory Board members.

### Advisory Board

Since DBJ's establishment as a joint-stock company in October 2008, the Advisory Board has been in place as an advisory body to advise the Executive Committee, providing advice on overall management. Revisions in 2015 to the DBJ Act stipulate for an indefinite period obligatory

measures to be considered, in particular, requiring that DBJ conduct its operations in a manner that would not obstruct appropriate competitive relations with other entities.

Accordingly, this board is positioned anew as an advisory body to the Board of Directors. As one of its roles, even more than before, the Advisory Board is tasked with deliberating and evaluating important affairs related to ensuring that appropriate competitive relations are maintained with private financial institutions.

This board convened twice during the fiscal year ended March 31, 2018. This board is composed of the following outside directors and experts in fields including manufacturing, infrastructure, regional communities, and finance.

### Outside Experts

Reiko Akiike	Senior Partner and Managing Director, The Boston Consulting Group
Masayuki Oku	Honorary Advisor of Sumitomo Mitsui Financial Group, Inc.
Kazuaki Kama	Executive Corporate Advisor, IHI Corporation
Katsunori Nakanishi	Chairman and CEO, The Shizuoka Bank, Ltd.
Yoshizumi Nezu	President, Tobu Railway Co., Ltd.

### Outside Directors

Akio Mimura	Honorary Chairman of Nippon Steel & Sumitomo Metal Corporation
Kazuo Ueda	Professor and Head of Office for New Department Planning, Kyoritsu Women's University, Faculty of International Studies



### Special Investment Operations Monitoring Board

One of the measures of the 2015 revisions to the DBJ Act was in regard to Special Investment Operations. The act stipulates the establishment of a Special Investment Operations Monitoring Board as an advisory body to the Board of Directors. This monitoring board is tasked with deliberating projects and evaluating their performance in terms of appropriateness against policy objectives and with emboldening private-sector enterprises and complementing their operations while maintaining appropriate competitive relations. This board, whose members include outside experts in fields such as manufacturing, infrastructure, regional communities, and finance, convened twice during the fiscal year ended March 31, 2018.

In order to examine whether appropriate competitive relations with other entities are being maintained, round-table discussions are held regularly with the Japanese Bankers Association, the Regional Banks Association of Japan, and the Second Association of Regional Banks,

including these entities' private financial institution members. Each group met twice in fiscal 2017, for a total of six meetings. Disputes and opinions raised in these meetings are reported to and deliberated by the Advisory Board and the Special Investment Operations Monitoring Board.

### Outside Experts

Hideharu Iwamoto	Vice Chairman & Senior Executive Director of Japanese Bankers Association
Masayuki Oku	Honorary Advisor of Sumitomo Mitsui Financial Group, Inc.
Katsunori Nakanishi	Chairman and CEO, The Shizuoka Bank, Ltd.
Takashi Yamanouchi	Advisor, Mazda Motor Corporation
Keisuke Yokoo	Vice Chairman & President of Japan Association of Corporate Executives
Fumiaki Watari	Honorary Executive Consultant of JXTG Holdings, Inc.

### Executive Committee

The Board of Directors has vested in the Executive Committee decision-making authority regarding the execution of business. Accordingly, the Executive Committee makes important management decisions. The committee met 38 times during the fiscal year ended March 31, 2018.

### Committees under the Executive Committee

Name	Role
ALM & Risk Management Committee	This committee deliberates and makes decisions pertaining to portfolio risk management and asset-liability management.
General Risk Management Committee	This committee deliberates and makes decisions on important items related to operational risk management, system risk management, legal compliance, responses to antisocial forces, client protection management, and other important items.
Committee on Investment and Loan Decisions	This committee handles, deliberates, and makes decisions related to investments and loans, overseas business strategy, and operations and management conditions.
New Operation Screening Committee	This committee deliberates and makes decisions on the commencement of initiatives involving new businesses.
Advisory Panel on Investments and Loans	This panel handles the advance deliberation on and monitoring of investments and loans as well as deliberations on overseas business strategy and operations and management conditions.
<b>Sustainability Committee</b>	<b>This committee deliberates on items related to both economic and social value as well as dialogue with stakeholders.</b>
Core Business System Restructuring Committee	This committee deliberates items related to policies for restructuring core business systems.

DBJ established the Sustainability Committee, which has operated since fiscal 2017 onward, as part of efforts to contribute to a sustainable society, in accordance with DBJ Group's Policy on Sustainability (please refer to page 61). This committee approaches important social issues from an ESG perspective and incorporates this attitude into business activities, including investments and loans as well as asset management.

The committee met twice during the fiscal year ended March 31, 2018.

### Matters Requiring Authorization of Competent Minister

The DBJ Act prescribes matters for which Minister of Finance authorization is required. Major items requiring such authorization are as follows:

- Appointment and dismissal of representative directors and Audit & Supervisory Board members
- Amendments to Articles of Incorporation
- Disposition of surplus funds; Merger, corporate split, and dissolution; Basic policy on business plans, redemption plans, and fund procurement

## Corporate Governance Helps Us Solve Social Issues

### Akio Mimura

Outside Director

I have served as an outside director since 2008 when DBJ became a joint-stock company, and I am currently a member of the Advisory Board, a body that facilitates corporate governance by incorporating the opinions of outside experts into the management of DBJ. The Advisory Board is positioned as an advisory body to the Board of Directors in accordance with the revisions of the DBJ Act of 2015. The role of the Advisory Board is not only advising DBJ management for balancing economic value and social value, but also deliberating for DBJ to ensure appropriate competitive relations with private financial institutions. I also believe that the Advisory Board has fulfilled its responsibilities for performing checks from a third-party perspective on the proper execution of legally mandated Special Investment Operations, Crisis Response Operations, collaboration with private financial institutions, and DBJ Group management.

Amid rapid change in the economy, international politics, technology, demographics, and other aspects of society, DBJ aims to contribute to the resolution of various social issues while moving to achieve the objectives of the Fourth Medium-Term Management Plan that has been underway since fiscal 2017. To this end, it is essential that DBJ constantly engages in dialogue and cooperates with its stakeholders. As an outside director, I will continue to carry out my duties and facilitate contributions to society from a governance standpoint.



April	1963: Joined Fuji Iron & Steel Co., Ltd.
April	2000: Representative Director and Executive Vice President of Nippon Steel Corporation
April	2003: Representative Director and President of Nippon Steel Corporation
April	2008: Representative Director and Chairman of Nippon Steel Corporation
October	2008: Director at DBJ (current position)
October	2012: Director, Member of the Board and Senior Advisor of Nippon Steel & Sumitomo Metal Corporation
June	2013: Senior Advisor of Nippon Steel & Sumitomo Metal Corporation
November	2013: Chairman of the Tokyo Chamber of Commerce & Industry (current position) Chairman of the Japan Chamber of Commerce & Industry (current position)
June	2018: Honorary Chairman of Nippon Steel & Sumitomo Metal Corporation (current position)



## Strengthening Corporate Governance to Promote Sustainability Management

### Kazuo Ueda

Outside Director

Over the past few years, interest in social sustainability, expressed in terms including ESG and the SDGs, has risen sharply. To date, DBJ has fulfilled various roles in accordance with the needs of society, constantly undertaking new initiatives for realizing a sustainable society, such as developing DBJ certification programs and supplying risk capital through joint investments with private non-financial companies and financial institutions.

I believe DBJ's initiatives draw on the long evolution of its corporate DNA to date, and proper governance is needed for DBJ to contribute to the medium- and long-term development of society and the economy, as well as to the realization of a sustainable society. This unique business model is supported by the Advisory Board and the Special Investment Operations Monitoring Board. As a member of the Advisory Board, I work closely with outside experts to advise DBJ on overall management. I will do my part in pursuit of sustainable social development and the sustainability management that DBJ strives for.

July	1980: Assistant professor at the University of British Columbia, School of Economics
April	1982: Assistant professor at Osaka University, School of Economics
April	1989: Assistant professor at Tokyo University, School of Economics
March	1993: Professor at Tokyo University, School of Economics
April	1998: Deliberative member of the Bank of Japan's Policy Board
April	2005: Professor at Tokyo University, School of Economics
October	2008: Outside director at DBJ (current position)
April	2017: Professor and Head of Office for New Department Planning, Kyoritsu Women's University, Faculty of International Studies (current position) Director of Tokyo University's Center for Advanced Research in Finance (current position)

## Internal Control System Basic Policy

DBJ has established the following internal controls to ensure operational soundness, with the Board of Audit, Ministry of Finance, Financial Services Agency, and other institutions also conducting examinations of overall management.

### Status of Internal Control System

In accordance with the Companies Act, the Board of Directors has established an internal control system under the Internal Control System Basic Policy. Specifically, this

system is designed to determine the status of legal compliance, risk management, and internal audits, as well as other items of importance to management. The internal control system is designed to confirm applicable regulations and the status of their implementation in various departments.

The full text of the Internal Control System Basic Policy is also available on the DBJ website (Japanese only).  
[https://www.dbj.jp/co/info/governance\\_policy.html](https://www.dbj.jp/co/info/governance_policy.html)

## Internal Audits

DBJ has established the Internal Audit Department under the direct supervision of the president of DBJ and independent of other operating departments. The department conducts inspections to ensure the appropriateness and effectiveness of internal controls, including overall operational compliance and risk management, and performs

evaluations and recommends improvements. The Operations Audit Committee deliberates and decides audit plans, audit reports, and other important matters related to internal audits, and this information is reported to the Board of Directors. As of the end of June 2018, 22 people belonged to the Internal Audit Department.

## Accounting Audits

DBJ has in place an agreement whereby Deloitte Touche Tohmatsu LLC conducts accounting audits as its accounting auditor.

## Three-Pronged Auditing Approach

DBJ's Audit & Supervisory Board members, the Internal Audit Department, and the accounting auditor periodically and as necessary exchange opinions and information, and communicate in an effort to ensure effective and appropriate audits.

## Compliance

DBJ recognizes compliance as one of its most important management issues. As basic policies to ensure that the execution of duties by directors and regular employees complies with laws and regulations and the Articles of Incorporation, we have formulated a corporate philosophy, a Basic Compliance Policy and other compliance-related regulations. In addition to its basic regulations on compliance, DBJ has created and provided notice throughout the organization of a Compliance Manual and a compliance program. We seek to thoroughly implement the compliance activities outlined below.

### Compliance Principles

DBJ has formulated the compliance principles indicated below as part of its creation of compliance regulations.

- 1) DBJ's executives and employees are keenly aware of DBJ's social mission and responsibilities as a public-sector bank and recognize that illegal acts or improper business operations harm the reputation of DBJ and interfere significantly with DBJ's ability to fulfill its objectives under the new DBJ Act. We also realize DBJ's need to always conduct activities appropriately and in compliance with the law.
- 2) DBJ's executives and employees are well aware that DBJ must conduct its businesses legally and appropriately and be responsible for explaining its actions to the general public.
- 3) DBJ refuses all advances from anti-social forces and cooperates with police and other related institutions to prevent any sort of relationship with such elements.

## Compliance System

DBJ has established the Legal and Compliance Department to take overall responsibility for planning, preparing, and adjusting compliance activities. In addition, DBJ has established the General Risk Management Committee to reflect on legal compliance matters, determine the extent of compliance, and deliberate on improvements to DBJ's

internal system. One specific initiative is the establishment of a compliance hotline.

The objective of this internal reporting system is to swiftly identify and resolve any legal violations. DBJ is also preparing Conflicts of Interest Management Regulations as a basic policy in addition to systems to manage conflicts of interest.

## Client Protection Management Basic Policy / Declaration on Personal Information Protection / Policy for Managing Conflicts of Interest

The establishment and maintenance of systems for client protection management and the protection of personal information are vital because doing so protects the people who use the financial institution's systems and raises their level of convenience. DBJ recognizes the extreme importance of such systems from the standpoint of operational soundness and appropriateness. DBJ has formulated a Client Protection Management Basic Policy to ensure strict compliance with laws and regulations, protect the interests of its clients, and raise the level of client convenience. We have also created internal regulations based on this policy, which we employ in briefings to raise in-house awareness.

We have incorporated a declaration on our policies into our Declaration on Personal Information Protection.

DBJ is a registered financial institution under the Financial Instruments and Exchange Act. In accordance with this act and the Cabinet Office Ordinance on Financial Instruments Business, etc., DBJ has drawn up a policy introduced for the management of conflicts of interest and provides an overview of the publicly announced policy.

The Client Protection Management Basic Policy, Declaration on Personal Information Protection, and Policy for Managing Conflicts of Interest can also be found on the DBJ website (Japanese only).

<https://www.dbj.jp/co/info/compliance.html>

## Policy on Sustainability

DBJ Group formulated the Policy on Sustainability in 2017 in order to facilitate the creation of both economic value and social value while engaging in dialogue with stakeholders and effecting continuous improvement in the value creation process.

The full text of the Policy on Sustainability is available on the DBJ website.

<https://www.dbj.jp/en/co/csr/regular/index.html>

## Responses to Japan's Stewardship Code

In August 2014, DBJ stated its acceptance of the "Principles for Responsible Institutional Investors (Japan's Stewardship Code)" (the "Code"). Under the Code, stewardship responsibilities refer to the responsibilities to enhance the medium- to long-term investment return for clients and beneficiaries by improving and fostering investee enterprises' corporate value and sustainable growth through constructive "purposeful dialogue" (engagement), based on an in-depth understanding of the investee enterprises and their business environments.

DBJ recognizes that, in addition to operational selection and focus and the realization of growth strategies, calls for corporate governance are growing. Recognizing the importance of the meaning of equity, in our equity investments we support the long-term advancement of the investee enterprises that are our clients, taking particular note of their social responsibilities. When making investments, we endeavor to gain an in-depth understanding of investee enterprises, their business environments, and their management teams' intention and to share with investee enterprises

in their long-term strategies. After investing, we leverage our networks and strengths in information, industry research, and financing technologies to provide total financing solutions that address the issues they face. Through dialogue with investee enterprises, we work to realize their long-term development and maximize their corporate value over the long term.

DBJ believes that its investment operations have been conducted in close affinity with the spirit of the Code. In providing risk capital and knowledge, we consider the appropriate fulfillment of stewardship responsibilities by institutional investors to be of service from the perspective of working with diverse financial players to ensure the smooth formulation of financial and capital markets. Accordingly, we are in agreement with the meaning of the principles provided in the Code.

The full text, including the May 2017 revisions to the code, is available on the DBJ website (Japanese only).

<https://www.dbj.jp/co/info/stewardship.html>



# Directors, Audit & Supervisory Board Members, and Executive Officers

(as of the end of July 2018)

## Directors



**Chairman**

**Yasushi Kinoshita**

1979: Joined the Ministry of Finance  
2013: Administrative vice minister  
2015: Deputy President of DBJ  
2018: Chairman of DBJ



**Director and Managing Executive Officer**

**Koji Narita**

In charge of Treasury Department,  
Syndication & Credit Trading Department,  
Sustainability Planning and Support  
Department

1987: Joined the Ministry of Finance  
2016: Director-General of the Chugoku Local  
Finance Bureaus  
2017: Director and Managing Executive  
Officer of DBJ



**President and CEO**

**Hajime Watanabe**

1981: Joined The Japan Development Bank  
2008: General Manager, Head of Urban  
Development Department  
2009: Executive Officer,  
Head of Corporate Planning &  
Coordination Department  
2011: Director and Managing Executive  
Officer of DBJ  
2015: Deputy President of DBJ  
2018: President and CEO of DBJ



**Director and Managing Executive Officer**

**Makoto Anayama**

In charge of Accounting Department,  
Credit Analysis Department,  
Risk Management Department,  
Legal Affairs & Compliance Department,  
Research Institute of Capital Formation

1986: Joined The Japan Development Bank  
2011: Head of Economic & Industrial Research  
Department  
2013: Executive Officer, Head of Business  
Planning & Coordination Department  
2015: Managing Executive Officer of DBJ  
2018: Director and Managing Executive  
Officer of DBJ



**Deputy President**

**Shin Kikuchi**

1984: Joined The Japan Development Bank  
2011: Executive Officer, Head of Growth &  
Cross Border Investment Group  
2011: Executive Officer, Head of Corporate  
Planning & Coordination Department  
2013: Managing Executive Officer of DBJ  
2015: Director and Managing Executive  
Officer of DBJ  
2018: Deputy President of DBJ



**Director and Managing Executive Officer**

**Seiji Jige**

In charge of Business Planning &  
Coordination Department, International  
Strategy & Coordination Department,  
Economic & Industrial Research  
Department

1986: Joined The Japan Development Bank  
2012: Executive Officer in Charge of Special  
Missions  
2013: Executive Officer, Head of Corporate  
Planning & Coordination Department  
2015: Managing Executive Officer of DBJ  
2018: Director and Managing Executive  
Officer of DBJ



**Director and Managing Executive Officer**

**Satoshi Tomii**

In charge of Strategic Finance  
Department, Growth & Cross Border  
Investment Department

1985: Joined The Japan Development Bank  
2012: Executive Officer, Head of Growth &  
Cross Border Investment Group  
2014: Managing Executive Officer,  
Head of Growth & Cross Border  
Investment Department  
2015: Director and Managing Executive  
Officer of DBJ



**Outside Director**

**Akio Mimura**

Honorary Chairman of Nippon Steel &  
Sumitomo Metal Corporation;  
Chairman of Tokyo Chamber of  
Commerce and Industry;  
Chairman of Japan Chamber of  
Commerce and Industry

2008: Director at DBJ



**Director and Managing Executive Officer**

**Kenkichi Fukuda**

In charge of Corporate Planning &  
Coordination Department,  
Information Resources Department,  
General Affairs Department

1983: Joined The Japan Development Bank  
2009: General Manager,  
Head of Chugoku Branch  
2012: Executive Officer, Head of Human  
Resources Management Department  
2014: Managing Executive Officer,  
Head of Kansai Branch  
2016: Director and Managing Executive  
Officer of DBJ



**Outside Director**

**Kazuo Ueda**

Professor and Head of Office for  
New Department Planning,  
Kyoritsu Women's University,  
Faculty of International Studies;  
Director of Tokyo University's Center for  
Advanced Research in Finance

2008: Director at DBJ

## Audit & Supervisory Board Members



Audit & Supervisory Board Member

### Atsushi Kurashige

1986: Joined The Japan Development Bank  
2010: General Manager, Credit Analysis Department  
2011: General Manager, Secretariat Office  
2013: General Manager, Head of Urban Development Department  
2017: Audit & Supervisory Board Member at DBJ



Audit & Supervisory Board Member

### Mitsue Kurihara

1987: Joined The Japan Development Bank  
2011: Senior Vice President of Healthcare & Hospitality Industry Office, Corporate Finance Department, Division 4  
2013: General Manager, Head of Corporate Finance Department, Division 6  
2015: Audit & Supervisory Board Member at DBJ



Outside Audit & Supervisory Board Member

### Toshio Yamasaki

1982: Joined The Sumitomo Trust and Banking Co., Ltd.  
2017: President of Sumitomo Mitsui Trust General Service Co., Ltd.  
2018: Advisor of Sumitomo Mitsui Trust General Service Co., Ltd.  
2018: Audit & Supervisory Board Member at DBJ



Outside Audit & Supervisory Board Member

### Makoto Ito

Advisor at Nagashima Ohno & Tsunematsu; Visiting Professor, Nihon University Law School  
2008: Audit & Supervisory Board Member at DBJ



Outside Audit & Supervisory Board Member

### Shinji Hatta

Professor, OHARA Graduate School of Accounting; Professor Emeritus, Aoyama Gakuin University  
2008: Audit & Supervisory Board Member at DBJ

## Executive Officers (excluding those who are concurrently directors)

Managing Executive Officer

### Hisanobu Sekine

In charge of Structured Finance Department, Hokkaido Branch, Tohoku Branch, Niigata Branch

Managing Executive Officer

### Takao Kaizu

In charge of Financial Institutions Department, Corporate Finance Department, Division 6

Managing Executive Officer

### Yoshinao Ikeda

In charge of Corporate Finance Department, Division 1 and 2

Managing Executive Officer

### Masayuki Tsuda

In charge of Urban Development Department, Real Estate Finance Department, Corporate Finance Department, Division 3

Managing Executive Officer

### Norifumi Sugimoto

In charge of Regional Planning Department, Hokuriku Branch, Tokai Branch, Kyushu Branch, Minami-Kyushu Branch

Managing Executive Officer

(Head of Kansai Branch)

### Hiroshi Shimizu

In charge of Kansai Branch, Chugoku Branch, Shikoku Branch

Managing Executive Officer

### Yasushi Babasaki

In charge of Corporate Finance Department, Division 4

Managing Executive Officer

### Michihiro Kishimoto

In charge of Corporate Finance Department, Division 5

Executive Officer

### Ryusei Segawa

In charge of Internal Audit

Executive Officer

### Tsutomu Murakami

Head of Human Resources Management Department

Executive Officer

### Keisuke Takegahara

Deputy Chief Research Officer, Chief Manager of Sustainability Management Office, Corporate Planning & Coordination Department

Executive Officer

### Shigeru Tamagoshi

Head of Business Planning & Coordination Department

Executive Officer

### Toshiyasu Takazawa

Head of Corporate Planning & Coordination Department

Executive Officer

### Shoichiro Kubota

Head of Growth & Cross Border Investment Department

Notes: Of the 15 directors and Audit & Supervisory Board members, 14 are male and one is female, leaving the female to male ratio at 6.7%.

Standards and policies related to independence in the selection of outside directors and outside Audit & Supervisory Board members are not applicable.

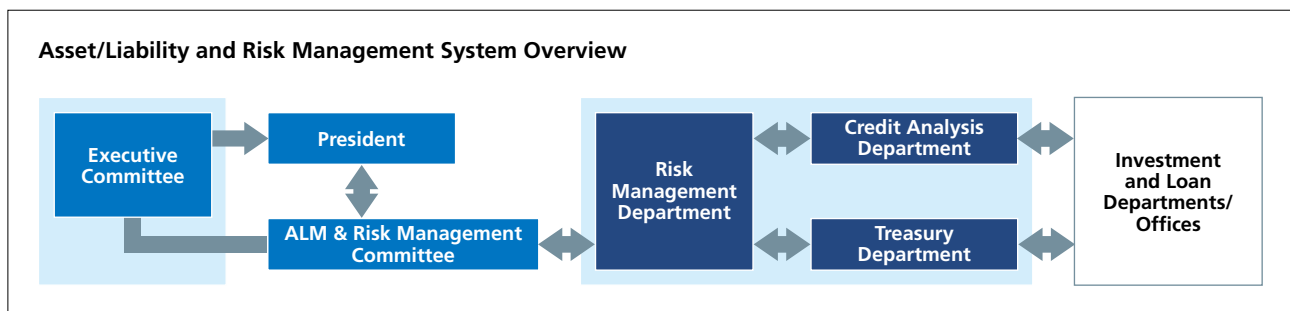
Akio Mimura, Honorary Chairman of Nippon Steel & Sumitomo Metal Corporation, is an outside director of DBJ. DBJ has no special relationship with Mr. Mimura, and its business with Nippon Steel & Sumitomo Metal Corporation is conducted normally. DBJ has no special-interest relationship with any other of its outside directors or outside Audit & Supervisory Board members.

DBJ has signed liability limitation agreements with its outside directors and outside Audit & Supervisory Board members, based on Paragraph 1, Article 427, of the Companies Act.

## Risk Management System

DBJ conducts risk management from the perspective of ensuring management soundness. To ensure appropriate management of individual risk categories, DBJ has developed a vital risk management system that specifies and evaluates manageable risks and clarifies which department is responsible for each type of risk. The Risk Management Department oversees comprehensive risk management activities.

The ALM & Risk Management Committee and the General Risk Management Committee deliberate on important matters concerning risks and conduct regular monitoring, in line with the basic policy related to comprehensive risk management approved by the Board of Directors.



## Comprehensive Risk Management

The Risk Management Department assesses both comprehensive and individual risks. Based on risk guidelines that weigh Executive Committee business plans and the results of stress tests, the Risk Management Department controls the amount of comprehensive risk and that of individual

risk categories at a determined level. Furthermore, the Corporate Planning & Coordination Department has begun efforts to measure risk–return by such means as risk-adjusted return on capital.

### 1. Credit Risk

Credit risk refers to the risk of sustaining losses resulting from a decline in or loss of the value of assets due to deterioration in the financial condition of the borrower. DBJ provides corporate loans and non-recourse loans, making credit risk acquisition a source for profits. As such, it represents a significant risk category, with DBJ conducting credit management of individual projects as well as bank-wide portfolio management, accordingly.

#### i. Credit Administration of Individual Loans

When making an investment or loan, DBJ examines the entity's project viability and the project's profitability from a fair and impartial standpoint. DBJ is not subject to the Banking Act or the Act on Emergency Measures for the Revitalization of the Financial Functions (Act No. 132 of 1998), but carries out independent asset assessments in line with internal policies for self-assessment of credit

quality based on the Financial Services Agency's Financial Inspection Manual. The results of self-assessments are subject to an audit by an auditing corporation and are reported to management. Credit risk and amounts are monitored to confirm that they are within the limits established for individual borrowers.

The sales and credit analysis departments hold separate roles in the screening and administering of credit for individual projects, and each department keeps the operations of the other in check.

The Committee on Investment and Loan Decisions meets as needed to deliberate important issues concerning the management and operation of individual projects.

These mutual checking functions serve to ensure the appropriateness of the finance operation and management system.

### Borrower Rating System

DBJ's borrower rating system measures creditworthiness by combining an evaluation point rating and a borrower category rating with the results quantifying a potential client's credit circumstances.

The evaluation point rating selects indicator and evaluation categories that are common across all industries, scoring the creditworthiness of the potential borrower quantitatively and qualitatively. On the other hand, the borrower category rating measures specific items related to the borrower, looking at the borrower's realistic financial condition, cash flows, and debt repayment history, generating a comprehensive assessment of a borrower's repayment capacity.

### Asset Self-Assessment System

Asset self-assessments are used to define asset classifications that will offset recoverability risk or the degree of risk of value loss based on the borrower rating, the corresponding borrower category, and the collateral or guarantee status. Such assessments help DBJ establish timely and appropriate amortization schedules and reserve levels.

### Borrower Rating Classifications

Borrower Category	Borrower Rating	Definition	Claims Classified under the Financial Revitalization Act
Normal borrowers	1-8	Borrowers with favorable business conditions who have been confirmed to have no particular problematic financial circumstances.	Normal claims
Borrowers requiring caution	9-11	Borrowers experiencing weak business conditions, are unstable, or have issues with their finances. These borrowers need to be managed with caution.	
Substandard borrowers	12	Either some or all of the debt of these borrowers requiring caution is under management.	Substandard claims
Borrowers in danger of bankruptcy	13	Borrowers in this category are having financial difficulties but are not bankrupt. Management improvement plans and the like are progressing poorly, and these borrowers are highly likely to fall into bankruptcy.	Doubtful claims
Effectively bankrupt borrowers	14	Although not legally or formally in bankruptcy, these borrowers are experiencing severe financial difficulties and are realistically falling into bankruptcy as their lack of potential for restructuring has been confirmed.	Claims in bankruptcy, reorganization claims, and similar claims
Bankrupt borrowers	15	These borrowers are in bankruptcy, legally and formally. Specifically, these borrowers are in bankruptcy or liquidation, under corporate reorganization, bankruptcy proceedings or civil rehabilitation, or have had transactions suspended by a bill clearinghouse.	

### ii. Portfolio Management

DBJ performs a comprehensive analysis of data based on borrower ratings and calculates the loan portfolio's overall exposure to credit risk. Credit risk exposure can be classified as (1) expected loss (EL), the average loss expected during a specific loan period; and (2) unexpected loss (UL), the

maximum loss that could be incurred at a certain rate of probability minus the EL. The EL and UL calculations are reported to the ALM & Risk Management Committee.

Through such monitoring and the consideration of countermeasures, DBJ is committed to controlling risk and devising effective measures to improve risk-return.

## 2. Investment Risk

Investment risk refers to the risk of sustaining losses resulting from a decline in or loss of the economic value of assets due to worsening financial conditions for entities receiving funds and to changing market environments. DBJ's investments include the provision of mezzanine and equity financing, particularly to unlisted entities, such as corporations, funds, infrastructure, and real estate. As a source of profits, investments represent one of DBJ's most significant risk categories. DBJ makes investment decisions and manages individual investments as well as its bank-wide portfolio accordingly.

In addition to investment analysis and management in line with credit risk management, investment decisions based on target returns in accordance with investment category and regular monitoring are utilized to manage individual investments. In terms of portfolio management, we conduct risk measurement that applies credit and market risk assessment methods, with a focus on differences between investment categories and recovery methods.



### 3. Market Risk

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The primary focuses in terms of market risk management are interest rate risk and exchange risk. DBJ classifies market risk as passive risk pertaining to investment and loan activities and implements management in the manner detailed below. DBJ does not have any trading-related risk because it does not engage in trading (specified transactions).

#### i. Interest Rate Risk

Interest rate fluctuations can create mismatches on rates of interest on assets and liabilities or on interest periods, creating the risk of reduced profits or the risk of losses. Interest rate risk can reduce the economic value of DBJ's assets or interest income.

Based on monitoring through multifaceted indices, such as value at risk (VaR) and interest rate sensitivity analyses (basis point value), as well as ALM policies established by the Executive Committee, DBJ conducts comprehensive management of current assets and liabilities to optimize net interest expenses and economic value by adequately controlling interest rate risk and financial liquidity risk. In regard to controlling interest risk, a portion of the interest rate risk is covered through interest rate swaps.

### 4. Liquidity Risk

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Liquidity risk is the risk of a mismatch occurring in the periods when funds are used and raised or of an unexpected outflow of funds, causing differences in the flow of funds (cash liquidity risk). Such situations make securing funds difficult and create situations in which interest rates on borrowed funds are substantially higher than usual rates. At other times, because of market complexities, entities in these circumstances may become unable to participate in market transactions, compelling them to conduct transactions under substantially less favorable terms than otherwise would be the case. The risk of losses for these reasons is known as market liquidity risk.

As its main methods of acquiring funds, in addition to issuing corporate bonds and taking out long-term loans,

### 5. Operational Risk

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DBJ defines operational risk as the risk of loss arising from internal processes, people or systems that are inappropriate or non-functioning, or from external events. DBJ works to establish a risk management system to minimize risk and prevent potential risks from materializing. The General Risk Management Committee has been established to deliberate topics concerning operational risk management.

#### ii. Exchange Risk

Exchange risk is the risk of loss due to volatility in exchange rates, and this risk affects entities holding a net excess of assets or liabilities denominated in foreign currencies. DBJ's exchange risk derives from financing in foreign currencies and issuing foreign currency bonds. However, DBJ uses exchange swaps and other instruments to limit this risk in terms of assets and liabilities denominated in foreign currencies at a net-base position.

DBJ uses swap transactions to manage counterparty risk by continuously monitoring the creditworthiness of all parties and by setting a limit to financing for each counterparty. DBJ also conducts risk management through margin transfers by means of a centralized exchange and mutual credit support annex.

DBJ relies on the stable procurement of long-term funds from the Japanese government's Fiscal Investment and Loan Program and government-guaranteed bonds rather than on short-term funds such as deposits. Contingency plans are established as appropriate to meet unexpected short-term funding requirements and cash flow shortfalls.

Additionally, DBJ maintains daytime liquidity by using the Bank of Japan's real-time gross settlement system, whereby settlement is made instantly for each transaction. Every effort is made to ensure that settlement conditions are managed appropriately.

In addition to credit, investment, and market risk, the ALM & Risk Management Committee deliberates DBJ's liquidity risk.

Within operational risk management, DBJ conducts administrative risk management and system risk management as described below.

### i. Administrative Risk Management

Administrative risk refers to the risk of sustaining losses resulting from employees neglecting to perform their duties correctly or from accidents, fraud, and the like. To reduce or prevent administrative risk, DBJ prepares manuals, performs checks on administrative procedures, provides education and training, and uses systems to reduce the burden of administrative duties.

### ii. System Risk Management

System risk refers to the risk of loss due to a computer system breakdown or malfunction, system defects, or improper computer use. DBJ has implemented the following internal processes to optimize system risk management and properly manage risk with regard to system risk. The System Risk Management Division is responsible for managing DBJ's system risk centrally, based on its system risk management regulations. By determining security standards from a variety of viewpoints—from information system planning and development to operation and use—the department extends the risk management system bank-wide and addresses appropriate system risk management operations.

## Business Continuity Initiatives

DBJ prepares a business continuity plan (BCP) to protect the interests of its stakeholders, including its clients, its shareholder, and its executives and employees, as well as to fulfill its social mission. The BCP aims to ensure the continuity and rapid recovery of core operations in the event of emergencies, such as natural disasters (in particular, large-scale earthquakes), influenza and other pandemics, system failures, and power outages.

The BCP describes in an easy-to-understand format the role of the Disaster Response Committee, work priorities, and specific actions and procedures to be taken in the event of a disaster. When drawing up policies for business continuity and restoration, the Company envisions specific incidents, such as an earthquake underneath the Tokyo metropolis, and methodically decides how to respond to anticipated damage in each disaster scenario.

### Measures to Ensure Business Continuity

We have prepared a variety of measures to ensure business continuity.

#### Enhanced System Robustness

We ensured advanced security levels at the main center and created a backup center to operate in the event that the main center ceases to operate.

#### Multilayered Communication Procedures

We introduced a safety confirmation system to quickly determine the whereabouts and status of executives and employees even at night and on holidays. In addition, we distributed satellite telephones to key locations and personnel to ensure multilayered communication procedures.

#### Chain of Command and Delegation of Authority

To assure that decision-making concerning the continuity of core operations is prompt and certain, in the event that the Disaster Response Committee is established, we have put in place a chain of command and an alternative hierarchy by which authority can be delegated.

#### Clarification of Initial Response and Procedures for Continuing or Recovering Core Operations

For individual business units, we have established in advance the procedures for the initial response and the continuation or recovery of core operations so that relevant divisions can respond quickly and with certainty on core operations even when in a state of confusion.

### Initiatives to Maintain or Improve BCP Viability

DBJ conducts various types of instruction and training of executives and regular employees to maintain or improve the viability of its BCP. Furthermore, employing a Plan-Do-Check-Act cycle, we revise the BCP to reflect training

results and recent information, and the Executive Committee reviews it regularly and amends it as necessary.

# Timeline

## The Japan Development Bank, the Hokkaido-Tohoku Development Finance Public Corporation, and the Development Bank of Japan

Year	Month	Event
1951	April	The Japan Development Bank (JDB) established
1952		JDB branches opened in Osaka (now the Kansai Branch), Sapporo (now the Hokkaido Branch), Nagoya (now the Tokai Branch), and Fukuoka (now the Kyushu Branch)
1956	June	The Hokkaido Development Finance Public Corporation established
1957	April	The Hokkaido Development Finance Public Corporation, reorganized as the Hokkaido-Tohoku Development Finance Public Corporation (HTDFP) branches, opened in Sapporo (now the Hokkaido Branch) and Sendai (now the Tohoku Branch)
1960		JDB branch opened in Takamatsu (now the Shikoku Branch)
1961		JDB branches opened in Hiroshima (now the Chugoku Branch) and Kanazawa (now the Hokuriku Branch)
1962	April	JDB representative office opened in New York
1963		JDB representative offices opened in Kagoshima (renamed Minami-Kyushu Branch in October 1999) and Matsue
1964	July	JDB representative office opened in London
1972	January	HTDFP representative office opened in Niigata (renamed Niigata Branch in July 1989)
1985	June	The Japan Development Bank Law revised 1) Investment function (pertaining to business in such areas as research and development, urban development, and energy use stipulated by government ordinance) added 2) R&D fund investment function added
1987	September	Low interest rate loan system funded partially by sale of NTT shares created by JDB and HTDFP
1989		JDB representative offices opened in Oita, Matsuyama, Okayama, and Toyama HTDFP representative offices opened in Hakodate and Aomori
1995	February	JDB loans to assist disaster recovery commenced
1997	September	Bill entitled "Pertaining to Consolidation and Rationalization of Special-Purpose Companies, etc." approved by the Cabinet (decision dissolving JDB and HTDFP and consolidating them as a new bank approved)
1998	December	JDB and HTDFP loans in response to changes in the financial environment commenced (March 31, 2001, sunset clause introduced)
1999	June	The Development Bank of Japan Law (Law No. 73 of 1999) approved
	October	All rights and responsibilities of JDB and HTDFP and all financing operations of Japan Regional Development Corporation and Japan Environment Corporation transferred to the Development Bank of Japan DBJ representative offices opened in Kushiro and Singapore
2002	May	The Development Bank of Japan Law revised (additional spot inspections by the Financial Services Agency introduced)
2005	December	Important Policy of Administrative Reform approved by the Cabinet
2006	May	The Act on Promotion of Administrative Reform for Realization of Small and Efficient Government (Act No. 47 of 2006) approved
	June	Policy-Based Financing Reform Plan decided upon by DBJ head office for the Implementation of Policy Finance Reform
2007	June	The Development Bank of Japan Inc. Act (Act No. 85 of 2007) approved

## Development Bank of Japan Inc.

Year	Month	Event
2008	October	Development Bank of Japan Inc. (DBJ) established (Capital: ¥1 trillion) Crisis Response Operations begun by DBJ as a designated financial institution
	December	DBJ Singapore Limited launched
2009	June	Act for Partial Amendment of the Development Bank of Japan Inc. Act (Act No. 67 of 2009) approved
	September	Capital increased to ¥1,103,232 million
	November	DBJ Europe Limited launched
2010	March	Capital increased to ¥1,181,194 million
2011	May	The Development Bank of Japan Inc. Act partially amended based on establishment of the Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake (Act No. 40 of 2011)
	December	Capital increased to ¥1,187,364 million
2012	March	Capital increased to ¥1,187,788 million
	June	Capital increased to ¥1,198,316 million
	December	Capital increased to ¥1,206,953 million
2014	June	DBJ Investment Consulting (Beijing) Co., Ltd. (formerly Japan Asia Investment Consulting (Beijing) Co., Ltd.) converted to wholly owned subsidiary
2015	May	Act for Partial Amendment of the Development Bank of Japan Inc. Act (Act No. 23 of 2015) approved Special Investment Operations started Advisory Board positioned as an advisory body to the Board of Directors Special Investment Operations Monitoring Board established
	August	Capital reduced by ¥206,529 million, and crisis response reserve increased by the same amount

As of March 31, 2018

Name	Address	Number of shares held (thousands of shares)	Percentage of total equity (%)
Finance Minister	1-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo	43,632	100.00
Total	—	43,632	100.00

## Summary of Changes to the DBJ Act after Conversion to a Joint-Stock Company

On October 1, 2008, DBJ transitioned from a special public corporation to a joint-stock company. In preparation for full-scale privatization following the disposal of all Japanese government-owned shares, DBJ has continued working to enhance its corporate value through integrated investment and loan services. These activities include providing long-term loans; equity, mezzanine financing and other types of risk capital; and M&A advisory services.

On the other hand, shortly after DBJ's conversion to a joint-stock company, the global financial crisis and the Great East Japan Earthquake occurred. The Japanese government called on DBJ to steadily mount large-scale Crisis Response Operations. Due to these crises, the Development Bank of Japan Inc. Act (Act No. 85 of 2007: "DBJ Act") was amended twice, with DBJ accepting an additional increase in Japanese government capital. Also, by the end of fiscal 2014, the Japanese government was to review DBJ's organization, including its shareholdings, as stipulated by the revision.

Based on the deliberations by the Japanese government's Study Panel Concerning the Promotion of Expanding Growth Funding, the Act for Partial Amendment of the Development Bank of Japan Inc. Act, which was enacted on May 20, 2015, maintains the direction toward full-scale privatization. At the same time, in order to fully ensure the

provision of funding in response to large-scale disasters and economic crises, the amending act makes DBJ's Crisis Response Operations obligatory for an indefinite period. From the perspective of promoting the provision of growth capital to revitalize regional economies and increase the competitiveness of enterprises, the amending act calls for DBJ to accept a certain amount of capital from the Japanese government (industrial investment). This investment is to be used for a new scheme, Special Investment Operations, to strengthen and develop the Fund for Japanese Industrial Competitiveness. In addition, with regard to the application of DBJ's investment and loan functions toward crisis response and the provision of growth capital, measures were introduced obliging the Japanese government to hold at least a certain percentage of DBJ's shares.

As part of this structural revision, deliberations by the Japanese government's Study Panel Concerning the Promotion of Expanding Growth Funding covered such topics as DBJ's proper implementation of Crisis Response Operations, the importance of initiatives for providing growth capital (equity and mezzanine financing) to address shortages in Japanese financial and capital markets, and an evaluation of DBJ's initiatives following its conversion to a joint-stock company.

Note: For the full text of the DBJ Act, please refer to the Data section.

### Highlights of 2015 Revisions to the DBJ Act

#### 1. Measures maintaining direction toward full-scale privatization

Before revision	After revision
Full-scale privatization and disposal of all Japanese government-held shares, targeting around five to seven years from April 1, 2015	<ul style="list-style-type: none"> <li>No changes in the main provisions, including Article 1, which stipulates DBJ's objectives</li> <li>Disposal of shares as soon as practicable (considering its effect on achieving DBJ's objectives as well as on the market situation)</li> </ul>

#### 2. Measures ensuring appropriate implementation of Crisis Response Operations

Before revision	After revision
<ul style="list-style-type: none"> <li>Conducting Crisis Response Operations as a designated financial institution</li> <li>Enabling Japanese government recapitalization in crisis response by March 31, 2015</li> </ul>	<ul style="list-style-type: none"> <li>Assuming responsibility for Crisis Response Operations for an indefinite period (at the same time reflecting this obligation in the Articles of Incorporation)</li> <li>Extending for an indefinite period the scope of the Japanese government's recapitalization securing DBJ's financial structure, with the Japanese government having such obligations as holding more than one-third of DBJ's shares</li> </ul>

#### 3. Measures establishing new Special Investment Operations scheme to temporarily provide growth capital in a concentrated manner

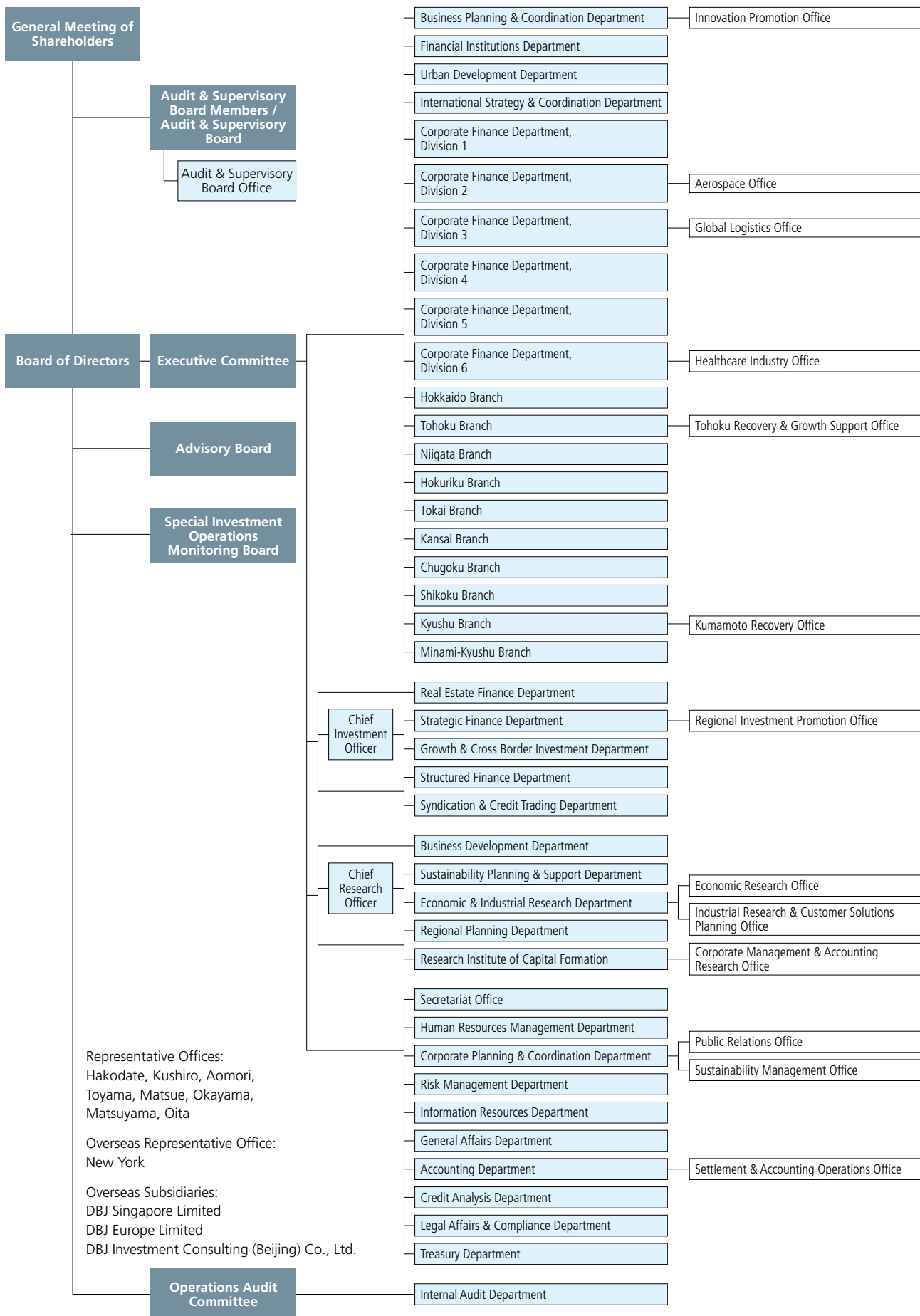
Before revision	After revision
Provision of risk capital through the Fund for Japanese Industrial Competitiveness	<ul style="list-style-type: none"> <li>Reinforcement of the Fund for Japanese Industrial Competitiveness (a portion of the financial resources for which are provided through measures for industrial investment); implementation of Special Investment Operations as a measure for a limited period of time, through fiscal 2025 (at the same time reflecting this obligation in the Articles of Incorporation, complementing and encouraging private-sector enterprises, etc.)</li> <li>Obligation that the Japanese government shall hold one-half or more of shares until the conclusion of Special Investment Operations</li> </ul>

#### 4. Provisions referencing consideration for private financial institutions through ongoing Japanese government involvement

Before revision	After revision
As per the Third Medium-Term Management Plan, sustenance of close communications, maintaining a focus on operations in collaboration with other financial institutions	<ul style="list-style-type: none"> <li>The Corporation shall, for an indefinite period, pay special attention in conducting its business so that it will not affect its appropriate competitive relationships with other business entities</li> <li>The Japanese government shall hear the opinions of representatives of ordinary financial institutions and other relevant persons concerning Japanese government revisions on an as-needed basis regarding Crisis Response Operations and Special Investment Operations</li> </ul>



# Organizational Structure (as of August 1, 2018)



Name	Development Bank of Japan Inc.
Established	October 1, 2008
Head office	Otemachi Financial City South Tower, 9-6, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8178, Japan Tel: +81-3-3270-3211
Capital	¥1,000,424 million (All capital is funded by the government of Japan)
Number of employees	1,631 (non-consolidated 1,182)

(As of March 31, 2018)

## Group Companies

The DBJ Group provides diverse services that satisfy the needs of its customers.

 <p>Overseas locations</p>	<p><b>DBJ Singapore Limited</b></p> <p>DBJ Singapore Limited is a Singapore-based subsidiary established in December 2008. It mainly provides support for investments and loans as well as advisory services in the Asia-Pacific region, and also collects and disseminates information locally.</p>	<p><b>DBJ Investment Consulting (Beijing) Co., Ltd.</b></p> <p>DBJ Investment Consulting (Beijing) Co., Ltd. became a wholly owned subsidiary in June 2014 and is based in Beijing and Shanghai. It mainly offers support for investment and loan services in China, and also collects and disseminates information locally.</p>
	<p><b>DBJ Europe Limited</b></p> <p>DBJ Europe Limited is a London-based subsidiary established in November 2009. It mainly provides support for investment and loan services in Europe, and also collects and disseminates information locally.</p>	
 <p>Investments and loans, Asset management</p>	<p><b>DBJ Capital Co., Ltd.</b></p> <p><b>DBJキャピタル株式会社</b> DBJ Capital Co., Ltd. is the venture capital arm of DBJ Group. It mainly makes early-stage equity investments in venture firms, and supports their growth through hands-on management.</p>	<p><b>DBJ Investment Advisory Co., Ltd.</b></p> <p>DBJ Investment Advisory Co., Ltd. provides advice related to DBJ's VG (Value for Growth) Investment Program*. * Value-added equity investment that supports growth strategies</p>
	<p><b>DBJ Securities Co., Ltd.</b></p> <p><b>DBJ証券株式会社</b> DBJ Securities Co., Ltd. is a securities subsidiary that assists DBJ Group with investment and loan services. It supports optimal capital procurement, provides asset management opportunities, and flexibly fulfills diverse needs.</p>	<p><b>DBJ Asset Management Co., Ltd.</b></p> <p><b>DBJ DBJアセットマネジメント</b> DBJ Asset Management Co., Ltd. is an asset management company focused on real estate, private equity, and infrastructure investments. It provides quality investment opportunities to investors with the comprehensive financial backing of DBJ Group.</p>
 <p>Research, Consulting</p>	<p><b>Japan Economic Research Institute, Inc.</b></p> <p><b>JERI 株式会社 日本経済研究所</b> Japan Economic Research Institute, Inc. is a comprehensive think tank that primarily conducts surveys and consulting. It meets customer needs from a comprehensive viewpoint, leveraging synergies in its three survey fields: public, solutions, and international.</p>	<p><b>Value Management Institute, Inc.</b></p> <p><b>DBJ 株式会社 価値総合研究所</b> Value Management Institute, Inc. is a comprehensive think tank with strengths derived from its insight into advanced technologies and analysis using proprietary economic models. It provides tailor-made solutions to a broad range of government policy issues.</p>
	<p><b>DBJ Real Estate Co., Ltd.</b></p> <p><b>DBJリアルエステート</b> DBJ Real Estate Co., Ltd. handles administrative functions for DBJ Group for office building leasing, rental conference rooms, and business libraries.</p>	<p><b>Consist, Inc.</b></p> <p><b>consist 株式会社 コンシスト</b> Consist, Inc. provides one-stop consulting services for developing, maintaining, and operating IT, using technology to help solve social issues.</p>
 <p>Real estate management / IT services</p>		



Development Bank of Japan

<https://www.dbj.jp/en>



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