



Development Bank of Japan

Integrated Report Main Part

2019





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.



Contents

The DBJ Group's Vision

A presentation of the DBJ Group's corporate philosophy from a historical perspective, along with an explanation of its management policies rooted in this philosophy

- 2 The DBJ Group's Corporate Philosophy
- 4 Our History
- 8 Sustainability Management
- 10 Message from the President
- 18 Financial and Non-Financial Highlights
- 20 Invigoration and Stabilization of Financial Markets through Partnerships and Collaboration under the Fourth Medium-Term Management Plan

The DBJ Group's Strategy

An explanation of the DBJ Group's business strategy and management foundation strategy based on the Fourth Medium-Term Management Plan

Business Strategy

- 22 Sector Strategy
- 32 Area Strategy
- 38 Function Strategy

Management Foundation Strategy

- 46 Financial Capital
- 50 Human Resource Development
- 52 SPECIAL FEATURE:
Initiatives to Train "Generalists Who Can Be Specialists in Many Fields"
- 56 Knowledge and Collaboration

Editorial Policy

The DBJ Group published its first report for increasing communication with stakeholders in fiscal 2003, *Environmental Report for a Sustainable Society*. *Integrated Report 2019* is intended to provide financial and non-financial information to explain the DBJ Group's business activities and initiatives in sustainable value creation to its broad spectrum of stakeholders. The content is decided by the Executive Committee.

Period Covered and Scope

Period: Fiscal 2018 (April 1, 2018–March 31, 2019)
(Some information from outside this period is also included.)

Scope: In principle, the report covers DBJ and its 12 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: October 2019



Corporate Governance

A description of the corporate governance structure that supports the DBJ Group's business model

- 60 Message from the Chairman
- 62 Corporate Governance
- 67 Messages from Outside Members of the Board of Directors
- 68 Members of the Board of Directors, Audit & Supervisory Board Members, and Executive Officers

Risk Management

An account of the DBJ Group's risk management for ensuring sound management

- 71 Risk Management

Corporate Data

- 76 Timeline
- 77 Shareholder Information / Summary of Changes to the DBJ Act after Conversion to a Joint-Stock Company
- 78 Organizational Structure

Data Section

- 80 The Development Bank of Japan Inc. Act
- 99 Financial Condition
- 163 Corporate Information / Group Companies

Disclaimer

Integrated Report 2019 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.



The DBJ Group's Corporate Philosophy

Design the Future with Financial Expertise

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

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

The DBJ Group's unique strengths assist with strategy execution

Core corporate values

a long-term perspective, impartiality, public-mindedness, and reliability

Our guidelines for taking specific actions that express our values

- ▶ 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.

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

- ▶ Initiative
- ▶ Integrity

Our History

Japan Development Bank (JDB) and 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.

The DBJ Group has contributed to the sustainable development of society, always pursuing a balance between economic and social value, through the provision of solutions in tune with the needs of changing society, while considering the perspectives of Dr. Osamu Shimomura and Professor Hirofumi Uzawa, who delved into the intricacies of a sustainable economy and society from an academic standpoint.

Inherited Perspectives

Dr. Shimomura, one of the leading economists in postwar Japan, assisted Prime Minister Hayato Ikeda and contributed significantly toward the framing of the "Income-Doubling Plan," which successfully led to Japan's advanced stage of economic growth that began in the 1960s. Later, following the first oil crisis, he dramatically changed his vision of the Japanese economy, and promoted the "Zero-Growth Theory" as an approach to maintaining a sustainable economy under resource constraints, and emphasized that discipline on the part of the major economic players was critically important. Dr. Shimomura's unique vision was ultimately a calling for sustainability—a stable equilibrium in Japan's economy over the long term—with a hands-on approach and nimble sensitivity to changes in the Japanese economy.

Professor Uzawa advocated for "Social Common Capital" as a theoretical framework for confronting environmental issues, a social mechanism for sustainably and stably maintaining a society that is humanely attractive with a vibrant and abundant

economy and an excellent culture. This concept encompasses the natural environment, such as air and water; social infrastructure, such as roads and cultural facilities; and institutional capital, such as medical and educational institutions. "Social Common Capital" can be thought of as having a relationship to the Sustainable Development Goals (SDGs) within the context of aiming to create a sustainable and inclusive society.

Dr. Shimomura, as a senior executive director of JDB and the first executive officer of the Research Institute of Capital Formation (RICF), and Professor Uzawa, as a research advisor of the RICF, have both contributed significantly to furthering the activities of the DBJ Group. Their visions live on in the DBJ Group's mission to, in accordance with guidelines to operate from the customer's point of view, realize the sustainable development of Japan and the world, forming a cornerstone of sustainability management that aims to balance economic value with social value.

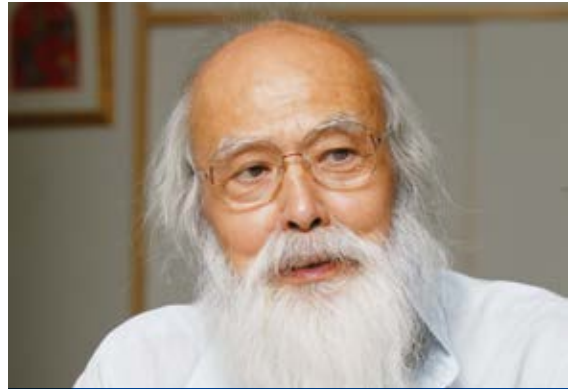


Osamu Shimomura

(1910–1989)

Dr. Osamu Shimomura was a well-known and an eminent economist in postwar Japan. He joined the Ministry of Finance (MOF) in 1934. He served as a member of the Policy Board of the Bank of Japan. After retiring from the MOF, Dr. Shimomura was appointed as a senior executive director of JDB and the first executive officer of the RICF, while constantly maintaining a high public profile as an economist.

While in the MOF, Dr. Shimomura had advocated the theory that Japan in the 1960s was poised to enter an advanced economic stage of growth and played a central role in structuring the Hayato Ikeda Cabinet's "Income-Doubling Plan." Later, after the first oil crisis, he dramatically changed his vision of the Japanese economy and advocated the "Zero-Growth Theory" as an approach to maintaining a sustainable economy under resource constraints.



Hirofumi Uzawa

(1928–2014)

Professor Hirofumi Uzawa was a world-famous theoretical economist. In 1956, he went to the U.S. as a research assistant to Nobel laureate Professor Kenneth J. Arrow, conducting research at Stanford University and the University of California, Berkeley, and then became a professor in the University of Chicago's Department of Economics in 1964.

Professor Uzawa over the years held numerous key positions, such as the president or honorary fellow of major professional associations in Japan and the U.S. In light of his accomplishments, in Japan, Professor Uzawa was designated a Person of Cultural Merit in 1983 and conferred the Order of Cultural Merit in 1997. Beyond accomplishing internationally outstanding research regarding theoretical economics, he has greatly impacted Japanese society through his numerous journal articles and economics-based proposals for environmental issues. He devoted himself to theoretical research into the sustainability and advocated the concept of Social Common Capital, encompassing the natural environment, social infrastructure, and institutional capital such as financial services, healthcare, and education etc.

After returning to Japan, he served as a research advisor of RICF for nearly 50 years.

Roles played by DBJ

The DBJ Group has provided solutions in tune with the times and, while changing itself, has stayed true to its values—initiative and integrity—amid dramatic changes in the economy, the fabric of society, and social issues.

Developing high-growth infrastructure

Strengthening international competitiveness

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, Japan Development Bank (JDB) was established and commenced accommodation loans to facilitate the development of the nation's power supply, which forms the basis of its economy and industry, and the rationalization, modernization, and cultivation of 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

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, Hokkaido Development Finance Public Corporation was restructured in 1957 to form Hokkaido-Tohoku Development Finance Public Corporation (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

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.



Sony Corporation: Trinitron color television factory Promotion of home-growth technologies through commercial application of new technologies

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 in order 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

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

1996–2000

Creation of a vibrant and affluent society and stable economy

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



Hankyu Corporation: Earthquake reconstruction work (Hyogo Prefecture) Recovery work on traffic infrastructure destroyed by earthquakes

Smoothering industrial transformation

Creating an affluent society

Regional revitalization

Regenerating business

Financial crisis response, post-earthquake reconstruction

Post-bubble economy

Structural reform

The 2008 global financial crisis

2007

Enactment of 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 with the Employees' Health Management Rated Loan Program in 2012.



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.

2008 onward

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



Supplying risk capital



Rebuilding and Reinforcement of Infrastructure



Creation, Conversion, and Growth in Industry



Self-Reliance and Revitalization of Local Economies

The Great East Japan Earthquake Realizing a sustainable society

2015
Amendments to the Development Bank of Japan Inc. Act

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.

Stronger response to innovation

For new businesses, future pillars of Japan, to reach commercialization and become a part of society, the DBJ Group engages in collaboration with diverse players while shaping projects from a long-term perspective.



Japan H₂ Mobility, LLC (JHyM): Financial support for realization of a hydrogen-based society
Photo provided by JXTG Nippon Oil & Energy Corporation



Space One Co., Ltd.: Support for development of the domestic space industry by commercializing a new generation of small rockets

Vision 2030

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

Future Changes in the External Environment

We have identified changes in the external environment that could have a major impact on the 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
---------------------	---	---------------	--	---

Our Three Priority Areas

The 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 of energy systems, more advanced of transportation networks, creation of attractive communities	Rebuild energy and transportation infrastructure, upgrade public infrastructure Promote urban growth
--	--	---

	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
--	--	--

	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

Mission

Vision 2030

Our Three Priority Areas



Rebuilding and Reinforcement of Infrastructure

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



Creation, Conversion, and Growth in Industry

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



Self-Reliance and Revitalization of Local Economies

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

Sustainability Management

The DBJ Group's Management Capital Communication



Financial Capital



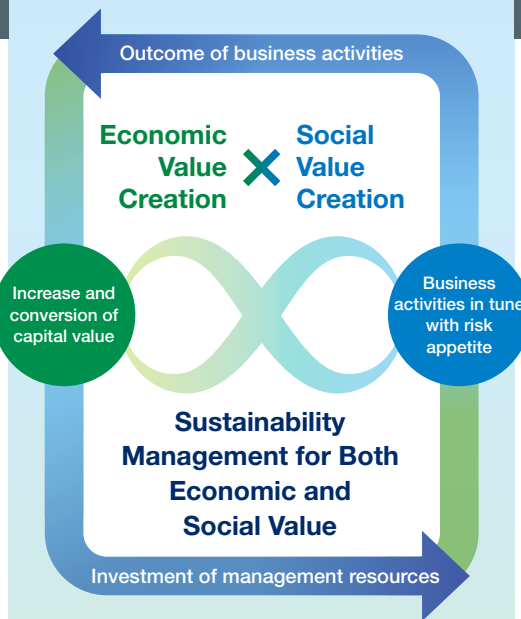
Human Capital



Intellectual Capital



Relationship and Social Capital



Integrated Investment and Loan Services That Contribute to Resolving Social and Client Issues

Risk Capital Finance

Creation of Diverse Financial Deal Opportunities

Provision of Our Knowledge

Crisis Response Operations

- Financing
- Investment
- Consulting and advisory
- Asset management
- Special Investment Operations
- Crisis Response Operations



Corporate Governance and Risk Management

Long-running, continuous collaboration and dialogue



Advisory Board Monitoring Board

Communication with Stakeholders



Customers



Communities



Employees



Financial institutions



Investors



Shareholders etc.

As a leader in sustainability management, the DBJ Group seeks to promote sustainable development in Japan and worldwide by offering solutions to issues facing clients and society as a whole.

The sustainability management targeted by the DBJ Group consists of a business model that leverages Group capabilities in fields including integrated investment and loans and consulting and advisory services. Our business model is designed to raise economic and social value simultaneously in pursuing a sustainable society. We work constantly to improve our value creation process through collaboration and dialogue with stakeholders, seeking to refine our sustainability management and enhance the value we create.

Solving Challenges in Priority Areas through Sustainability Management

For customers in priority areas—infrastructure, industry, and the regions, which were decided in view of DBJ's functions to date and opinions received from stakeholders—the DBJ Group provides integrated investment and loans commensurate with risk appetite along with consulting and advisory services. For our investor clients, we offer syndication and asset management

services. As financial professionals offering creative solutions for the different issues faced by its customers, DBJ contributes to the creation of a sustainable society aligned with the SDGs.



Balancing Economic and Social Value

The DBJ Group works to promote industries and initiatives with the potential to serve as pillars for Japan's economy and society. We offer up solutions for current issues affecting industries and our customers, as well as examining hypothetical and envisioned changes to both groups amid the rapid changes occurring in our society.

As mandated under the DBJ Act, we also undertake Crisis Response Operations as required by events such as major natural disasters and financial market instability. We contribute to the

sustained growth of society through Group measures to promote new industries and initiatives while responding to crisis events, always taking the needs of our customers and the community into consideration. Implementing the DBJ Group's business model requires unique resources. While sound 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, and relationship and social capital that impact on our financial value creation in the long term.

Building a Foundation for Sustainability Management through Communication with Stakeholders

Communication with our stakeholders helps us continuously improve our sustainability management, our unique value creation process. As part of this process, the Advisory Board, an advisory body to the Board of Directors, and the Special Investment Operations Monitoring Board, receive third-party advice from

outside experts and outside members of the Board of Directors. Through communication in its daily operations with stakeholders, including customers, regions, financial institutions, investors, and shareholders, the DBJ Group reaffirms its functions and examines how those functions should evolve in the years to come.

Message from the President



Hajime Watanabe

President and CEO
Development Bank of Japan Inc.

In tune with the changing needs of society and our customers, the DBJ Group helps realize a sustainable society by promoting sustainability management while balancing economic and social value.

Environment Affecting the DBJ Group

The economic and social landscape is changing swiftly and significantly. Political instability is increasing against a global backdrop of emerging protectionism and growing geopolitical risk. The environment surrounding financial institutions is also changing quickly amid tightened financial regulations across the globe, a digital revolution involving 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 led to a global call for action for sustainable finance, in areas including environmental, social, and governance (ESG) investment. Companies have quickly got on board with the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), formed under the auspices of the Financial Stability Board (FSB) to facilitate the disclosure of information related to risks and opportunities presented by climate change. In Japan, government initiatives aimed at achieving the United Nations Sustainable Development Goals (SDGs) have been a powerful motivating force. Along with the ESG investment initiatives of the Government Pension Investment Fund (GPIF), they have spurred considerable progress in the industrial and financial dialogue on sustainability. A movement is gaining momentum for companies to develop solutions to social issues as an integral part of their business.

The Role of the DBJ Group and Our Achievements to Date

Since the days of its predecessors, Japan Development Bank and Hokkaido-Tohoku Development Finance Public Corporation,

the DBJ Group has worked to promote Japan's sustainable development. We have achieved this by responding flexibly to the issues of the day, through the periods of postwar reconstruction and high, stable growth, the bubble economy and its collapse, globalization, the declining birth rate 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. Against this backdrop, the DBJ Group has developed new initiatives to address social issues with an eye on the future.

Amid ongoing change in the economy and society, the DBJ Group strives to strike a balance between economic value and social value by grasping the latest social issues and offering ideas for solving them from a financial perspective, all while collaborating with other financial institutions. Our unwavering core values of "initiative" and "integrity" have supported this flexible approach to solving problems. It would be a disservice to not mention two of our predecessors who had a major impact on shaping our core values: Dr. Osamu Shimomura, a former senior executive director of Japan Development Bank and the first executive officer of the Research Institute of Capital Formation (RICF) of DBJ, and Professor Hirofumi Uzawa, a former research advisor for the RICF. With a hands-on approach to policymaking, Dr. Shimomura played an instrumental role in shaping "Income-Doubling Plan." Professor Uzawa developed the theory of "Social Common Capital" as a sustainable foundation for a society that is attractive on a human level. These two predecessors, who had a major impact on the direction of the DBJ Group, shared common characteristics—namely, warm hearts and cool heads—that facilitated their keen perception of changes over time. Our core employee values today are the culmination of their intentions, which live on as a cornerstone of sustainability management at the DBJ Group.

More than a decade has passed since October 2008, when DBJ became as a joint-stock company. Society has changed

We will fulfill our unique role in the economy and society through 2030, enhancing the added value we provide to our customers as financial professionals, through contributions in priority domains while taking into consideration dialogue with stakeholders.

significantly over these 10 years, with the collapse of Lehman Brothers and the ensuing financial crisis, the Great East Japan Earthquake, large-scale monetary easing, and Industry 4.0 brought on by digital transformation.

The DBJ Group has changed just as significantly as we have responded to these changes in society. Specifically, there has been strong growth in the Group's unique, integrated investment and loan-based business model through the development of Crisis Response Operations to cope with unprecedented events such as earthquakes and global financial crises, and via measures to enhance the supply of risk capital for subsequent growth.

The future is sure to present further changes and challenges. In keeping with our unwavering mission, the DBJ Group will take a flexible approach to issues faced by regions and our customers as a whole, staying true to our core values and being mindful of our action guidelines.

Our Mission: Designing the future with financial expertise

Our Action Guidelines:

- Responsibility to future generations
- The customer's perspective
- Outstanding service
- Commitment and cooperation

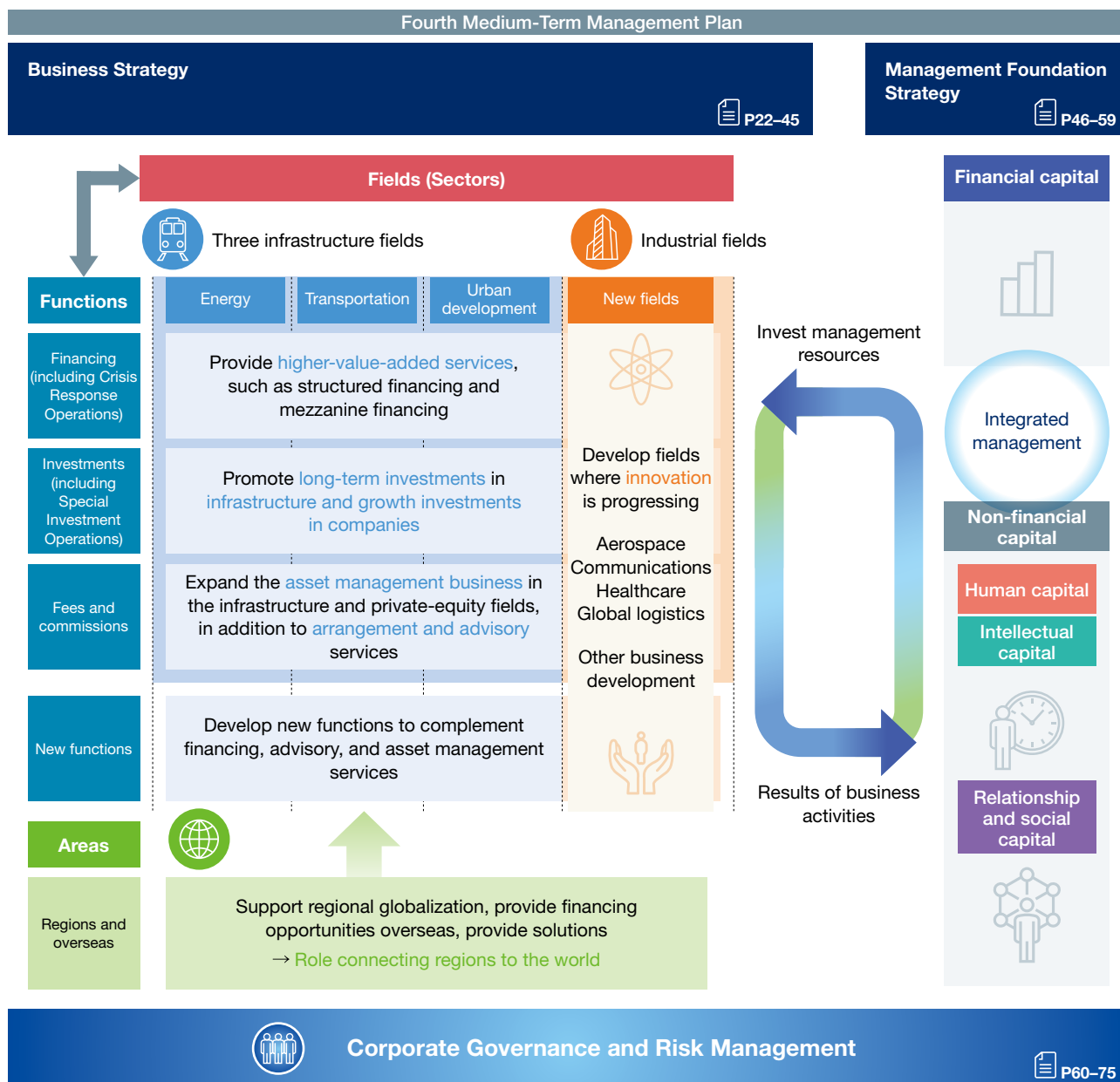
Our Values: Initiative and Integrity



Vision 2030 and Priority Areas

In 2015, with the aim of shaping our business vision around a longer-term outlook, we gave fresh thought to the role of DBJ in the years leading up to 2030. In the course of our debate, we identified a number of changes in the external environment with a significant impact on our stakeholders: Japan's declining population and its climate and energy issues in the context of the global effort to build a sustainable society; intensifying global competition; and innovations in digital technology such as AI and fintech. Since our founding during the postwar reconstruction period, DBJ has dealt with issues ranging from urbanization and pollution control 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 we have undertaken and the value we have realized over this time, we identified issues to be tackled in the future and examined the best areas in which to use our strengths over the longer term in the interests of a sustainable society. Vision 2030 was the result. Drawn up in 2017, this long-term vision sets infrastructure, industry, and regional economies as the three priority areas (materialities) for the DBJ Group initiatives. 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.

To fulfill our mission, we will work as financial professionals to enhance the added value provided to regional communities and our customers in industry and infrastructure, steadily implementing each initiative while respecting the views of stakeholders. We will take the lead in business and market creation by leveraging our ability to properly evaluate and address a broad range of risks. At the same time, as we look forward to 2030, we will fulfill our unique role in the economy and society by taking action during times of crisis and otherwise responding to social demand.



Financial Targets of the Fourth Medium-Term Management Plan

		Fourth Medium-Term Management Plan		
		Actual (Fiscal 2018)	Actual (Average for fiscal 2017-fiscal 2018)	Target (Fiscal 2019)
(Consolidated)				
Profitability	Gross ordinary income*1	¥187.7 billion	¥181.0 billion	¥190 billion
	Net income attributable to owners of the parent	¥91.9 billion	¥91.9 billion	¥80 billion
	Expense ratio*2	35%	34%	About 35%
	Total assets	¥17.0 trillion	—	¥16 trillion
	ROA*2	1.1%	1.1%	About 1%
	ROE*2	2.9%	3.0%	About 3%
Soundness	Capital adequacy ratio*3	16.6%	—	At least 14%

*1 Before credit cost deductions

*2 Expense ratio and ROA versus gross ordinary income, ROE versus net income

*3 Common equity Tier 1 risk-weighted capital ratio



Sustainability Management at the DBJ Group

The DBJ Group practices sustainability management as a means of creating value with a focus on the three priority areas. By sustainability management, we mean working to create economic and social value by providing the solutions needed to create new industries and initiatives, by responding during times of crisis, and by making other contributions towards the building of a sustainable society, all while being guided by the needs of our customers and society as a whole.

To this end, we must accurately understand the current issues affecting industries and our customers, in addition to longer-term trends and issues in society and the impact they may have on our customers and specific sectors. Leveraging our knowledge to produce future visions through trial and error, and sharing these visions with customers and regional communities while offering financial solutions such as risk capital to deal with related issues, the DBJ Group will take the lead in creating industries and initiatives that can serve as pillars of Japan's economy and society in the years to come. Crisis Response Operations will be an important function, undertaken with flexibility and precision as required by events such as major disasters and instability in the financial markets.

As we move ahead with these services, we are also honing our strengths in relationship capital, as exemplified by robust networks in industry, government, and academia, sound financial capital, and human capital sharing a common set of core values. We believe in the importance of constantly improving our sustainability management processes through dialogue with external stakeholders, centering on the Advisory Board and the Special Investment Operations Monitoring Board of DBJ.

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—Vision 2030. The Fourth Medium-Term Management Plan features a business strategy, consisting of sector, function, and area strategies, for realizing the long-term vision as well as a management foundation strategy encompassing financial capital and non-financial capital.

Under the current plan, our business strategy is to expand integrated investment and loan services for customers in three infrastructure fields (energy, transportation, and urban development) and industrial fields, including new fields. In our loan business, we will provide high-value-added services in structured and mezzanine finance, and in investments we will promote long-term investments in the three infrastructure fields and growth investments in industrial fields. Advisory business, meanwhile, will benefit from expanded asset management in infrastructure and private equity. The DBJ Group will also play a role in connecting Japan's regions to overseas markets by developing these activities both regionally and overseas.

Under our management foundation strategy, DBJ categorizes our management resources into financial capital, human capital, intellectual capital, and relationship and social capital. We will promote the growth and transformation of these forms of capital by investing in our management resources and improving our business activities to realize better results. Specifically, we aim to diversify funding methods, including SRI bonds, and develop our risk management. In the area of non-financial capital, we will develop human resources in line with our business strategy, speed up decision-making, and collaborate with other companies, including private-sector financial institutions.

Under the Fourth Medium-Term Management Plan, we will make every effort to strengthen our management capital while expanding integrated investment and loan services for clients in industry and three fields of infrastructure.

Business Profit and Loss (Consolidated)			
(¥ billion)	Fiscal 2017	Fiscal 2018	YoY change
Gross ordinary income	174.3	187.7	13.3
Loans	84.8	80.9	(3.8)
Investment	65.8	81.5	15.6
Fee and commission income	23.6	25.2	1.5
Operating expenses	(59.1)	(64.8)	(5.7)
Net ordinary income	115.1	122.8	7.6
Other extraordinary items	2.2	(1.3)	(3.6)
Gains on reversal of reserves and collection of written-off claims	11.9	5.3	(6.6)
Loans	12.4	6.8	(5.5)
Investment	(0.4)	(1.5)	(1.1)
Income before income taxes and minority interests	129.4	126.7	(2.6)
Total income taxes	(35.0)	(33.5)	1.5
Current net income	94.3	93.2	(1.1)
Net income attributable to non-controlling interests	2.4	1.2	(1.1)
Net income attributable to owners of the parent	91.9	91.9	(0)

Note: Business categories are those used in business management.

Fiscal 2018, the second year of the Fourth Medium-Term Management Plan, saw progress in our initiatives to supply risk capital. This included the development of a stable investment portfolio in the infrastructure field and the creation of distinctive special investment projects, including assistance for Japanese companies participating in advanced overseas cases, in the renewable energy field. We established the Regional Reconstruction Headquarters and launched the Regional Emergency Response Program to provide rapid reconstruction support after heavy rainfall damaged Western Japan in July 2018 and the Eastern Iburi Earthquake struck Hokkaido two months later. The program facilitated reconstruction efforts while strengthening regional vitality.

On the finance side, efforts focused on the supply of risk capital have resulted in a higher ratio of investments in business profit and loss, bringing it to a level on a par with loans. Profits on loans decreased, owing in part to a decline in the average loan balance. The lending yield has come under downward pressure amid the ultra-low interest rates prevailing recently, as DBJ gradually reshuffles our assets in light of our relatively high ratio of long-term loans. We intend to strengthen our profits on loans, however, by focusing on relatively high-value-added projects such as structured financing and mezzanine financing. Profits on investments amounted to ¥81.5 billion, reflecting the booking of gains on the divestiture of investment projects thanks to favorable macroeconomic conditions, in addition to earnings

As a front runner in sustainability management, we will engage in dialogue with stakeholders and take initiatives to realize a sustainable society.

from investment portfolios producing relatively stable returns, such as investments in infrastructure-related energy and urban development projects. Fee and commission income totaled ¥25.2 billion, including commissions for arranging investments and loans, and fees for assets under management by Group company DBJ Asset Management Co., Ltd. As a result, gross ordinary income came to ¥187.7 billion and net income attributable to owners of the parent was ¥91.9 billion.

Special Investment Operations

The DBJ Group's Special Investment Operations are conducted as mandated in revisions made in 2015 to the Development Bank of Japan Inc. Act. Utilizing our experience in supplying risk capital, we decided to provide investments and loans totaling ¥104.8 billion in fiscal 2018 for 19 projects that contribute to regional revitalization and the strengthening of Japanese corporate competitiveness. Since launching these operations, DBJ has used them to extend ¥363.9 billion in investments and loans to a total of 81 projects. A total of ¥1,390.9 billion in private-sector investments and loans have been triggered by DBJ's investments and loans worth ¥324.6 billion. The DBJ Group will continue to supply growth capital in collaboration with private financial institutions. The Group also has an extensive track record in regional revitalization projects, and is keen to engage in future initiatives with local financial institutions willing to help create distinctive regional communities. These initiatives are objectively evaluated by the Special Investment Operations Monitoring Board, which meets twice a year to see that stakeholder opinions are reflected in the Group's businesses.

Future Business Operations

Fiscal 2019 is the final year of the Fourth Medium-Term Management Plan and the year that we begin formulating the Fifth Medium-Term Management Plan. We will carry on with initiatives underway in new fields, in order to reflect social shifts including changes in the aerospace, telecommunications, healthcare, and logistics fields. We will also strengthen our base for supplying risk capital to include more sophisticated investment risk management in tandem with growth in our investment business. Work on developing the Fifth Medium-Term Management Plan, which is slated to begin in fiscal 2020, should involve some lively debate. We will endeavor to meet our stakeholders' expectations, backcasting from our vision of how society will evolve over the next 10 years and debating our response to those changes. In executing measures in the future, the DBJ Group will deepen cooperation with private financial institutions, including regional banks, as we seek out the best measures to resolve the issues faced by our customers and society at large.

Development of Human Resources for Better Sustainability Management

Sustainability management, a key to the DBJ Group's value creation process, relies above all on workers who share the core values of initiative and integrity and who display the four elements of our core corporate values in pursuing balancing economic and social value. Officers and employees of the DBJ Group have inherited the core corporate values of long-term perspective, impartiality, public mindedness, and reliability, which have evolved over the years in the course of our business. Bolstered by these



corporate values, the Group has consistently risen to meet the challenges of the times. We always strive to enhance our skills in corporate and project assessment. Our expertise in long-term screening and assessment, based on a comprehensive view of regional and current issues, is equal to knowledge, capability, and network building as a DBJ Group asset.

The employees embodying the Group's values should be able to pursue their activities creatively and in good health, and we are promoting workstyle reform for this purpose. To bring more flexibility to working patterns, we have introduced telecommuting and a flex-time work system, and we aim to enhance work and paid leave programs for child-rearing and caregiving.

We also believe that improving the skills of our officers and employees is a vital issue as our business becomes more complex and sophisticated to deal with the increasingly diverse issues faced by society and our customers. In fiscal 2018, DBJ initiated a program to develop global human resources with the cooperation of the University of Oxford—the Global Strategic Alignment Leadership Program. I actually paid a visit to the university and spoke with young employees participating in the program. The program gave them an opportunity to think about future global changes and the roles the DBJ Group should fulfill. Through this learning experience, we hope that our young employees will absorb the varied expertise and insight of the outstanding instructors at the University of Oxford and develop into leaders capable of guiding the DBJ Group forward into the future. In addition to the University of Oxford, DBJ has partnered with the International Institute for Management Development (IMD) business school in Switzerland to launch a new program in fiscal 2019, and we also plan to augment training for managers in the future. DBJ will continue to develop our multi-faceted training and human resource development system in a bid to nurture personnel who can create new value by connecting customers and industries through the wide-ranging networks and knowledge of the DBJ Group.

Collaboration on a Broader Scale

The environment surrounding Japan is one of great and constant change. Over the next decade, Japan is likely to see a number of megatrends gain momentum. These include an aging and declining population, digital transformation affecting all aspects of industry, and intensifying global competition. In the industrial field, we anticipate new forms of cross-sector collaboration, an evolution in business models, and the emergence of new ecosystems. The DBJ Group will continue to supply risk capital through integrated investment and loan services for new initiatives being undertaken by our customers, in an effort to lead the development of a more sustainable society.

Building a sustainable society is a global agenda, and it is important that we work to make that happen. The public and private sectors have joined forces in a growing movement to contribute toward the SDG global agenda for 2030. In financial markets, interest in sustainable finance has increased. The DBJ Group has made strides toward the realization of a sustainable society by evaluating intangible assets through dialogue with customers in the course of our business, and especially through the DBJ Certification Programs. Engaging in dialogue with stakeholders will remain a crucial endeavor as we continue to fulfill our mission as a front runner in sustainability management. It is our sincere hope that this integrated report will lead to greater dialogue with all of our stakeholders.

August 2019

Hajime Watamabe

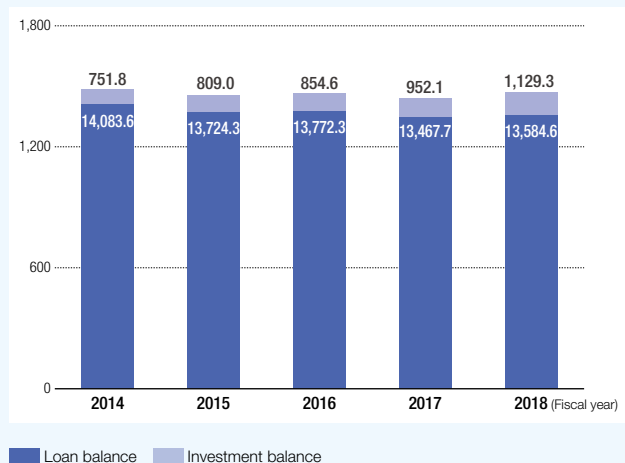
President and CEO

Financial and Non-Financial Highlights

Financial Highlights

Balance of Investments and Loans (Non-Consolidated)

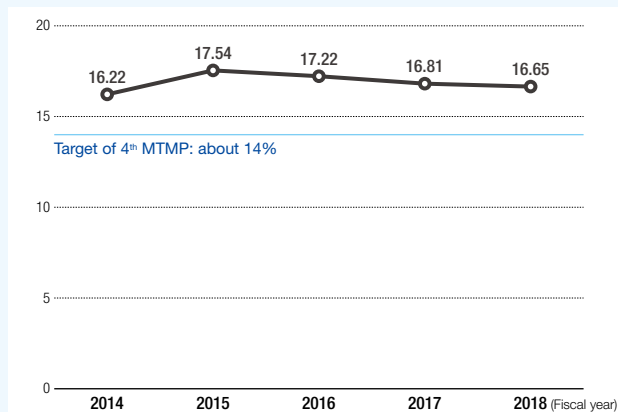
(¥ billion)



The balance of investments and loans (non-consolidated) was approximately ¥14.7 trillion as of the end of fiscal 2018 and has continued to hold steady at this level. The loan balance has decreased since the end of fiscal 2014 from ¥14.1 trillion to around ¥13.6 trillion as of the end of fiscal 2018, mainly reflecting the scheduled repayment of loans for Crisis Response Operations. As a result of focusing on investments, however, the investment balance has increased by about ¥400.0 billion over these five fiscal years, reaching ¥1.1 trillion as of the end of fiscal 2018.

Capital Adequacy Ratio* (Consolidated)

(%)

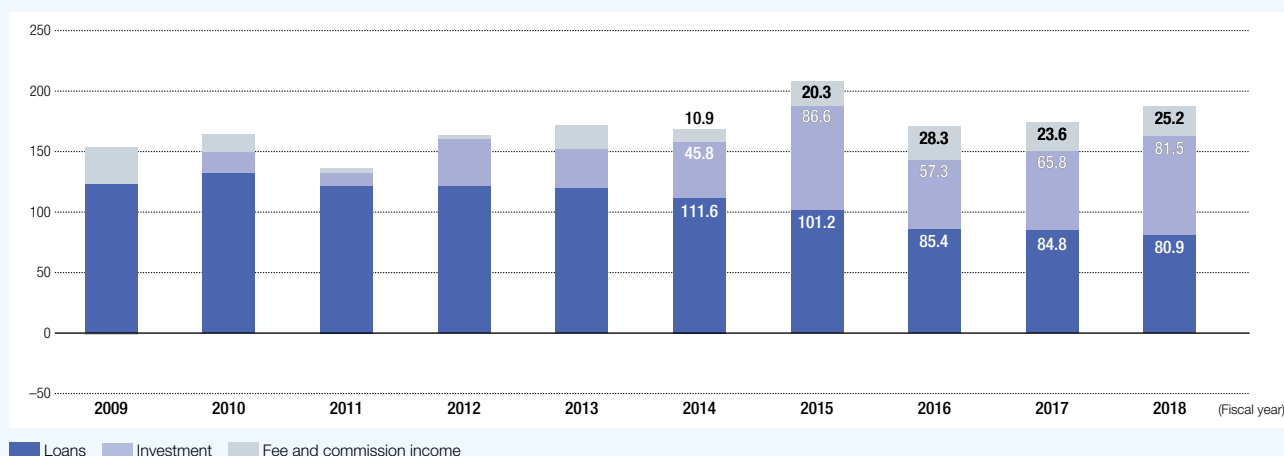


* Common equity Tier 1 risk-weighted capital ratio

Capital increased with profit accumulation and also as a result of receiving industrial investment for Special Investment Operations. The capital adequacy ratio (consolidated) was 16.65% as of the end of fiscal 2018. The DBJ Group assumes this ratio will decrease by a certain degree as we supply risk capital for purposes including strengthening our investment operations. Nonetheless, we will maintain a sound capital adequacy ratio of a minimum of 14.0% based on the target set down in the Fourth Medium-Term Management Plan.

Gross Ordinary Income (Consolidated)

(¥ billion)

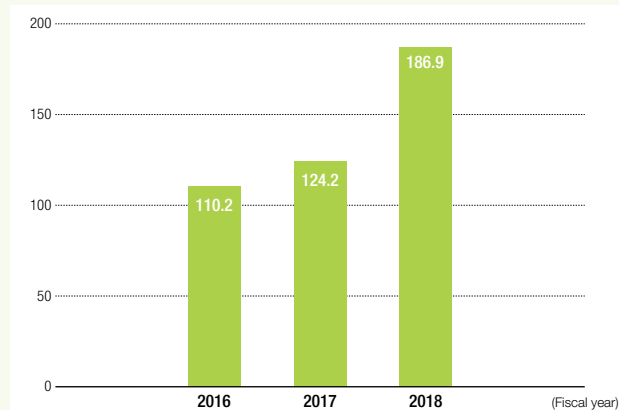


In fiscal 2018, lending yields in loan operations came under downward pressure in the ultra-low interest rate environment. Thanks to a focus on high-value-added loans, however, the yield was basically unchanged. Loan profits did decrease, reflecting a decline in the average loan balance. In investment operations, DBJ worked to build an investment portfolio that generates stable earnings on investments in infrastructure and other areas. Increased profits in investment operations were a result of capital gains upon exiting investments. For the first time in a fiscal year, profits from investments exceeded those from loans. Accordingly, gross ordinary income increased to ¥187.7 billion.

Non-Financial Highlights

Balance of Investments and Loans in Renewable Energy

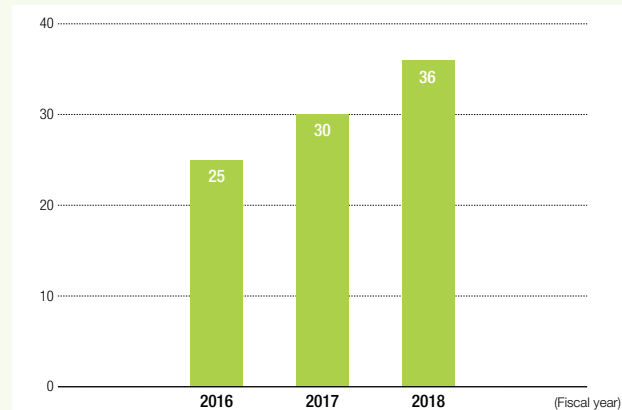
(¥ billion)



The balance of investments and loans in renewable energy stood at ¥186.9 billion as of the end of fiscal 2018. With renewable energy drawing more attention as the world moves away from carbon-based energy sources, the DBJ Group will provide financial support to ventures in solar power, onshore and off-shore wind power, biomass, and hydropower based on the advantages of each type of energy source, with a view toward achieving the Japanese government's goal of a 22%–24% ratio of renewable energy by 2030.

Collaboration and Cooperation with Regional Financial Institutions (No. of Collaborative Funds with Regional Financial Institutions)

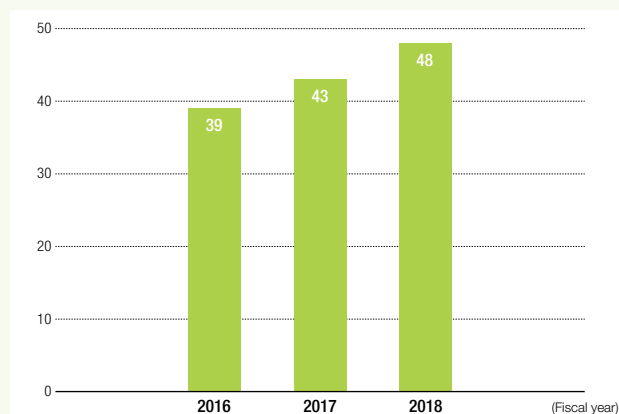
(No. of funds)



As of the end of fiscal 2018, the DBJ Group had created 36 collaborative funds with regional financial institutions. The DBJ Group and regional financial institutions, each with its local customer base, supply risk capital to local companies. We draw on the respective strengths of each financial institutions with the aim of spurring initiatives to address regional issues.

Human Resource Development (No. of In-House Training Sessions)

(No. of sessions)



The DBJ Group provides abundant opportunities for training through combinations of rank-based and business-related training programs. We have recently augmented training for management and established a curriculum for developing staff who can perform skillfully on the global stage. Increasing the value of human capital is something we see as an issue of the highest importance in implementing the unique business model of the DBJ Group. We will continue to train our staff through in-house training sessions and assistance programs for self-study.

No. of Engagements with Customers for DBJ Certification Programs

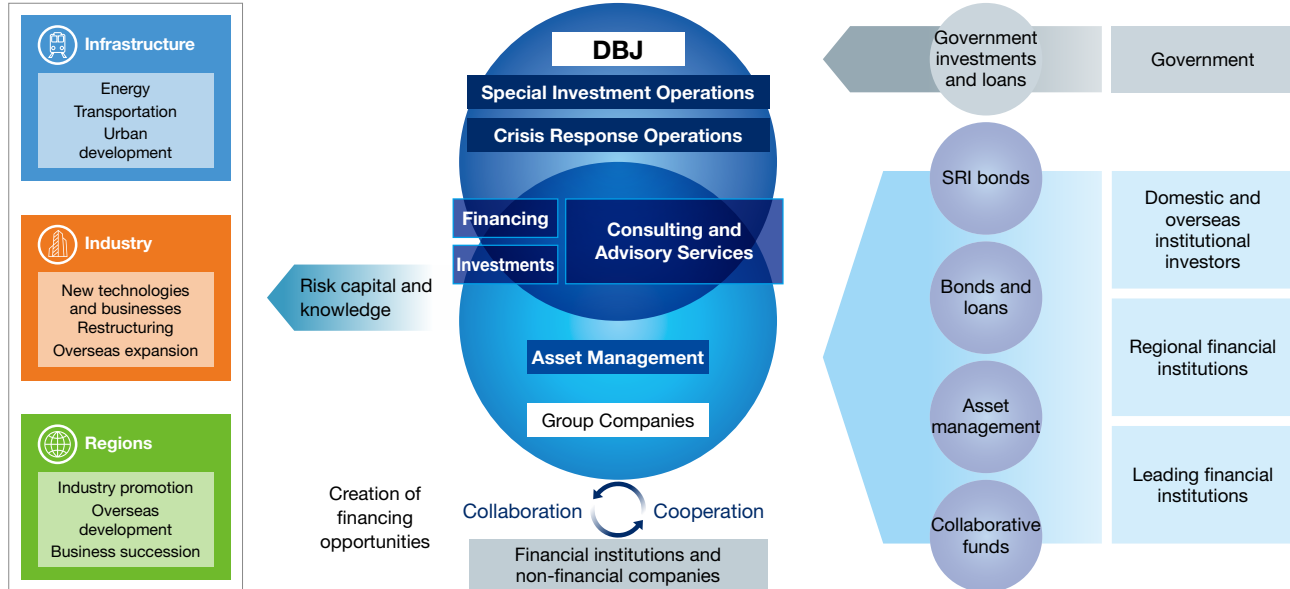
(No. of engagements)



At the request of our customers, the DBJ Group helps customers participating in DBJ Certification Programs (see page 59) identify the issues they need to address and develop more sophisticated management by providing objective, face-to-face feedback regarding their assessment results. Through dialogue with customers on more than 100 occasions in a typical year, we help our customers make further strides in the practice of sustainability management.

Invigoration and Stabilization of Financial Markets through Partnerships and Collaboration under the Fourth Medium-Term Management Plan

Under the Fourth Medium-Term Management Plan, the DBJ Group provides unique solutions through optimal partnerships, emphasizing 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. We use these funds to supply risk capital to domestic and overseas customers in the industrial and infrastructure fields.

Provision of Knowledge

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

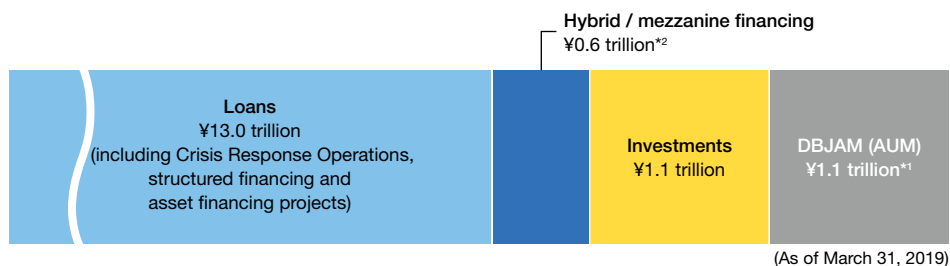
Crisis Response Operations and Special Investment Operations

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

Supply of Risk Capital by the DBJ Group

DBJ's financing operations address diverse risks. These operations include investments (balance of ¥1.1 trillion) and loans (balance of approximately ¥13.6 trillion), ranging from crisis response loans for emergencies and risk-tailored project financing to hybrid and mezzanine financing. DBJ Asset Management Co., Ltd. (DBJAM) has ¥1.1 trillion in capital

entrusted by investors, regional financial institutions, and other customers desiring expert fund management. In its work in asset management, DBJAM focuses on assets that allow the DBJ Group to best apply its strengths. We will continue to enhance the supply of risk capital in order to better meet the diverse needs of our customers.



*1 Portions entrusted by DBJ are eliminated from DBJAM's assets under management (AUM).

**2 Overlapping portions for structured financing and asset financing are eliminated from hybrid and mezzanine financing.

The DBJ Group's Strategy

Contents

Business Strategy

Sector Strategy

- 22 ● Energy Sector
- 24 ● Transportation Sector
- 26 ● Urban Development Sector
- 28 ● Industrial Sectors

Area Strategy

- 32 ● Regions
- 36 ● Overseas

Function Strategy

- 38 ● Special Investment Operations and Crisis Response Operations
- 42 ● Syndication, Advisory, and Consulting Services
- 44 ● Asset Management

Management Foundation Strategy

- 46 ● Financial Capital
- 50 ● Human Resource Development
- 52 SPECIAL FEATURE:
Initiatives to Train "Generalists Who Can Be Specialists in Many Fields"
- 56 ● Knowledge and Collaboration

The DBJ Group

Working in unison, the 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.
- DBJ Americas Inc.

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.

Sector Strategy

Priority Areas Rebuilding and Reinforcement of Infrastructure

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



Energy Sector



The DBJ Group 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, 2019

¥ **3.6** 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 CO₂ emissions while dealing with deregulation in the electric power and gas markets.

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.

The 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

Aoyama-Kogen Wind Farm Corporation



Green Energy Tsu Corporation



SDT Solar Power Co., Ltd.



Fukushima Gas Power Co., Ltd.



—Third Medium-Term Management Plan (through Fiscal 2016)

Fourth Medium-Term Management Plan (Fiscal 2017–Fiscal 2019)



<https://www.dbj.jp/case/energy/>

To see examples and case studies (Japanese only) in the energy sector, please go to DBJ's website.



PROJECT SPOTLIGHT

Preferred Equity Financing for Participating in J-POWER's Triton Knoll Offshore Wind Power Project

DBJ made a preferred equity investment in an acquisition vehicle established by Electric Power Development Co., Ltd. (J-POWER) to acquire a 25% stake in a U.K.-based offshore wind power project from the Innogy Group, a German company engaged in the renewable energy business.

Through this acquisition, J-POWER, along with the Innogy Group and Kansai Electric Power Co., Inc. (which also acquired a 16% stake in the same U.K.-based offshore wind power project at the same time as J-POWER), will construct, maintain, and operate Triton Knoll, an offshore wind power farm located in the North Sea region in the east of England. Plans call for the wind power farm to have 90 wind turbines with a rated output



Provided by MHI Vestas Offshore Wind A/S

of 9,500 kW each, for a total project power generation capacity of 860,000 kW. Construction started in summer 2018, and operations are slated to commence in October 2021.

Leveraging its experience investing in offshore wind power projects in the U.K., DBJ will supply risk capital and contribute to the development of new renewable energy business overseas for J-POWER and other Japanese energy companies.



MESSAGE FROM EMPLOYEES

Support for New Renewable Energy Business Development Overseas at Domestic Energy Companies

Offshore wind power generation projects have rapidly grown with a tailwind from government measures to promote wind power in Europe, especially in England. In Japan as well, wind power is expected to expand as a core source of power in the future.

J-POWER engages in the development, construction, operation, and maintenance of onshore wind power farms in Japan, and is examining the feasibility of entering into the offshore wind power business with other partners in the Hibiki-nada Sea area of Kitakyushu City in Fukuoka Prefecture.

As one of a few Japanese companies with experience in wind power generation, J-POWER will acquire know-how in the offshore wind power business by participating in this project, thereby contributing significantly to the development of the

renewable energy market in Japan. DBJ will provide financial support for Japanese companies willing to take on the challenge of creating new technologies and markets.



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 impact.

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 energy 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 grid, 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, the Environment, and Safety, as stated in Japan's Basic Energy Plan.

Sector Strategy

Priority Areas Rebuilding and Reinforcement of Infrastructure

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



Transportation Sector



The DBJ Group 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 financing 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, 2019

¥2.3 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, address issues such as the declining and aging population, and facilitate the influx of overseas visitors. Various issues await solutions for sustaining growth in the transportation sector and increasing the sophistication of transportation networks. Keen to help its customers solve these issues, the DBJ Group will provide financial solutions tailored to diverse needs while acting as a bridge between financial markets in Japan and the global transportation financing 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 financing market through improved syndicated loans and various investment and loan products that utilize investment and securities functions.

Accomplishments and Initiatives to Date

Solaseed Air Inc.



Kawasaki Kisen Kaisha, Ltd.



Kanto Railway Co., Ltd.



Tokyo International Air Terminal Corporation



—Third Medium-Term Management Plan (through Fiscal 2016)

Fourth Medium-Term Management Plan (Fiscal 2017–Fiscal 2019)



<https://www.dbj.jp/case/transport/>

To see examples and case studies (Japanese only) in the transportation sector, please go to DBJ's website.


PROJECT SPOTLIGHT

Contribution to Fukuoka Airport Concession Operation

In October 2018, DBJ arranged a total of ¥170.0 billion in project financing for Fukuoka International Airport Co., Ltd. (FIAC), the main entity involved in the concession in Fukuoka Airport, one of the largest airport concessions in Japan. DBJ and Mizuho Bank, Ltd. are the mandated lead arrangers, and 12 other financial institutions, including such regional financial institutions as The Nishi-Nippon City Bank, Ltd. and The Bank of Fukuoka, Ltd., are lead arrangers of the project financing.

Regarding the Fukuoka Airport concession, following a bidding process with a number of corporate groups participating, a consortium comprising Fukuoka Airport Holdings Co., Ltd., (financed by local firms, etc.) as the representative, as well as Nishi-Nippon Railroad Co., Ltd., Mitsubishi Corporation, Changi Airports International Pte. Ltd., and Kyushu Electric Power Co., Inc., obtained preferential negotiation rights in May 2018. Established as the operator in this consortium, FIAC began operating the airport in April 2019.

DBJ, Mizuho Bank, The Nishi-Nippon City Bank, and The Bank of Fukuoka provided support to the consortium during the bidding process and played an instrumental role in obtaining preferential negotiating rights. The four banks also made concerted efforts to arrange financing for the project. The project financing for this concession to take over management of government-operated airports was very complicated due to its



Provided by Fukuoka International Airport Co., Ltd.

scale, one of the largest in Japan. DBJ took advantage of its accumulated know-how to create a flexible and sophisticated financing scheme that matched the feasibility of the project, helping raise a large sum of capital.

Fukuoka Airport will be operated using the combined knowledge and networks of the companies (leading firms in Kyushu and Asia) participating in the concession, raising expectations that Fukuoka Airport will grow into a top-class international airport serving East Asia. DBJ contributes to the healthy development of Japan's economy by strengthening and maintaining core transportation infrastructure such as airports, which creates more sophisticated transportation networks and increases population movement.


**MESSAGE FROM
EMPLOYEES**

Support for Growth into Top-Class International Airport in East Asia

Fukuoka Airport serves as a gateway to Western Japan, and has extremely strong potential given the size of the population and economy in a 5,000 km radius. The consortium that acquired the rights to operate Fukuoka Airport will maximize this potential by fully leveraging the knowledge and networks of its non-local sponsors in airport operations inside and outside Japan, in addition to the strong passion of local firms.



By coalescing the combined capabilities of local, domestic, and overseas partners, the consortium aims to turn Fukuoka Airport into a top-class international airport serving East Asia. In order to arrange a financing scheme for the local, domestic, and overseas sponsors, we at DBJ focused our efforts on an arrangement that can support the stable operations of the airport after they commence, designing a scheme that financial institutions can easily participate in while helping the consortium secure preferential negotiating rights as a financial institution that agrees with the ambitions of the consortium. A cross-functional team was created within DBJ to focus the accumulated expertise of DBJ on fine-tuning this scheme to win the approval of sponsors inside and outside Japan. With the cooperation of regional financial institutions, DBJ was able to smoothly work out issues with local firms as well. There has been an outpouring of support from the region for growing Fukuoka Airport into a top-class international airport in East Asia, and being a part of this endeavor has been quite rewarding.

Sector Strategy

Priority Areas Rebuilding and Reinforcement of Infrastructure

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

Urban Development Sector



The DBJ Group's vision is to grow alongside cities by helping with the maintenance, renewal, and expansion of urban functions. The DBJ Group also aims 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
- DBJ Green Building Certification

Balance of loans in the real estate sector
As of March 31, 2019

¥ **1.9** 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 financing 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 financing market was thrown into disarray. In the face of such conditions, it is necessary to ensure a reliable supply of capital, spur growth in the real estate financing 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 for 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

TOKYO SKYTREE®



©TOKYO-SKYTREE

Shin-Daibiru Building



Kyobashi Edogrand



Akasaka Intercity AIR



—Third Medium-Term Management Plan (through Fiscal 2016)

Fourth Medium-Term Management Plan (Fiscal 2017–Fiscal 2019)



<https://www.dbj.jp/case/development/>

To see examples and case studies (Japanese only) in the urban development sector, please go to DBJ's website.



PROJECT SPOTLIGHT

Acquisition of Hybrid Corporate Bonds (Green Bonds) Issued by Tokyo Tatemono Co., Ltd.

DBJ acquired hybrid corporate bonds issued by Tokyo Tatemono Co., Ltd. in March 2019.

Tokyo Tatemono is involved in several large-scale redevelopment projects, including Hareza Ikebukuro and the Type-1 Urban Redevelopment Project for Yaesu 1-Chome East Area in Front of Tokyo Station. As a designated project that is part of the government's National Strategic Special Zone, Hareza Ikebukuro entails plans to develop a high-rise, multipurpose building on the former site of the Toshima Ward Office in the Ikebukuro area to create a venue for disseminating international culture with eight theaters, in addition to functions as one of the largest business exchange centers in the area. Tokyo Tatemono issued hybrid corporate bonds to raise funds in order to maintain its financial soundness and increase capital efficiency for its various initiatives to enhance urban functions, like these projects.

These bonds were issued as green bonds. The procured funds will be allocated for acquiring and constructing Hareza Ikebukuro, as well as for acquiring and constructing Nakano Central Park South. These two buildings have received or plan to obtain five-star ratings as certified DBJ Green Building Certification with exceptional considerations made for the environment and society, among the best in their class in Japan.



External view of Hareza Ikebukuro

This public issuance of hybrid corporate bonds as green bonds is a first in Japan, and also the largest amount issued for a green bond in Japan. DBJ participates as an anchor investor in these bonds and is supporting Tokyo Tatemono by inviting other investors, including private financing institutions, to buy the bonds. By supporting these initiatives by Tokyo Tatemono, DBJ aims to facilitate the growth of the green financing market while strengthening the international competitiveness of Japanese cities.



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, invigorating regional economies, and creating tourist destinations that spur tourism, in addition to rebuilding aging office buildings



to address inadequate earthquake resistance. Moreover, we have entered an era in which cities need to accommodate diverse workstyles as companies increasingly promote workstyle reforms.

Hareza Ikebukuro and other redevelopment projects are initiatives to help solve the abovementioned 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 attractive communities through the ongoing provision of business funds and assistance with financial technologies, such as asset financing.

Sector Strategy

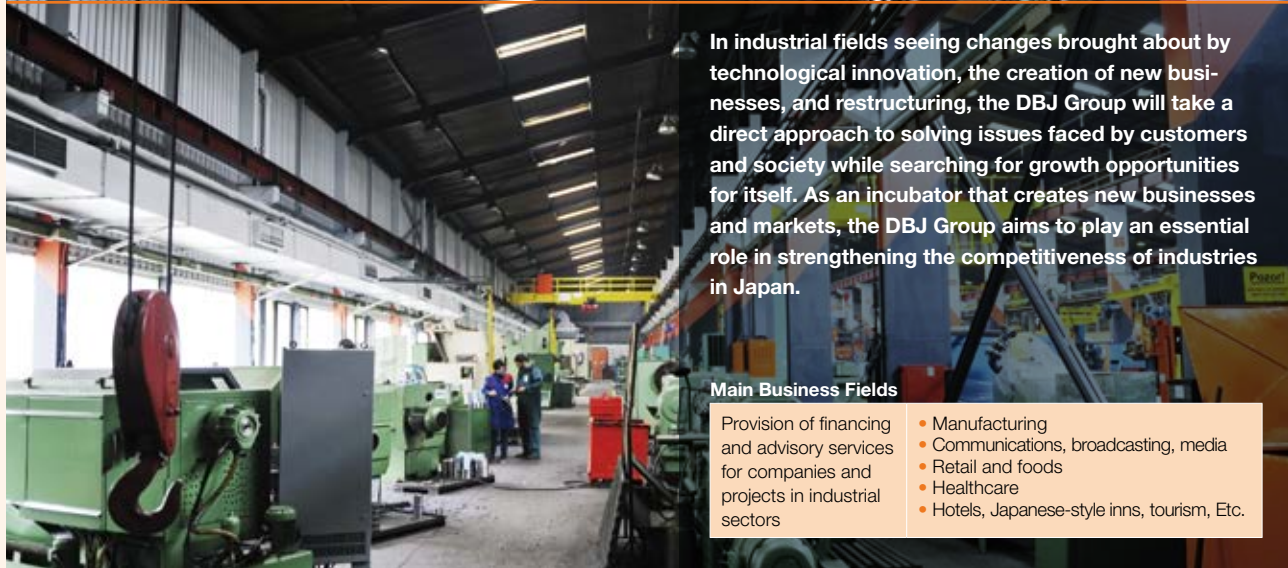
Priority Areas

Creation, Conversion, and Growth In Industry

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



Industrial Sectors



In industrial fields seeing changes brought about by technological innovation, the creation of new businesses, and restructuring, the 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, the DBJ Group aims to play an essential role in strengthening the competitiveness of industries in Japan.

Main Business Fields

- | | |
|---|--|
| <ul style="list-style-type: none"> • Provision of financing and advisory services for companies and projects in industrial sectors | <ul style="list-style-type: none"> • 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 network 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

Dexerials Corporation



Mitsubishi Heavy Industries Aero Engines Ltd.



Nippon Charge Service LLC



DMG MORI CO., LTD.



—Third Medium-Term Management Plan (through Fiscal 2016)



<https://www.dbj.jp/case/industry/>

To see examples and case studies (Japanese only) in industrial sectors, please go to DBJ's website.

Aerospace

DBJ has been assisting the aviation field for about three decades, ever since the Japan Development Bank era. 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 2018, initiatives in the aviation field included support for new technologies and ideas that would enhance Japan's competitiveness in the aircraft industry, having signed a collaborative agreement with Japan Aerospace Exploration Agency (JAXA) to help with the JAXA Aircraft Technology Innovation Challenge 2018 Powered by DBJ. In the outer space field, DBJ has endeavored to strengthen the competitiveness of Japan's aerospace industry, raising funds for New Generation Small Rocket Development Planning Co., Ltd., which was renamed Space One Co., Ltd. when it became an operating company.

Telecommunications

With 5G mobile communications systems poised to take off, 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 digital society where everything is connected together over networks, as key social infrastructure, communications networks will have to become more resilient and sophisticated. In fiscal 2018, DBJ advanced financing for core communications assets, such as communications towers and data centers. Looking ahead, DBJ will use the knowledge it acquired via financing activities to collaborate with Japanese firms and aggressively advance initiatives for the benefit of Japan.

Healthcare

In the healthcare field, the DBJ Group has focused on medicine and nursing care, launching new initiatives in the life sciences field. In fiscal 2018, DBJ invested in Newton Biocapital I Pricaf Privee SA, a Japanese–European venture capital fund focusing on early stage pharmaceutical companies. Through this fund and past

investments in other venture capital funds, DBJ provides companies with growth opportunities by helping Japanese companies build networks with companies in Europe and the U.S.

Logistics

In May 2018, DBJ newly established the Global Logistics Office 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 the IoT. In terms of financial support, the Global Logistics Office facilitates improvements in competitiveness and productivity in the logistics field through assistance for creating new industries with the latest technologies, in the supply of risk capital to companies innovating on the technological front, and in investments and loans for the latest, high-function logistics facilities. With regard to information support, DBJ holds Logistics Innovation Workshops. In May 2019, these workshops produced reports about measures for spurring innovation, the state of collaboration and cooperation among companies and industries, and the roles that financial institutions should play.

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.

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

Yanmar Co., Ltd.



Cellnex Telecom, S.A.



Space One Co., Ltd.



Japan H₂ Mobility, LLC



Photo provided by JXTG Nippon Oil & Energy Corporation



PROJECT SPOTLIGHT

Underwriting of Third-Party Capital Increase by CMIC CMO Co., Ltd.

DBJ has signed a capital and business tie-up agreement with CMIC HOLDINGS Co., Ltd. in the contract development and manufacturing organization (CDMO) business. In July 2018, CMIC CMO Co., Ltd. (CCJ), its wholly owned subsidiary integrating group CDMO operations, issued shares to DBJ through a third-party allotment to raise funds and create a joint management framework with CCJ as the joint venture.

In recent years, the healthcare industry has witnessed an unprecedented increase in expectations for solutions to unmet medical needs, as therapies have yet to be established for many kinds of diseases, while government finances around the world are coming under pressure from the rising costs of



New production line for injectable drugs

healthcare. Meanwhile, the operating environment for the domestic pharmaceutical industry has become increasingly challenging with more frequent revisions to official drug prices, making it imperative that the entire industry improve productivity and efficiency.

The CMIC Group initially launched a contract research organization (CRO) business in Japan, and now has operations that comprehensively support the value chains of pharmaceutical companies, ranging from development to production, marketing, and sales. As a cornerstone of its operations, the CDMO business addresses needs for not only commercial production but also more advanced drug development technologies and changes in formulations, thus the company has been strengthening pharmaceutical development. By expanding the CDMO business, the company aims to more aggressively meet growing needs around the world and help improve productivity in the pharmaceutical industry as a platform for drug manufacturing.

DBJ supports not only the CMIC Group's growth strategy for its CDMO business with financing for growth investments but also the growth of its existing core businesses through initiatives that fully leverage the networks and information possessed by DBJ, to enable a broader push on its strategy, including inorganic growth through M&A and alliances.



MESSAGE FROM EMPLOYEES

Support for Strengthening Global Competitiveness of Domestic Healthcare Industry

DBJ has assisted the CMIC Group by contributing to the medium- and long-term improvement in its corporate value through support on multiple fronts, including personnel, networks, and know-how, in addition to financing, with the aim of helping the CMIC Group achieve its growth strategy for the CDMO business.

For this project, DBJ established a joint management framework with CMIC HOLDINGS, had countless discussions for aligning management's sights on the realization of its growth



strategy, and advised on revisions to its business plan for the CMIC Group's CDMO business. After the investment, in light of changes to the business plan, we set in motion several key measures to address issues that came to light and needed to be solved in the CMIC Group's CDMO business, and helped management carry out these measures.

By helping the CMIC Group's CDMO business grow and become a globally competitive business entity, DBJ amplifies the company's business functions as a manufacturing and development platform that hones the competitiveness of global pharmaceutical makers and Japanese pharmaceutical companies, encouraging a shift in resources toward a bolder horizontal division across the pharmaceutical industry. In this way, we are proud to be actively involved in helping Japanese pharmaceutical companies improve their global competitiveness.

PROJECT SPOTLIGHT

Support for Growth Strategies through Joint Investment

In a joint investment with Maxell Holdings, Ltd., DBJ acquired shares in Izumi Products Company (now Maxell Izumi Co., Ltd.) in October 2018.

In its Maxell Growth (MG) 20 medium-term management plan, Maxell Holdings has a growth strategy centered on creating new businesses and expanding business domains in the three growth fields of automobiles, housing infrastructure, and wellness & beauty care devices, with the Maxell Business Platform (MBP) designed to facilitate group growth through “co-creation and co-prosperity.” Maxell Izumi has extensive business experience in the manufacture and sale of electrical construction equipment, in which it has a top share of the domestic market for electrical engineering work, and of electrical devices for home beauty care. Maxell Holdings’ acquisition of shares in Maxell Izumi has drawn attention as a move to use MBP to expand the scope of business with both companies’ management resources and to create high-margin businesses with high market shares.

DBJ initiated a joint investment with Maxell Holdings by underwriting the shares issued by an intermediary holding company when Maxell Holdings acquired all of the shares in then Izumi Products Company. After performing this transaction, DBJ supported initiatives from a neutral standpoint as both companies coordinated on initiatives to generate group



Electric shavers made by Maxell Izumi Co., Ltd.

synergies by expanding their lineup of electrical products for beauty care while enhancing the efficiency of their production systems, increasing the voltage of batteries used in electrical construction equipment with the battery technologies of Maxell Holdings, and improving IoT features. DBJ played a significant equity investment role in this transaction, supporting efforts that improved the industrial competitiveness of Japanese companies through collaboration.



MESSAGE FROM EMPLOYEES

DBJ's Financial Capabilities Support Vision for “Co-Creation & Co-Prosperity” of Both Companies

DBJ has made joint investments in operating companies over the past few years. When examining an investment, DBJ focuses on the visions of the joint investment partner and the



company to receive the investment. For this transaction, DBJ visited several production sites and engaged in multifaceted discussions with management at both companies to determine whether their respective visions for “co-creation & co-prosperity” aligned. During these examinations, DBJ considered both companies’ pride in their respective technologies, the potential for new developments from the combination of their technologies, and the passion of their employees in various situations. After taking all this into account, DBJ decided to carry out the transaction. The two companies are now working to generate group synergies and realize the vision they drew up prior to the transaction. We are looking forward to helping with this process in anticipation of a positive impact on society. From a longer-term perspective, DBJ aims to help industry improve competitiveness with its financial capabilities from an impartial standpoint.

Area Strategy

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

The 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

- The DBJ Group provides services tailored to the characteristics of the respective regions 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
As of March 31, 2019

106

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

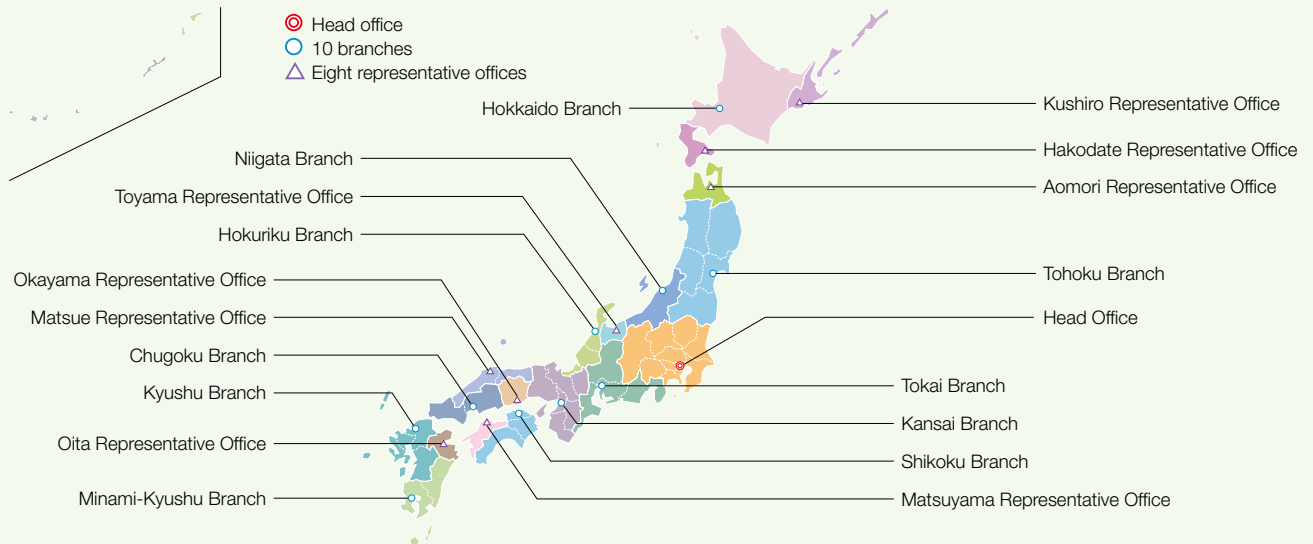
DBJ will provide services with two objectives in mind—namely, to create value by connecting regions throughout Japan to Tokyo, domestic regions to those overseas, and regions the world over to each other, and to solve problems through risk capital and consulting services.

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- to medium-sized enterprises.

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

Accomplishments and Initiatives to Date

	Fiscal 2017	Fiscal 2018
Special Investment Operations	<ul style="list-style-type: none"> Assisted domestic hotel operators through a joint fund with Hoshino Resorts Inc. Contributed to the development of regional public infrastructure through the supply of growth capital for rehabilitating Miyazaki Car Ferry Co., Ltd. 	<ul style="list-style-type: none"> Invigorated tourism resources in the Akan region through financing for Akan Adventure Tourism Corp. (Hokkaido) Contributed to measures to stimulate regional industry through financing for Niigata Aerospace Corporation Invigorated agriculture and rejuvenated deserted arable land through joint investment with ISHIDA Corporation (Tottori)
Supply of risk capital through collaboration and cooperation with regional financial institutions	<ul style="list-style-type: none"> Formed funds with The Hokuriku Bank, Ltd., The Shizuoka Bank, Ltd., and The 77 Bank, Ltd. With The Hiroshima Bank, Ltd., created loans with special provisions to waive the original principal in the event of an earthquake 	<ul style="list-style-type: none"> Formed funds with North Pacific Bank, Ltd., and The Hokkaido Bank, Ltd., in response to the Hokkaido Eastern Iburi Earthquake Created funds with The Bank of Iwate, Ltd., and The Toho Bank, Ltd., to help with reconstruction in regions affected by disasters in the Tohoku region Arranged a syndicated loan with The Hyakujushi Bank, Ltd. and reinforced the financial positions of local infrastructure companies through Special Investment Operations
Others	<ul style="list-style-type: none"> Issued reports about solving regional issues Promoted PPP/PFI projects and made proposals for rebuilding public infrastructure Offered advisory services to local public organizations related to comprehensive government policies Provided knowledge to local governments, including assistance for managing public assets 	



Collaboration and Cooperation with Regional Financial Institutions

Assisting Regional Financial Institutions with Business Feasibility Studies

Working with regional financial institutions, DBJ provides to the clients of regional financial institutions support for assessing the feasibility of businesses that propose solutions to 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 the identified issues to help its clients formulate their own growth strategies and drum up business. Employees dispatched to DBJ 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. DBJ holds study groups to help regional financial institutions gain a better understanding of business feasibility assessments.

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

Public asset management refers comprehensively to the reassessment of assets held by local governments 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.

DBJ set up PPP/PFI Promotion Centers in June 2013. While planning and holding its PPP/PFI Academy seminars, 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 advanced case studies through a teleconference system that connects all of DBJ's bases. In its ninth year, the PPP/PFI Academy has welcomed a cumulative total of about 7,000 people as participants.

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 (74 banks as of March 31, 2019). DBJ also provides information to regional financial institutions helping local companies get a foothold in Asian markets through its Asia Financial Support Center (67 regional banks as of March 31, 2019).

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 in terms of 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/index.html>

Provision of Knowledge about Local Issues

Green Infrastructure

As a noteworthy event in fiscal 2018, DBJ published a research report entitled “DBJ Workshop on Green Infrastructure for Rebuilding Urban Frameworks: Proposal for Sustainable Urban Redevelopment 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.” With this publication, DBJ began to focus on responding to requests for advice from local governments and business entities considering upgrades to stadiums and sports arenas across the country. In October 2018, DBJ began working with Cerezo Osaka Sports Club on its business model, the first time DBJ has collaborated with a local professional sports company.

In the joint research paper “Estimations of Economic Scale of Japan’s Sports Industry” published by Doshisha University in March 2018, DBJ estimates the economic scale of the sports industry was ¥6.6 trillion in 2011. In light of this estimate, 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.



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>

Regional Revitalization with Traditional Japanese-Style Homes

DBJ provides information and advice about creating economic value with traditional Japanese-style homes with the aim of using such homes to stimulate regions. In recent years, DBJ has published research reports, including one titled “Regional Revitalization Using Traditional Japanese-style Homes to Create Economic Value,” which discusses the potential market for repairing and remodeling traditional Japanese-style homes and the economic boost from overseas tourists staying at these homes, as well as “Key Points for Businesses Using Traditional Japanese-style Homes,” which introduces example business models for using such homes and reference benchmarks for business revenue.



Exterior of Sasayama Castle Town Hotel NIPPONIA

Research into Reviving Traditional Manufacturing Industries

DBJ has published a research report titled “Research into Reviving Traditional Local Manufacturing Industries.”

As everything becomes more rationally and efficiently homogenous, alongside the ultimate development of an industrial society with artificial intelligence and the maturation of globalism, the unique characteristics of countries and regions, rooted in their respective cultures, histories, nature, and geographies, are likely to become more important factors behind differentiation. Among the regional revitalization initiatives it has taken since 2014, DBJ also aims to revitalize industry that uses local resources. In this report, published in 2018, DBJ describes issues and the development potential of traditional regional manufacturing, using the “traditional manufacturing industry” as a case study.



People practicing traditional manufacturing methods


PROJECT SPOTLIGHT

Signing of Financial Agreement to Strengthen Vitality of Hokkaido

In response to the Hokkaido Eastern Iburi Earthquake that struck in September 2018, DBJ signed a financial agreement to strengthen the vitality of Hokkaido with North Pacific Bank, Ltd. and The Hokkaido Bank, Ltd. in October of the same year. This agreement brings together the know-how and networks of the three banks to support initiatives to strengthen the vitality of Hokkaido through recovery and restoration work after the earthquake.

Soon after signing this agreement, as the first round of cooperation, the three banks established the Hokkaido Vitalization Fund to provide risk capital in the form of loans (repayment in full on maturity) and other means. This fund has already provided investments and loans for multiple projects. In April 2019, as the second round of cooperation, North Pacific Bank and The Hokkaido Bank, with DBJ as a facilitator, set up loans with a special provision that all or a portion of the principal amount



borrowed would be waived in the event of a major earthquake. Through these efforts, we are helping Hokkaido become more resilient while revitalizing the region.

Financing for Akan Adventure Tourism Corp.

Akan Adventure Tourism Corp. is a destination management company established for the purpose of creating new businesses and promoting tourism for Akanko Onsen and neighboring areas.

Akanko Onsen is in an area of Japan blessed with an exceptional abundance of natural hot springs. The number of guests staying here has been on the decline for a while, owing in part to a series of natural disasters. Akan Adventure Tourism Corp. is keen to expand into attractions that draw visitors for longer periods of stay and tap into rising demand from overseas tourists.

From the planning stage, DBJ is participating in an initiative to solve these issues, providing advice on creating business plans based on its accumulated knowledge of tourism. With assistance from Special Investment Operations at DBJ, Akan Adventure Tourism Corp. was established with financing provided by local tourism businesses, North Pacific Bank, The Hokkaido Bank, and other financial institutions, in addition to JTB Corporation and Japan Airlines Co., Ltd. We are helping with the development of specific businesses, such as adventure tours and Kamuy Lumina, a night walk event that launched in July 2019.


MESSAGE FROM EMPLOYEES

Multifaceted Response in Hokkaido Region

In addition to directly damaging buildings and facilities, the recent earthquake indirectly damaged Hokkaido's important tourism industry, as shown by hotel reservation cancellations, for example. Assistance was urgently needed from financial institutions. Within two months of the earthquake, DBJ moved quickly to sign agreements and set up a fund with the two regional banks, relying on relationships of trust that have been built up in various collaborative efforts.

This was the first time we created a fund with two regional banks in the same area as the central framework of an agreement. Using the deeper relationships forged from this endeavor, we aim to help strengthen the vitality of Hokkaido.

Akan Adventure Tourism Corp.'s operations aim to create new tourism assets and have helped improve the appeal of tourist attractions in Hokkaido while revitalizing the area around Akanko Onsen.



DBJ has not only provided this company with financing but also made a strong commitment to help it formulate business plans, to support its establishment, and to adjust terms and conditions with other financial institutions. While working out these details, we were able to build a relationship based on trust with the participants.

We look forward to supporting the company's future endeavors, as well as to contributing to additional regional revitalization by duplicating this initiative in other regions.

Area Strategy

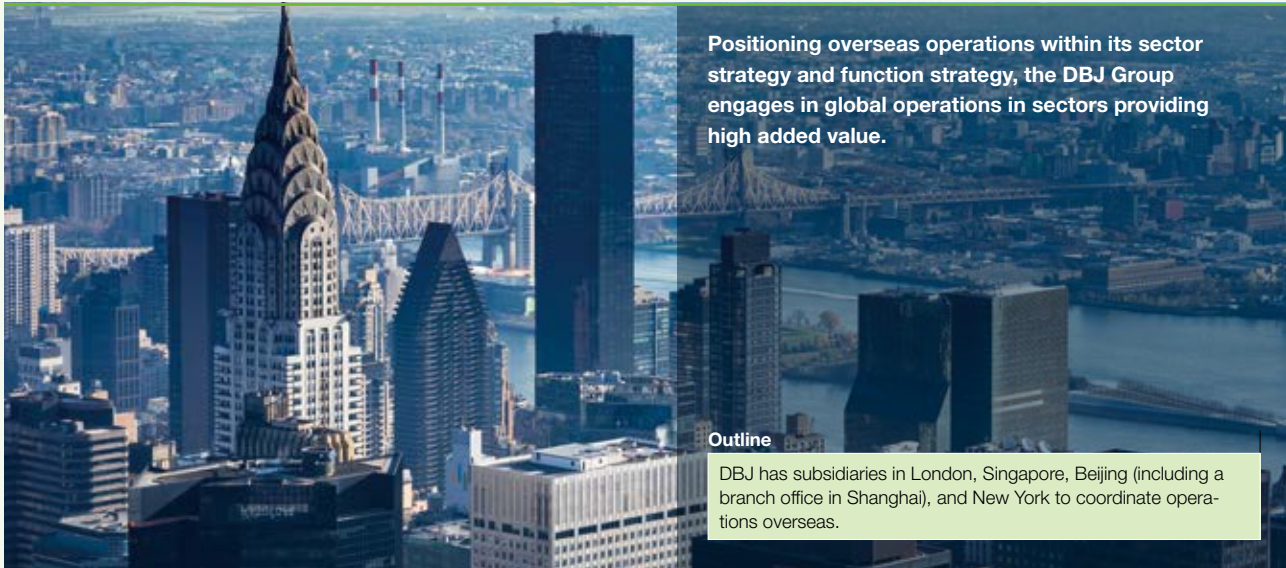
Priority Areas

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 strategy and function strategy, the DBJ Group engages in global operations in sectors providing high added value.

Outline

DBJ has subsidiaries in London, Singapore, Beijing (including a branch office in Shanghai), and New York to coordinate operations overseas.

Longer-Term External Environment and Social Issues

Based on projections for continued growth in the world economy, the 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 strategy and function strategy.

- 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

	Fiscal 2017	Fiscal 2018
Collaboration with other financial institutions	<ul style="list-style-type: none"> Participated in syndicated loans for U.K. airports Participated in syndicated loans for a leading firm in the LPG carrier industry in Singapore 	<ul style="list-style-type: none"> Launched a joint investment program with The Bank of Kyoto, Ltd. for overseas private equity funds
Investment operations	<ul style="list-style-type: none"> Invested in a PPP project for a toll freeway in the U.S. Acquired bonds issued by a Chinese airline company on the TOKYO PRO-BOND Market 	<ul style="list-style-type: none"> Made a preferred equity investment related to J-POWER's participation in the Triton Knoll offshore wind power project in the U.K. Signed a financing contract for a venture capital fund that invests in early-stage pharmaceutical companies in Japan and Europe Established a fund with Sumitomo Corporation that invests in overseas offshore wind power projects
Project financing	<ul style="list-style-type: none"> Participated in a project with Japanese companies for oil and gas floating production, storage, and offloading (FPSO) in gas fields offshore Ghana 	<ul style="list-style-type: none"> Participated in a natural gas power plant project in the U.S.
Other	<ul style="list-style-type: none"> Responded to customer needs for M&A and overseas business expansion in Asia 	

PROJECT SPOTLIGHT

Investment in the Largest European Rail Wagon Leasing Company

Through a partnership with Morgan Stanley Infrastructure Partners ("MSIP"), a leading global infrastructure investment platform, DBJ has made a co-investment, through an intermediary investment vehicle, in VTG Aktiengesellschaft ("VTG").

Operating globally with a focus on Europe, VTG is a market leader in private rail freight wagon leasing in Europe. By providing leasing and maintenance services to a diversified customer base of over 1,000 customers from a variety of industries, VTG provides essential transport infrastructure to the European industrial base. As it promotes a shift to rail transportation, the company also plays a key role in reducing CO₂ emissions in freight traffic, therefore creating positive environmental impacts. With the manufacturing and maintenance capability to meet each customer's specific needs, as well as its long-standing relationships with such customers – VTG possesses significant differentiating factors that position it as a leader in the industry.

Investment in infrastructure is used as effective asset management measure for overseas pension funds and other institutional investors, and Japanese investors are also showing growing interest in this asset class. Taking advantage of



Provided by VTG

DBJ's expertise in investment, lending and risk assessment in the infrastructure field, DBJ will continue investing and financing in advanced infrastructure companies and projects overseas, while addressing asset management needs of pension funds, institutional investors and other investment partners in Japan by sharing such prime investment opportunities with them.

New Base for Addressing Needs of Customers in North and South America —DBJ Americas Inc. Open for Business—

DBJ incorporated its representative office in New York as a wholly owned subsidiary called DBJ Americas Inc., with the objective of strengthening its operating base for investments and loans in the Americas. On October 1, 2018, DBJ Americas Inc. started business.

The DBJ Group has responded to the various needs of its customers through initiatives in overseas operations involving DBJ Singapore Limited, DBJ Europe Limited, and DBJ Investment Consulting (Beijing) Co., Ltd., with the aim of supporting the overseas development of Japanese companies and invigorating Japanese financial and capital markets. Through these three overseas subsidiaries in Asia and Europe, along with its new presence in New York, the economic and financial center of the world, the DBJ Group supports investment and loan operations across the Americas, from North America to South America.

At DBJ Americas, we aim to enhance the corporate value of our customers by addressing their needs for business

development in the Americas, by meeting a wide range of needs for sophisticated and diverse asset management for investors with close ties to the DBJ Group, through the provision of such financial services as due diligence support and joint proposals for products, and by building relationships with recipients of investments and loans in the Americas.



Special Investment Operations and Crisis Response Operations



The DBJ Group 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 integrated investment and loan services that flexibly deploy loans, mezzanine financing, and investments.

DBJ's Initiatives to Supply Risk Capital

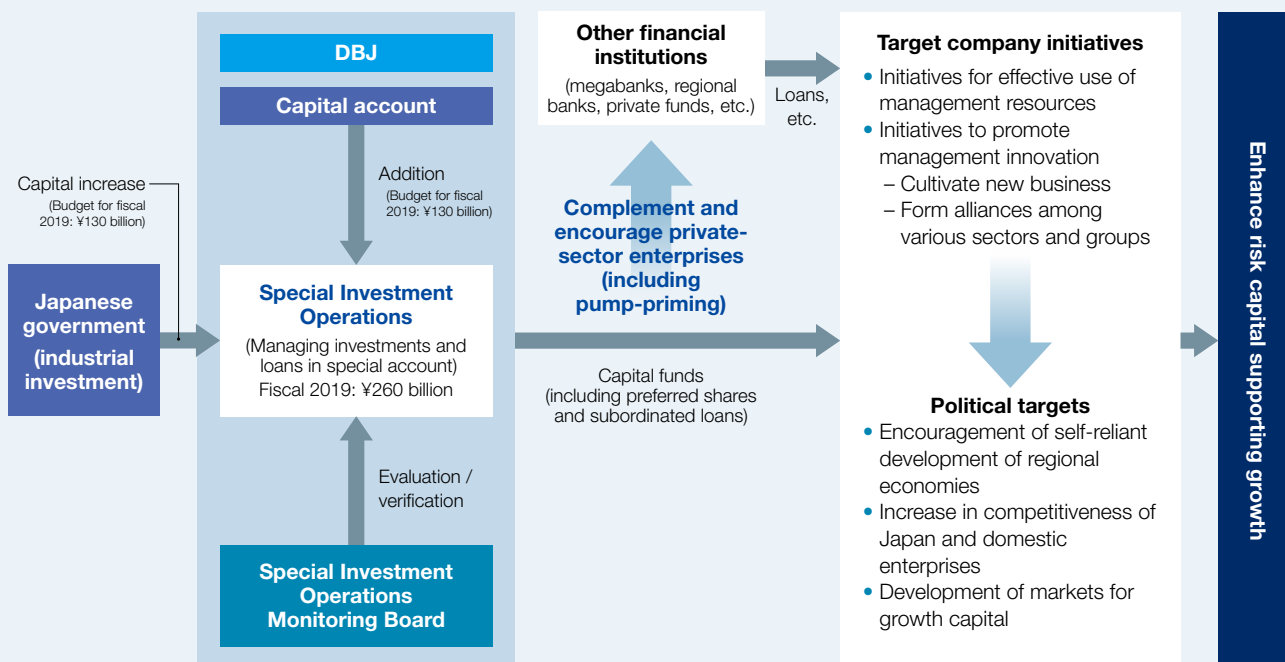
Special Investment Operations

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, draw only a portion of the investment (industrial investment) from the Japanese government, enough to encourage the private sector to supply growth capital. Since launching the aforementioned operations in June 2015, DBJ has (as of March 31, 2019) made ¥363.9 billion in investments and loans (81 total projects), the first ¥324.6 billion of which has spurred ¥1,390.9 billion in private-sector investments and loans.

Special Investment Operations follow 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 63).

* 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.





PROJECT SPOTLIGHT

Establishment of Joint Fund with Nihon M&A Center Inc. to Create Star Companies Locally

Japan Investment Fund Inc. (J-FUN), which was jointly established by DBJ and Nihon M&A Center Inc., created its first Japan investment fund, a limited partnership for investment (hereinafter, the "Fund"), in February 2018. The Fund will play a role in social infrastructure that builds a foundation fostering mid-tier firms and small- to medium-sized enterprises (SMEs) across the nation. The Fund will also support the growth of companies in which it has invested so they can become star performers in their respective regions. In this way, Special Investment Operations are being utilized to invigorate regional economies and strengthen the competitiveness of local companies.

The Fund has invested in Fujibambi Co., Ltd., a confectionery maker founded 71 years ago in Kumamoto Prefecture. Fujibambi is a venerable company cherished by local residents, and its main product, "Raw Cane Sugar Donut Sticks," is famous within Kumamoto Prefecture. However, the management team has reached an advanced age while facing the challenge of expanding sales nationwide. Starting with an



"Raw Cane Sugar Donut Sticks," the main product made by Fujibambi Co., Ltd.

introduction to Fujibambi by its main bank, the Fund advised the company about business succession and a future growth strategy, which led to the signing of a capital and a business arrangement. After the Fund invested in Fujibambi, a new president was appointed, and DBJ, the Fund, and its main bank have worked together to develop new sales channels, create new products, and strengthen the management structure.

DBJ, leveraging its extensive experience in fund operations and regional revitalization, as well as its influence in regional networks, is cooperating with experts from Nihon M&A Center to help Japanese mid-tier firms and SMEs expand their business.

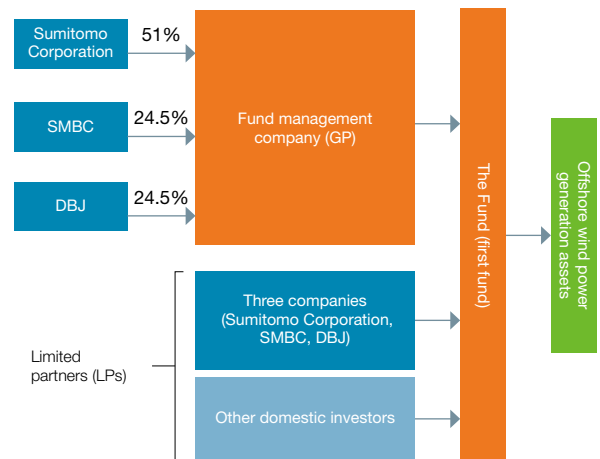


PROJECT SPOTLIGHT

Setting-Up of Overseas Renewable Energy Fund with Sumitomo Corporation and Sumitomo Mitsui Banking Corporation

DBJ, Sumitomo Corporation, and Sumitomo Mitsui Banking Corporation (SMBC) jointly established fund management company Spring Infrastructure Capital Co., Ltd. to administer the Spring Infrastructure I Investment Limited Partnership (hereinafter, "the Fund").

The Fund raises money from Japanese investors and finances and invests in offshore wind power projects overseas. The Fund has already acquired and begun managing wind power facilities in the U.K. as seed assets from Sumitomo Corporation. In Europe, offshore wind power has rapidly proliferated, helping with the move toward a low-carbon society, while also providing excellent investment opportunities to investors. In Japan, a number of new offshore wind power projects are in the planning stages, underscoring the potential for growth in this market. Against this backdrop, DBJ provided financing through Special Investment Operations for the Fund, in recognition of its highly significant role in providing opportunities for domestic investors to invest in the renewable energy field, and helping accelerate business development therein at Sumitomo Corporation.



Overview of the Fund

DBJ is using the knowledge it has gained from investing extensively in renewable energy to provide the fund management company with know-how and personnel, thereby facilitating smooth fund operations. DBJ contributes to the global low-carbon movement by financially encouraging the spread of renewable energy across the world.



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

Function Strategy

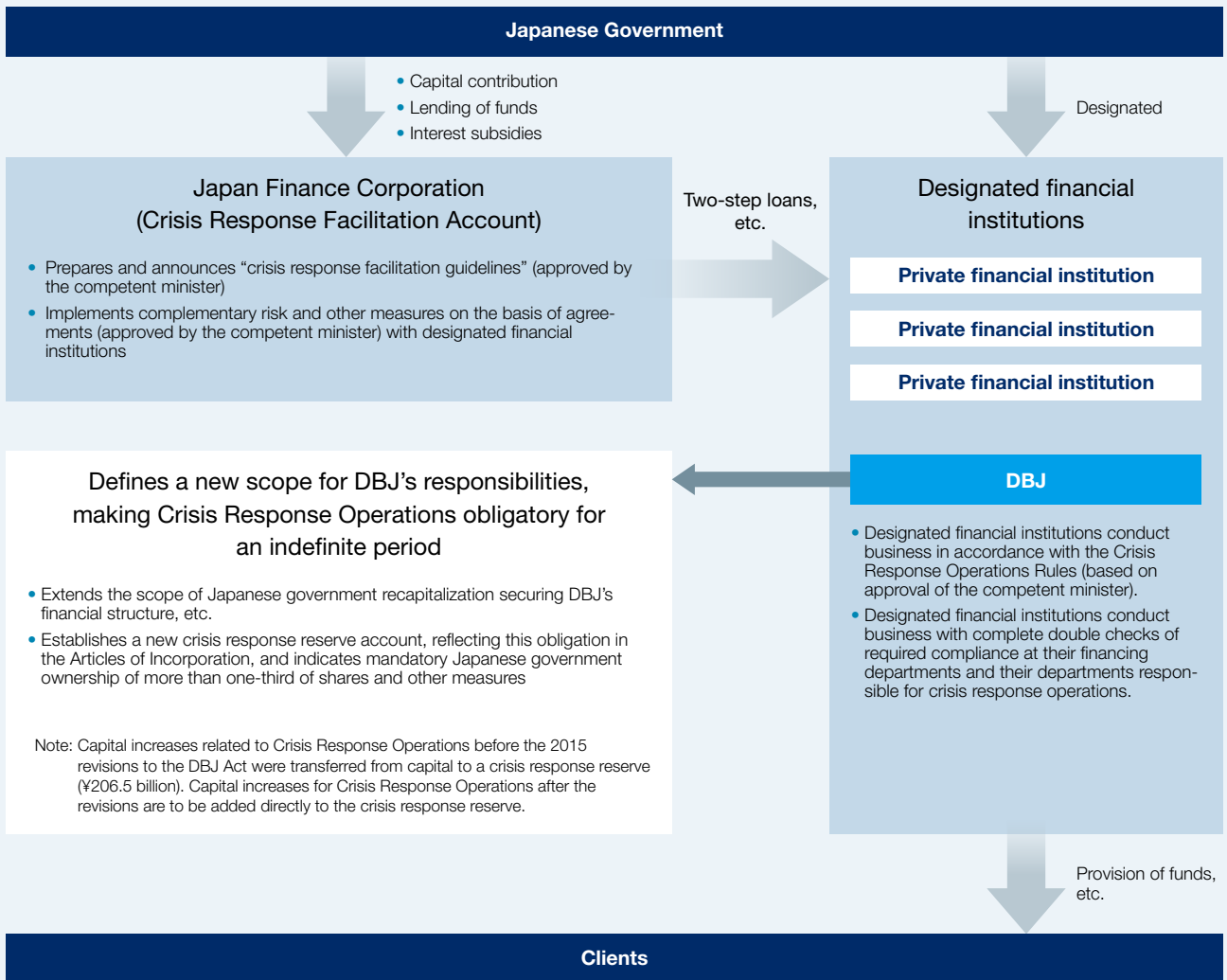
Crisis Response Operations

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 that supply necessary funds to address crisis-related damage.

Crisis Response Operations Scheme



Accomplishments and Initiatives to Date



Main events that were designated a crisis:

- Turmoil in international financial markets (Global financial crisis)
- Great East Japan Earthquake
- Damage from heavy rainfall during typhoon #18 in 2015
- Kumamoto earthquakes in 2016

Total funds raised by the government in Crisis Response Operations (as of March 31, 2019)

¥206,529 million

Total loans for Crisis Response Operations, loans with loss guarantee agreements, and commercial paper purchases as of March 31, 2019:

- Loans: ¥6,216.1 billion (1,149 projects)
- Loans executed with loss guarantee agreements: ¥268.3 billion (47 projects, including those slated for application to Japan Finance Corporation)
- Commercial paper acquisitions: ¥361.0 billion (68 projects)



PROJECT SPOTLIGHT

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 67 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 established a reconstruction and growth support fund in collaboration with the Regional Economy Vitalization Corporation of Japan.

In 2019, with demand for reconstruction seeming to settle, we established a new fund for medium- to long-term capital funds and other forms of money with shared risk, aimed at supporting the economic development of the affected areas.

Going forward, we will continue to work with local financial institutions while promoting efforts to help stricken areas according to their particular stage of recovery.

Kumamoto Earthquakes in 2016

In 2016, DBJ established the Kumamoto Recovery Office within its 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 has provided beneficial information about restoration and reconstruction through a cross-departmental system, and has 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, and Consulting Services



The DBJ Group 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 services 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 2018, DBJ provided information to other regional financial institutions about a measure it jointly developed with The Hiroshima Bank, Ltd. in fiscal 2017 to provide loans with special provisions that waive the original principal in the event of an earthquake. Moreover, DBJ put together special deals, including a large syndicated loan for the Fukuoka Airport concession project.

Advisory Services

As a result of its impartiality, DBJ has a wide network it can mobilize in providing its advisory services, including not only Japanese firms but also overseas companies and private equity funds.

In fiscal 2017, 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 the 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 financing 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.


PROJECT SPOTLIGHT

Formation of Syndicated Loan Worth ¥6.2 Billion for Takamatsu-Kotohira Electric Railroad Co., Ltd.

Takamatsu-Kotohira Electric Railroad Co., Ltd., a regional railway operator affectionately known as “Kotoden” by locals, operates three railway lines around Takamatsu City, Kagawa Prefecture. The railroad company provides critical public transportation services around Takamatsu City. Based on the city’s urban plan, Takamatsu-Kotohira Electric Railroad aims to build two new train stations in areas of the city where the population is growing, and construct double train tracks over the course of its next medium-term business plan. Takamatsu City intends for the new stations to be transportation hubs for trains and buses and is rebuilding the public transportation network inside the city in a bid to improve convenience in areas connected by the train lines, increase the flow of people from outside the region, and enhance the sustainability of public transportation services. The railroad company needs to make capital investments in the new train stations and other facilities and also urgently needs to invest in modernizing its existing train station buildings (Kawaracho Building, situated by Takamatsu City’s largest transportation node) and aging fleet of rolling stock. Even though the railroad company has generated a certain level of profitability, it needs to raise fresh financing due to its filing for civil rehabilitation proceedings in the past.



Provided by Takamatsu-Kotohira Electric Railroad Co., Ltd.

In light of Takamatsu City’s urban plans and the railroad company’s new medium-term business plan, DBJ worked with its main bank, The Hyakujushi Bank, Ltd., coordinated with parties involved in the project (participating financial institutions, for example), and offered advice to the railroad company about its fund-raising and business plans, in order to arrange a syndicated loan for supplying growth capital that included subordinated capital loans.

DBJ’s supply of growth capital to Takamatsu-Kotohira Electric Railroad not only benefits the railroad company but also improves the sustainability of critical local transportation services for the public.


MESSAGE FROM EMPLOYEES

Collaboration with Regional Financial Institutions to Support Essential Regional Public Transportation Infrastructure

Due to its past filing for civil rehabilitation proceedings, efforts regarding the framework for this syndicated loan, including adjustments for conflicts of interest, for Takamatsu-Kotohira Electric Railroad required long hours and much labor to find an



agreeable solution within DBJ and among the participating financial institutions, attorneys and other experts, and the many other interested parties in the project, such as the Ministry of Land, Infrastructure, Transport and Tourism. The Hyakujushi Bank, the railroad company’s main local bank, and DBJ worked closely together in their respective fields of expertise, with The Hyakujushi Bank providing local information and insight about past circumstances and DBJ providing knowledge about the screening process, industry conditions, and financial structuring. Following arduous discussions and engagements, the involved parties were able to reach an agreement on arranging the syndicated loan for the railroad company.

DBJ continues to work closely with regional financial institutions, drawing out each other’s strengths and deploying DBJ’s advantages in networks, screening, and analysis to provide comprehensive solutions for the railroad company’s problems, with the aim of helping both the company and the region to grow.

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 investment management company that primarily handles investments (alternative investments) in the fields of real estate, private equity, and infrastructure.

- 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 interests 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 a deep understanding of the financial standings, investment policies, and risk and 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 the reliable formation of assets for the nation's citizens.

Accomplishments and Initiatives to Date

DBJAM was established in November 2006 for the purpose of energizing the real estate financing 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 been providing discretionary investment services and investment advisory services related to alternative investments in overseas and 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 2019. 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 ¥1,470 billion in assets under management as of March 31, 2019.


PROJECT SPOTLIGHT

New Stimulation for the Real Estate Financing 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 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 financing market.

DBJ Private REIT takes full advantage of the 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 medium- to long-term earnings and steady growth in assets under management.

The company 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.* In 2019, the company published its environmental, social, and governance report summarizing all



of its ESG-related initiatives. It invests in sustainable real estate and practices management guided by sustainability aligned with current investor interest in ESG issues while also maintaining and enhancing asset value in the medium to long 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 the DBJ Group in Private REIT Management

DBJ Private REIT currently has the funds of more than 80 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, and 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 the 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

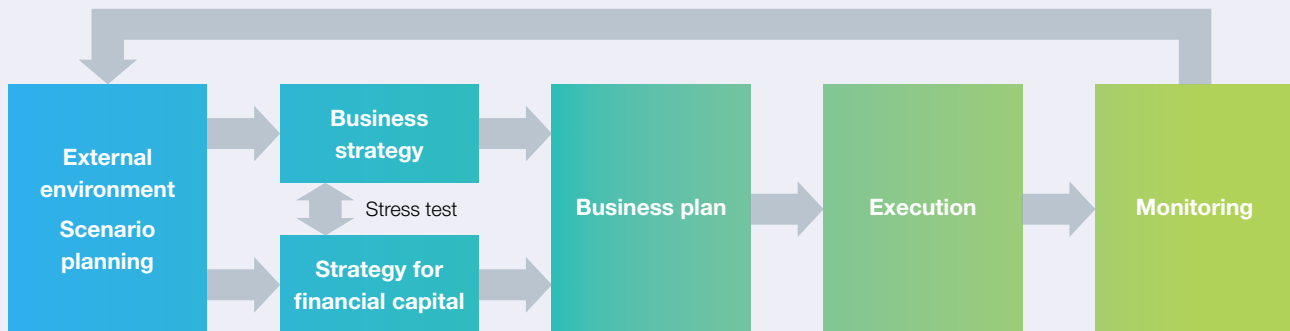


We target sustainable growth by constructing an optimal risk–return portfolio while maintaining and strengthening a robust financial base that supports our unique business activities, including integrated investment and loan services.

Basic Policy

Financial capital is a vital element of our business foundation implementing advanced business strategies centered on our sector strategy (see page 22) and function strategy (see page 38) under the Fourth Medium-Term Management Plan. A robust financial foundation of funds and capital is necessary for the 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, 2019)
Common equity Tier 1 risk-weighted capital ratio	16.65%	(As of March 31, 2019)

Specific Initiatives to Improve the Value of Financial Capital

A pillar of the DBJ Group’s business strategy is to provide long-term financing for infrastructure projects. To do so, the 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 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.

DBJ Socially Responsible Investment Bonds

In 2014, DBJ became the first bond issuer in Japan to issue a green bond. Furthermore, DBJ has issued a DBJ Sustainability Bond each year since 2015. DBJ's €700 million issuance in fiscal 2018 was the largest sustainability bond denominated in the euro 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.

DBJ, in January 2017, became an issuer member of the Green Bond Principles,* the first Japanese firm to attain such a status, and in March 2017 participated on a committee created by the Ministry of the Environment to draw up the Green Bond Guidelines, 2017. DBJ will continue to support the sustainable growth of this

market by continuing to issue SRI bonds and proactively engaging in international and domestic initiatives.

* The Green Bond Principles 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 disclose relevant information to society.



Issuance of SRI bonds (As of March 31, 2019)

€700 million in 2018
\$1 billion in 2017
\$500 million in 2016
€300 million in 2015
€250 million in 2014

Capital Procurement (Non-Consolidated)

(¥ billion)

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Funds raised (flow)	3,027.7	4,012.6	3,153.4	3,790.8
Fiscal Investment and Loan Program	634.4	1,127.7	922.7	643.3
Of which, borrowings from FILP*	300.0	800.0	580.0	300.0
Of which, government-guaranteed bonds (domestic)	200.0	150.4	150.2	150.2
Of which, government-guaranteed bonds (overseas)	134.3	177.3	192.5	193.0
Government-guaranteed bonds with maturity of less than five years (domestic)	—	—	100.2	100.3
Corporate bonds (FILP bonds)	395.3	497.1	535.8	549.4
Long-term debt	358.2	861.5	589.5	446.3
Of which, recovered, etc.	1,639.7	1,526.1	1,005.0	2,051.4

* 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 government credit through the Fiscal Investment and Loan Program (FILP) and the issuance of government-guaranteed bonds, DBJ conducts its own credit-raising activities, such as issuing corporate bonds (FILP bonds) to domestic and overseas investors and borrowing money from insurance companies and financial institutions, primarily regional banks. When conducting its own credit-raising activities, DBJ places emphasis on having investors understand and support its principles and work and, to that end, dispatches representatives to conduct proactive investor relations through face-to-face meetings in all regions of Japan and overseas.

Particularly when raising funds through loans, DBJ takes care to further a deeper understanding of its work by giving examples of investments and loans it has extended inside and outside Japan as well as within domestic regions. DBJ also takes care to gain a deeper appreciation of the issues faced

by the borrowing customer, viewing the interaction as an opportunity for further collaboration on investments and loans, in addition to borrowings.



Reference (Long-Term Profits / Losses, Financial Condition)

	2008 Became a joint-stock company	2008–2010 First Medium-Term Management Plan: CHALLENGE 2010		
Consolidated	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)	Fiscal 2011 (April 1, 2011 to March 31, 2012)
Total income	151.2	347.9	345.1	318.7
Income before income taxes	(121.6)	51.9	95.0	99.2
Of which, equity and fund-related gains / losses	N/A	(26.7)	(2.9)	(1.3)
Extraordinary profit / loss	3.5	(0.8)	9.3	10.9
Income before income taxes and minority interests	(118.1)	51.1	104.3	110.2
Total income taxes	(13.5)	(10.8)	(1.3)	(31.9)
Net income attributable to owners of the parent	(128.3)	39.8	101.5	77.3
Total dividend amount	—	10.0	50.0	37.3
Total assets	14,028.0	15,595.7	14,845.2	15,579.8
Loans	12,008.8	13,514.6	13,031.4	13,645.4
Securities	1,246.5	1,289.4	1,165.5	1,176.6
Total liabilities	11,941.6	13,268.2	12,435.2	13,118.8
Borrowed money	8,067.8	9,082.4	8,576.4	9,170.5
Debentures and corporate bonds	3,513.0	3,746.3	3,629.3	3,671.8
Total equity	2,086.4	2,327.5	2,409.9	2,461.0
Common stock	1,000.0	1,181.1	1,181.1	1,187.7
Total capital ratio (Basel II, BIS standard)	18.87%	19.13%	20.50%	18.56%
Total capital ratio (Basel III, BIS standard)	—	—	—	—
Ratio of risk-monitored loans (Banking Act basis)	1.60%	5.07%	1.28%	1.47%
Return on assets (ROA)	(0.92)%	0.27%	0.67%	0.51%
Return on equity (ROE)	(6.06)%	1.82%	4.31%	3.18%
Number of employees	1,096	1,181	1,203	1,270
Investment and fund-raising flow (non-consolidated)				
Loans and investments (flow)	1,733.4	3,793.1	2,116.6	2,927.0
Loans	1,670.3	3,682.0	2,034.4	2,849.0
Investments	63.1	111.1	82.2	78.0
Funds raised (flow)	1,733.4	3,793.1	2,116.6	2,927.0
Of which, recovered, etc.	184.3	840.9	1,212.8	691.7

(¥ billion)

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 Medium-Term Management Plan	
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)	Fiscal 2018 (April 1, 2018 to March 31, 2019)
340.0	361.6	339.0	358.6	285.4	291.7	301.2
115.6	165.7	153.0	185.1	122.5	127.1	128.1
30.0	30.3	32.1	70.8	41.1	39.7	40.5
0.6	0.2	0.6	1.5	(0.0)	2.2	(1.3)
116.2	166.0	153.6	186.7	122.4	129.4	126.7
(44.5)	(40.8)	(58.9)	(57.6)	(34.6)	(35.0)	(33.5)
71.3	124.3	92.7	128.9	87.6	91.9	91.9
35.2	30.8	22.5	29.2	19.7	22.1	21.0
16,248.7	16,310.7	16,360.6	15,907.1	16,570.4	16,952.2	17,079.5
13,918.2	13,838.4	13,261.3	12,952.5	13,039.5	12,725.2	12,923.9
1,357.0	1,637.5	1,887.9	1,803.0	1,750.3	1,866.4	1,961.0
13,710.1	13,682.9	13,613.3	13,022.9	13,584.2	13,842.1	13,783.2
9,448.3	9,182.6	8,598.2	7,892.1	8,472.3	8,574.1	7,987.8
3,924.5	4,237.4	4,569.3	4,727.9	4,711.8	4,932.9	5,296.9
2,538.5	2,627.7	2,747.2	2,884.2	2,986.2	3,110.1	3,296.3
1,206.9	1,206.9	1,206.9	1,000.4	1,000.4	1,000.4	1,000.4
—	—	—	—	—	—	—
15.52%	15.83%	16.80%	17.87%	17.47%	16.94%	16.74%
1.23%	0.99%	0.77%	0.64%	0.54%	0.47%	0.40%
0.45%	0.76%	0.57%	0.80%	0.54%	0.55%	0.54%
2.86%	4.83%	3.47%	4.60%	2.99%	3.03%	2.88%
1,315	1,391	1,407	1,435	1,546	1,631	1,650
2,652.4	2,943.3	2,544.2	3,027.7	4,012.6	3,153.4	3,790.8
2,524.5	2,805.1	2,262.7	2,861.3	3,805.8	2,973.6	3,490.4
127.8	138.2	281.4	166.3	206.7	179.7	300.4
2,652.4	2,943.3	2,544.2	3,027.7	4,012.6	3,153.4	3,790.8
502.2	1,307.5	1,129.9	1,639.7	1,526.1	1,005.0	2,051.4

Management Foundation Strategy

Human Resource Development



We aim to be an organization with diverse human resources who helps employees develop skills while raising their motivation.

Number of employees
(consolidated)

As of March 31, 2019

1,650

Number of employees
(non-consolidated)

As of March 31, 2019

1,186

Average length of service
(non-consolidated)

As of March 31, 2019

13.9 years

Basic Policy

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

To this end, we think it is important to create structures in which employees will be highly motivated. Improving the value of human capital is one of our most important priorities, 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 needs 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

Rank-based	Career development / management / leadership	Training for new employees	Management / leadership Career development program
In-house training	Strategic human resource development through job rotation and on-the-job training		
	Work skills Front office Functional department Management department Middle / Back office		
	Shared skills		
Dispatch outside DBJ	Domestic		
	Strategic global human resource development		
	Overseas		
Self-study	Knowledge and skills		

Specific Initiatives to Increase the Value of Human Capital

Intensification of the Hiring and Exchange of Human Resources across the 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.

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

Skills Development

The DBJ Group develops human resources through practical on-the-job training and extensive training opportunities.

- Employees are strategically rotated so that they steadily develop highly specialized skills by gaining practical and diverse experience and broad perspectives in multiple departments and outside institutions.*

* Dispatch employees to national government agencies, Group companies around the world, and companies that have received investments

- New college hires receive thorough growth assistance with approximately three months of DBJ's own accounting and financial analysis courses, and a full year of new employee training programs.
- An extensive skills development program, in terms of both quality and quantity, is available for employees that provides rank-based training for required subjects whenever necessary, along with supplementary programs for self-improvement in addition to work-related training.
- Opportunities to study abroad at overseas universities and training systems are made available for developing global human resources. DBJ also operates its own leadership training program (entirely in English) in collaboration with top overseas universities for young employees and management-level employees.
- DBJ supports human resource development with physical facilities: for example, the newly constructed Minami Aoyama Training Center.



Internal training

Diversity Management and Productivity Improvements

To promote workplaces where diverse human resources can work together, DBJ encourages mutual understanding and takes steps to improve the productivity of each employee.

- DBJ aims to enhance its work and leave systems for child-rearing and elderly care, such as telecommuting, reduced work hours, and flex time, in addition to holding seminars guided by experts for finding and enrolling in facilities for childcare and elderly care.
- DBJ creates and distributes a guide to balancing work with child-rearing and elderly care, and holds "iku-boss" seminars for members of management to enable them to support employees using these systems while improving team productivity. DBJ also holds seminars for furthering understanding of people with disabilities and promotes the building of cooperative relationships among staff, including employees who use these systems.
- DBJ set up the Work Shift Promotion Headquarters with the intention of increasing work efficiency from a work shift standpoint and promoted awareness reforms and related initiatives across the Group.
- DBJ supports the physical and mental well-being of its officers and employees with courses about coping with stress and managing sleep, as well as by offering a counseling system staffed by outside professionals, in addition to periodic health checkups.

Motivation and Engagement

We constantly ask ourselves if we have laid the proper foundation for genuinely motivating officers and employees to take the initiative in accordance with the DBJ Group's corporate philosophy.

- DBJ conducts engagement surveys for employees, evaluates the results of these surveys, and creates action plans that enable each department to increase motivation through improvement activities.
- In training about career formation, DBJ creates opportunities for furthering understanding of its corporate philosophy and constructive dialogue about improvements and practical approaches.

Employees' Use of Childbirth and Child-Rearing Support Systems, Number of Employees in Training Courses

Ratio of employees returning to work after taking childcare leave (number of employees having completed childcare leave in fiscal 2018)	22/24 (92%)
Rehiring system (number of registrants as of March 31, 2019)	32
Reduced work hours and flex time for employees raising children	120
"iku-boss" training participants (cumulative total)	About 200
Seminars for finding childcare facilities (cumulative total)	About 150

Initiatives to Train “Generalists Who Can Be Specialists in Many Fields”

DBJ– Oxford Global Strategic Alignment Leadership Programme

DBJ trains employees in line with its vision of “generalists who can be specialists in many fields” in the development of human resources, its greatest resource. Below, we introduce the Global Strategic Alignment Leadership Programme (GSALP), a unique leadership program that DBJ has developed in a strategic alliance with the University of Oxford in the United Kingdom for the development of global human resources.

Katsushi Kitajo

Executive Officer
Head of Human Resources Management
Department

Development of Unique DBJ Program for Training Human Resources, Our Greatest Management Resource

People are our greatest resource. DBJ has developed human resources through various training venues and practical on-the-job training. In recent years, an increase in overseas investment and loan projects has raised the importance of training human resources able to work from a broader, more global perspective. In fiscal 2018, DBJ partnered with the Saïd Business School at the University of Oxford in the United Kingdom to launch the Global Strategic Alignment Leadership Programme (GSALP), a unique curriculum for young DBJ employees.

Of note, GSALP accepted about 20 young employees, mainly in their late 20s, instead of mid-career employees and managers who already have considerable work experience. The participants spent a total of four months, including one week at the University of Oxford, pondering topics such as “the future vision for DBJ” and “how the organization should change to achieve its goals” in two-way discussions and group projects involving instructors and students. As the culmination of the program, the participants gave a final presentation to DBJ President Hajime Watanabe. Through this process, the participants broadened their perspectives by tapping into the advanced and wide-ranging knowledge available at the University of Oxford, and the DBJ Group as a whole had an opportunity to view from a higher vantage point its *raison d’être* and business aims.

To ensure that human resource development remains one of the highest priorities at DBJ, management and relevant departments are committed to creating multiple venues for young employees to engage in mutual dialogue. Following their presentation to President Watanabe, GSALP participants engaged in frank and spirited exchanges of opinion, generating fresh and bold ideas. Some of these ideas ended up in reference materials for debates about future management policy.

Starting in fiscal 2019, in addition to GSALP, DBJ is expanding educational programs for young employees through a new partnership with the International Institute for Management Development (IMD) business school in Switzerland. Furthermore, DBJ has created an innovative program for managers in collaboration with Columbia University in the U.S. Through various initiatives such as these programs and study-abroad opportunities, we aim to develop a greater number of human resources globally for the benefit of our customers and stakeholders.



Description of GSALP

GSALP is a fully customized educational program conducted entirely in English for young employees of DBJ created in partnership with the University of Oxford, with the aim of developing global human resources.

The curriculum is divided into three sessions (Tokyo, online, and Oxford sessions) over a span of four months, based on the objective of deepening organizational understanding and rethinking one's own career path while obtaining a broader and more global perspective. The participants work on group projects and learn about the concept of strategic alignment from Professor Jonathan Trevor, an expert in business administration and organizational theory.

In fiscal 2018, the participants spent two days at the Tokyo session held at the Minami Aoyama Training Center to deepen their understanding of DBJ and the fundamentals of organizational theory. They then received instruction from Professor Trevor in the online session and began to draft their group presentations. During the five-day session at the University of Oxford, the participants met with Professor Trevor and received lectures from Oxford instructors on various subjects, including the latest trends in the global economy and leadership. The participants then gave a presentation about the outcomes of their projects based on this instruction. After returning to Japan, the program wrapped up with a presentation in front of DBJ President Watanabe, followed by an exchange of opinions.



Group photo at the Oxford session (top)
Training during the Tokyo session (bottom)

Comment from the Professor

Last year saw the successful launch of the Global Strategic Alignment Leadership Programme (GSALP), a brand-new executive education programme, with the Development Bank of Japan (DBJ). The aim of our joint programme was to provide 20 of the bank's future leaders with a key understanding of "Strategic Alignment" and business critical leadership skills, and create global leaders who could transform the organisation in line with the long-term vision, Vision 2030, which promotes sustainability management in pursuit of both economic and social value.

My recent research highlights that the best companies are those that are the best aligned. Indeed, strategic alignment means that all the elements of a business, including its market strategy and the way the company is organised, are arranged in such a way that best supports the fulfilment of its long-term purpose. With this in mind, the programme helped DBJ develop future leaders to be able to systematically choose best-fit organisational strategies, capabilities, resources, and systems to fulfil its purpose, and deliver the best chance of success in the 21st century global business environment.

On the programme, I was joined by several of my colleagues from within the Oxford Saïd faculty, and we worked alongside guest speakers and DBJ's senior executives to deliver the programme over two modules of class-based tuition in Tokyo and Oxford. Participants learnt through a variety of methods including



Jonathan Trevor

Associate Professor of Management Practice
Saïd Business School University of Oxford

lectures and workshops, whilst working on business impact projects and group assignments through the school's virtual classroom, the HIVE.

Such was the success of evaluation scores of the first cohort of the programme, I am delighted to confirm the launch of the 2019 GSALP, starting in August, with preparations now well under way.

Long-Term Perspective and Deep Insight Gained from GSALP Translate into Better Proposals for Customers

Kansai Branch
(at time of enrollment)
Joined DBJ in 2011



Current Job

I work at the Kansai Branch in investment and loan services for customers in the energy and non-manufacturing fields in the Kansai region. The Kansai economy has been robust lately with planning for many major events, such as the World Expo. On the other hand, structural problems have become entrenched, with an increasing elderly population and a declining working-age population. As environmental, social, and governance and other trends become embedded in global markets, management teams at local companies are expected to solve increasingly complex problems and devise long-term visions. At DBJ as well, management teams must rise to meet expectations for helping local industry survive and grow further. We work diligently every day to come up with optimal solutions to these problems.

Impressions and Benefits of GSALP Participation

It is not easy to view issues from a long-term time frame of several decades. Discussions with my peers at GSALP gave us an opportunity to think more deeply about what must be done in the future to address these structural issues in Japanese society within the context of population projections for Japan. We also examined organizational strategies for domains where DBJ should take the initiative in the future, and how to realize progress. In our discussions, I realized that unprecedented issues can be analyzed based on a long-term vision and that various initiatives around the world today can provide hints. The long-term perspective and deep insight gained from GSALP has led to better proposals and debates for addressing issues faced by our customers.

Engaging in Daily Work with DBJ's Long-Term Vision Always in Mind

Financial Institutions
Department
(at time of enrollment)
Joined DBJ in 2011



Current Job

I belong to the department responsible for financial institutions, including regional ones. Every day, we talk about how to create initiatives for collaborating with them. We introduce the DBJ Group's know-how and functions not only to these financial institutions but also to their customers, with the aim of helping solve their management issues. Specifically, we hold study sessions about mezzanine financing and other topics; conduct joint surveys of industries, such as traditional local industry; offer consulting services; and propose ideas for improving work efficiency. Through these efforts, we advance the creation of projects for collaborative financing and risk sharing.

Impressions and Benefits of GSALP Participation

Before participating in GSALP, I had long thought that DBJ and regional financial institutions could pool together their individual strengths and knowledge to help not just our customers (regional financial institutions) but also their local communities and operating companies grow. My participation in GSALP was very meaningful from the standpoint of the genuine discussions I had with other participants about the strengths, issues, and future direction of DBJ. I come to work every day thinking about what DBJ can and should do in light of customer opinions, changes in the external environment, and the needs of society.

A Call for Action for DBJ as an Organization, and Idea Proposals for Customers



Corporate Finance Department,
Division 2
(at time of enrollment)
Joined DBJ in 2014

Current Job

I belong to the automobile team, which is in charge of coming up with ideas for investment and loan services in tune with the fund procurement needs of a broad range of customers in the automobile industry around the world, including domestic automobile manufacturers and parts suppliers as well as overseas firms and leasing companies. The automobile sector is approaching a major industrial transition: the connected, autonomous, shared, and electric (CASE) trend. For this reason, our team's discussions have recently centered on sharing the latest CASE-related information and its potential impact on our customers.

Impressions and Benefits of GSALP Participation

At GSALP, I was able to learn case studies about a variety of successful companies that changed their strategies to adapt to changes in market conditions. It was a rather stimulating experience for me, because I previously had focused solely on the automobile industry. Since participating in the program, I have been able to present case studies in other industries during conversations with our customers and to engage in dialogue with a better appreciation of not only our customers' visions and management strategies but also the external environment. Moreover, I now think more about how I can change things for the better through my own work at DBJ, and rethink the importance of my own work here.

Helping Expand DBJ's Fund Procurement Base through Discussions with Peers about DBJ's "Now" and "Future"



Treasury Department
(at time of enrollment)
Joined DBJ in 2015

Current Job

I am involved in fund procurement operations, such as borrowing from private financial institutions, and in the creation of disclosure documents such as securities filings in the Treasury Department. In fund procurement operations, I work diligently to ensure DBJ is able to optimally and reliably procure funds. I accomplish this by studying the needs of investors and paying attention to changes in the external environment, such as changes in interest rates. Through investor relations activities that include holding results briefings and events for directly engaging with stakeholders in areas across the country, I explain DBJ's principles and work to investors.

Impressions and Benefits of GSALP Participation

Leveraging the knowledge about organizational theory I gained through GSALP lectures, I met with instructors and fellow participants to frankly discuss the changes I think are needed at DBJ to realize its "future," while better understanding DBJ as it stands "now." In addition to my regular work experience, I now have a broader, fresh perspective with which to view DBJ's principles, work, and culture, and this has given me more confidence when interacting with investors at investor relations venues. I aim to contribute to the expansion of DBJ's fund procurement base through proactive investor relations activities, while furthering the understanding of investors about DBJ's "now" and "future."

Knowledge and Collaboration



Basic Policy

Intellectual Capital

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.

Processes

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

Relationship Capital

Collaboration

The 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. The 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

The 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

Specific Initiatives to Improve the Value of Intellectual Capital

Knowledge

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 and augmented reality, and fintech.

In April 2017, DBJ established the post of chief research officer and placed under it the Economic & Industrial Research Department and the Sustainability Planning & Intellectual Capital Support Department. We provide knowledge-based solutions to customers in various industries, including solutions from the perspectives of environmental, social, and governance (ESG) 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, the 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 2018 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 officer. 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.

Concrete Measures to Increase the Value of Relationship and Social Capital

Collaboration and Dialogue with Stakeholders

Customers	<ul style="list-style-type: none"> • Provided certification programs • Held a business plan competition for women • Provided platforms via DBJ Connect • Supported innovation with iHub
Financial institutions	<ul style="list-style-type: none"> • Collaborated with LTIC
Government	<ul style="list-style-type: none"> • Participated in high-level panel about ESG finance • Participated in TCFD scenario analysis support project
Research institutions	<ul style="list-style-type: none"> • Held DBJ Academy at RICF

Participation and assessment of outside initiatives



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.

More than 2,300 business plans have been submitted over the past seven competitions, expanding the scope of opportunity for women entrepreneurs, and some of the winners' and finalists' competition plans have gone on to play a role in expanding operations.



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

DBJ iHub 4.0 (DBJ innovation Hub 4.0)

Along with Japan Economic Research Institute, Inc., DBJ seeks to spur innovation through iHub 4.0 and “value training” 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 Connect

Beginning in June 2017, at the suggestion of our young employees, we launched DBJ Connect, a service promoting new business development among 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 in emerging new businesses.

In fiscal 2018, our Tokai Open Accelerator program helped four established companies based in the Tokai region collaborate with six start-ups.



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

Participation in and Evaluation of Outside Initiatives

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. DBJ is also a member of Long-Term Investors Club (LTIC), an international group of investors that emphasizes investment activities with long-term time horizons. In May 2019, with the Japan Bank for International Co-operation, DBJ held an annual meeting and sponsored events to exchange opinions with financial institutions from G20 countries. Furthermore, DBJ proactively participates in and contributes to outside initiatives that promote sustainability management, as an investor member of the Global Real Estate Sustainability Benchmark, a participant in high-level panels on ESG finance at the Ministry of the Environment, as well as a signatory to the Principles for Financial Action for the 21st Century and chair of its Working Group on Savings, Lending, and Leasing Operations.

In recognition of its participation in outside initiatives, in February 2019 DBJ received an award from the Association of Development Financing Institutions in Asia and the Pacific for its efforts in health management in February 2018 and its initiatives to address natural disasters and climate change.

DBJ Certification Programs

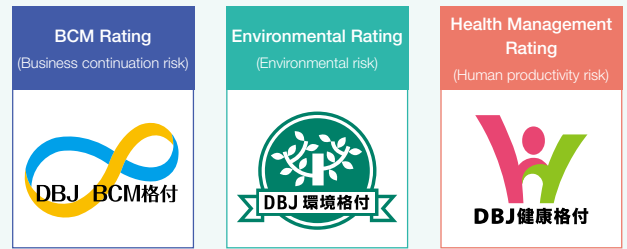
Using its independently developed screening system, DBJ certification programs set the terms and conditions of loans based on corporations' non-financial information.

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 evaluates measures in health management. A major defining characteristic of DBJ certification programs is the assessment process that emphasizes face-to-face discussions, during which we directly inquire about clients' initiatives that are not evident in their publicly disclosed information. Our screening sheet is reviewed every year in deliberations by the Advisory Committee composed of outside experts, who also take into consideration the latest issues and trends around the world.

As follow-up services, we create venues in the form of post-assessment award ceremonies at which companies' top management can exchange their opinions with each other. In addition to feedback and details about the assessment results, we directly convey information about anticipated matters and

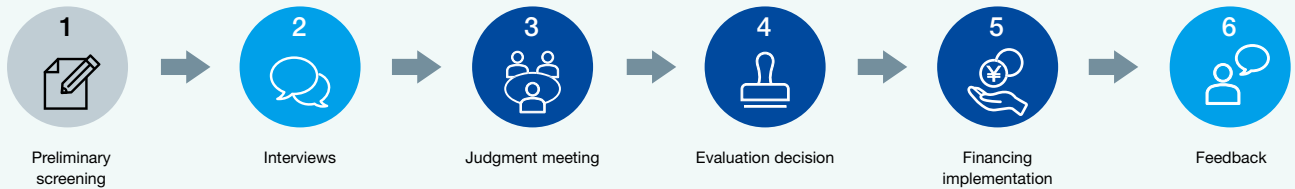
examples of outstanding efforts at other companies, with the view of supporting more sophisticated initiatives in the future.

For customers using the BCM Rated Loan Program, we hold an annual event called the BCM Rated Loan Club as a venue for crisis managers to exchange opinions and information. Through its certification programs, DBJ broadly supports the initiatives of its customers while contributing to the formation of a sustainable society.

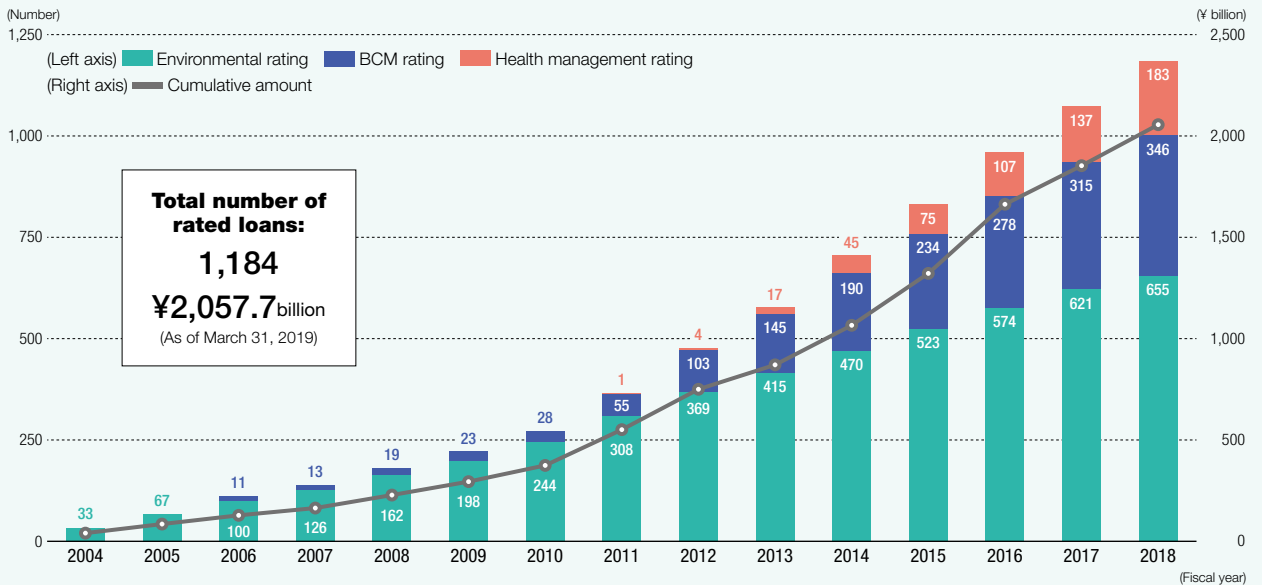


For details on DBJ certification programs, please follow the link below to the DBJ website (Japanese only).
<https://www.dbj-sustainability-rating.jp/>

Assessment Flow of DBJ Certification Programs



DBJ Rated Loans



Corporate Governance

Message from the Chairman

With ongoing efforts to strengthen governance, DBJ contributes to sustainable growth through an innovative process of value creation.

Creation of a Unique Business Model

In accordance with the Development Bank of Japan Inc. Act, the DBJ Group practices sustainability management that balances economic and social value with the aim of building a sustainable society. Under the current Fourth Medium-Term Management Plan, we supply risk capital to forward-looking initiatives through our Special Investment Operations program. Collaboration and cooperation with private financial institutions stimulate new flows of risk capital in Japan. DBJ's investments and loans in new fields help to strengthen Japan's economic competitiveness. We also address local issues through risk capital supplied through joint funds created with regional financial institutions.

Furthermore, DBJ functions as an emergency supplier of capital for responses to natural disasters and other crises. In times of international financial turmoil, and following the Great East Japan Earthquake, the Kumamoto earthquakes, and other events calling for rapid influxes of capital, DBJ has been there to provide relief.

In the wake of heavy rains in Western Japan in July 2018 and the Hokkaido Eastern Iburi Earthquake in September of the same year, we established our own Regional Reconstruction Headquarters and Regional Emergency Response Program. We are working to strengthen our system for responding flexibly and quickly to demand for recovery and reconstruction funds.

Governance Suited to Our Business Model and Dialogue with Stakeholders

In order to continue playing this unique role, DBJ must have robust corporate governance, ensure transparency in management, and consider the opinions of outside experts. To promote this aim, we have created the Operations Audit Committee, the Compensation Committee, and the Personnel Evaluation Committee as advisory bodies to the Board of Directors. Listening to the views of our stakeholders is imperative to strengthening this framework.

In an environment of fair competition, it is essential that DBJ collaborate and cooperate with private financial institutions. We hold regular events for this purpose, usually twice a year, for discussions with representatives of such institutions. And in regard to Special Investment Operations, DBJ has created the Special Investment Operations Monitoring Board (see page 63) as an advisory body to the Board of Directors. It meets twice a year in order to discuss and evaluate projects as well as encourage private-sector enterprises and complement their operations while maintaining appropriate competitive relations.

The opinions we obtain through social events with private financial institutions and the outcomes of deliberations by the Special Investment Operations Monitoring Board are debated by the Advisory Board. As an advisory body to the Board of Directors, the Advisory Board (see page 63) is made up of



outside experts and directors in fields including manufacturing, infrastructure, regional communities, and finance. The Advisory Board provides valuable ideas on matters concerning the safeguarding of proper competition with private financial institutions and the DBJ Group's management plans. In my view, a distinct aspect of corporate governance at the DBJ Group is its continuous reassessment of its unique value creation process while engaging in dialogue with stakeholders.

We want to keep our initiatives one step ahead of the times, especially in regard to the supply of risk capital, and this means ensuring that we operate in conformity with the Companies Act. For this purpose, the Board of Directors formulated the Basic Policy for Internal Control, which positions legal compliance, risk management, and internal audits as important issues for management.

Realization of a Value Creation Process That Balances Economic and Social Value

The DBJ Group established the Sustainability Committee as a means of dealing with the growing need to review corporate management from the standpoint of sustainability given the adoption of the Sustainability Development Goals (SDGs), the Paris Agreement, and other recent developments. The Sustainability Committee discusses changing social issues and other matters important for management. In fiscal 2018,

directors engaged in lively debate on initiatives related to energy, climate change, and the SDGs.

To realize a sustainable society while balancing economic and social value, the DBJ Group offers solutions to issues faced by society and the Group's customers. The Group will continue to create innovative business models, centered on the supply of risk capital, in an effort to advance sustainability management and maintain 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 embodying best practices that will continue to earn us the trust of our customers and society.

August 2019

Yasushi Kinoshita
Chairman

Corporate Governance

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 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 outside members of the Board of 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.

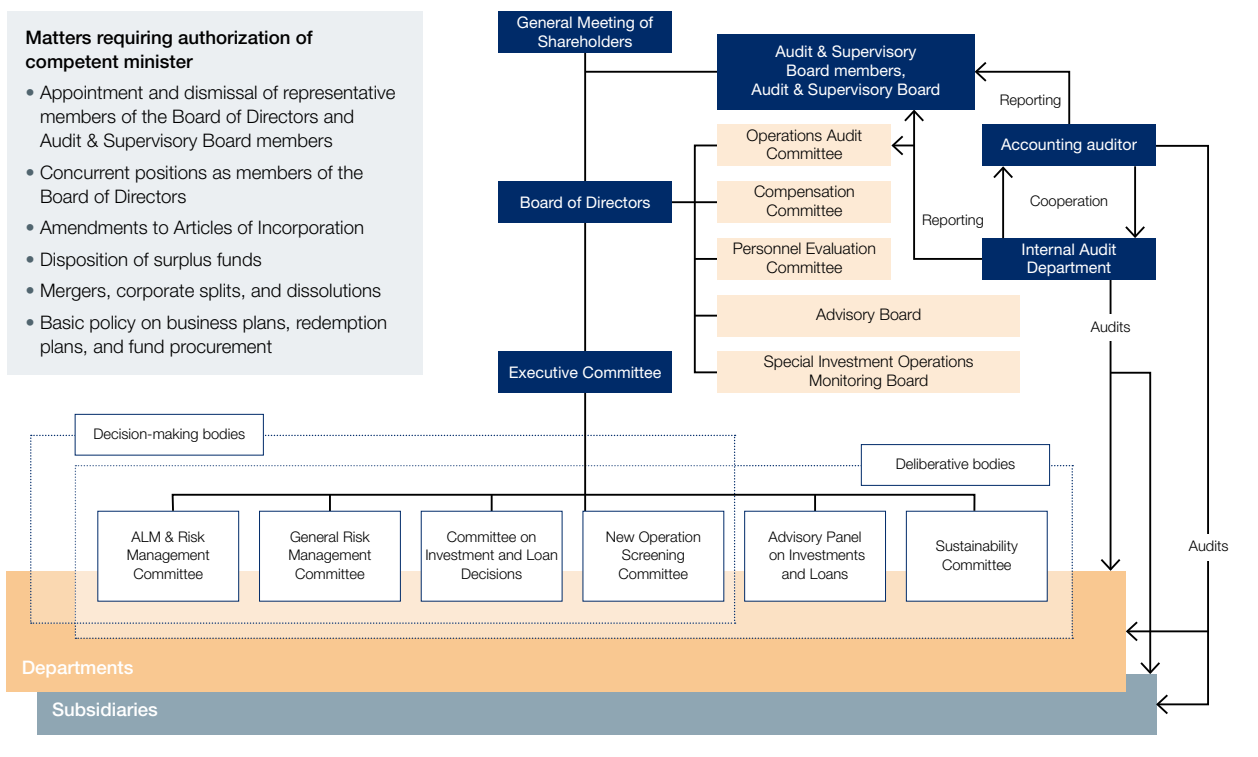
DBJ's Corporate Governance System

Institutional design configuration	A company with a board of directors and company auditors (Audit & Supervisory Board)
Number of members of the Board of Directors	10
Of whom are outside members of the Board of Directors	2
Number of Board of Directors' meetings in fiscal 2018	13
Number of Audit & Supervisory Board members	5
Of whom are outside Audit & Supervisory Board members	3
Number of Audit & Supervisory Board meetings in fiscal 2018	16
Adoption of executive officer system	Yes
Accounting auditor	Deloitte Touche Tohmatsu LLC

Overview of DBJ's Corporate Governance System

Matters requiring authorization of competent minister

- Appointment and dismissal of representative members of the Board of Directors and Audit & Supervisory Board members
- Concurrent positions as members of the Board of Directors
- Amendments to Articles of Incorporation
- Disposition of surplus funds
- Mergers, corporate splits, and dissolutions
- Basic policy on business plans, redemption plans, and fund procurement



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 members of the Board of 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 members of the Board of 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 four times during the fiscal year ended March 31, 2019.

Compensation Committee

The Compensation Committee, the majority of which consists of outside executives, 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 members of the Board of Directors and other outside experts, evaluates personnel proposals on the selection of members of the Board 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, 2019. This board is composed of the following outside members of the Board of Directors and outside 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 Members of the Board of Directors

Akio Mimura	Honorary Chairman of Nippon Steel Corporation
Kazuo Ueda	Professor, Faculty of Business Studies, Kyoritsu Women's University

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, 2019.

Moreover, in order to examine whether appropriate competitive relations with other entities are being maintained, roundtable 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 2019, 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	Director, IDI Infrastructures Inc.
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 27 times during the fiscal year ended March 31, 2019.

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.
Sustainability Committee	This committee deliberates on items related to both economic and social value as well as dialogue with stakeholders.

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 the DBJ Group's Policy on Sustainability (please refer to page 65). 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 three times during the fiscal year ended March 31, 2019.

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 members of the Board of Directors and Audit & Supervisory Board members
- Amendments to Articles of Incorporation
- Disposition of surplus funds; Mergers, corporate splits, and dissolutions; Basic policy on business plans, redemption plans, and fund procurement

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 available on the DBJ website (Japanese only).
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 June 27, 2019, 20 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 executives 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 antisocial 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 Affairs & 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 has also prepared 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 be found on the DBJ website (Japanese only).
<https://www.dbj.jp/co/info/compliance.html>

Policy on Sustainability

The 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 returns 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>

Executive Compensation

DBJ's Compensation Committee is an advisory body to the Board of Directors. It deliberates on the compensation structure for members of the Board of Directors and evaluates the propriety of the compensation structure for the company. The majority of its members are outside executives.

DBJ takes the following basic approach to executive compensation.

- Compensation should reflect social trends in regard to executive pay.
- Compensation should provide motivation for initiatives aimed at realizing economic and social value during each fiscal year and in the medium to long term.

In accordance with this approach, DBJ provides compensation to its executives in four forms: basic compensation, allowances, executive bonuses, and executive retirement benefits.

- (1) Basic compensation is paid monthly in an amount based on the executive's position.
- (2) Allowances are paid monthly in an amount commensurate with the executive's position.
- (3) Executive bonuses are distributed after taking into consideration the performance of each member of the Board of Directors in carrying out their duties during the fiscal year. Bonuses comprise a standard amount based on the position of the member of the Board of Directors plus an amount that reflects progress toward fiscal year targets set by DBJ.
- (4) Executive retirement benefits are paid out upon retirement in an amount reflecting successful service over the longer term.

Below is a description of the compensation structure for members of the Board of Directors.

Compensation for full-time members of the Board of Directors consists of basic compensation, allowances, executive bonuses, and executive retirement benefits. To maintain their independence, part-time members of the Board of Directors receive basic compen-

sation alone.

Compensation for full-time Audit & Supervisory Board members comprises basic compensation, allowances, and executive retirement benefits. Compensation for part-time Audit & Supervisory Board members consists solely of basic compensation.

The amount of compensation paid to members of the Board of Directors is determined after deliberation by the Board of Directors, within the maximum amount approved at the General Meeting of Shareholders following discussions by the Compensation Committee. Compensation amounts are based on the position and responsibilities of each member of the Board of Directors, with due consideration given to social trends, DBJ's financial performance, and other standards balanced against employee salaries. The amount of compensation paid to Audit & Supervisory Board members is also determined after deliberation by the Audit & Supervisory Board members within the scope of the maximum amount approved at the General Meeting of Shareholders.

The Compensation Committee was established in 2008 to ensure transparency and objectivity in the process for determining compensation, and a majority of members of the Compensation Committee comprises outside executives. This composition allows independent outside executives to be involved and give relevant advice.

Meetings of the Compensation Committee in fiscal 2018

	Number of meetings held in fiscal 2018
Compensation Committee	2

Members of the Compensation Committee

Chairman	Yasushi Kinoshita (head of the committee)
President	Hajime Watanabe
Outside member of the Board of Directors	Akio Mimura
Outside member of the Board of Directors	Kazuo Ueda
Outside Audit & Supervisory Board member	Toshio Yamazaki

Compensation paid to DBJ's members of the Board of Directors and Audit & Supervisory Board members in fiscal 2018

Category	Number of people	Compensation, etc.
		(¥ million)
		264
Members of the Board of Directors	12	(of which, 24 to outside members of the Board of Directors)
Audit & Supervisory Board members	6	78
Total	18	342

Notes:

1. Compensation amounts include executive bonuses paid to members of the Board of Directors (¥25 million, including ¥— million for outside members of the Board of Directors).
2. Compensation amounts include provisions to reserves for executive retirement benefits for members of the Board of Directors and Audit & Supervisory Board members, as well as retirement benefits of the members of the Board of Directors (¥48 million for members of the Board of Directors, including ¥— million for outside members of the Board of Directors, and ¥4 million for Audit & Supervisory Board members).
3. Numbers of persons to be paid and compensation amounts include two members of the Board of Directors and one Audit & Supervisory Board member who retired during fiscal 2018.

Messages from Outside Members of the Board of Directors



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: Outside Member of the Board of Directors 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 (now Nippon Steel Corporation) (current position)

Leveraging Corporate Governance to Help Solve Social Issues

Akio Mimura

Outside Member of the Board of Directors

I have served as an outside member of the Board of Director, since DBJ became a joint-stock company in 2008.

I am currently a member of the Advisory Board, an independent body that facilitates corporate governance by incorporating the opinions of outside experts into the management of DBJ. In accordance with the amendment of the DBJ Act in 2015, the Advisory Board is positioned as an advisory body to the Board of Directors. The role of the Advisory Board is not only to advise DBJ's management on balancing economic and social value, but also to deliberate on the important matter of ensuring suitable competitive relations with private financial institutions. The Board must also perform 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 sustainability management by DBJ. I believe that the Board fulfills its responsibilities in this respect.

Dialogue and cooperation with stakeholders is essential for DBJ to be able to achieve the targets in its Fourth Medium-Term Management Plan while helping solve the many issues that arise in our rapidly changing society. I will continue to carry out my corporate governance responsibilities by advising and facilitating such dialogue.



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: Member of the Bank of Japan's Policy Board
 April 2005: Professor at Tokyo University, School of Economics
 October 2008: Outside Member of the Board of Directors at DBJ (current position)
 April 2017: Professor, Faculty of Business Studies, Kyoritsu Women's University (current position)
 Director of Tokyo University's Center for Advanced Research in Finance (current position)

Strengthening Corporate Governance for the Advancement of Sustainability Management

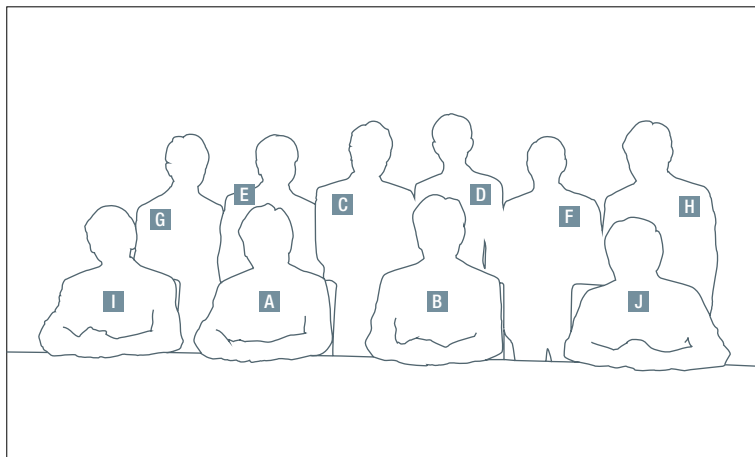
Kazuo Ueda

Outside Member of the Board of Directors

International interest in sustainability, as seen in measures such as ESG initiatives and the Sustainable Development Goals, has grown rapidly since the adoption of the Paris Agreement. DBJ's solutions have been in step with the times and changing social issues. These solutions have included developing evaluation-based lending programs and providing risk capital through joint investment with private companies and financial institutions. I want to see DBJ expand yet further its initiatives to balance economic and social value while keeping aware of the international mood.

DBJ's medium- to-long term goals for facilitating social and economic development and achieving a sustainable society require that it continues to implement these initiatives. Proper governance is therefore essential. The DBJ Group's Advisory and Monitoring boards support the attainment of these goals and underpin DBJ's unique business model. As a member of the Advisory Board—in addition to my duties as an outside member of the Board of Directors—I work closely with outside experts to advise on overall management. I will do my part in pursuing the sustainable social development and sustainability management that is the goal of all of us at DBJ.

Members of the Board of Directors, Audit & Supervisory Board Members, and Executive Officers (as of the end of July 2019)



- A** Yasushi Kinoshita
- B** Hajime Watanabe
- C** Shin Kikuchi
- D** Satoshi Tomii
- E** Kenkichi Fukuda
- F** Makoto Anayama
- G** Seiji Jige
- H** Eiichiro Yamane
- I** Akio Mimura
- J** Kazuo Ueda

Members of the Board of Directors

Chairman

Yasushi Kinoshita

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

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

Member of the Board of Directors, 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: Member of the Board of Directors, Managing Executive Officer of DBJ

Member of the Board of Directors, 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: Member of the Board of Directors, Managing Executive Officer of DBJ

Member of the Board of Directors, 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: Member of the Board of Directors, Managing Executive Officer of DBJ

Member of the Board of Directors, 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: Member of the Board of Directors, Managing Executive Officer of DBJ

Member of the Board of Directors, Managing Executive Officer

Eiichiro Yamane

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

1988: Joined Ministry of the Treasury
2017: Councillor, Secretariat of the Headquarters for Administrative Reform, Cabinet Secretariat
2019: Member of the Board of Directors, Managing Executive Officer of DBJ

Outside Member of the Board of Directors

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: Outside Member of the Board of Directors at DBJ

Outside Member of the Board of Directors

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: Outside Member of the Board of Directors at DBJ

Notes: Of the 15 members of the Board of 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 members of the Board of Directors and outside Audit & Supervisory Board members are not applicable. Akio Mimura, Honorary Chairman of Nippon Steel Corporation, is an outside member of the Board of Directors of DBJ. DBJ has no special relationship with Mr. Mimura, and its business with Nippon Steel Corporation is conducted normally. DBJ has no special-interest relationship with any other of its outside members of the Board of Directors or outside Audit & Supervisory Board members. DBJ has signed liability limitation agreements with its outside members of the Board of Directors and outside Audit & Supervisory Board members, based on Paragraph 1, Article 427, of the Companies Act.



Audit & Supervisory Board Members

Audit & Supervisory Board Member

A 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

B 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

C 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

D 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

E 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 members of the Board of Directors)

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

Norifumi Sugimoto

In charge of Regional Planning Department, Tohoku Branch, Hokuriku 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

Managing Executive Officer

Ryusei Segawa

In charge of Hokkaido Branch, Niigata Branch, Tokai Branch

Managing Executive Officer

Tsutomu Murakami

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

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

Executive Officer

Kazufusa Matsushima

In charge of Internal Audit

Executive Officer

Katsushi Kitajo

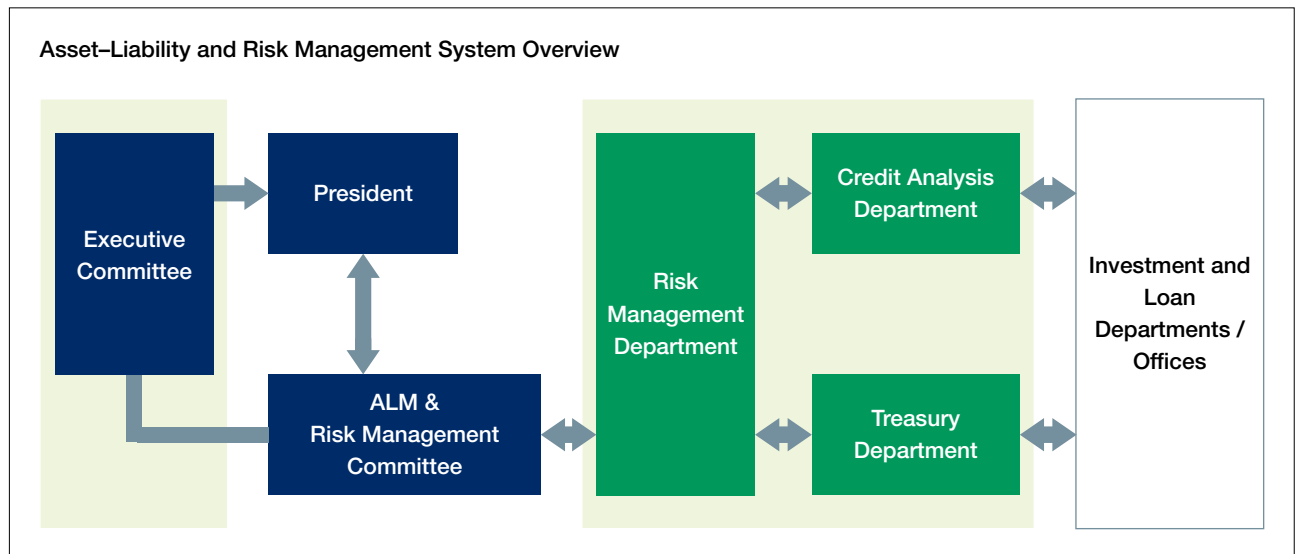
Head of Human Resources Management Department

Risk Management

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 their respective levels. Furthermore, the Corporate Planning & Coordination Department has begun efforts to measure risk-return by such means as risk-adjusted return on capital.

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 of 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.

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.	

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.

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.

Market Risk

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).

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 (duration and 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.

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.

Liquidity Risk

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, 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.

Operational Risk

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.

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

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.

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 has prepared 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 have 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 have 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 have 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 it becomes necessary to execute the plans of the Disaster Response Committee, 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.

Climate Change Initiatives

Since the adoption of the Paris Agreement in 2015, addressing climate change has been a key priority for Japan and other countries around the world.

To a large extent, DBJ has done this through dialogue with customers made possible by the Environmentally Rated Loan Program (see page 59) and DBJ Green Building Certification (see page 26). In June 2018, we announced our agreement with the underlying principles of the Task Force on Climate-related Financial Disclosures (TCFD) created by the Financial Stability Board (FSB). DBJ identifies the unique risks and opportunities presented by climate change and discloses relevant information after proper examination.

DBJ is also a participant in the TCFD Consortium, which was established in May 2019 as a forum for discussion among the companies and financial institutions that agree with the TCFD declaration. Through this consortium, DBJ joins other participating companies in proactively discussing how to use and assess information disclosed under TCFD guidelines.



Corporate Governance

DBJ has based its business activities on the Policy on Sustainability, which it drew up in May 2017 with the aim of contributing to a sustainable society.

At meetings of the Sustainability Committee (see page 64), which reports to the Executive Committee, members of the Board of Directors lead discussions on climate change and other important social issues, their risks and opportunities, and DBJ's initiatives in this context. The outcomes of these discussions are reflected in business strategies and decision-making for investments and loans. In fiscal 2018, the Sustainability Committee discussed future goals and the fine-tuning of initiatives taken to date for the disclosure of information based on TCFD guidelines, as well as trends in energy around the world and the policies of DBJ.



Discussions at the Sustainability Committee

Strategy

When formulating Vision 2030 (see page 2), DBJ identified climate change, natural resources, and energy as changes in the external environment that can significantly impact the stakeholders of the DBJ Group. DBJ is responding to climate change by providing customers with solutions in the three critical fields of infrastructure, industry, and regional development.

DBJ holds seminars featuring outside experts in scenario analysis in order to gather information and build networks in the field. With the aim of serving as a leading example for domestic financial institutions, we plan to move ahead with the scenario analysis of climate risks and opportunities with the support programs of the Ministry of the Environment.

Risk Management

DBJ identifies, evaluates, monitors, and controls various risks associated with climate change.

In April 2019, in recognition of the need to consciously evaluate and monitor environmental and social risks related to specific projects targeted for financing, DBJ created the Environmental & Social Assessment Office within the Structured Finance Department.

DBJ's Environmentally Rated Loan Program and DBJ Green Building Certification provide important ways of engaging customers in discussions on how to build sustainable businesses that contribute to a sustainable society.

Measurement Standards and Targets

DBJ gauges the progress of its environmental initiatives related to Scope 1 (direct) and Scope 2 (indirect), which concern the amount of greenhouse gas (GHG) emissions associated with corporate activities. Specific targets are set for DBJ and for each department in regard to the environmental aspects of investment and loan operations and environmental protection initiatives such as educational programs that encourage dialogue on relevant issues. These are all ways in which DBJ works systematically and consistently to help preserve the environment.

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
2018	October	DBJ Americas Inc. launched

Shareholder Information

As of March 31, 2019

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

Corporate Data

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 amended 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 amended 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

Full-scale privatization and disposal of all Japanese government-held shares, targeting around five to seven years from April 1, 2015

After revision

- No changes in the main provisions, including Article 1, which stipulates DBJ's objectives
- Disposal of shares as soon as practicable (considering its effect on achieving DBJ's objectives as well as on the market situation)

2. Measures ensuring appropriate implementation of Crisis Response Operations

Before revision

- Conducting Crisis Response Operations as a designated financial institution
- Enabling Japanese government recapitalization in crisis response by March 31, 2015

After revision

- Assuming responsibility for Crisis Response Operations for an indefinite period (at the same time reflecting this obligation in the Articles of Incorporation)
- 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

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

Before revision

Provision of risk capital through the Fund for Japanese Industrial Competitiveness

After revision

- 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.)
- Obligation that the Japanese government shall hold one-half or more of shares until the conclusion of Special Investment Operations

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

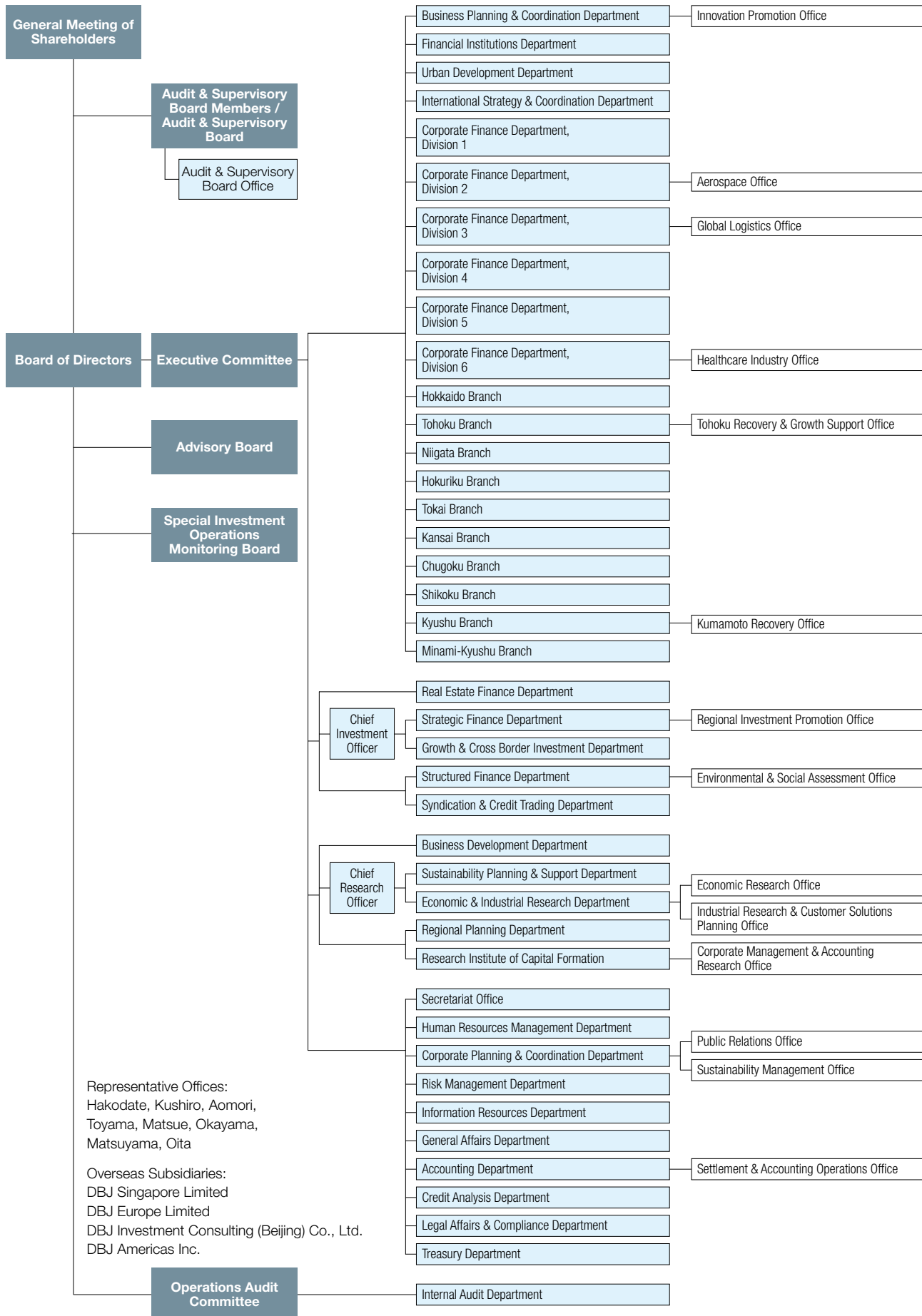
Before revision

As per the Third Medium-Term Management Plan, sustainment of close communications, maintaining a focus on operations in collaboration with other financial institutions

After revision

- 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
- 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

Organizational Structure (as of August 1, 2019)



Representative Offices:
Hakodate, Kushiro, Aomori,
Toyama, Matsue, Okayama,
Matsuyama, Oita

Overseas Subsidiaries:
DBJ Singapore Limited
DBJ Europe Limited
DBJ Investment Consulting (Beijing) Co., Ltd.
DBJ Americas Inc.

Corporate Information

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	1,650 (non-consolidated 1,186)

(As of March 31, 2019)

Group Companies

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

Overseas locations

DBJ Singapore Limited

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.

DBJ Investment Consulting (Beijing) Co., Ltd.

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.

DBJ Europe Limited

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.

DBJ Americas Inc.

Launched in October 2018, DBJ Americas Inc. is a local subsidiary based in New York, U.S.A. It mainly provides support for investment and loan services in the Americas, and also collects and disseminates information locally.

Investments and loans, Asset management

DBJ Capital Co., Ltd.

DBJキャピタル株式会社

DBJ Capital Co., Ltd. is the venture capital arm of the DBJ Group. It mainly makes early-stage equity investments in venture firms, and supports their growth through hands-on management.

DBJ Investment Advisory Co., Ltd.

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

DBJ Securities Co., Ltd.

DBJ証券株式会社

DBJ Securities Co., Ltd. is a securities subsidiary that assists the DBJ Group with investment and loan services. It supports optimal capital procurement, centered on alternative product fields, provides asset management opportunities, and flexibly fulfills diverse needs.

DBJ Asset Management Co., Ltd.

DBJ DBJアセットマネジメント

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 the DBJ Group.

Research, Consulting

Japan Economic Research Institute, Inc.

日本経済研究所

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.

Value Management Institute, Inc.

DBJ 株式会社価値総合研究所

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.

Real estate management / IT services

DBJ Real Estate Co., Ltd.

DBJリアルエステート

DBJ Real Estate Co., Ltd. handles administrative functions for the DBJ Group for office building leasing, rental conference rooms, and business libraries.

Consist, Inc.

consist

Consist, Inc. provides one-stop consulting services for developing, maintaining, and operating IT, using technology to help solve social issues.



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



In consideration of the environment, this report is printed on FSC-certified paper using non-VOC ink.

Printed in Japan