



Initiative & Integrity





Cover design:
Gazing into the future
from a window in 2022

Design the Future With Financial Expertise

Responsibility to
future generations

The customer's perspective

Outstanding service

Commitment and cooperation

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

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.

*Green
Resilience & Recovery
Innovation
Transition / Transformation*

Initiative & Integrity

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Editorial Policy

Environmental Report for a Sustainable Society (published in fiscal 2003) was the DBJ Group's first report dedicated to increasing such communication with our stakeholders. Our integrated report, published since fiscal 2017, 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.

In our *Integrated Report 2022*, we have refined the Value Creation Process section to clarify our approach to sustainability management, enhanced the disclosure of information about our response to climate change and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and updated other non-financial information.

The report's content is decided upon by the Executive Committee.

Period Covered and Scope

- Period: Fiscal 2021 (April 1, 2021–March 31, 2022) (Some information from outside this period is also included.)
- Scope: In principle, the report covers DBJ and its 12 main subsidiaries
- Date of publication: September 2022

Guidelines and Entities Referenced

- International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) (now part of the IFRS Foundation)
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation



Disclaimer

Integrated Report 2022 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.

Our History of Value Creation

Our History of Value Creation

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

Rebuilding Japan's merchant shipping fleet with finance under the government's shipbuilding program



Nippon Yusen Kabushiki Kaisha: Liner Sanuki Maru

Promotion of homegrown technologies through the commercial application of new technologies



Sony Corporation (now Sony Group Corporation): Trinitron color television factory

Development of new financial products that shine a spotlight on sources of value



DBJ Green Building, DBJ BCM格付

Financial support for realization of a hydrogen-based society



ENEOS 水素ステーション, Japan H2 Mobility, LLC (JH2M), Photo provided by ENEOS Corporation

Social changes and issues

1951-

Rebuilding of economy and advanced economic growth

1972-

Improvement in quality of life for Japanese citizens

1985-

Smooth transformation of industrial structure

1999-

Sustained development of economy and society

2008-

Crisis response

DBJ's history and roles



Infrastructure



Industry



Regions



Changes at DBJ

1951

Establishment of Japan Development Bank

1956

Establishment of Hokkaido Development Finance Public Corporation

1999

Establishment of Development Bank of Japan

2008

Establishment of Development Bank of Japan Inc.

2015 2020

Revisions to The Development Bank of Japan Inc. Act



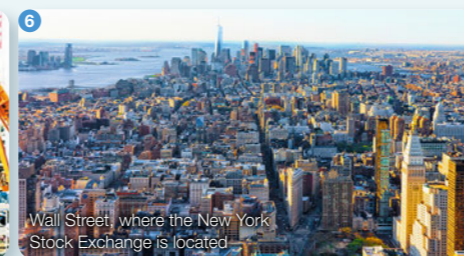
Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation): Conversion of manufacturing method for caustic soda (Yamaguchi Prefecture)

Promotion of conversion to non-polluting manufacturing method for chemical industry



Hankyu Corporation: Earthquake reconstruction work (Hyogo Prefecture)

Recovery work on traffic infrastructure damaged by the earthquake



Wall Street, where the New York Stock Exchange is located

In the wake of the 2008 global financial crisis, DBJ rapidly responded through its Financial Crisis Response Operations to shore up the worsening cash flow of corporations caused by dysfunction in bond markets.



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

Value Provided by DBJ

Development of financing methods

DBJ has solved various social issues in Japan while pioneering the use of novel financing methods, such as project financing, debtor-in-possession (DIP) financing, public-private partnership (PPP) and private finance initiative (PFI) projects, and asset financing. DBJ has also invigorated financial markets by creating growth capital markets through the supply of risk capital and encouraging new money flows through the creation of diverse investment and loan opportunities.

Sustainability

DBJ's Environmentally Rated Loan Program, BCM Rated Loan Program, and Employees' Health Management Rated Loan Program with a focus on non-financial information were the first of their kind. Approximately 1,400 loans in these programs have been extended to companies. As a front-runner, DBJ has also led the creation of the sustainable financing market. We have been a consistent supporter of corporate initiatives to strengthen competitiveness and transform structures with the objective of sustaining the development of industrial fields.

Knowledge / Collaboration

DBJ has accumulated knowledge through constant analysis of and research into trends in the economy and industry, including the Survey on Planned Capital Spending, which it has conducted for more than 60 years. The DBJ Group has provided unique solutions that leverage its wide-ranging network of stakeholders, from customers and financial institutions to national and local government entities.

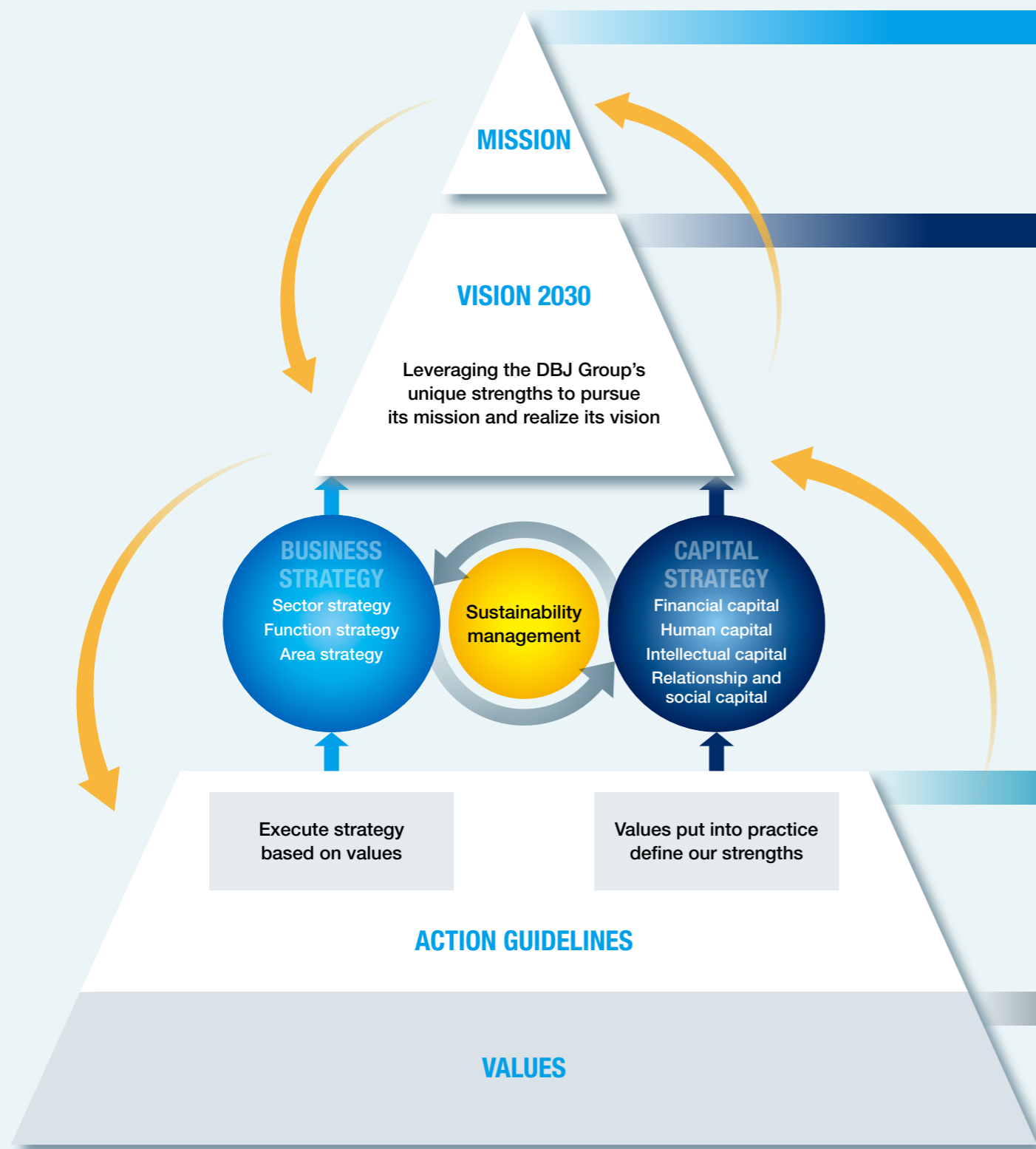
Crisis response / Safety net

The DBJ Group acts as a safety net in times of large-scale natural disasters and instability on financial markets by nimbly engaging in appropriate Crisis Response Operations as a stabilizing force. During the COVID-19 pandemic, DBJ has rapidly and effectively provided support for the cash flows of companies in a broad spectrum of industries and regions.

Corporate Philosophy

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 pursue relentlessly, 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—a long-term perspective, impartiality, public-mindedness, and reliability—that also embody its strengths and long-term vision, which are its 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 unceasing 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.

Medium-Term Management Plan—Our strategy for reaching our vision for 2030

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

Value Creation Process

As a front-runner, the DBJ Group engages in sustainability management with the aim of solving issues for customers and society and realizing sustainable development in Japan and the world.

While aiming to refine our sustainability management, we work to continuously improve the value creation process outlined below, through collaboration and dialogue with our stakeholders, in order to further expand value creation.


 Value Creation Story
 Strategy
 Corporate Governance
 Corporate Data

Strengths that Back Value Creation

In the 70 years since its establishment as Japan Development Bank, the DBJ Group has accumulated particular strengths through solving various social issues. DBJ draws on these strengths in its efforts to sustain growth by resolving the issues of its customers through the provision of risk capital and knowledge, and is undertaking measures to expand its strengths (see Management Foundation Strategy on pages 44–51).

Our four core corporate values, shared by all employees, are what drive value creation at DBJ, facilitating our responses to change while maintaining our strengths in a changing business environment amid evolving social issues.

Human Capital



Four Core Corporate Values

The source of our passion to achieve our mission is our four core corporate values: a long-term perspective, impartiality, public-mindedness, and reliability. These values have originated from the pursuit of our shared corporate philosophy and values of initiative and integrity, and have been passed down the generations. These values embody the strengths of the DBJ Group and support our unique business activities. We are able to leverage other strengths thanks to these values.



Intellectual Capital



Leading-Edge Financial Expertise

Since DBJ's founding as Japan Development Bank, it has provided long-term financing for the capital needs of corporations, while refining its ability to analyze companies and assess business viability. Moreover, DBJ has gained extensive experience in leading-edge financing techniques, introducing Japan to such investment vehicles as project finance, debtor-in-possession (DIP) finance, public-private partnerships/private finance initiatives (PPPs/PFIs) and asset finance, using commitment and cooperation as action guidelines. DBJ has supplied risk capital via various methods, such as mezzanine financing and equity investments, taking a long-term perspective to addressing issues faced by its customers.



A Leader in Japan for Sustainable Finance and Solutions

After being the first financial institution in the world to develop an environmentally rated loan program (the DBJ Environmentally Rated Loan Program) in 2004, DBJ expanded its menu of financing options that factor in the level of sustainability management at a corporation to include the DBJ BCM Rated Loan Program* and the DBJ Employees' Health Management Rated Loan Program. We emphasize dialogue with customers in the provision of these loan programs, DBJ Sustainability Linked Loans with Engagement Dialogue and consulting services, and assist our customers with sustainability management, with loans totaling ¥2,621.9 billion. In 2011, we created DBJ Green Building Certification and began to participate in sustainability assessments of real estate properties.



* BCM: business continuity management

Relationship Capital



Customer Base Centered on Industry Leaders

DBJ has supported numerous customers, including leading companies in their respective industries, with the aim of spurring growth in Japan through policy-based financing since the reconstruction period after the end of World War II. The findings of DBJ's annual Survey on Planned Capital Spending, which has been conducted for more than 60 years, informs corporations' top management discussions, strengthening our relationship capital. Having grown alongside Japan for decades, the DBJ Group will continue to work closely with its customers from a long-term perspective.



Collaboration and Cooperation with Diverse Stakeholders

With origins as a government-affiliated financial institution, DBJ has built strong collaborative and cooperative relationships with diverse stakeholders from the standpoint of public-mindedness and impartiality. When Japan encounters a crisis, such as a major earthquake or turmoil in financial markets, DBJ, designated by the government as a financial institution to engage in Crisis Response Operations, does so expeditiously and appropriately. Furthermore, DBJ form funds with regional financial institutions to supply risk capital to address regional issues. The DBJ Group will continue to collaborate with diverse stakeholders of its own accord.



The DBJ Group helps realize a sustainable society by promoting sustainability management that balances economic and social value in order to meet the changing needs of society and our customers.

My name is Seiji Jige, and it is my great pleasure to address you as the new president and chief executive officer of Development Bank of Japan Inc. (DBJ) as of June 2022. With the publication of our *Integrated Report 2022*, I would like to extend my greetings to all of our stakeholders as the representative of DBJ.

To begin, I would like to express our deepest sympathies to everyone who has been affected by the COVID-19 pandemic. Through our Crisis Response Operations, the DBJ Group is committed to supporting affected businesses and working toward the rapid economic recovery that is essential to maintaining a sound foundation for economic and social activity. In fiscal 2021 in particular, the DBJ Group marshaled all of its capabilities in Crisis Response Operations to assist in an unprecedented way restaurant and hotel businesses that had been severely impacted by the ongoing pandemic.

Looking ahead to the future, we must find ways to address the rapid progress of digital technology and the movement toward carbon neutrality, while being aware of the need for economic security in a changing world, and how the COVID-19 pandemic has changed the economy and society, including workstyles. These fundamental, tectonic shifts in the economy and society are likely to alter industrial structures, including the financial sector. While we simultaneously prepare for any attendant risks, we should realize that changes can also provide opportunities for great breakthroughs. In order to

support such breakthroughs, we must take on the challenge of boosting innovation in our communities, including through the supply of funds.

Since its establishment, the DBJ Group has flexibly evolved its operations as a distinctively unique financial institution while working closely with customers to resolve their issues, as well as issues affecting society and regions. The basis of our activities is the DBJ Group's sustainability management approach of meticulously striking a balance between economic value and social value. In this integrated report, we discuss our corporate philosophy in the context of the unwavering mission of the DBJ Group, its vision for the future, and the values we share. We also touch upon the value creation process and our medium-term business plan that represents the road map to achieving our Vision 2030. Furthermore, we specifically explain to our stakeholders how we balance economic and social value.

History, Role, and Corporate Philosophy of the DBJ Group

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, high and stable growth, and the bubble economy and its collapse. In more

recent years, we have addressed the declining birth rate and aging population, and become a leader in the areas of globalization and growing environmental and disaster awareness. Since our transformation into a joint stock company, there has been dramatic change in the wake of the global financial crisis and major events including the Great East Japan Earthquake and, more recently, the COVID-19 pandemic. While constantly tackling issues faced by our customers and regions with integrity, we have taken on the challenge of entering new financial frontiers. The DBJ Group itself has undergone major changes by working to resolve issues faced by its customers and regions.

With major changes in store for society, in keeping with our unwavering mission to design the future with financial expertise, we will take a flexible approach to issues faced by regions and our customers as a whole, while staying true to our core values and being mindful of our Code of Conduct (Action Guidelines).

Our Mission: Design the future with financial expertise

Our Code of Conduct (Action Guidelines):

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

Our Values: Initiative and integrity

The DBJ Group has created Vision 2030 as a guide for fulfilling its unique role in the economy and



Seiji Jige

Development Bank of Japan Inc.
President and CEO

Message from the President

society through 2030, with the aim of increasing the added value it provides to customers as financial professionals, in light of its corporate philosophy, shared values, and dialogue with stakeholders.

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 our roles 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 technologies such as artificial intelligence (AI) and fintech. Based on the roles we have undertaken and the value we have realized over time, we determined the most appropriate 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's 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 capability 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 roles in the economy and society by taking actions during times of crisis and otherwise responding to social demand.

Sustainability Management at the DBJ Group

In May 2017, the DBJ Group set out its Policy on Sustainability as a fundamental approach to contributing to the realization of a sustainable society that balances economic and social value. The sustainability management that we practice is a framework for value creation through business activities centered on the aforementioned three priority areas. While being guided by the needs of our customers and society as a whole, we are working to create economic and social value. Aiming to refine our sustainability management, we work constantly to improve the value creation process through collaboration and dialogue with stakeholders, advancing initiatives to further enhance the value we create. We believe in the importance of accelerating our progress toward sustainability through dialogue with external stakeholders, centering around DBJ's Advisory Board and Special Investment Operations Monitoring Board.

Climate change is an important issue for almost every company. Our Policy on Sustainability positions responding to it as one of the most compelling priorities for the DBJ Group, and as a key element for realizing a sustainable society.

The DBJ Group itself aims to achieve carbon neutrality by 2050 by addressing management issues and assisting its customers' efforts to decarbonize. Through this process, we will contribute to the growth of our customers while encouraging an equitable and responsible decarbonization of industries and regions while maintaining and sharpening the competitiveness of Japan.

In June 2018, DBJ endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and began to enhance its disclosure related to the risks and opportunities associated with climate change based on the TCFD framework. (Please refer to pages 52–55 for details of our response to climate change.)



Medium-Term Management Plan

Issues faced by society as a whole and the management issues faced by our customers have become inseparable from one another, amid rapid changes in conditions around the world and growing uncertainties in the economy and society. The DBJ Group has identified trends that could have a major impact on the economy and society and summarized these megatrends as Digitalization, Aging, Internationalization and Sustainability (D.A.I.S.) (see page 23). Our Fifth Medium-Term Management Plan (see pages 16–17) commenced in fiscal 2021 with initiatives and policies to contribute to a sustainable society by helping our customers resolve their issues. In the Fifth Medium-Term Management Plan, we came up with Green,

Resilience & Recovery, Innovation, and Transition / Transformation (GRIT) Strategy as a name for these initiatives and policies. While collaborating and cooperating with our stakeholders, we will advance these GRIT initiatives with the aim of realizing a sustainable society.

Progress on Medium-Term Management Plan and Fiscal 2021 Results

In fiscal 2021, gross ordinary income totaled ¥218.0 billion, a new record high that reflected strong growth in investment operations from gains on divestitures and dividend income from entities that have received funds. Despite being impacted by the

Business Profit and Loss (Consolidated)

(Billions of yen)

	FY2020	FY 2021	YoY change
Gross ordinary income	164.1	218.0	53.9
Loans	91.7	95.3	3.5
Investment	47.0	106.0	59.0
Fee and commission income	25.3	16.6	(8.7)
Operating expenses	(56.7)	(58.0)	(1.3)
Net ordinary income	107.3	159.9	52.6
Other extraordinary items	0.7	2.3	1.6
Gains on reversal of reserves, depreciation, etc., of written-off claims	(34.2)	(73.8)	(39.5)
Income before income taxes and minority interests	73.8	88.5	14.7
Net income attributable to owners of the parent	45.2	57.6	12.3

Note: Business categories are those used in our internal business management

Message from the President

COVID-19 pandemic, the DBJ Group secured a profit of ¥57.6 billion (up 27% year on year) through the booking of dividends and other income.

Regarding progress on the Fifth Medium-Term Management Plan, DBJ has provided concentrated assistance to customers through the supply of risk capital, a priority area, starting with restaurant and hotel businesses that have been affected by the pandemic. By providing risk capital in fields of innovation and helping customers reinforce their financial foundations and securitize their real estate holdings, we have assisted customers as they recover from the pandemic and begin to grow again.

While continuing to focus on strengthening our risk capital supply functions, we will concentrate on supporting our customers to take on new challenges and rebuild their finances as they recover and grow back from the pandemic.

As a part of its GRIT Strategy, DBJ aims to extend a total of ¥5.5 trillion in investments and loans over a five-year period, which is around 40% of the total for investments and loans during the medium-term management plan. In fiscal 2021, DBJ made ¥754.4 billion in investments and loans related to its GRIT Strategy, roughly 40% of the approximately ¥2 trillion in investments and loans it originated, excluding crisis countermeasure loans. I believe this represents significant progress in the initial fiscal year of the medium-term management plan. We have positioned fiscal 2022 as a year for producing results under the GRIT Strategy, and we intend to engage in more dialogue with customers than in fiscal 2021.

In May 2023, DBJ plans to unveil revised financial targets that take into consideration the lingering impact of the COVID-19 pandemic and significant changes in the external environment, such as international affairs and monetary conditions.

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 through these operations, as of March 31, 2022, we have extended ¥998.2 billion in investments and loans to a total of 152 projects for revitalizing regions and strengthening the competitiveness of Japanese companies. In addition to supplying growth capital through collaboration with financing, 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.

In May 2020, DBJ established the Growth Fund for Coronavirus Revival to help customers recover and grow back from the COVID-19 pandemic. In February 2021, DBJ created the Green Investment Fund to strongly support initiatives that help realize a greener society. In March of the same year, we also set up the DBJ Innovation and Life Sciences Fund to support innovation and sharpen competitiveness in the life sciences industry. At meetings of the Special Investment Operations Monitoring Board which convenes twice a year, the opinions of stakeholders are taken into consideration.

Development of Human Resources Focused on Best Practices in Sustainability Management

Sustainability management, a key aspect of the DBJ Group's value creation process, relies above all on personnel who share the core values of initiative and integrity in the pursuit of balancing economic and social value, and who display our four core corporate values inherited from DBJ's earliest days. Officers and employees of the DBJ Group have obtained the core corporate values of a 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 believe it is important to have systems in place that allow employees embodying the Group's values to be highly motivated to perform their duties. With many opportunities for study, the entire Group endeavors to train human resources who are able to take the initiative and engage in cutting-edge activities as financial professionals. To bring more flexibility to working patterns, we have introduced telecommuting and a flex-time work system, and we intend to enhance our paid childcare and caregiving leave programs. With an eye on improving diversity and inclusion across the DBJ Group, we are

fostering an organization where people from diverse backgrounds can work with inspiration.

Improving Collaboration with Stakeholders

Lastly, amid rapid changes in the external environment, the DBJ Group aims to be an organization that constantly monitors the issues faced by its customers and regions and tackles them with integrity, and that takes the initiative on the frontiers of finance. As a distinctly unique financial institution, DBJ is in position to contribute to the sustainable growth of Japan through growth among its customers and across regions.

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.

September 2022



Seiji Jige
President and CEO



Fifth Medium-Term Management Plan

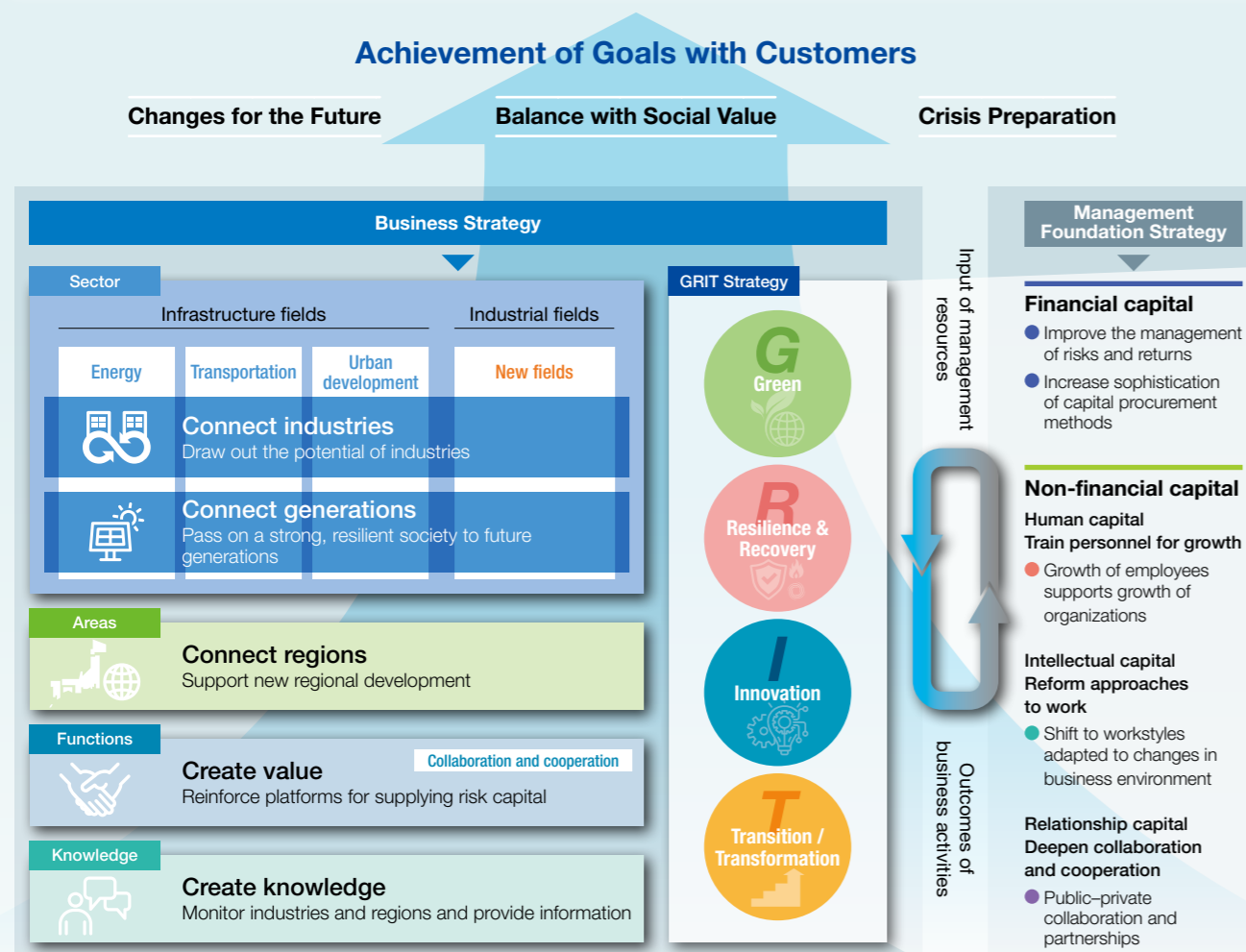
Fifth Medium-Term Management Plan

Since becoming a joint-stock company in 2008, the DBJ Group has implemented medium-term management plans with the objectives of increasing the supply of risk capital for integrated investments and loans and of advancing risk management functions.

Recently, sweeping changes have occurred in demographic and social structures, and social issues have become inseparable from the business challenges faced by our customers. While collaborating and cooperating with private financial institutions, the DBJ Group utilizes risk capital and its knowledge to help customers solve their issues and thereby contribute to sustainable growth. Against this backdrop, we formulated as an action plan our Fifth Medium-Term Management Plan*. Due to the still unpredictable impact the COVID-19 pandemic will have on the economy and society, the plan spans five years, longer than the three-year periods of previous plans.

* Fifth Medium-Term Management plan Connect and Value Creation—Innovation for Sustainability—

Response to Drastic Changes in the Economy and Society



Financial Targets

Fiscal 2025 targets (consolidated)	Profitability						Financial soundness
	Gross ordinary income*1	Net income attributable to owners of the parent	Cost ratio*2	Total assets	ROA*2	ROE*2	Risk-weighted capital ratio*3
	¥200 billion	¥85 billion	32%	¥21 trillion	1%	3%	14%

DBJ plans to disclose financial targets for fiscal 2025 after revising them in May 2023.

*1 Excludes credit costs
 *2 Cost ratio and ROA versus gross ordinary income. ROE versus net income
 *3 Common equity Tier 1 capital ratio (estimates on a finalized Basel III basis)

Progress on Fifth Medium-Term Management Plan

Crisis Response Operations

- Supported customers affected by the ongoing COVID-19 pandemic such as restaurants and hotels

Supplying Risk Capital

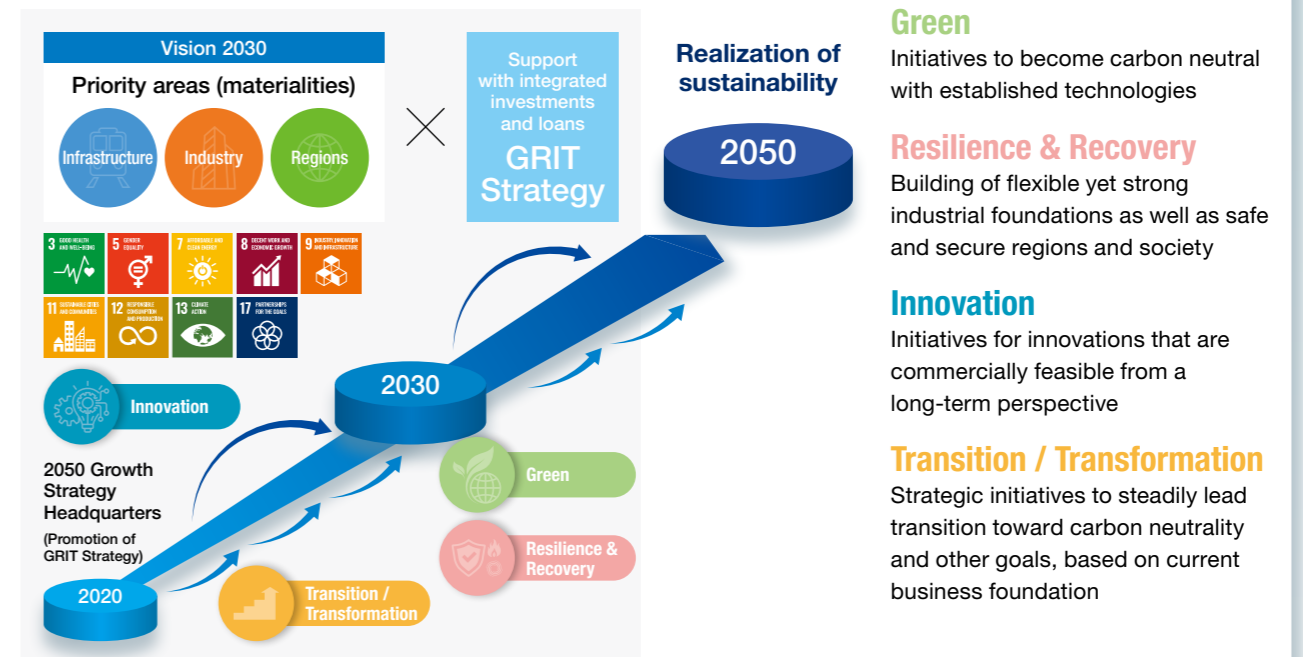
- Assisted customers recovering and growing back from the pandemic through the supply of risk capital for innovative fields, such as the securitization of real estate, as well as the reinforcement of the financial foundations of companies receiving risk capital

GRIT Strategy

- Extended **¥754.4 billion** in investments and loans related to the GRIT Strategy from April 2021 to March 2022 (comprising approximately 40% of total investments and loans, excluding Crisis Response Operations)
- Advanced initiatives in regions, such as the operation of and participation in regional councils for decarbonization, and the creation of sustainability financing, such as transition loans, in investment and loan services
- Reinforced intellectual capital, human capital and relationship capital via 2050 Growth Strategy Headquarters, raising the levels of knowledge across the Group and identifying issues from the customer's perspective in the initial fiscal year of the Fifth Medium-Term Management Plan

GRIT Strategy

In line with its long-term vision, the DBJ Group devised the GRIT Strategy as a core action for 2030, with the aim of contributing to the realization of a sustainable society by 2050 through the advancement of initiatives to marshal resources. While starting with the specific needs of customers, the GRIT Strategy aims to build industry foundations as well as resilient, safe, and worry-free regions and communities, along with the realization of a green society. Toward this goal, the DBJ Group is engaged in initiatives for innovations that can be commercialized and objectively assessed, as well as strategic initiatives for the transition to a sustainable society on the basis of its current business base. To advance the GRIT Strategy, DBJ set up the 2050 Growth Strategy Headquarters, directly led by the president.



Value Creation Story

Strategy

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Key Initiatives toward Realizing Sustainability

Key Initiatives toward Realizing Sustainability

We have tackled sustainability-related issues since the Japan Development Bank era, and engage in a variety of initiatives to realize a sustainable society through a business model built around integrated investments and loans, and consulting and advisory services.

History of Sustainability at DBJ

In tune with the changing times, the DBJ Group has assisted businesses with sustainability, including environmental stewardship, ever since the time when Japan began to seriously address the problem of industrial pollution.

1950-		1990-	
Events inside and outside Japan	DBJ initiatives	Events inside and outside Japan	DBJ initiatives
1953 Minamata disease 1958 Act on Regulation of Factory Effluent	Creation of pollution prevention loan programs 1960 Wastewater treatment loan program 1963 Soot prevention loan program	1993 Basic Environment Law	Creation of comprehensive loan programs for environmental measures
1967 Basic Law for Environmental Pollution Control 1968 Air Pollution Control Act	1970 Flue gas desulfurization loan program	2000 Basic Law for Establishing a Recycling-Based Society	1993 Established Research Center on Global Warming
1973 Oil crisis	1975 Resource recycling and energy conservation loan programs	2002 Kyoto Protocol	2004 Environmentally Rated Loan Program launched
1985 Vienna Convention for the Protection of the Ozone Layer	1988 Ozone layer protection loan program	2003 UNEP FI Global Roundtable, Tokyo	2006 Enterprise Disaster Resilience Loan Program launched
		2008 Global Financial Crisis	2011 BCM Rated Loan Program launched
		2011 Great East Japan Earthquake	2011 DBJ Green Building Certification Program launched
		2015 Paris Agreement	2012 Employees' Health Management Rated Loan Program launched
			2020 DBJ Sustainability Linked Loans with Engagement Dialogue created

Policy on Sustainability

To realize its mission of pursuing sustainable development for Japan and the world, the DBJ Group strives to achieve both economic and social value through its unique business activities by embracing sustainability management. In 2017, we formulated our Policy on Sustainability as a part of our efforts to continue to proactively engage in dialogue with all stakeholders and to enhance our value creation process.

Policies

- Sustainability management
- Financial capital and non-financial capital
- Contribution to a sustainable society
- Sustained growth of customers
- Self-reliant development of regions
- Cooperation with employees
- Invigoration and stabilization of financial markets
- Engagement with investors



<https://www.dbj.jp/en/sustainability/management/regular.html>

Please refer to the DBJ website for details on our Policy on Sustainability.

Environmental and Social Management Policy for Financing and Investment Activity

DBJ has formulated the Environmental and Social Management Policy for Financing and Investment Activity for businesses and sectors with a strong likelihood of having significant risks related to or negative impacts on the environment and society, in the interest of providing environmentally and socially sound investments and loans. This policy was put into practice in October 2021 and will be revised as deemed necessary in fiscal 2022.

Businesses subject to this policy

- Businesses prohibited from receiving investments and loans regardless of sector
- Businesses that require additional due diligence for investments and loans regardless of sector
- Policies for specific sectors (weapons, coal-fired thermal power generation, palm oil, lumber, coal mining, oil and gas, large-scale hydroelectric power)



<https://www.dbj.jp/en/sustainability/effort/resolution/investment.html>

Please refer to the DBJ website for more information about the Environmental and Social Management Policy for Financing and Investment Activity.

Sustainability Committee

Reporting to the Executive Committee, the Sustainability Committee deliberates on items related to both economic and social value as well as dialogue with stakeholders, in addition to policy responses and initiatives for various sustainability-related issues, including climate change.

Key Initiatives

DBJ is implementing the following initiatives in accordance with Vision 2030 and the Fifth Medium-Term Management Plan.

Promotion of the GRIT Strategy	<p>DBJ will advance initiatives from the customer's perspective based on its GRIT Strategy under the Fifth Medium-Term Management Plan to realize a sustainable society.</p> <p>GRIT Strategy: Realization of a sustainable society</p> <p>Green: Initiatives to become carbon neutral with established technologies</p> <p>Resilience & Recovery: Building of flexible yet strong industrial foundations as well as safe and secure regions and society P 17</p> <p>Innovation: Initiatives for innovations that are commercially feasible from a long-term perspective</p> <p>Transition / Transformation: Strategic initiatives to steadily lead the transition toward carbon neutrality and other goals, based on the current business foundation</p>
Initiatives in renewable energy	<p>With the aim of promoting the use of renewable energy, DBJ has engaged in the implementation of solar and wind power generation projects in Japan and participated in advanced case studies overseas. P 24</p>
Initiatives in DBJ Green Building Certification	<p>Established in 2011, DBJ Green Building Certification recognizes buildings with exceptional consideration for society and the environment and provides support to those who own and operate such real estate. P 28</p>
Issuance of DBJ Sustainability Bonds	<p>DBJ became the first issuer of green bonds in Japan in 2014, and has been issuing sustainability bonds each year since 2015. P 45</p>
Endorsement of the Poseidon Principles	<p>DBJ has become a signatory to the Poseidon Principles, a commitment to help address climate change in the marine transportation industry from a financial perspective. P 22</p>
Initiatives in evaluation certification programs	<p>DBJ supports the efforts of its customers on issues related to the environment, disaster prevention, and health management, through a menu of investments and loans that take into account a company's non-financial information, using DBJ's proprietary screening system. It has also created DBJ Sustainability Linked Loans with Engagement Dialogue as a way to improve the visibility of customer initiatives on sustainability through dialogue. P 20</p>
Adoption of the Equator Principles	<p>In accordance with the Equator Principles, DBJ will identify the environmental and social risks associated with a project, assess their impact, and request that the project operator take the necessary measures to mitigate these risks and their impacts. P 54</p>
Initiatives based on the TCFD recommendations	<p>DBJ aims to become carbon neutral by 2050 and is advancing initiatives based on the results of analysis of the scenario where average global temperatures rise more than 2°C. It is also considering scenarios for achieving a carbon-free society (i.e., the scenario where average global temperatures rise less than 2°C), identifying risks and opportunities along the way. P 52</p>

Key Initiatives toward Realizing Sustainability

Key Initiatives toward Realizing Sustainability

Dialogue with Customers

The DBJ Group has honed its ability to engage in dialogue with its customers on non-financial matters to help them attain sustained growth while working to solve social issues.

DBJ Sustainability Evaluation Certification Program

The DBJ Sustainability Evaluation Certification Program is a menu of financing options based on the non-financial information of companies screened with DBJ's proprietary systems.

Having launched the world's first environmentally rated loan program in 2004, DBJ introduced the BCM Rated Loan Program in 2006 and the Employees' Health Management Rated Loan Program in 2012.

The most important feature of these programs is the evaluation process, which emphasizes direct dialogue with customers. We engage in conversations with clients about their initiatives in order to fill in gaps around publicly available information. Once the evaluations are complete, DBJ provides clients with feedback on the results, using this as an opportunity to point out issues that need to be addressed and help management step up their practices.

Transition Loans

Transition loans are a form of financing designed to help companies reduce greenhouse gas (GHG) emissions based on their long-term strategies. By helping customers address climate change, we are moving toward the realization of a carbon-free society.

Sustainability Management Consulting Services

DBJ provides its customers with tailor-made consulting services in addition to a diagnosis of their overall sustainability management. Through these services, we help our customers maintain and update the foundations of their sustainability management, from formulating long-term visions and identifying materiality, to adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

DBJ Sustainability Linked Loans with Engagement Dialogue

Sustainability linked loans are financing that encourages the sustainable growth of borrowers and society by linking loan terms and conditions to the achievement of sustainability performance targets (SPTs) that align with the sustainability strategies of borrowers.

DBJ Sustainability Linked Loans with Engagement Dialogue support customers' achievement of SPTs, determining through dialogue the optimal motivational targets for increasing the sophistication of their sustainability management. Through the dialogue process, customers gain a visual map of their sustainability initiatives, which has the added benefit of providing them with a publicity boost.

Transition Business Promotion Office

DBJ established the Transition Business Promotion Office under the Business Planning & Coordination Department in April 2022 as an organization tasked with promoting investments and loans to help with the transition to carbon neutrality, based on our belief in the importance of providing consistent support for an open and responsible transition to carbon neutrality while engaging in dialogue with customers.

We will encourage the use of hydrogen and ammonia, new sources of energy that will be important in this transition, along with storage batteries. We will go beyond efforts to help individual companies as, while we believe that it is important to collaborate and move forward with them, we must also factor in the unique characteristics of regional areas and a diverse range of related industries and parties. The Transition Business Promotion Office aims to advance cross-regional and cross-sector efforts to transition to a carbon-free society while consolidating knowledge of each sector.

In addition, DBJ is strengthening the development of its sustainability management consulting services (described on the left) and offering tailor-made consulting services and diagnosis of sustainability management for its customers. Working in tandem with our investments and loans functions, through consultancy and deeper conversations with customers, we aim to assist them with business transitions.

Track Record in Sustainability Finance

	Environmentally Rated Loan Program	BCM Rated Loan Program	Employees' Health Management Rated Loan Program	DBJ Sustainability Linked Loans with Engagement Dialogue and transition loans	Total
No. of deals in fiscal 2021 (cumulative)	29 (748)	25 (421)	18 (252)	7 (9)	79 (1,430)
Total amount of loans	¥1,668.4 billion	¥536.0 billion	¥332.0 billion	¥85.5 billion	¥2,621.9 billion

Improvement in Corporate Value through Visualization of Social Value

DBJ contributes to the creation of a sustainable society aligned with the Sustainable Development Goals (SDGs) by providing professional, innovative approaches to resolving various issues faced by its customers in important domains (infrastructure, industry, and regions) that it has defined through dialogue with stakeholders and its experience to date.

While helping customers resolve the issues they face, the DBJ Group has identified nine SDGs that it can contribute to as a Group, as well as other challenges unique to Japan, an advanced country with issues that do not fit neatly into the categories of the SDGs.



In fiscal 2020, we joined the UNDP's SDG Flag Campaign with the objective of visualizing social issues and improving sustainability literacy within the Group. Through SDG Flag, we will continue moving ahead with initiatives to advance the visualization of social value in line with our strategy of realizing a sustainable society, outlined in our Fifth Medium-Term Management Plan, which started in fiscal 2021.

Through the advancement of our GRIT Strategy based on these categories, we are contributing to the attainment of SDGs.



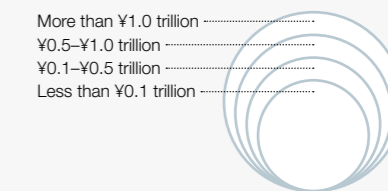
SUSTAINABLE DEVELOPMENT GOALS



Achievements in Fiscal 2021

Scope: Fiscal 2021 investments and loans
 Total amount: ¥3,222.6 trillion
 Calculation method: The following process was used by all DBJ employees.

- STEP 1 Select up to two SDGs categories for each person in charge to contribute to
- STEP 2 Check fairness of mapping (reviewed by a special department)
- STEP 3 Express monetary amounts (verified twice) in five stages



(Note: Crisis countermeasure loans in fiscal 2021 are counted as initiatives that contribute to SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.)

Key Initiatives toward Realizing Sustainability

Participation in Initiatives



Initiatives to Address Climate Change: Endorsement of Poseidon Principles

While collaborating with global financial institutions, DBJ has endorsed the Poseidon Principles, a framework for the marine transportation sector to address climate change. Every year, we disclose our level of contribution to the reduction of GHG emissions through our portfolio of investments in and loans for ships.



Poseidon Principles Annual Disclosure Report 2021

Initiatives in Natural Capital and Biodiversity: Participation in TNFD Forum

DBJ proactively participates in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum with the awareness that protecting natural capital and biodiversity and addressing climate change are equally important in realizing a sustainable society.



Initiatives in Decarbonization: Endorsement of GX League Basic Concept

DBJ has endorsed the Ministry of Economy, Trade and Industry's green transformation initiative, GX League, to facilitate collaboration between industry, government and academia as companies strive to grow whilst attempting to implement green transformation, keep pace with changes in society, and move toward carbon neutrality by 2050.



Training Human Resources to Support Sustainability Management

Creating Educational Textbooks and E-Learning Classes

In order to accelerate its GRIT Strategy and promote sustainability management, DBJ has created textbooks about GRIT and sustainability, with a glossary of terminology and facts compiled from relevant organizations within the Group. Group employees take e-learning classes, taking note of past sustainability trends and sharpening their understanding of terminology. These educational programs increase shared awareness of sustainability throughout the Group and inform more engaging dialogue with customers and related parties.



GRIT and sustainability textbooks

Updates to Information Aggregation Systems

DBJ has set up a GRIT and sustainability portal on its intranet as a central place for gathering information about domestic government policy, overseas trends, and DBJ Group initiatives. We are working to improve sustainability literacy across the entire organization using the latest information.



GRIT / sustainability portal

Implementation of Training within DBJ

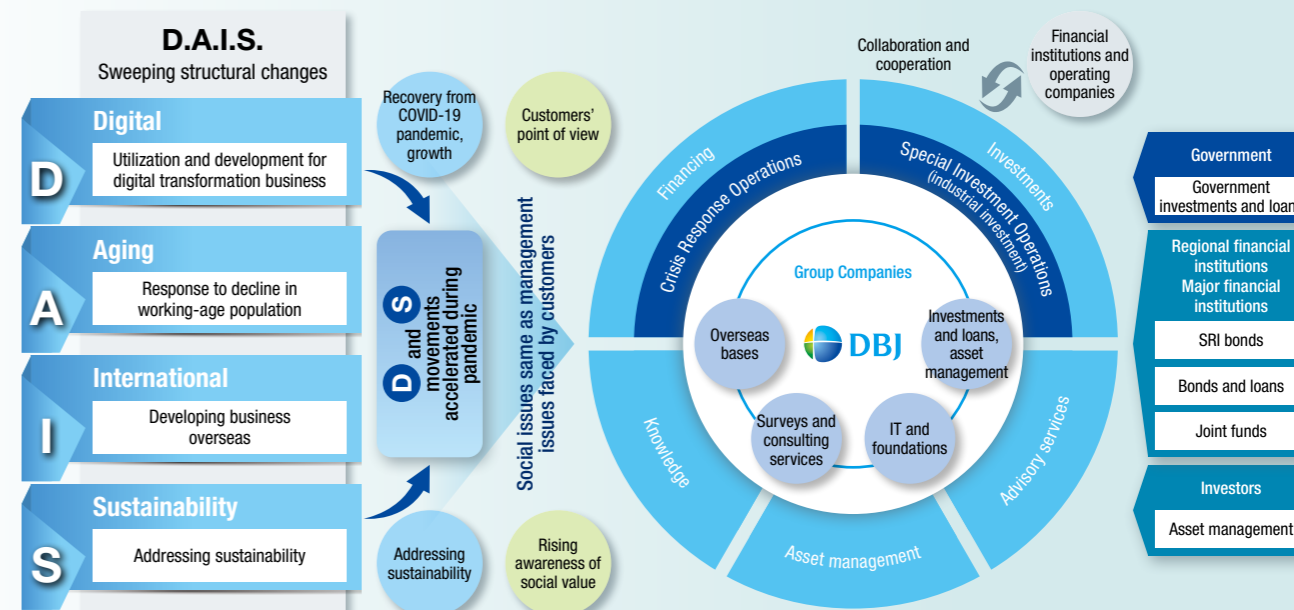
In fiscal 2021, DBJ held 12 training sessions for executives and employees at the 2050 Growth Strategy Headquarters Meeting, examining important matters and sharing knowledge within the Group. We invited attorneys to lead study sessions about business and human rights as a part of efforts to spread the latest specialized knowledge to all employees.



Seminar on business and human rights

Invigoration and Stabilization of Financial Markets through Partnerships and Collaboration

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 and know-how 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 such forms as surveys and analyses.

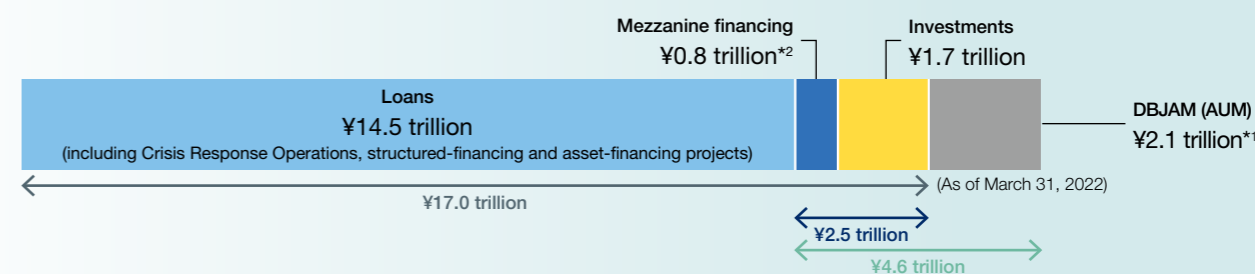
Crisis Response Operations and Special Investment Operations

Crisis Response Operations and Special Investment 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, including loan and investment operations such as crisis response loans for emergencies (see pages 38-39), and risk-tailored project financing (¥14.5 trillion balance), as well as Special Investment Operations (see pages 36-37), such as operations to supply risk capital, like investments and mezzanine financing (about ¥2.5 trillion), out of the DBJ Group's balance of investments and loans (about ¥17.0 trillion).

DBJ Asset Management Co., Ltd. (DBJAM) has ¥2.1 trillion in capital entrusted by investors, regional financial institutions, and other clients desiring expert fund management. In its work in asset management, DBJAM focuses on assets that allow the DBJ Group to best apply its strengths. Combined with the entrusted assets at DBJAM, the entire DBJ Group handles approximately ¥4.6 trillion in risk capital. 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 crisis response projects and structured financing projects are eliminated from mezzanine financing.

Rebuilding and Reinforcement of Infrastructure

Energy Sector

The DBJ Group will contribute to the realization of a decarbonized society worldwide and to the growth of Japanese energy companies by taking a leadership role in the financing of transformation in Japan's energy markets.

Main Business Fields

The DBJ Group provides financing and advisory services 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, 2022 ¥3.2 trillion

Social Issues

- Changes in macro structure, such as population
- Response to climate change-related issues:
 - Declaration of 2050 carbon neutrality, reduction of greenhouse gas (GHG) emissions by 46% by fiscal 2030
 - Growing importance of transition financing road maps to achieve targets
- Impact from rising resource prices worldwide, higher energy costs
- Tight supply–demand balance for electricity, stable supply of electricity
- Trends in decarbonization technologies and innovations
- Progress in digitalization

Risks and Opportunities

- Delays in the transformation of industry structures and the supply–demand structure for energy to address changes in the global environment, decarbonization, and the acceleration of digitalization
- Possibility that initiatives to transform industry structures and energy supply–demand structures will lead to stronger industrial competitiveness and further development of Japan
- Opportunities arising from innovation on software and hardware fronts

Strategy

In recent years, the movement toward decarbonization across Japanese society has accelerated. In October 2020, the Japanese government declared its target of achieving carbon neutrality by 2050. In April 2021, it unveiled its target for reducing GHG emissions by 46% by fiscal 2030, before aiming for an even higher reduction of 50%. In February 2022, the Ministry of Economy, Trade and Industry announced a transition financing road map for the electricity, gas, and oil sectors, and Japanese companies began to examine concrete transition pathways to a decarbonized society.

However, there are still many challenges in Japan's energy supply–demand structure. With nuclear power plants still offline, energy facilities built during Japan's period of rapid growth have deteriorated with age, raising concerns about the tightness of supply–demand conditions for electric power. Moreover, rising resource prices around the world, due in part to Russia's invasion of Ukraine, are also a problem. There are many issues that need to be directly addressed from multiple angles, such as ensuring energy security, curbing energy costs, and securing a stable supply of energy.

With such issues accumulating in the energy sector, the DBJ Group is working together with customers directly affected by these issues to find solutions through deeper

dialogue. While maintaining relationships built up with customers in the energy sector, the Group is concentrating on smoothly providing financing, including risk capital, with the proactive inclusion of new financing methods that are highly compatible with environmental, social, and governance (ESG) criteria. In particular, we are coordinating with other financial institutions to meet demand for capital for renewable energy projects based on the transition financing road maps of individual companies. Through these initiatives, the DBJ Group supports industry-wide innovation and efforts toward carbon neutrality.

Overseas, the DBJ Group is involved in investments and loans for renewable energy projects in a bid to help realize decarbonization at a global level. Utilizing the experience and knowledge it has gained through transactions in leading markets, the Group assists with the transformation of the industry structure in Japan and helps companies strengthen their competitiveness.

Moreover, through asset management operations in the energy sector, the DBJ Group endeavors to nurture markets that bring together the capital of institutional investors and to create investment opportunities that move Japan and the rest of the world closer to carbon neutrality.

GRIIT Strategy × Project Spotlight

Contributing to the Realization of a Carbon-Neutral Society through Strategic Joint Investments in Renewable Energy

In June and July 2021, the DBJ Group, along with The Kansai Electric Power Co., Inc., and Osaka Gas Co., Ltd., acquired four renewable energy plants in Japan from Etrion Corporation, a Canadian renewable energy company.

The Kansai Electric Power Group and the Daigas Group are promoting efforts that contribute to the environment, with the aim of achieving carbon neutrality by 2050 through initiatives to own, spread, and expand solar power and other renewable energy resources.

Beginning with joint investments with these two companies, the DBJ Group is assisting customers' efforts toward carbon neutrality by 2050 through the supply of risk capital for renewable energy projects, such as solar and wind power generation projects, both domestically and internationally.



Shizukuishi Solar Power Plant



<https://www.dbj.jp/case/list/?field=energy>
Please refer to the DBJ website to see examples and case studies (Japanese only) in the energy sector.



Rebuilding and Reinforcement of Infrastructure

Transportation Sector

The DBJ Group aims to provide financial leadership for 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

The DBJ Group provides 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, 2022 ¥3.2 trillion

Social Issues

- Impact of the COVID-19 pandemic
- Shrinking population, declining birth rate, and aging population
- Maintenance of safe, secure, and sustainable transportation infrastructure
- Increase in movement of people and goods, creation of new services, and reduction of environmental burdens on path to upgrade transportation infrastructure

Risks and Opportunities

- Sustainable growth in transportation sector, solutions to problems for making networks more advanced
- Proactive contributions to global frameworks for decarbonization

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, the DBJ Group will further strengthen its optimal financing 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, the Company will provide financing opportunities to Japanese regional banks and other financial institutions and investors in the global transportation financing market through improved syndicated loans. Additionally, the DBJ Group will focus on providing a range of investment products based on transition financing and investment.

Proactively contributing to global-scale frameworks for decarbonization will be essential for facilitating the borderless movement of people and goods. The DBJ Group became a signatory to the Poseidon Principles to contribute financial resources for addressing climate change in the marine transportation sector, which will be key to achieving the International Maritime Organization's targets for reducing GHG emissions over the medium and long term. To truly understand the issues faced by its customers, the DBJ Group will continue to offer financial solutions tailored to diverse needs and act as a bridge between the global transportation financing market and Japan's financial market.

GRI T Strategy X Project Spotlight

Arrangement of Syndicated Transition Loan for Mitsui O.S.K. Lines to Acquire Two LNG-Fueled Ferries

Mitsui O.S.K. Lines, Ltd. (MOL), a leading shipping company in Japan, unveiled in June 2021 the MOL Group Environmental Vision 2.1, setting an industry-leading goal of achieving net-zero emissions for the entire MOL Group by 2050 by introducing 90 LNG-fueled vessels by 2030 and around 110 net-zero emissions vessels by 2035. As a part of this strategy, the MOL Group was the first company in Japan to introduce two LNG-fueled ferries (the *Sunflower Kurenai* and the *Sunflower Murasaki*) for service on the Osaka–Beppu route. The DBJ Group arranged a syndicated transition loan with 11 banks centered on regional financial institutions located in western Japan, near the planned routes for the ferries and the shipyards where the vessels will be constructed. This is the first transition loan selected by the Ministry of Economy, Trade and Industry as a Climate Transition Finance Model Project. By arranging this loan, the DBJ Group provided financial support for the decarbonization of the maritime transportation sector and the MOL Group.



MOL's Sunflower Kurenai



<https://www.dbj.jp/case/list/?field=transport>

Please refer to the DBJ website to see case studies (Japanese only) in the transportation sector.



Rebuilding and Reinforcement of Infrastructure

Urban Development Sector

Identifying and taking social issues into account, the DBJ Group contributes to the development of the real estate finance market, growing alongside cities by offering appropriate support with the maintenance, upgrading, and expansion of urban functions.

Main Business Fields

The DBJ Group provides 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, 2022 ¥1.9 trillion

Social Issues

- Changes in social values due to decline in working-age population, workstyle reforms
- Changes in lifestyle environments amid declining birth rate and aging population
- Social and economic changes due to COVID-19 pandemic
- Response to globalization and sharpening international competitiveness of cities
- Response to climate change, energy conservation and creation in real estate, decarbonization
- Addressing of environmental, social, and governance (ESG) issues, including strengthening resilience of cities
- Response to technological innovation (smart cities, etc.)

Risks and Opportunities

- Need to redefine value proposition and meaning of real estate (offices, etc.) amid declining working-age population and changes in social values
- State of new community creation envisioning changes in society and the economy (housing, retail, logistics, tourism, etc.)
- Acceleration of ESG and digitalization initiatives and new business creation in real estate sector

Strategy

The DBJ Group will facilitate urban development through the supply of risk capital, including financing for developers, REITs, and individual development projects. The field of urban development is large in business scale, and it has a major impact on society through investments, loans, and real estate management because of its broad reach that affects the livelihoods of people in Japan. Companies, society, people's lifestyles and the entire urban development field are being affected by declining birth rates, an aging population, the declining working-age population, and climate change. The business models of our customers may also have to change rapidly. In an environment with such growing uncertainties, for the urban development sector seeing cyclical, long-term changes in value alongside changes in the social landscape, the DBJ Group believes it is essential to take a long-term, public perspective in projects and nurture the social trust it has gained through public-mindedness over many years. While considering these value systems, we provide multifaceted and comprehensive financial solutions for our customers.

With diverse investors becoming involved in global real estate investment, the DBJ Group will play the increasingly

important role of connecting real estate, a local asset, to global financial markets through its locally based ability to gather information, forge relationships, and respond to issues.

In the ESG field, since 2014, DBJ and Japan Real Estate Institute (JREI) have continued to jointly operate DBJ Green Building Certification, which was created in 2011 as a system to evaluate and certify real estate from an environmental and social perspective. We will reflect real estate value in the certification system while continuing to promote the spread of DBJ Green Building Certification in partnership with JREI.

Arc Japan Inc. (Arc Japan) was established in 2021 as a company engaged in the data platform business for advancing the decarbonization of society through the monitoring of environmental impact in real estate. The DBJ Group and Arc Japan provide frameworks that improve the visibility of the environmental performance of real estate and efforts to improve lead to financing, in a bid to improve the sustainability of domestic real estate and support the decarbonization of society.

GRIIT Strategy × Project Spotlight

Investment in SPC to Develop a Wooden Office Building in Sendai City

In conjunction with regional financial institutions, the DBJ Group invested in a special purpose company (SPC) created to develop an environmentally friendly office building with a mixed wood and steel structure in Sendai City.

To realize a sustainable society, in the real estate sector, expectations are mounting for companies to reduce CO₂ emissions throughout the life cycle of a building, including construction, usage, and the manufacture and disposal of materials. Using wood for building construction has less impact on the environment than fabricated materials, and the carbon storage effect of wood itself is a promising way to reduce CO₂ levels. The forestry industry, however, also needs support with improving its supply chain.

The SPC was set up to advance innovative efforts by concentrating the management resources of project participants. In addition to sharpening competitiveness, this project aims to strengthen supply chains by improving systems for supplying wood materials and to help revitalize regional economies. The DBJ Group provides assistance for this project through its Green Investment Fund, a funding framework in the Special Investment Operations scheme.



Perspective diagram for the project in Kokubuncho, Sendai City



<https://www.dbj.jp/en/case/list/?field=development>

Please refer to the DBJ website to see examples and case studies in the urban development sector.



https://www.dbj.jp/en/service/program/g_building/

Please refer to the DBJ website to see more information about DBJ Green Building Certification.



Creation, Conversion, and Growth in Industry

Industrial Sectors

In industrial fields with accelerating initiatives across existing sector boundaries, such as restructuring and tie-ups across sectors, the DBJ Group contributes to the reinforcement of Japan's industrial competitiveness as an incubator that creates new businesses and markets.

Main Business Fields

- The DBJ Group provides financing and advisory services for companies and projects in industrial sectors.
- ▶ Manufacturing ▶ Communications, broadcasting, media
 - ▶ Retail and foods ▶ Healthcare
 - ▶ Hotels, Japanese-style inns, tourism, etc.

Social Issues

- Response to changes in industrial structure on pathway toward carbon neutrality
- Securing of a strategic domestic industrial foundation
- Promotion of innovation with scientific technologies to ensure Japan's technological edge
- Inadequate support for start-ups

Risks and Opportunities

- Innovating in financial technologies, such as fintech
- Providing unique added value to solve issues for customers
- Reinforcing business foundations through measures such as industry restructuring
- Promoting innovation for commercializing new technologies
- Creating new industries through industry-wide initiatives
- Supporting start-ups and other venture firms

Strategy

Backed by our deep specialist knowledge of the industrial sectors we cover and of individual customers, we fully leverage our unique network rooted in various financing functions, knowledge, utility, and neutrality to support our customers and resolve issues in diverse fields. Such customer support encompasses assisting with growth, sharpening competitiveness, rebuilding business portfolios, developing new businesses, generating business overseas, collaborating with other companies and sectors, optimizing capital policies, and cooperating with government industrial policy.

In 2020, DBJ established the Chief Industry Strategy Office to oversee the Corporate Finance Department, Division 1, and Corporate Finance Department, Division 2, with the aim of creating new industries across sector boundaries. This office will tackle issues that are common among industries in order to connect disparate industries across existing boundaries related to innovation, sustainability, and business transition.

In response to efforts toward carbon neutrality, the DBJ Group offers sustainability financing that assists activities in

carbon recycling and resource recycling, while providing risk capital and advisory services to customers reforming their business portfolios with the aim of accelerating the movement toward carbon neutrality. We also provide financing and knowledge for initiatives to develop technologies related to hydrogen, ammonia, and other carbon-free fuels, as well as to advance next-generation air mobility. Moreover, we offer support from both financing and knowledge angles for digital transformation initiatives in each industry and projects to update information and communications technology infrastructure, the needs for which are increasing due to 5G, the Internet of Things, and similar technologies.

To realize this, the DBJ Group will strengthen team capabilities by deepening internal collaboration and improving the skills of individual employees, with a focus on their ability to make proposals.

GRIT Strategy × Project Spotlight

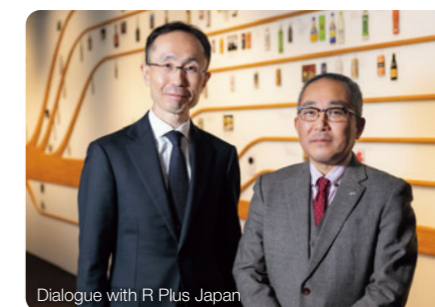
Contributing to Realization of Plastic-Recycling Society through Capital Participation in R Plus Japan

The DBJ Group invested in R Plus Japan, a company working to develop and commercialize technologies for recycling used plastic.

In recent years, attention has increasingly focused on the impact of plastic on marine life and on the large amounts of CO₂ that are emitted when plastic is produced and discarded. More attention is being paid to the recycling of used plastic and other methods for solving this social problem.

Using the technologies being developed by R Plus Japan, it may be possible to recycle plastic efficiently with low environmental impact, by using a streamlined recycling process to limit CO₂ emissions and energy consumption compared with conventional recycling technologies.

By investing in R Plus Japan, the DBJ Group is helping to strengthen the competitiveness of industry while moving another step toward a plastic-recycling society.



Dialogue with R Plus Japan

Society 5.0 Investment Program

The Society 5.0 Investment Program is a framework for investing in activities that contribute to the creation of a more sustainable society, while aiming to create new industries with new value systems to solve social issues in Japan. It has invested in four companies since its creation in 2020.

- Society 5.0 calls for a human-centric society that balances economic development with solving social issues, using advanced systems that combine cyberspace and physical space.

Company name	Business domain (new sector classifications)
Exergy Power Systems, Inc.	Next-generation nickel-hydrogen storage batteries (batteries × services)
SkyDrive Inc.	Flying cars and drones (automobiles × aircraft)
CROSS SYNC INC.	Remote ICU and medical digital transformation (healthcare × digital)
FLOSFIA Inc.	Next-generation power semiconductors (materials × energy)



<https://www.dbj.jp/case/list/?field=industry>
Please refer to the DBJ website to see examples and case studies (Japanese only) in industrial sectors.



Self-Reliance and Revitalization of Local Economies

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 No. of Business Alliances with Financial Institutions

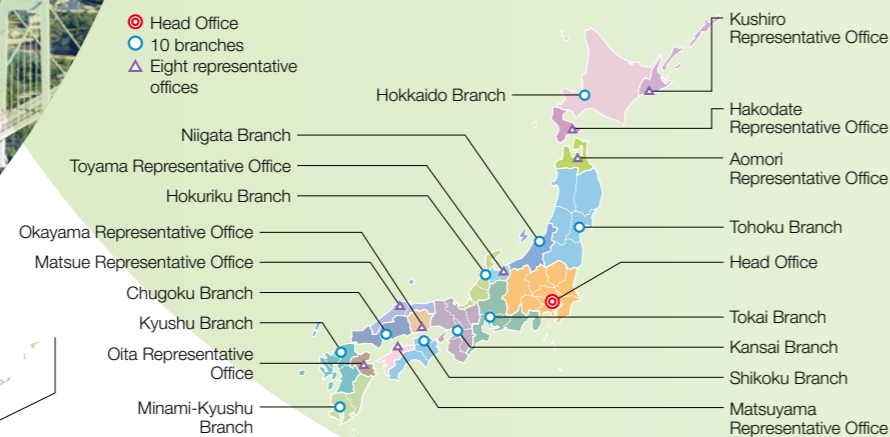
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Social Issues

- Medium- to long-term decline in population
- Impact of COVID-19 pandemic on industries that depend on non-resident populations, such as tourism
- Shortages of people in charge of promoting sustainability in regions

Risks and Opportunities

- Possibility of stronger regional demand as a result of work-style reforms and changes in supply chains
- Growth strategies, including overseas business development, of regional companies
- Maintaining of regional companies and increases in value thereof through business rebuilding and business succession
- Providing assistance for initiatives for decarbonization in collaboration with regional financial institutions



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

Please go to the DBJ website to see the areas supported by each branch (Japanese only).

Strategy

We provide the following services to support new regional developments.

Collaboration with Regional Financial Institutions

Recently, we held three series of DBJ Sustainability Seminars for regional financial institutions across Japan, covering a wide range of topics specific to their fields, amid increasing expectations for regional financial institutions to act as drivers of sustainability in their regions. We also offer consulting services that help the customers of regional financial institutions introduce sustainability management. In addition to finance, the DBJ Group disseminates information and provides consulting to support the resolution of regional issues in collaboration with regional financial institutions.

Provision of Overseas Information on M&A Deals, etc.

As a part of our efforts to revitalize regions through regional financial institutions, we create merger and acquisition (M&A) opportunities for regional companies through our M&A network of regional banks to address various management issues, such as carbon neutrality, business restructuring, and succession at regional companies, as well as the expansion of business domains, including overseas.

Provision of Knowledge

The DBJ Group conducts research and creates plans for the benefit of industry and regions, such as assisting the efforts of regional carbon-neutral promotion councils. We also support the formation of public-private collaboration projects, such as pay-for-success (PFS) contracts and social impact bonds (SIBs), with the Social Impact Assessment Team of the Japan Economic Research Institute Inc. The DBJ Group researches and reports on the strategies of tourism cities in light of the impact of the COVID-19 pandemic. We also examine social value provided by events that stimulate interactions among people, such as sports, music, cultural, and artistic events. Through these and other efforts, the Group provides knowledge aimed at sustaining unique regional resources and discovering new ones to attract people.

G R I T Strategy × Project Spotlight

Launch of Japan's First Nationwide Search Fund: Providing New Solutions for Business Succession

Along with Nihon M&A Center Inc. and Career Incubation Inc., the DBJ Group established Search Fund Japan, Inc. for the purpose of solving issues affecting domestic small and medium-sized enterprises (SMEs), such as the lack of successors to take over control of businesses, and launched an investment business based on the search fund model for the entire nation, a first in Japan. A search fund is a type of private equity fund that was conceived in the U.S. to help SMEs find successors—in other words, people interested in becoming managers—with the support of investors in the search fund. It is designed to reignite the growth of a company with successors becoming managers of that company. Through the greater use of search funds, the DBJ Group aims to sharpen the competitiveness of Japanese companies by matching SMEs with young people who are interested in becoming managers, thereby rekindling growth of SMEs as talented personnel take control of operations, while training personnel for management positions and solving the regional problem of business succession at SMEs.



Manager meeting

Self-Reliance and Revitalization of Local Economies

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

The DBJ Group's subsidiaries in London, Singapore, Beijing (including a branch office in Shanghai), and New York coordinate its operations overseas.

Social Issues

- Recovery of global economy from the impacts of the COVID-19 pandemic
- Technological advances and innovations to achieve global aim of carbon neutrality
- Rising geopolitical risks caused by Russia's invasion of Ukraine, changes in global supply chains due to the invasion, and countries strengthening their economic and energy security

Risks and Opportunities

- Rising geopolitical risks caused by Russia's invasion of Ukraine, global inflation concerns
- Reemergence of needs for global business development among Japanese companies as stalled economy recovers from the impacts of the COVID-19 pandemic
- Increase in demand for sustainability and transition finance in fields of energy, industry, and infrastructure amid movement toward carbon neutrality



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

Please refer to the DBJ website to see the Regional, Industry, and Economic Report (Japanese only).



Strategy

The DBJ Group engages in overseas operations and brings back the knowledge it gains overseas to Japan, based on sector strategies that encompass overseas service and location strategies. To achieve this, the DBJ Group will take into account its GRIT Strategy, a key measure in the Group's Fifth Medium-Term Management Plan, as well as trends in sustainability finance for carbon neutrality, a topic being discussed in each overseas region. At the same time, the DBJ Group is monitoring both the recovery of overseas economies affected by the global COVID-19 pandemic and the impact of the increasing geopolitical risks in each area from the Russia-Ukraine conflict.

- (1) In infrastructure fields such as energy and transportation, as well as in industrial sectors such as food and agriculture, based on integrated strategies for Japan and the world, the DBJ Group provides assistance to domestic industries for overseas development, as well as investments and loans, including from the standpoint of bringing advanced knowledge to Japanese markets from overseas. To achieve this, the DBJ Group works through the department in charge of sector strategies, and the department in charge of investment and loan functions, such as investments and structured finance, together with its overseas bases.

- (2) The DBJ Group helps solve issues associated with entering overseas markets by leveraging its research and advisory functions and by utilizing investment functions when needed in line with the overseas business development needs of its customers in industrial fields, including in each region of Japan. Leveraging the functions of our overseas bases, we are building systems able to offer support not only in Japan but also locally from overseas locations.

- (3) DBJ Group companies provide investors in Japan with opportunities to invest overseas through the asset management business of investing in infrastructure assets and companies. By utilizing the activities mentioned in (1) and (2), we aim to generate synergies with the asset management business by working to obtain investment opportunities overseas.

To achieve the above, the DBJ Group is strengthening fields where it can leverage its abilities to the utmost at each overseas base, while concentrating resources on functions such as networking, sourcing, negotiation support, monitoring, and research at overseas bases. Additionally, we are upgrading each type of operating base with the aim of advancing overseas business and base strategies centered on these sector strategies.

GRIT Strategy × Project Spotlight

Participation in Brookfield Global Transition Fund, an Infrastructure Fund for Transition Issues

Transition finance supports industries with the transition to carbon neutrality. Although a central part of the DBJ Group's GRIT Strategy, application of transition finance to specific projects has not been established in Japan. The DBJ Group believes Japanese companies need to better understand overseas trends and specific projects in order to further their transitions to carbon neutrality. For this reason, DBJ decided to participate in Brookfield Global Transition Fund (BGTF) in December 2021, which leverages Brookfield Asset Management's experience in renewable energy investment projects and is co-headed by global transitions expert, Mark Carney. After executing this investment, our investment team have worked to deepen their understanding of transition finance operations through studying BGTF's investment projects. DBJ is pleased to be working with Mr. Carney, who is Brookfield's Vice Chair and head of transition investing, BGTF's Investment Committee member, and the United Nations Special Envoy on Climate Action and Finance, and our management team has taken part in discussions with him about global trends in the transition to carbon neutrality and the current state of Japan's transition.



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.

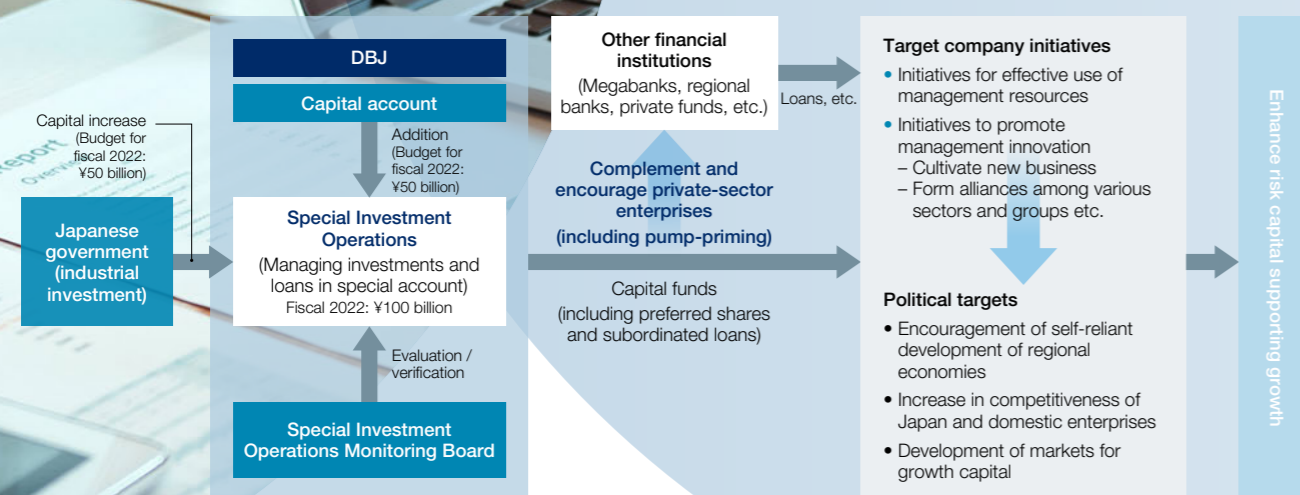
Outline

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 utilizes its expertise 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, draws 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 made ¥998.2 billion (as of March 31, 2022) in investments and loans (152 projects in total), the first ¥962.1 billion of which has spurred ¥6,231.3 billion in private-sector investments and loans.



Overview of Special Investment Operations

DBJ Innovation and Life Sciences Fund

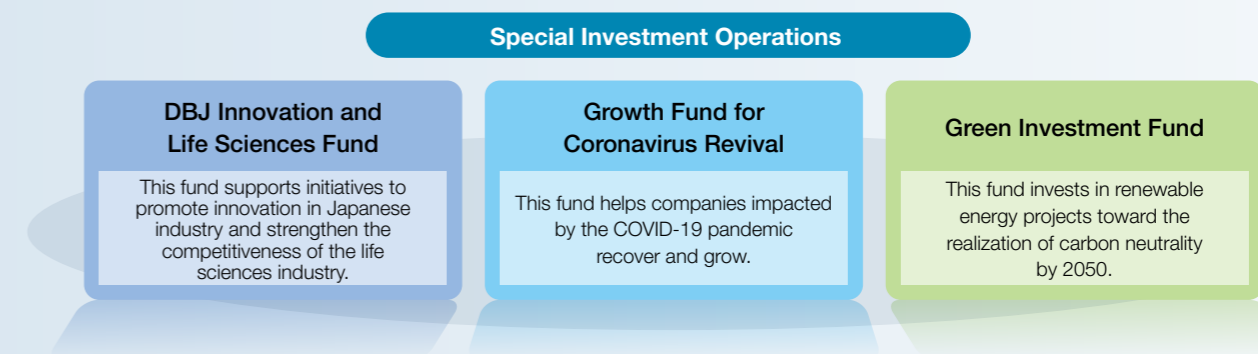
In light of the Cabinet's July 2020 announcement of its Follow-up on the Growth Strategy, in March 2021 we renamed the DBJ Innovation Ecosystem Invigoration Fund, launched in March 2020, as the DBJ Innovation and Life Sciences Fund, to clarify our support for strengthening the competitiveness of the life sciences industry. This fund is for supporting startup firms.

Growth Fund for Coronavirus Revival

In May 2020, this fund was established to help businesses affected by the COVID-19 pandemic rapidly and steadily recover and grow, in reflection of the April 7, 2020, Cabinet decision Emergency Economic Measures to Cope with COVID-19.

Green Investment Fund

This fund was created in February 2021, to support businesses that aim to improve the sustainability of natural resources and the environment, such as renewable energy businesses, in consideration of the December 8, 2020, Cabinet decision Comprehensive Economic Measures to Secure People's Lives and Livelihoods toward Relief and Hope.



GRIT Strategy X Project Spotlight

Support for Start-Ups Aiming to Create a Future Healthcare Provision System that Realizes ICU Anywhere

CROSS SYNC Co., Ltd. was established as a "Yokohama City University venture capital firm" by doctors working in the intensive care units of hospitals affiliated with Yokohama City University. With the intention of reducing the number of deaths and patients who rapidly decline in health, CROSS SYNC is developing and operating the iBSEN application for constantly analyzing medical data and enabling the remote simultaneous monitoring of multiple patients based on their vital signs and diagnostic images. Through its Special Investment Operations, DBJ invested in CROSS SYNC along with Konica Minolta, Inc., Toyota Tsusho Corporation, and FINDEX Inc. based on its innovative concept of supporting acute-stage healthcare, through the combination of the expert knowledge of practicing physicians with artificial intelligence and other information technology to identify and display relevant data for the patient's healthcare needs, and quickly determining and sharing the healthcare priorities of patients.

The DBJ Group will dispatch its own employees and connect the many relevant parties to facilitate the development of this product and encourage its use. By solving various social issues caused by healthcare worker shortages, we aim for a society where anyone can receive the best medical treatment wherever they are.



<https://www.dbj.jp/en/service/invest/special/>
Please refer to the DBJ website for examples of initiatives related to Special Investment Operations.



Crisis Response Operations

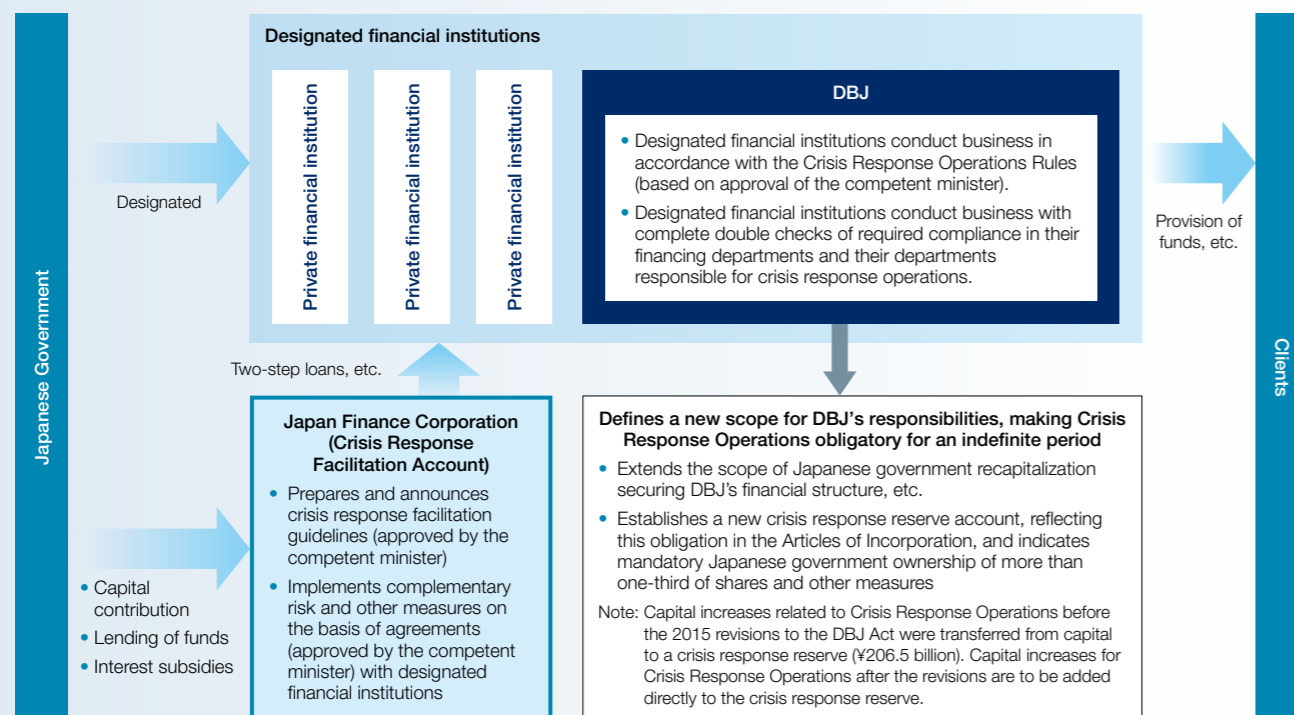
DBJ's Crisis Response Operations function as a stabilizing force during periods of instability in the economy, society, and markets.

The Finance Corporation Act (Act No. 57 of 2007, including later revisions), mandates 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 such damage.

In March 2020, the COVID-19 pandemic was designated a crisis (see Our Response to the COVID-19 pandemic on page 39). As a designated financial institution, DBJ collaborated and coordinated with private-sector financial institutions to rapidly and effectively implement Crisis Response Operations.

Crisis Response Operations Scheme



Accomplishments and Initiatives to Date

2008/10	2008/12	2011/3	2021/3
Commenced Crisis Response Operations as a designated financial institution	Financial Crisis Response Operations and Earthquake Disaster Crisis Response Operations (through March 31, 2011)	Earthquake Disaster Crisis Response Operations	COVID-19 pandemic

Main events that were designated as a crisis:

- Turmoil in international financial markets (Global financial crisis)
- Great East Japan Earthquake
- Damage from heavy rainfall during Typhoon No.18 in 2015
- Kumamoto earthquakes in 2016
- COVID-19 pandemic

Total funds raised by the government in Crisis Response Operations
¥206.529 billion (As of March 31, 2022)

Total loans for Crisis Response Operations, loans with loss guarantee agreements, and commercial paper purchases

- Loans: ¥8,715.2 billion (1,652 projects)
- Commercial paper acquisitions: ¥361.0 billion (68 projects)

Total Crisis Response Operations related to the COVID-19 pandemic
¥2,495.7 billion (492 projects)

Total for mid-tier companies and large companies in restaurants and hotels sector since March 29, 2021
¥249.6 billion (100 projects) (As of March 31, 2022)

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.

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 fiscal 2018, 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.

Our Response to the COVID-19 Pandemic

Implementation of Crisis Response Operations

In response to the damage caused by the COVID-19 pandemic, the DBJ Group opened consulting service counters at the end of January 2020 and moved forward with its unique Regional Emergency Response Program from February 2020 onwards. As a designated financial institution, DBJ has concentrated on Crisis Response Operations since March 19, 2020, after the Japanese government declared the pandemic a crisis.

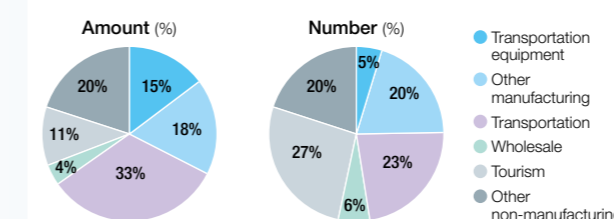
Led by the Coronavirus Response Headquarters, which is chaired by the representative director and president, DBJ has moved to rapidly and precisely implement Crisis Response Operations. DBJ will continue to collaborate and coordinate with private financial institutions to meet the needs of businesses that have been adversely affected by the pandemic. DBJ will enhance collaboration with regional financial institutions and ready its unique capital supply systems, including the Regional Emergency Response Program, while considering the efficacy of Crisis Response Operations in terms of securing jobs and maintaining credit.

Increase in Support for Restaurants and Hotels

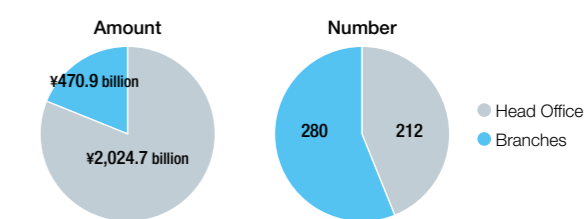
The business environment has become even more difficult for companies operating restaurants and hotels, which have been major employers. At their request, the government stepped in to provide further assistance to these companies in March 2021. Under the direction of the Coronavirus Response Headquarters, DBJ set up the Crisis Response Operations Special Response Office and the Restaurants and Hotels Team therein in order to speed up the screening of companies operating restaurants and hotels.

Since March 29, 2021, DBJ has reduced the interest rate burdens of subordinated capital loans provided to large enterprises in the restaurants and hotels sector and to mid-tier companies as an intensive but temporary scheme. Other measures DBJ has taken include the creation of a preferred stock underwriting fund targeting mid-tier and large companies operating restaurants and hotels (DBJ Food & Beverage/Hotel Support Fund Investment Limited Partnership).

Breakdown of Financing by Sector*



Breakdown of Financing by Office Type*



* As of March 31, 2022



<https://www.dbj.jp/en/service/finance/crisis/?sc=1>

Please refer to the DBJ website for examples of initiatives related to Crisis Response Operations.

Syndicated Loans, M&A 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, while offering 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

DBJ provides integrated investment and loan services to customers through a complex arrangement of functions, including the supply of long-term capital. From senior loans to mezzanine loans and equity financing, DBJ seamlessly addresses customer needs while also offering syndicated loans, mergers and acquisitions (M&A) advisory, and consulting services among others.

Syndicated Loans

A syndicated loan is a method for extending a loan with identical terms and conditions in a uniform contract to a customer through a syndicated group of multiple financial institutions brought together by an arranger—a managing financial institution. Syndicated loans offer many benefits. Customers are able to flexibly raise a large amount of funds, with the arranger handling all of the negotiations with multiple financial institutions. The arranger is able to invite a larger number of participating financial institutions. Finally, the agent handles all the administrative procedures, lightening the administrative burden on other parties.

When DBJ arranges a syndicated loan, DBJ utilizes its impartial position when reaching out to a wide range of financial institutions. In the case of a regular corporate loan, DBJ aims to increase value added with DBJ's unique offering of loan programs—such as the DBJ Sustainability Evaluation Certification Program—and sustainability-linked loans. Furthermore, our structured finance offerings may contain syndicated loans in the loan package. We have put together large syndicated loans with many participating financial institutions for the energy and infrastructure fields.

Through cooperative agreements with regional financial institutions to provide syndicated loans, DBJ is strengthening collaboration and cooperation while helping customers raise funds, and offering investment and loan opportunities to regional financial institutions.

M&A Advisory Services

As a result of its impartiality, DBJ has a wide network it can mobilize in providing its M&A 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 wished 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 have produced a more effective and efficient overseas M&A advisory service for our clients.

Consulting

Japan Economic Research Institute Inc. (JERI) 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., another comprehensive think tank, 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.

GRIIT Strategy × Project Spotlight

Providing Support to Japanese Companies for the Development of Renewable Energy-Related Business Overseas through M&A Advisory Services

As the global movement toward carbon neutrality gains momentum, Japanese companies increasingly require investments and M&A in renewable energy projects, including those overseas. DBJ's overseas subsidiary DBJ Singapore Limited has an investment banking team, comprising international staff from Asia, that excels at gathering information related to investments and M&A deals in the region. This team collaborates with DBJ's Business Development Department, Relationship Management Department, and subsidiary JERI to constantly introduce potential projects to customers and understand the latest needs of customers. These efforts encourage customers to evaluate renewable energy projects in Asia, and occasionally result in customers requesting M&A advisory services. DBJ will continue to help customers develop renewable energy operations in Asia through its M&A advisory services.



Formosa I Wind Power Co., Ltd.



https://www.dbj.jp/en/service/finance/shi_loan/?sc=1

Please refer to the DBJ website for more information about and examples of our syndicated loans.



https://www.dbj.jp/en/service/advisory/m_and_a/?sc=1

Please refer to the DBJ website for more information about and examples of our advisory services.

Asset Management

DBJ Asset Management Co., Ltd. (DBJAM) contributes to the activation of new money flows and the development of financial and capital markets through the provision of quality investment opportunities and management services to institutional investors in the alternative investments field, while leveraging the knowledge and networks built up over the years by the DBJ Group.

Asset Management

Established in 2006, DBJAM is an asset management firm of the DBJ Group that specializes in alternative investments in the fields of real estate, private equity, and infrastructure domestically and internationally.

Social Issues

- Diversification of investment opportunities
- Climate change
- Declining and aging population
- Maintenance and upgrading of aging infrastructure
- Improvement of labor productivity

The DBJ Group believes that the most effective way to address these issues is to increase the sophistication of financial and capital markets in Japan. To this end, we think it is necessary to enhance the sophistication of asset management by institutional investors, such as pension funds and financial institutions.

Risks and Opportunities

- Creating opportunities to invest in a sustainable society
- Appropriately responding to climate change and other sustainability issues
- Promoting investment in renewable energy; maintaining and upgrading social infrastructure
- Promoting engagement in sustainability and ESG initiatives with General Partners
- Expanding and improving human capital
- Training professionals, creating work environments that facilitate work, and improving engagement with employees

Strategy

Established in 2006, DBJAM has expanded its management services and fields of investment while responding to growing investor demand for alternative investments. As a result, DBJAM's operations have evolved to encompass gatekeeper and fund-of-funds services for investments in privately offered real estate funds, privately placed funds, and private equity, infrastructure, and real estate funds in Japan and overseas. Assets under management totaled ¥2,819.8 billion as of March 31, 2022.

Above all else, DBJAM aims to expand long-term earnings on the assets it manages while properly fulfilling its fiduciary duty and stewardship responsibility as an investment management firm. To this end, DBJAM engages in and advances sustainability management principles and ESG investment. More specifically, the Responsible Investment Committee, which is chaired by the president and consists of directors involved in business execution, decides policies

and performs ESG integration, imbuing ESG elements into operational processes in the three fields of real estate, private equity, and infrastructure. DBJAM is also stepping up engagement with investors and relevant stakeholders through proactive dialogue and activities. By further strengthening and improving these initiatives, DBJAM aims to optimize risks and over returns on investments in a broader range of fields and over longer periods of time, while advancing its investment services and securing the best returns for investors.

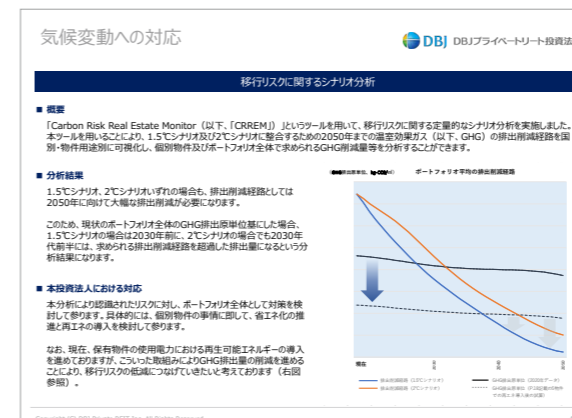
DBJAM recognizes that people are its most important asset for continuing to fulfill its responsibilities and duties as an investment management company. DBJAM is keen to provide training in investment management for professionals, proactively offering training opportunities that help improve their skills and know-how, as well providing training on its corporate philosophy for all its executives and employees.

ASSET MANAGEMENT

GRIT Strategy × Project Spotlight

Stepping Up Initiatives in Sustainability and ESG

In recent years, we have been working to enhance the dissemination of information, such as ESG reports, to investors, strengthening engagement through proactive dialogue with stakeholders while putting ESG integration into practice. In the real estate field, we analyze scenarios based on Task Force on Climate-related Financial Disclosures (TCFD) recommendations for the portfolios of privately listed real estate investment trusts (REITs), performing quantitative analysis of transition risks and physical risks related to climate change.



DBJ Private REIT Co., Ltd.'s ESG Report (excerpt)



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

Please refer to the DBJ Asset Management Co., Ltd.'s website for more information about asset management.

Financial Strategy

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 in the implementation of advanced business strategies centered on our sector strategy (see page 24–31) and our function strategy (see page 36–43). 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 June 30, 2022)
Common equity Tier 1 capital ratio (consolidated)	16.97%	(As of March 31, 2022)

Specific Initiatives to Improve 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 sustainable financing market.

DBJ Sustainability Bonds

In fiscal 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. In fiscal 2021, DBJ was the only Japanese issuer to do so for eight consecutive fiscal years, having issued its first domestic bond in addition to foreign bonds. The funds raised are allocated toward the creation of a sustainable society via financing for real estate properties eligible for DBJ Green Building Certification, the Environmentally Rated Loan Program, financing for renewable energy projects, financing for green innovation and industries, the BCM^{*1} Rated Loan Program, and the Regional Emergency Response Program. Information on the management and allocation of funds is evaluated by third parties to increase transparency. In January 2017, DBJ became an issuer member of the Green Bond Principles,^{*2} the first Japanese firm to attain such a status, and it participates on a committee created by the Ministry of the Environment to revise the Green Bond Guidelines, thereby contributing to the development of a sustainable finance market around the world. DBJ will continue to support the sustainable growth of this market by continuing to issue sustainability bonds and proactively engaging in international and domestic initiatives.

Sustainability Bond Issuance

(As of March 31, 2022)

	Fiscal 2014	€250 million
	Fiscal 2015	€300 million
	Fiscal 2016	\$500 million
	Fiscal 2017	\$1 billion
	Fiscal 2018	€700 million
	Fiscal 2019	\$1 billion
	Fiscal 2020	€700 million \$520 million
	Fiscal 2021	€600 million \$700 million

*1 BCM: business continuity management

*2 Green Bond Principles: 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 the issuance of a green bond. These parties also constitute a platform for sharing the latest information about green bonds and disclosing relevant information to the public.

IR Activities to Spread Understanding of DBJ's Principles and Work

In addition to procuring government credit through FILP and the issuance of government-guaranteed bonds, DBJ conducts its own fundraising 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 fundraising activities, DBJ Group places emphasis on having investors understand and support its principles and work and, to this end, conducts proactive investor relations through face-to-face meetings.

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 made inside and outside Japan as well as within domestic regions. DBJ also takes care to gain a deeper appreciation of the issues faced by borrowing customers, viewing interactions as an opportunity for further collaboration on investments and loans, in addition to borrowings.



IR activities



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

Please refer to the DBJ website for more information related to investor relations.

Human Resource Development

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

Basic Policy

Acquiring and training skilled employees is key to our unique business model and the pursuit of the DBJ Group's four core corporate values (a long-term perspective, impartiality, public-mindedness, and reliability), in order to realize Vision 2030 and execute the DBJ Group's value creation process while aiming to balance and enhance economic and social value.

To this end, we believe it is important to create a framework that motivates our experienced employees to engage in their work with enthusiasm. We are advancing various measures to improve the value of our human capital, one of our foremost priorities.

Our employees are the wellspring of the value provided by the DBJ Group. We intend to improve our human resource and organizational capabilities with the aim of implementing our constantly changing business model, and our mission, Vision 2030, and values (see page 4, Corporate Philosophy).

Outline of Our Human Capital (As of March 31, 2022, on a Non-Consolidated Basis, except Where Noted Otherwise)

No. of employees (consolidated)	1,809
No. of employees (non-consolidated)	1,257
Global human resource training program participants (cumulative total)	70
Women's empowerment and leadership program (see LEAD on page 49) participants (cumulative total)	32
Ratio of women in management positions	7.90% (Reference: 15% target by March 31, 2026)
Ratio of employees returning to work after taking childcare leave (number of employees having completed childcare leave in fiscal 2021)	100% (22/22 people)
Ratio of employees taking childcare leave and childcare-related time off by women/men (employees with newborn children during fiscal 2021)	Women 90.3% Men 20.8% (108.3% when including special time off for childcare)
Rehiring system registrants	26
Employees who use reduced working hours for childcare and nursing care	53
Seminars for finding childcare facilities (cumulative total)	236



https://www.dbj.jp/en/sustainability/effort/foundation/human_resources.html
Please refer to the DBJ website for more information about human resources.



<https://www.dbj.jp/co/recruit/>
Please refer to the DBJ website for more information (Japanese only) about our hiring process.

Human Resources that Relentlessly Take on New Challenges

Shingo Kobayashi

Executive Officer,
Head of Human Resources Management Department

Our Values

Our value creation process would not be possible without the executives and employees who share our values of initiative and integrity and who display our four core corporate values handed down from DBJ's earliest days: a long-term perspective, impartiality, public-mindedness, and reliability.

Having provided long-term funding since the postwar reconstruction period, the DBJ Group has carried on the tradition of serving its customers, industry and society from a long-term perspective. The DBJ Group is also unique in terms of impartiality by always working toward what is best for Japan's economy and society, without being affiliated with any specific corporate group. Our public-mindedness is what motivates our employees to engage in work for the creation of both economic and social value. The combination of these traits has earned us a reputation for reliability from customers and society.

With these four core values as a starting point, the DBJ Group tackles with integrity the management issues faced by its customers and the issues faced by society as a whole, taking a long-term perspective and tirelessly pursuing measures to resolve these issues. This is our unique mission. It is what sets us apart from other financial institutions, and it is

why the DBJ Group exists. Accordingly, DBJ Group's people must always be willing to take on new issues and boldly redefine themselves with an eye to the future.

Vision for Human Resource Development

The DBJ Group encourages autonomous and pioneering behavior in its employees as financial professionals in keeping with its vision for human resource development, which can be summarized as "cultivation 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.

The DBJ Group has created a variety of personnel systems and human resource training programs with the intention of nurturing employees with advanced specializations but also broad perspectives, who are able to grow of their own accord without fearing change, and contribute to the discovery and resolution of issues faced by customers and society.

Outline of Human Resource Training System

	On-the-job training	Rank-based training	In-house training (required/optional)		Dispatch outside DBJ		Self-study
			Global	Domestic	Global	Domestic	
Managers	Strategic human resource development through job rotation and on-the-job training	Life/career plan seminar	Compliance training / information security training	Financial skills-related training	Global leadership program for managers	Global human resources training program for young employees	Foreign languages, finance, law, financial skills, etc.
		Coaching program					
		Newly appointed manager training					
Mid-level employees		Pre-management training	Diversity training (Women's empowerment, "Iku-boss," understanding people with disabilities, etc.)	Financial skills-related training	Global leadership program for managers	Global human resources training program for young employees	Foreign languages, finance, law, financial skills, etc.
	Career development program						
Mid-level employees		Career development program	Compliance training / information security training	Financial skills-related training	Global leadership program for managers	Global human resources training program for young employees	Foreign languages, finance, law, financial skills, etc.
New employees			Compliance training / information security training	Financial skills-related training	Global leadership program for managers	Global human resources training program for young employees	Foreign languages, finance, law, financial skills, etc.
		Training for new employees Finance Financial accounting Law					

Initiatives to Increase Value of Human Capital

The DBJ Group undertakes various measures to further increase the value of its human capital in line with its values of initiative and integrity and its four core corporate values.

Strengthening Hiring and Strategic Allocation of Human Resources Across the Group

The DBJ Group will strengthen its hiring processes and practices for both new college graduates and mid-career hires, in order to secure personnel with diverse backgrounds and thinking who are needed across the Group to implement its sector, function, and area strategies.

The DBJ Group will also work to further disseminate its vision and value creation process by increasing the transfer of employees across the DBJ Group.

Training Personnel and Improving Engagement

Through practical on-the-job training and extensive training opportunities, the DBJ Group develops employees with diverse experiences, skills, and the ability to work together organically as a team. We constantly assess whether 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.

- **Developing global human resources:** Opportunities to study abroad at overseas universities and training systems are made available to employees. DBJ also operates its own leadership training program (entirely in English) for young employees and management-level employees, in collaboration with top overseas universities.
- **Training women for leadership positions:** DBJ offers leadership training programs with links to top domestic universities.
- **Offering in-house training and supplementary programs:** The DBJ Group offers employees supplementary programs for self-study as well as rank-based training to learn the requirements of their roles as needed, including extensive work- and management-related training. DBJ offers a wide range of high-quality skills development programs.
- **Providing training for new employees:** Newly hired employees undergo a one-year series of training programs to support their professional growth, starting with DBJ's three-month in-house accounting and financial analysis course.
- **Offering more advanced and flexible training programs:** Through an appropriate balance of in-person and online training, we seek to maximize the impact of training and put in place environments that facilitate employee learning.
- **Spreading awareness of corporate philosophy and management plan:** During training on career development, DBJ facilitates constructive discussions with employees so they can better understand, improve on, and put into practice our corporate philosophy. We also train employees to become proficient in investment and loan operations, based on our GRIT Strategy for realizing a sustainable society.

- **Making strategic personnel rotations:** 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.*
- * DBJ dispatches employees to national government agencies, Group companies around the world, and companies that have received investments.
- **Interviewing employees:** All willing employees are interviewed by the Human Resources Management Department about changes in internal positions and their longer-term career paths.
- **Improving engagement:** Every fiscal year, DBJ conducts engagement surveys of personnel, evaluates the results of these surveys, and creates action plans that enable each department to increase employee motivation through improvement activities.

Diversity Management and Productivity Improvements

In order to create workplaces where employees feel motivated by their work, DBJ takes steps to foster mutual understanding and improve the productivity of each employee.

- DBJ is improving productivity and resilience with systems that allow for flexible workstyles, such as working from home, and flexible hours with core work times. During the COVID-19 pandemic, employees worked flexibly from home and staggered their office work hours as we prioritized the health and safety of our executives and employees while ensuring that our work could be carried out.
- DBJ holds seminars with specialists as guest speakers on topics that include finding daycare, childcare, and nursing care with the aim of improving its employment and vacation systems, such as maternity leave, shortened work hours, time off for childcare, and other programs for raising children and caring for elderly family members.
- DBJ encourages employees to build relationships based on mutual trust and cooperation through various seminars—including on building understanding of people with disabilities—and through the creation and distribution of a guide about balancing work with childcare and nursing care.
- DBJ continues to hold training and networking events on career development aimed at empowering women in the workplace.
- In addition to periodic health checkups, DBJ supports the physical and mental health of all its executives and employees by providing them with personal resilience training, and maintaining a counseling system staffed by external specialists.



Training program for new employees

Global Human Resource Training Collaboration Program

Designed to foster a management mindset among DBJ's young, management-track employees, this three- to four-month customizable training program is based on Group projects and facilitated by a team of instructors from an international business school, with one week of the program taking place on-site at the school.



Purpose of Program

- Train global management personnel to solve diverse management issues faced by customers around the world
- Imbue trainees with the ability to handle overseas assignments independently by sharpening self-analysis with diverse, cutting-edge knowledge
- Encourage trainees to consider their own careers and the vision for DBJ by understanding their work and the organization from a top-down perspective

	IMD: Orchestrating Winning Performance (OWP)	Oxford: Global Strategic Alignment Leadership Programme (GSALP)
No. of applicants	15–20 people	15–20 people
Dates	End of May to end of August (Lausanne for one week in late June)	Start of July to end of November (Oxford for one week in late November)
Partner	International Institute for Management Development (IMD), Lausanne, Switzerland	Saïd Business School, University of Oxford, Oxford, United Kingdom
Instructors	Professor Salvatore Cantale, and others	Professor Jonathan Trevor, and others

LEAD Program—In Affiliation with Waseda Business School

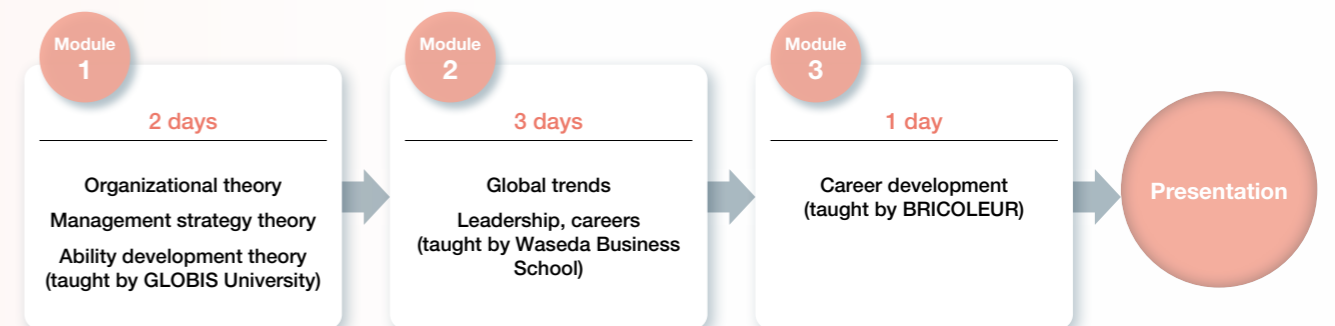
Called Leadership Education and Ability Development (LEAD), this original DBJ training program invites outside lecturers from Waseda University's Graduate School of Business and Finance and other universities to lead seminars on career development based on participants' own strengths, learning soft skills for leadership and management positions, and understanding global macro trends as well as organizational and strategic theory.



Purpose of Program

- Provide a space for participants to deepen their understanding of the DBJ Group's management strategies and philosophy, analyze their current roles and responsibilities in the context of their affiliated departments and the DBJ Group as a whole in light of changes in society and the environment, and think about the future
- Provide a space for participants to think more about their career paths in terms of personal development and contributions to the organization

Waseda Business School-Affiliated Program: Leadership Education and Ability Development (LEAD)			
No. of applicants	Dates	Partner	Instructors
About 15 people	November to December	Waseda Business School, and other institutions	Professor Jusuke Ikegami, Professor Masakazu Sugiura, and others



- Learn about frameworks of organizational theory and management strategy theory, deepen understanding of DBJ's medium-term management plan, and understand one's own role
- Learn about ability development theory while understanding one's own strengths

- Learn about changes in the environment, such as the latest trends in the economy, society, and industry, and rethink the future of DBJ
- Learn soft skills related to one's career, such as leadership, management, and motivation

- Rethink value systems and career perspectives by interviewing senior colleagues about their careers
- Integrate learning from Modules 1 and 2

Knowledge and Collaboration

To improve intellectual, relationship, and social capital using the management resources of the DBJ Group, we are accumulating knowledge while advancing collaboration with various stakeholders.



Intellectual Capital

Knowledge

Industry Analysis

DBJ analyzes and disseminates information on economic and industrial trends in Japan and overseas, including macroeconomic trends and trends in key industries.

Capital Investment Planning Survey

With a history of more than 60 years, and first conducted in 1956, DBJ's Capital Investment Planning Survey examines trends in corporate capital investment in Japan, capital investment overseas, and spending on research and development (R&D), mergers and acquisitions, and human resources through interviews with senior managers.

Research Institute of Capital Formation

The Research Institute of Capital Formation (RICF) was established in 1964 with Dr. Osamu Shimomura as its first executive officer. The institute serves as a venue for creating intellectual capital through cooperation and collaboration with external experts. Its research includes a focus on building a sustainable economy and society, from an academic and liberal standpoint.

2050 Growth Strategy Headquarters Meeting

This cross-divisional assembly, including members of senior management, is held for the purpose of advancing the GRIT Strategy in the Fifth Medium-Term Management Plan.

Processes

Digital Strategy Office

Based on the DBJ-DX Vision, the Digital Strategy Office consists of members across departments, and is in charge of digitalizing in-house business processes and solving customer issues related to digital transformation (DX).

Relationship Capital

The DBJ Group has built diverse networks with customers, financial institutions, investors, and national and local government agencies for 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.

Stakeholder Engagement and Collaboration

Customers	<ul style="list-style-type: none"> • Provided DBJ Sustainability Certification Loan programs • Provided platforms for collaboration via DBJ Connect 	<ul style="list-style-type: none"> • Held a business plan competition for women • Supported innovation with iHub 	
Financial institutions	<ul style="list-style-type: none"> • Collaborated with Long-Term Investors Club (LTIC) • Coordinated operations with Bridges Fund Management Ltd. in the United Kingdom 		
Government	<ul style="list-style-type: none"> • Participated in high-level panel about ESG finance 	<ul style="list-style-type: none"> • Participated in Task Force on Climate-related Financial Disclosures (TCFD) scenario analysis support project 	
Research institutions	<ul style="list-style-type: none"> • Held DBJ Financial Academy at RICF 		

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.

Social Capital	Details	Examples 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 of the financial system, development and invigoration of financial markets	Crisis Response Operations, supply of risk capital, sustainability bond issuance

GRIT Strategy × Project Spotlight

Mutual Cooperation Agreement with NEDO: Accelerating Innovation Toward Carbon Neutrality in 2050

DBJ has entered into a mutual cooperation agreement with New Energy and Industrial Technology Development Organization (NEDO) with the objective of accelerating innovation to help build a sustainable society and realize the Japanese government's goal of achieving carbon neutrality by 2050.

Based on this agreement, both parties will strive to create innovations while embedding in society the outcomes of ground-breaking R&D, by organically combining NEDO's technological strategies in diverse technical fields and its management's insight and know-how with DBJ's broad industrial network of connections and expertise in finance.

Through this agreement, DBJ will support the commercialization of NEDO's projects by helping to maintain business foundations, advance R&D and explore opportunities for coordination with private companies. We aim to realize a sustainable society through our GRIT Strategy in the Fifth Medium-Term Management Plan.



Mutual cooperation agreement signing ceremony



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

Please refer to the DBJ website for more information about our research reports.

Response to the TCFD Recommendations

Response to the TCFD Recommendations

Basic Approach

Since the adoption of the Paris Agreement in 2015, governments, industrial groups and companies around the world have declared commitments to move towards a decarbonized society, and activities are gaining momentum to mitigate and adapt to climate change. In October 2020, the Japanese government declared a goal of carbon neutrality by 2050, and various government policies are advancing the achievement of net zero greenhouse gas (GHG) emissions.

In May 2017, the DBJ Group set out its Policy on Sustainability to represent its basic approach to contributing to the realization of a sustainable society that balances economic value with social value. Based on this policy, the DBJ Group contributes to the realization of decarbonized society by solving issues faced by regions and its customers while collaborating with stakeholders. The DBJ Group has positioned addressing climate change, a problem affecting the entire world, as a priority of the utmost importance on the

path to creating a sustainable society while also ensuring a stable supply of energy.

Under the Fifth Medium-Term Management Plan (see page 16), which commenced in fiscal 2021, the DBJ Group is advancing its GRIT Strategy* with the aim of building an industrial foundation as well as flexible, strong, safe, and secure regions and communities in a green society. At the same time, through dialogue (engagement) with customers, the DBJ Group supports their efforts in the transition to decarbonized society.

The DBJ Group intends to pursue net zero GHG emissions for its investment and loan portfolio by 2050 while solving management issues and assisting its customers' efforts to decarbonize. Through this process, we are helping Japan maintain and strengthen its competitiveness and spurring growth in our customers' businesses.

* GRIT: Green, Resilience & Recovery, Innovation, and Transition / Transformation

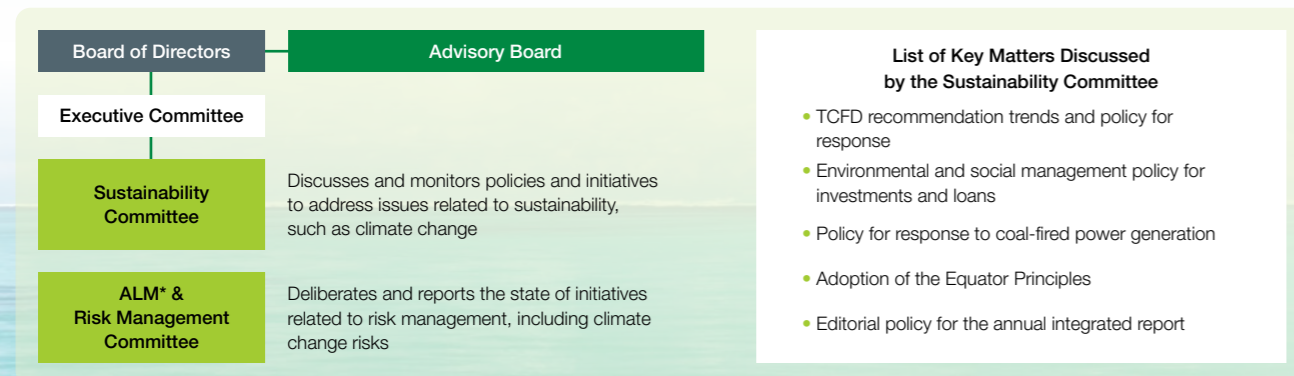
Governance

Under the Executive Committee, the Sustainability Committee deliberates on policy responses to various sustainability-related issues, such as climate change, and monitors progress on corresponding initiatives. With regard to the content of stakeholder communications and important initiatives in management strategy, the Sustainability Committee deliberates and reports these matters to the Board of Directors after the Executive Committee reviews and decides such matters. The Sustainability Management Office has been created as an administrative body within the Corporate

Planning & Coordination Department to advance various measures and act as a hub for information inside and outside the DBJ Group.

The Advisory Board, an advisory body to the Board of Directors consisting of outside experts and outside directors, reports on the progress of initiatives, such as the GRIT Strategy and other business plans, and the content of its deliberations is reflected in business plans and measures to enhance risk management.

Organizational Chart



* ALM: asset liability management

Strategy

Basic Approach to Climate-Related Risks and Opportunities

When formulating its Vision 2030 (see page 4), the DBJ Group identified climate change, natural resources, and energy as areas of change in the external environment that are having a major impact on the stakeholders of the DBJ Group. Properly understanding the risks and opportunities related to climate change is essential when establishing business strategies. The DBJ Group intends to pursue net zero GHG emissions for its investment and loan portfolio by 2050. Based on a scenario where the world moves toward decarbonized society (with an average rise in global temperatures below 2.0°C), we are advancing initiatives that take into account the results of our analysis of risks and opportunities, including those in scenarios where average temperatures increase more than 2.0°C.

Analysis of Climate-Related Opportunities

In fiscal 2019, DBJ began to analyze scenarios for 2030–2050 from medium- and long-term standpoints. In light of future uncertainties associated with climate change, financial institutions must envision a variety of scenarios for the economy and society in the future, and consider changes in their portfolios and countermeasures based on these scenarios. As an initial approach, we utilized Shared Socioeconomic Pathways (SSPs), which are GHG emissions scenarios under various climate policies, to analyze and assess the impact on businesses. Our focus was on transition opportunities in the context of government policies and regulations and technological innovation for attaining low-carbon or zero-carbon society in the framework of four visions for the world in the future.

Summary of Analysis

Sectors covered	Energy, transportation, urban development
Scenario	Use SSP scenarios to analyze scenarios where the average temperature increases by 1.5°C, 2°C, and 4°C
Relevant technologies	Carbon capture and storage, electric vehicles, biomass, hydrogen, renewable energy
Period covered	2030–2050

Analysis of Climate-Related Risks

The DBJ Group is aware of climate-related financial risks in terms of transition risks and physical risks. Transition risks could impact the business strategy of the DBJ Group by increasing credit costs if the creditworthiness of the recipients of its investments and loans declines due to lower sales and higher costs, mainly from the introduction of a carbon tax and upgrades to low-carbon technologies. Physical costs might also impact our business strategy by increasing credit costs if the creditworthiness of the recipients of our investments and loans declines due to damages to collateral value as a result of abnormal weather or supply chain disruptions.

In fiscal 2021, DBJ analyzed scenarios for the electric power sector, including structured finance projects for energy projects in Japan and around the world (for transition risks), and damage to collateral value due to water disaster (for physical risks). The results of this analysis indicate that even if DBJ's current portfolio balance were to stay the same, the financial impact would be limited to an acceptable level from a long-term perspective.

The DBJ Group is aware that the methodologies and data used to analyze financial risks related to climate change continue to evolve. While monitoring trends in this field, we will adopt more advanced methods of analysis if necessary.

Summary of Analysis

	Transition risk	Physical risk
Risk event	Sudden change in policy toward net zero GHG emissions	Water damage (flooding)
Scenario	NGFS*1 Delayed Transition scenario	IPCC*2 RCP*3 8.5 (4°C scenario)
Present analysis targets	Electric power sector	Damage to collateral value as a result of flooding
Assets covered	Balance of investments and loans	Balance of loans
Analysis period	By 2050	By 2050
Analysis results (level of increase in credit costs)	About ¥40.0 billion (cumulative)	About ¥6.0 billion (cumulative)

*1 NGFS: Network for Greening the Financial System

*2 IPCC: Intergovernmental Panel on Climate Change

*3 RCP: Representative Concentration Pathway

Response to the TCFD Recommendations

Response to the TCFD Recommendations

Strategy Based on Analysis of Climate-Related Risks and Opportunities

In addition to analyzing climate-related risks and opportunities, The DBJ Group is advancing green, transition, and innovation initiatives through its GRIT Strategy, and intends to make investments and loans totaling ¥5.5 trillion over the five years of the strategy.

Under this policy, the Group is providing sustainable financing and consulting and advisory services (see page 20) to support the initiatives of its customers to decarbonize. The DBJ Group is also supplying risk capital to climate technology firms.

Constructive Dialogue (Engagement) with Customers

Through constructive dialogue (engagement) with customers, we enhance mutual understanding of management issues and awareness of problems, deepen our understanding of each customer's needs and issues, and propose solutions. In this way, we offer support through investments and loans and consulting and advisory services backed by the strengths of the entire DBJ Group.

Example (1)

Kawasaki Heavy Industries, Ltd.

A hydrogen supply chain is an essential part of sustainable growth and Japan's efforts to become carbon neutral. In consultation with DBJ, Kawasaki Heavy Industries, Ltd. set key performance indicators and sustainability performance targets (SPTs) for its extensive Hydrogen Road initiatives linking hydrogen production sites with energy consumers. DBJ Group then extended DBJ Sustainability Linked Loans with Engagement Dialogue to the company.

During the loan period, we will support the company through periodic dialogue as it strives to achieve its SPTs.

Example (2)

Mitsui O.S.K. Lines

Ferry Sunflower Limited, a subsidiary of Mitsui O.S.K. Lines, plans to operate the first two ferries fueled by liquefied natural gas (LNG) in Japan. These LNG-fueled ferries were selected as a Climate Transition Finance Model Project by the Ministry of Economy, Trade and Industry, and the DBJ Group extended a syndicated transition loan for this project.

This syndicated loan was put together with Sumitomo Mitsui Trust Bank, Limited and regional financial institutions.

Example (3)

Shikokuchuo City Carbon Neutrality Council

As a part of their efforts to foster carbon neutrality, Ehime Paper Co., Ltd., Daio Paper Corporation, and Marusumi Paper Co., Ltd. established this council to evaluate energy conversion throughout the Shikokuchuo area.

As it examines the possibility of building shared energy infrastructure for the region, the council is gathering a wide range of information about government policy trends and assessments of the safety, economic viability, and procurement reliability of hydrogen and other types of energy. The council is also evaluating practical measures and road maps in collaboration with local governments.

Risk Management

Risk Management

The DBJ Group recognizes that being underprepared for climate change is a risk that could significantly impact on management. It therefore analyzes potential impacts based on a range of scenarios and formulates initiatives and policies to deal with this risk. The DBJ Group has introduced business-specific policies for investments and loans in particular sectors, and monitors progress in partnership with the Sustainability Committee.

Initiatives Based on Environmental and Social Management Policy for Financing and Investment Activity

In 2021, the DBJ Group set policies for investments and loans for businesses likely to entail major risks or negative impacts on the environment and society, and for finance for specific sectors. In fiscal 2022, DBJ is reviewing these policies as necessary.

Operations Based on the Equator Principles

The DBJ Group adopted the Equator Principles in 2020 and uses them as the basis for identifying, assessing, and managing the environmental and social risks associated with large-scale projects, with guidance from the Environmental & Social Assessment Office.

Operations Based on the Poseidon Principles

The Poseidon Principles were created as a framework for financial institutions to deal with climate change risks in the marine transportation industry. The DBJ Group became a signatory in 2021, and every year discloses its contributions to reducing GHG emissions in the context of ship financing. We endeavor to provide investments and loans that take climate change risks into account.



Please refer to the DBJ website for more information about the Equator Principles.

https://www.dbj.jp/en/sustainability/collaboration/initiative/equator_principles.html



Please refer to the DBJ website for more information about the Poseidon Principles.

https://www.dbj.jp/en/topics/dbj_news/2021/html/20210520_203260.html

Indicators and Targets

Climate Change-Related Targets at Companies Receiving Investments and Loans

DBJ has set a target of ¥5.5 trillion in investments and loans related to its GRIT Strategy over the five-year period of its Fifth Medium-Term Management Plan. In fiscal 2021, DBJ made ¥754.4 billion in investments and loans (see page 14). With an eye on future targets, we will proactively support initiatives to tackle climate change at companies receiving investments and loans from us.

GHG Emissions Targets

The DBJ Group intends to pursue net zero emissions by 2050, not only for Scope 1 (direct emissions) and Scope 2 (indirect emissions) but also for Scope 3 (emissions from investments and loans).

Scope 1 and 2

Scope 1 and Scope 2 GHG emissions from corporate activities are measured and tallied for DBJ and eight major domestic Group companies. DBJ has created an environmental management system overseen by the managing executive officer in charge of the Corporate Planning & Coordination Department and promotes ongoing initiatives to achieve improvement targets and make specific contributions to the environment.

Results Fiscal 2019	Results Fiscal 2020	Results Fiscal 2021
3,270 t-CO ₂	3,074 t-CO ₂	2,473 t-CO ₂

Scope: DBJ Head Office, 10 branch offices, eight representative offices, DBJ Capital Co., Ltd., DBJ Securities Co., Ltd., DBJ Asset Management Co., Ltd., Japan Economic Research Institute Inc., Value Management Institute Inc., DBJ Real Estate Co., Ltd., Consist Inc., DBJ Business Support Co., Ltd.

Items covered: Scope 1: Gasoline in company vehicles
Scope 2: Electricity, fuel (kerosene, fuel oil, coal gas, city gas)

Scope 3

Based on its policy of achieving net zero GHG emissions for its portfolio of investments and loans by 2050, the DBJ Group is committed to measuring and disclosing its GHG emissions. We believe it will be important to measure and monitor Scope 3 emissions along with the amount of credit provided to sectors that emit large quantities of GHG emissions, such as energy and transportation.

While deepening our understanding of measurement methodologies in this context, we are validating and estimating GHG emissions in the energy sector following the methodology of the Global GHG Accounting and Reporting Standard for the Financial Industry, which was developed by the Partnership for Carbon Accounting Financials (PCAF).

PCAF Methodology

Regarding detailed measurement methods for GHG emissions via investments and loans, the Global GHG Accounting and Reporting Standard for the Financial Industry is used to validate and estimate GHG emissions in each class of assets for investment and loan activities for financial institutions.

Future Policies

The DBJ Group will measure Scope 3 emissions while considering the following main validation issues in measurement.

- (1) We will select the energy sector (electricity, oil, and gas) as the sector for measurement.
- (2) We will continue to examine the best indicators for disclosure (emissions intensity, absolute emissions, etc.).
- (3) We will aim to improve the quality of emissions data gathering by updating data gathering methods in stages with reference to ongoing dialogue with customers.

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

The DBJ Group practices sustainability management in accordance with the Development Bank of Japan Inc. Act, balancing economic and social value with the aim of building a sustainable society. We supply risk capital to forward-looking initiatives through our Special Investment Operations program and collaborate and cooperate with private financial institutions to stimulate new flows of risk capital in Japan. DBJ's investments and loans in new fields help 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. 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.

After the Japanese government declared the COVID-19 pandemic a crisis in March 2020, as a designated financial institution the DBJ Group concentrated on Crisis Response Operations to address the impacts of the pandemic over the past few years. In fiscal 2021, in light of the requests being made by the government with the pandemic still ongoing, we strengthened our temporary support for businesses by arranging an underwriting fund for preferred shares issued by mid-tier and large enterprises in sectors that have been hit hard by the pandemic, such as the restaurants and hotels sector.

While continuing to concentrate on Crisis Response Operations during the COVID-19 pandemic, DBJ will pursue innovative ways to provide financing from a customer perspective based on its GRIT Strategy (see page 17), which sets out the priority fields the DBJ Group is focusing on under its Fifth Medium-Term Management Plan to realize a sustainable society in the future.

Governance Suited to Our Unique 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 realize this aim, we have created the Internal 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.

It is essential that DBJ collaborate and cooperate with rather than compete with private financial institutions. We hold regular events for this purpose, usually twice a year, involving discussions with

representatives of such institutions. We have also created the Special Investment Operations Monitoring Board (see page 60) as an advisory body to the Board of Directors. The board meets twice a year to discuss and evaluate the status of the Bank's business performance, as well as its complementing and encouraging of private business and maintenance of non-competitive relationships.

The opinions we obtain both through our outreach to private financial institutions and through the outcomes of deliberations by the Special Investment Operations Monitoring Board are debated by the Advisory Board, an advisory body to the Board of Directors comprising outside experts and directors in fields including manufacturing, infrastructure, regional communities, and finance (see page 59). 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 diverse stakeholders.

Living up to the trust placed in us by society, 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 the strengthening of legal compliance, risk management, and internal audits as important subjects for management.

A Value Creation Process That Balances Economic and Social Value

Given international trends that are accelerating the strengthening of measures to address climate change, such as the adoption of the Paris Agreement and the hosting of COP26 (the 26th United Nations Climate Change Conference), the DBJ Group established its Sustainability Committee to deal with the growing need to review corporate management from a sustainability standpoint, including the enhancement of corporate information disclosure about sustainability, and to discuss important management matters regarding constantly changing social issues. In fiscal 2021, directors engaged in invigorating discussions about the DBJ Group's response and initiatives related to the transition to a carbon-free society and its potential impact on Japan's industrial structure. These discussions were reflected in business plans. In fiscal 2022, we plan to discuss DBJ Group initiatives connected to the environment and society, including our approach to energy and climate change-related issues, from a medium- to long-term perspective.

To realize a sustainable society while balancing economic and social value, the DBJ Group offers solutions to issues faced by society and by our customers. The Group has continued 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. As the social significance of balancing these two types of value increases, we will continue making every effort to engage in dialogue with our diverse stakeholders and 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 2022

Yasushi Kinoshita
Chairman

Basic Position on Corporate Governance

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

Article 1

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

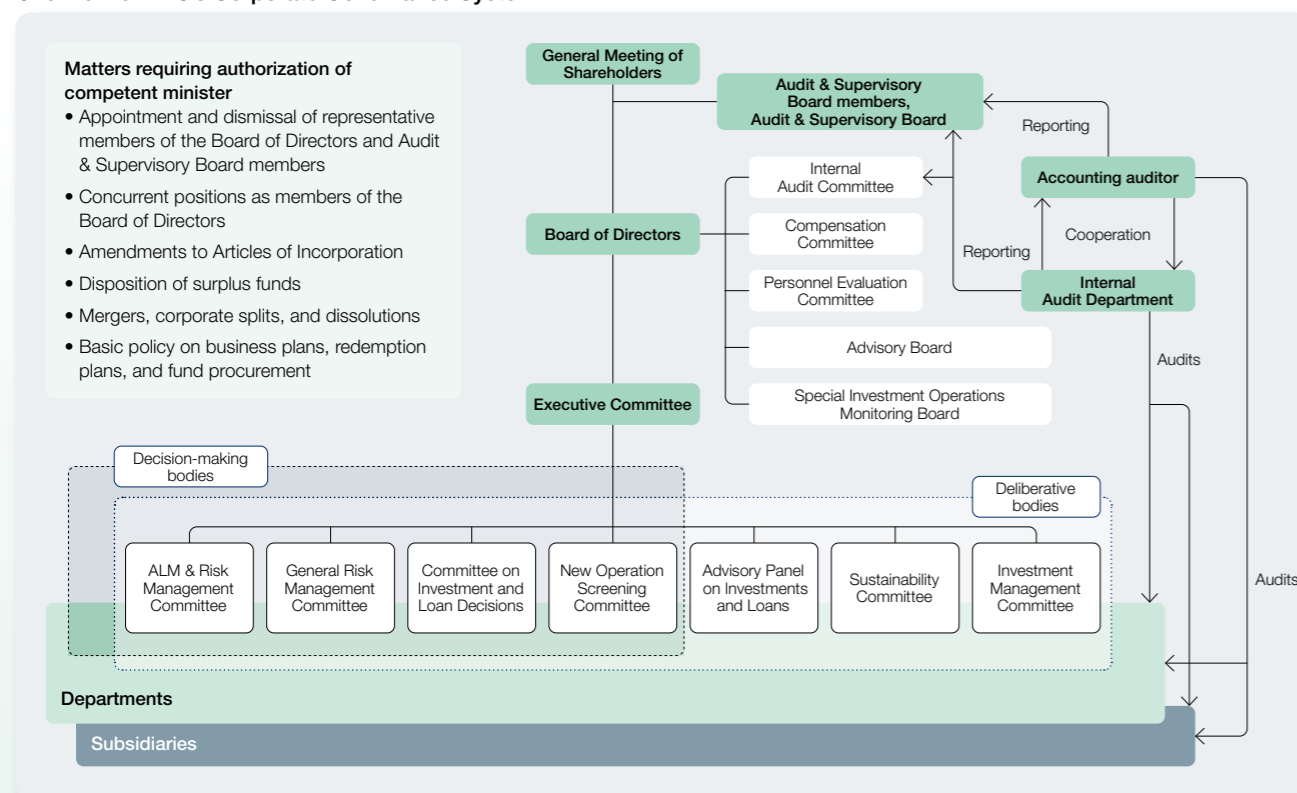
DBJ is working to enhance its unique governance system in addition to usual management supervision as a company with a board of directors and company auditors (Audit & Supervisory Board), through a business model built upon features such as integrated investments and loans and proper execution of the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

Specifically, the 2015 revisions to the DBJ Act established 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	(2)
Number of Board of Directors’ meetings in fiscal 2021	14
Number of Audit & Supervisory Board members	5
Of whom are outside members	(3)
Number of Audit & Supervisory Board meetings in fiscal 2021	14
Adoption of executive officer system	Yes
Accounting auditor	Deloitte Touche Tohmatsu LLC

Overview of DBJ’s Corporate Governance System



Audit & Supervisory Board Members, Audit & Supervisory Board

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

Also, DBJ has created the Audit & Supervisory Board Office, which, under the board’s direction, assists board members, including outside members, in performing their duties. The Audit & Supervisory Board and Audit & Supervisory Board members audit the execution of duties by 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 audits at branches and subsidiaries.

Advisory Bodies to the Board of Directors

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

Internal Audit Committee

The Board of Directors has established the Internal Audit Committee, delegating to this body the authority to deliberate important matters related to internal audits. This committee met three times during the fiscal year ended March 31, 2022.

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 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 matters related to ensuring that appropriate competitive relations are maintained with private financial institutions.

This board convened twice during the fiscal year ended March 31, 2022. It 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 (As of June 30, 2022)

Reiko Akiike	The Boston Consulting Group K.K. Co-Chairperson
Kazuaki Kama	Senior Advisor, IHI Corporation
Takeshi Kunibe	Chairman, Sumitomo Mitsui Financial Group, Inc.
Hidetoshi Sakuma	Chairman (Representative Director), Group Chief Executive Officer, The Chiba 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, Dean of Faculty of Business Studies at Kyoritsu Women’s University

Corporate Governance

Corporate Governance

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 from private-sector financial institutions and capital markets, convened twice during the fiscal year ended March 31, 2022.

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 2021, 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 (as of June 30, 2022)

Takeshi Kunibe	Chairman, Sumitomo Mitsui Financial Group, Inc.
Hidetoshi Sakuma	Chairman (Representative Director), Group Chief Executive Officer, The Chiba Bank, Ltd.
Kosei Shindo	Representative Director and Chairman, Nippon Steel Corporation
Keiko Tashiro	Deputy President, Member of the Board, Daiwa Securities Group, Inc.
Tsuji Matsuo	Vice Chairman & Senior Executive Director, Japanese Bankers Association
Sadatoshi Tsumagari	Representative Director and President, Nippon Gas Co., Ltd.

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 31 times during the fiscal year ended March 31, 2022.

Internal Audits

DBJ has established the Internal Audit Department under the direct supervision of the president and CEO 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 Internal 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 29, 2022, 25 people belonged to the Internal Audit Department.

Accounting Audits

DBJ has in place an agreement whereby Deloitte Touche Tohmatsu LLC conducts accounting audits as the Company's accounting auditor in accordance with Article 396, Paragraph 1 of the Companies Act and Article 193, Paragraph 2 (i) of the Financial Instruments and Exchange Act.

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.

Please refer to the links below for detailed information regarding DBJ's corporate governance.



Internal Control System Basic Policy (Japanese only)
https://www.dbj.jp/co/info/governance_policy.html



Securities filings (state of corporate governance, etc.)
(Japanese only)

<https://www.dbj.jp/ir/financial/report.html>



Compliance with Japan's version of the Stewardship Code
(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 three forms: fixed compensation, executive bonuses, and executive retirement benefits.

- (1) Fixed compensation is paid monthly in an amount based on the executive's position.
- (2) 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 start with a standard amount based on the position of the member of the Board of Directors. Bonuses also include a quantitative assessment portion determined based on a preset distribution percentage that reflects the achievement of the consolidated net income target, as well as a qualitative assessment portion determined based on a preset distribution percentage that comprehensively considers each executive's achievement of performance targets in their business division. Consolidated net income (¥46,815 million in the fiscal year ended March 31, 2021) is used as the performance indicator because it most accurately reflects DBJ's performance.
- (3) 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 fixed compensation, executive bonuses, and executive retirement benefits. To maintain their independence, part-time members of the Board of Directors receive fixed compensation alone.

Compensation for full-time Audit & Supervisory Board members comprises fixed compensation, and executive retirement benefits. Compensation for part-time Audit & Supervisory Board members consists solely of fixed 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 Articles of Incorporation limit the number of directors to 13 or less.

The General Meeting of Shareholders held on June 29, 2017, passed a resolution that sets ¥270 million as the maximum annual amount for total compensation paid to members of the Board of Directors. The Company's first General Meeting of Shareholders held on September 22, 2008, passed a resolution that sets ¥80 million as the maximum annual amount for total compensation paid to Audit & Supervisory Board members. The Articles of Incorporation set the number of Audit & Supervisory Board members to five or fewer.

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.

Details for fiscal 2021 are as follows.

	Number of meetings held in fiscal 2021
Compensation Committee	2

Compensation Committee Members in Fiscal 2021

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 Yamasaki

Compensation Paid to DBJ Board Members in Fiscal 2021

Category	Number of people	Compensation, etc. (Millions of yen)
Members of the Board of Directors (Excluding Outside Members of the Board of Directors)	10	205
Audit & Supervisory Board members (Excluding Outside Audit & Supervisory Board Members)	2	39
Outside Executives	5	63
Total	17	308

Notes: 1. Compensation amounts include provisions to reserves for executive retirement benefits.
2. Numbers of persons paid and compensation amounts include two members of the Board of Directors who retired during fiscal 2021.

Members of the Board of Directors, Audit & Supervisory Board Members, and Executive Officers

(As of the end of July 2022)

Members of the Board of Directors, Audit & Supervisory Board Members, and Executive Officers

Members of the Board of Directors



Chairman

Yasushi Kinoshita

1979: Joined the Ministry of Finance
2013: Vice-Minister of Finance
2015: Deputy President of DBJ
2018: Chairman of DBJ



Member of the Board of Directors,
Managing Executive Officer

Tsutomu Murakami

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

1988: Joined Japan Development Bank
2012: General Manager, Structured Finance Group
2015: General Manager, Secretariat Office
2017: Executive Officer,
Head of Human Resources Management Department
2019: Managing Executive Officer of DBJ
2021: Member of the Board of Directors,
Managing Executive Officer of DBJ



President and CEO

Seiji Jige

1986: Joined Japan Development Bank
2011: 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
2020: Deputy President of DBJ
2022: President and CEO of DBJ



Member of the Board of Directors,
Managing Executive Officer

Kazufusa Matsushima

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

1988: Joined Hokkaido-Tohoku Development Finance Public Corporation
2015: Head of Hokkaido Branch of DBJ
2019: Executive Officer (in charge of Internal Audit Department) of DBJ
2020: Managing Executive Officer of DBJ
2022: Member of the Board of Directors,
Managing Executive Officer of DBJ



Deputy President

Norifumi Sugimoto

1988: Joined Japan Development Bank
2013: General Manager, Secretariat Office
2015: Executive Officer,
Head of Corporate Planning & Coordination Department
2018: Managing Executive Officer of DBJ
2020: Member of the Board of Directors,
Managing Executive Officer of DBJ
2022: Deputy President of DBJ



Member of the Board of Directors,
Managing Executive Officer

Katsushi Kitajo

In charge of Business Planning & Coordination Department

1990: Joined Japan Development Bank
2017: Head of Business Development Department of DBJ
2019: Executive Officer,
Head of Human Resources Management Department of DBJ
2021: Managing Executive Officer of DBJ
2022: Member of the Board of Directors,
Managing Executive Officer of DBJ



Member of the Board of Directors,
Managing Executive Officer

Shoichiro Kubota

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

1990: Joined Japan Development Bank
2014: Head of Real Estate Finance Department
2018: Executive Officer,
Head of Growth & Cross Border Investment Department
2020: 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 Corporation, Chairman of the Tokyo Chamber of Commerce and Industry, Chairman of the Japan Chamber of Commerce and Industry

2008: Outside Member of the Board of Directors at DBJ



Member of the Board of Directors,
Managing Executive Officer

Takeshi Harada

In charge of Treasury Department, Syndication & Credit Trading Department, Financial Institutions Department

1988: Joined the Ministry of Finance
2017: Councilor of the Cabinet Secretariat Deputy Director of the Office for the Promotion of Privatization of Postal Services, Cabinet Secretariat
2019: Director-General, Tohoku Local Finance Bureau
2021: Member of the Board of Directors,
Managing Executive Officer of DBJ



Outside Member of the Board of Directors

Kazuo Ueda

Professor and Dean of Faculty of Business Studies at Kyoritsu Women's University, Director of Tokyo University's Center for Advanced Research in Finance

2008: Outside Member of the Board of Directors at DBJ

Note: Of the 15 members of the Board of Directors and the Audit & Supervisory Board, 14 are male and one is female. The female to male ratio is 6.7%.

Notes:

- 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.
- Directors Akio Mimura and Kazuo Ueda are outside members of the Board of Directors in accordance with Article 2, Paragraph 15 of the Companies Act. 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. Outside Audit & Supervisory Board member Naoko Saiki is also an outside director of Sojitz Corporation. DBJ has no conflicts of interest with Sojitz Corporation, and its business is conducted normally with the Company. 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 the Audit & Supervisory Board, based on Paragraph 1, Article 427, of the Companies Act.

Members of the Board of Directors, Audit & Supervisory Board Members, and Executive Officers

Audit & Supervisory Board Members



Audit & Supervisory Board Member

Atsushi Kurashige

1986: Joined 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 of DBJ



Audit & Supervisory Board Member

Shigeru Tamagoshi

1989: Joined Japan Development Bank
2014: Head of Corporate Finance Department, Division 2
2016: Head of Corporate Finance Department, Division 5
2018: Executive Officer,
Head of Business Planning & Coordination Department
2020: Audit & Supervisory Board Member of DBJ



Outside Audit & Supervisory Board Member

Hitoshi Sato

1984: Joined The Sumitomo Trust and Banking Co., Ltd.
2015: Managing Executive Officer of
Sumitomo Mitsui Trust Bank, Limited.
2021: Director, Senior Managing Executive Officer of
Sumitomo Mitsui Trust Bank, Limited
2022: Audit & Supervisory Board Member of DBJ



Outside Audit & Supervisory Board Member

Masato Dogauchi

Professor, Waseda University, Law School
Senior Counsel, T&K Partners

2020: Audit & Supervisory Board Member of DBJ



Outside Audit & Supervisory Board Member

Naoko Saiki

Outside Director, Sojitz Corporation

2020: Audit & Supervisory Board Member of DBJ

Note: Directors Hitoshi Sato, Masato Dogauchi, and Naoko Saiki are outside directors in accordance with Article 2, Paragraph 16 of the Companies Act.

Executive Officers (excluding those who are concurrently members of the Board of Directors)

Managing Executive Officer

Hiroshi Shimizu

In charge of Urban Development Department,
Real Estate Finance Department, Structured Finance
Department (Japan), Hokuriku Branch,
Kyushu Branch, Minami-Kyushu Branch

Managing Executive Officer (Head of Kansai Branch)

Toshiyasu Takazawa

In charge of Kansai Branch,
Chugoku Branch, Shikoku Branch

Managing Executive Officer

Seiji Tomosada

In charge of Corporate Finance Department, Division
3, Hokkaido Branch, Tohoku Branch, Niigata Branch,
Tokai Branch

Managing Executive Officer

Tomoya Sato

In charge of Corporate Finance Department, Division 5

Managing Executive Officer

Takao Isozaki

In charge of Corporate Finance Department,
Divisions 1 and 6

Managing Executive Officer

Masao Masuda

In charge of Corporate Finance Department,
Division 2, Sustainable Solution Department

Managing Executive Officer

Fumiyo Harada

In charge of Economic & Industrial Research
Department, Regional Research & Planning
Department, Structured Finance Department (Global)

Managing Executive Officer

Michiyo Machida

In charge of Corporate Finance Department, Division 4

Executive Officer

Isao Nishio

In charge of Financial Institution

Executive Officer

Hirofumi Maki

Head of Corporate Planning & Coordination
Department

Executive Officer

Shingo Kobayashi

Head of Human Resources Management Department

Executive Officer

Yoshiyuki Takada

In charge of Internal Audit

Executive Officer

Yuichiro Mori

Head of Business Planning & Coordination
Department, Chief Manager of Crisis Response
Operations Office

Messages from Outside Members of the Board of Directors

Akio Mimura

Outside Member of the Board of Directors

**Leveraging Corporate Governance to
Help Solve Social Issues**

I have served as an outside member of the Board of Directors 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 matter of ensuring suitable competitive relations with private financial institutions. I believe that the Advisory Board has fulfilled the responsibility of performing checks, from a third-party perspective, on the proper execution of legally mandated Special Investment Operations, Crisis Response Operations, collaboration with private financial institutions, and sustainability management by DBJ.

The COVID-19 pandemic has brought to the surface a number of issues in Japan, such as the need for digitalization, and for the strengthening of corporate supply chains. Moreover, amid increasing uncertainties on the international stage, issues have emerged related to the transition to carbon neutrality while maintaining international competitiveness, and ensuring economic, energy, and food stability. I will continue to fulfill my responsibilities on the governance front in facilitating essential dialogue and cooperation with stakeholders so that DBJ can help solve these social issues.

Career

April 1963: Joined Fuji Iron & Steel Co., Ltd.
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
November 2013: Senior Advisor, Honorary Chairman of Nippon Steel &
Sumitomo Metal Corporation, Chairman of the Tokyo
Chamber of Commerce and Industry (current position),
Chairman of the Japan Chamber of Commerce and
Industry (current position)
June 2018: Honorary Chairman of Nippon Steel & Sumitomo Metal
Corporation (now Nippon Steel Corporation)
April 2019: Honorary Chairman of Nippon Steel Corporation
(current position)

Kazuo Ueda

Outside Member of the Board of Directors

**Reinforcing Corporate Governance to
Advance Sustainability Management**

The international movement toward a carbon-free society has gained momentum since the adoption of the Paris Agreement. To attain a carbon-neutral and sustainable society, private-sector capital must be deployed along with advances in innovation and support for decarbonization. DBJ has provided solutions in tune with the times and constantly evolving social issues, such as by developing its sustainability financing services, including sustainability certification programs, and by supplying risk capital through collaborative efforts with private-sector companies and financial institutions. We will closely monitor global trends toward the achievement of a sustainable society, and redouble our efforts to coordinate with stakeholders and achieve a balance between social and economic value.

DBJ must continue to carry out these efforts with the medium- to long-term perspective of facilitating social and economic development and achieving a sustainable society. Proper governance is therefore essential. The DBJ Group's Advisory and Special Investment Operations 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 goals shared throughout DBJ.

Career

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 International Studies, Head of Office
for New Department Planning, Kyoritsu Women's
University, Director of Tokyo University's Center for
Advanced Research in Finance (current position)
Professor, Faculty of Business Studies at Kyoritsu
Women's University (current position), Dean of Faculty of
Business Studies at Kyoritsu Women's University
(current position)

Compliance

Compliance

Basic Stance

DBJ believes that compliance is both at the heart of our corporate management and that it complements our business model and strategy, like two sides of the same coin. In addition, compliance risk must be properly managed in our organization's overall governance and control structure in implementing our corporate philosophy based upon societal demand and expectation. We feel that compliance is achieved when each and every employee and executive actively engages in their work with compliance foremost on their minds.

Business Conduct and Compliance

The DBJ Group is a unique financial group which provides financing, investment, consulting and advisory services, asset management, and various other financial services. While reinforcing collaboration within the Group, DBJ creates proactive and advanced business and core strategies. As a financial institution, DBJ's first duty is to address the legitimate and logical expectations of its customers. Even in its initiatives in Crisis Response Operations and Special Investment Operations, DBJ adheres to customer-oriented business conduct. DBJ conducts operations in compliance with all laws and regulations through appropriate use of the Three Lines of Defense model to mitigate conduct risk. To achieve our corporate philosophy, all employees and executives engage in work while pursuing both economic and social value in accordance with our Code of Conduct (Action Guidelines), the basis for decisions and behavior by Group employees and executives.

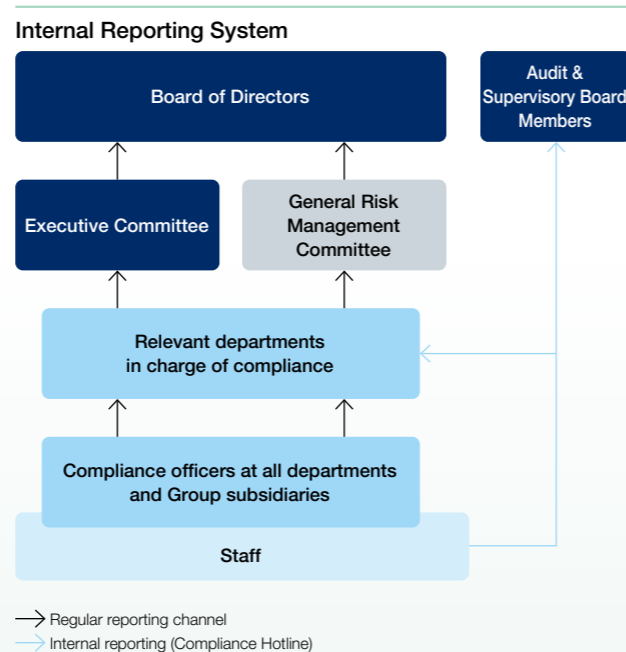
Compliance Framework

The DBJ Group has determined basic policies and rules for compliance, creates and distributes compliance manuals for employees and executives to follow, and conducts training and explanatory sessions to spread awareness of compliance. Each fiscal year, all DBJ Group companies design compliance programs and evaluate and implement concrete compliance action plans tailored to their particular business characteristics.

DBJ has established relevant departments that report on the status of compliance with laws and regulations to the Executive Committee and Board of Directors. Compliance officers have been assigned to each department to ensure compliance by employees and executives at each department.

Compliance officers are in charge of internal management as internal managers and function as contact points for reporting compliance matters while centralizing such matters within their departments. Through compliance officers, relevant departments in charge of compliance provide advice and guidance to each department when necessary, with the aim of ensuring compliance. In order to quickly discover and resolve any compliance-related issues, DBJ has set up an internal reporting channel to relevant departments and Audit & Supervisory Board members, which circumvents the normal reporting channels in the organizational structure. DBJ has also created an external reporting channel through a law office.

In light of revisions to the Whistleblower Protection Act, DBJ is updating its protections for whistleblowers. DBJ aims to improve the credibility of its whistleblowing system, and is encouraging Group companies to adopt whistleblowing systems based on DBJ's system.



Compliance Practices

The DBJ Group believes compliance with laws and regulations is essential for maintaining the customer's trust and ensuring the soundness and fitness of its business operations. We recognize compliance as one of our most important management priorities. Employees and executives are keenly aware of DBJ's public mission and social responsibilities, as well as initiatives to mitigate conduct risk. We engage in our business fairly, in good faith, and in compliance with not only all laws, regulations, and rules but also social norms, for supplying risk capital or pioneering initiatives.

Measures to Prevent Insider Trading

In the provision of various financial services including investments and loans, the DBJ Group believes that complying with insider trading regulations is essential to maintaining trust. For example, we have created rules for employees and executives to follow when trading in securities. Moreover, DBJ has established systems for preventing insider trading, as demonstrated by our formulation of strict procedures for confirming and executing transactions in our investment operations. In research operations, we manage and handle corporate information carefully.

Elimination of Anti-Social Forces

The DBJ Group has a basic policy of not having any relationships with anti-social forces, and resolutely coping with them in cooperation with the police and other external institutions. Our rules and training programs have thus been carefully crafted to prevent relationships with anti-social forces. DBJ thoroughly assesses and manages this risk for each project and takes appropriate measures when necessary while communicating with special external institutions.

Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) Measures

As it develops business worldwide, DBJ understands the importance of taking measures to prevent money laundering and the financing of terrorism. It has been reinforcing these measures based on guidance from the Financial Action Task Force (FATF) and the supervisory authorities. Although DBJ does not engage in foreign currency transactions or accept deposits, DBJ implements risk assessments as if it did, and takes steps based on the risks that would be involved. DBJ has systems in place to ensure that proper procedures are taken, periodically conducts risk management operations, and provides thorough training in these for its employees and executives. We also strive to continuously improve this structure by evaluating a variety of measures.

Initiatives to Prevent Bribery and Corruption

Due to the public nature of DBJ, the DBJ Act stipulates that the executives and employees of DBJ must not receive improper compensation, and internal rules define matters that warrant caution when executives and employees come into contact with clients and other parties. In addition to preventing bribery and corruption at DBJ, we take steps to prevent involvement in the bribery and corruption of third parties and other entities, including recipients of investments and loans.

Customer Protection Management

The DBJ Group has identified "the customer's perspective" as a key element of its Code of Conduct (Action Guidelines). By taking the customer's perspective, we endeavor to improve customer protections and convenience. Furthermore, we have created basic policies for customer protections from the standpoint of ensuring the soundness and fitness of our operations. Accordingly, we have taken a management posture for ensuring customer protections. Employees and executives provide support to customers by explaining and providing appropriate and adequate information to them.

Management of Conflicts of Interest

When providing customers with financing, investment, consulting and advisory services, asset management, and other financial services, the DBJ Group has systems in place for identifying and managing transactions in order to prevent conflicts of interest and act fully in the interests of customers, based on the transaction type and degree of risk. When obtaining consent from customers for a transaction, we provide them with accurate and appropriate information.

Management of Customer Information

In addition to following legal requirements and rules about sharing customer information among Group companies, preventing insider trading, and managing conflicts of interest, the DBJ Group has created management structures and systems for handling customer information, with particular attention paid to minutiae in order to maintain the customer's trust.



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

DBJ has created and disclosed the Declaration on Personal Information Protection for protecting such information. Please refer to the DBJ website for more details about this declaration.

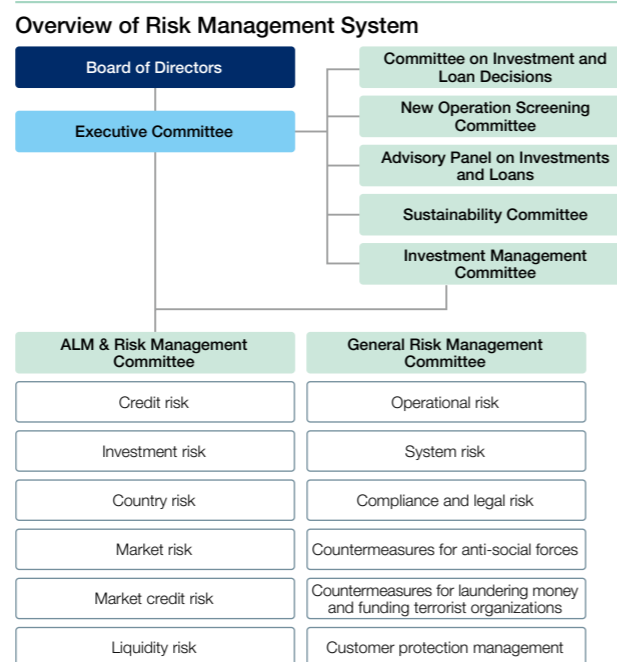
Risk Management

Risk Management

Risk Management System

DBJ has a risk management system in place designed to handle a variety of specific risks, with the aim of maintaining the soundness and creditability of management as it pursues business based on management plans. Specifically, risks are identified, evaluated, monitored, and controlled in each risk category and in comprehensive risk areas, and are managed within the scope of our management capabilities from a comprehensive understanding of each risk.

The Board of Directors sets out basic policies for comprehensive risk management, receives reports about risk management conditions, and ensures the effectiveness of risk management functions. The Executive Committee creates related rules based on these basic policies and deliberates on matters of importance that directly relate to management policies. In line with these basic policies and rules, the ALM & Risk Management Committee discusses and makes decisions on matters essential to the risk management system for financial risk, such as credit risk, while the General Risk Management Committee deliberates on non-financial risk, such as administrative risk. Both committees meet regularly, and whenever necessary, conduct risk monitoring.



Comprehensive Risk Management

We measure the amount of each type of risk using uniform and logical methodologies to the greatest extent possible, while considering the uniqueness of each risk category. As the sum total of this risk, comprehensive risk is managed within the context of our risk guidelines. These risk guidelines are determined by the Executive Committee and reflect risk conditions in the existing portfolio and latest business plans, within the framework for capital allocation based on the amount of our own 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, and DBJ conducts 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. Based on the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions (Act No. 132 of 1998), DBJ carries out independent asset assessments in an effort to properly grasp credit risk in a timely fashion. The results of self-assessments are subject to an audit by an auditing corporation and are reported to management.

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.

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 in this category are experiencing weak or unstable business conditions, or are having 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.	

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.

Portfolio Management

DBJ performs a statistical analysis of data based on borrower ratings and calculates the loan portfolio's overall exposure to credit risk. Credit risk exposure is classified as unexpected loss (UL), the maximum loss that could be incurred at a certain rate of probability minus the expected loss (EL), the average loss expected during a specific loan period.

Large borrowers are identified based on standardized loan balances defined by the borrower's rating and monitored as required in accordance with credit management policies.

Risk Management

Investment Risk

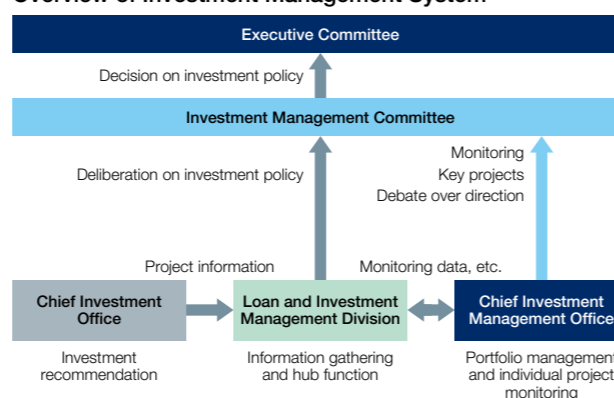
Investment risk refers to the risk of sustaining losses resulting from a decline in or loss of the economic value of assets due to worsening financial conditions for entities receiving funds and to changing market environments. DBJ's investments include the provision of mezzanine and equity financing, 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, as with credit risk. DBJ makes investment decisions and manages individual investments as well as its Bank-wide portfolio accordingly.

Type	Major risks	Returns
Corporate mezzanine financing	Credit risk, etc.	Dividends, etc.
Corporate investment (including listed shares)	Business risk Market risk	Capital gains
Real estate and infrastructure, etc.	Risk of change in asset value Operating risk at operating entities	Income gains

Investment Policy

The Executive Committee determines our investment policy following deliberations each fiscal year by the Investment Management Committee, based on our corporate philosophy of striking a balance between social value and economic value. This policy takes into consideration the balance in risks and returns in the overall portfolio, while also reflecting the external business environment, including changes in market conditions and industrial structure, and a performance analysis of the existing portfolio.

Overview of Investment Management System



Credit Management of Individual Projects

Investment decisions for individual projects are made after exit strategies are determined in case a downside scenario materializes, and targets are set for returns based on the type of investment, which is also examined in order to manage credit risk.

In project management, DBJ periodically monitors every project and has established the Chief Investment Management Office to enhance monitoring of key projects and improve the management of investment risks in the overall portfolio.

Portfolio Management

The bulk of assets in our investment portfolio consists of unlisted shares and mezzanine loans. We quantify our risk exposure to these assets with a focus on risk characteristics in each asset category and differences in methods for recouping investments.

Specifically, DBJ assesses credit risk based on asset type with the aim of recovering the investment, mainly through business cash flow. We also take into account market risk for asset types where investments are likely to be recovered when the asset is sold to a third party or the market. In these ways, DBJ quantifies risks by applying methods to estimate credit risk and market risk.

Market Risk

DBJ classifies market risk as risk pertaining to investment and loan activities. The main risks it manages are interest rate risk and foreign exchange risk. DBJ does not have any trading-related risk (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 ALM & Risk Management Committee, DBJ conducts comprehensive management of current assets and liabilities to optimize net interest expenses and economic value by adequately controlling interest rate risk.

Foreign Exchange Risk

Foreign 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. Foreign exchange risk derives from financing in foreign currencies and issuing foreign currency bonds. However, DBJ uses foreign exchange swaps and other instruments to limit this risk.

Market Credit Risk

DBJ aims to reduce counterparty risk in derivatives transactions through margin transfers by means of a centralized exchange and mutual credit support annex. Financial institution transactions are managed within the limits of the creditworthiness of the counterparty. Transactions with operating companies and other customers are managed within the framework of comprehensive risk management for fluctuation risks, and measurements of credit valuation adjustment (CVA) are based on accounting standards.

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 would otherwise be the case. The risk of losses for these reasons is known as market liquidity risk.

As its main methods of acquiring funds, rather than carrying out short-term funding by issuing commercial paper, DBJ relies on the stable procurement of long-term funds from the Japanese government's Fiscal Investment and Loan Program and government-guaranteed bonds while issuing bonds and taking out long-term loans.

To prepare for unforeseen cash flow crunches caused by shocks to financial markets, DBJ manages funds to ensure sufficient cash on hand to cover planned capital outflows under envisioned stress conditions. DBJ has formulated countermeasures based on contingency plans in the event they become necessary depending on the mode classification, and it has created different categories for fund operation modes based on the degree of constriction in cash flows.

Risk Management

Risk Management

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 risk 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 so on. 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.

Over the past few years, cyberattacks have rapidly become more advanced and cunning, and the DBJ Group is aware of the increasing risk of being damaged by a cyberattack. Given these circumstances, the Group has set up the Cyber Security Office and the DBJ Computer Security Incident Response Team (DBJ-CSIRT) as a team dedicated to responding to cybersecurity incidents across related divisions, centered on the Cyber Security Office and the Corporate Planning & Coordination Department. DBJ-CSIRT is in charge of responding to cybersecurity incidents within the DBJ Group as well as maintaining and updating the necessary response systems.

Stress Tests

In addition to managing comprehensive risks based on risk exposure, DBJ performs stress tests on its own capital adequacy in order to ensure uninterrupted financial functions, including Crisis Response Operations, while maintaining the soundness of management under stressful conditions. These stress tests are also used in evaluating the degree of impact on our own capital from the creation of and changes to medium-term management plans and business plans, as well as in examining possible responses to various management issues.

Based on the latest forecasts for economic conditions and in light of the international situation, these stress tests take into account DBJ's financial position in various scenarios for challenging conditions, such as a major economic recession or strong market stressors. We evaluate whether financial functions can be smoothly executed and adequate financial health maintained under stressful conditions, by factoring in various scenarios for how risk exposure and risk-weighted assets increase as a result of erosion of our own capital, and of changes in our portfolio of loans and investments.

We also verify the adequacy of our cash liquidity.

Business Continuity Initiatives

DBJ has prepared a business continuity plan (BCP) to protect the interests of its stakeholders, including its clients, its shareholders, 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 or a novel virus outbreak, 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 multi-layered communication procedures.

Chain of Command and Delegation of Authority

To assure that decision-making concerning the continuity of core operations is prompt and certain in the event that 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.

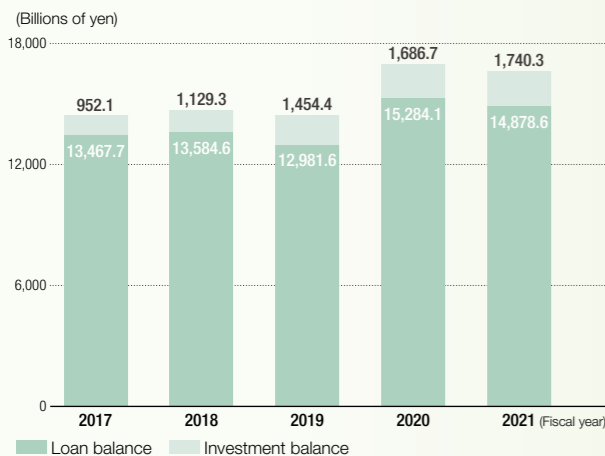
Initiatives to Maintain or Improve BCP Viability

DBJ conducts various types of instruction and training of executives and 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.

Financial and Non-Financial Highlights

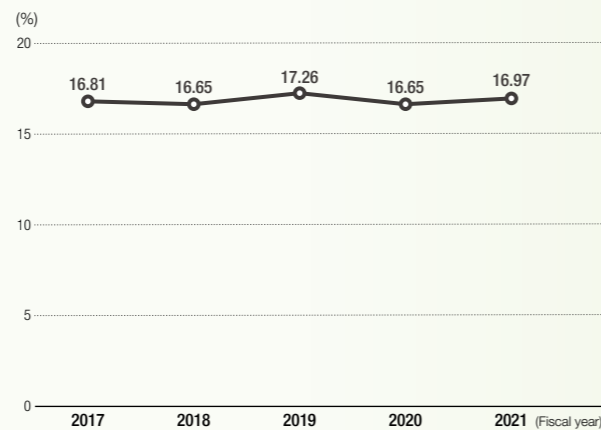
Financial and Non-Financial Highlights

Financial Highlights

Balance of Investments and Loans
(Non-Consolidated)

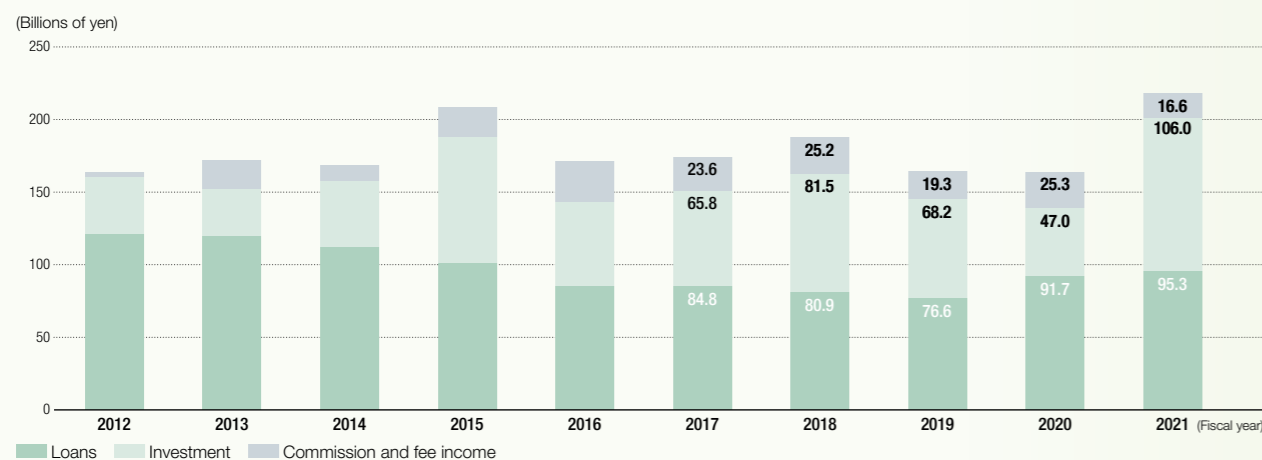
The balance of investments and loans (non-consolidated) stood at ¥16.6 trillion as of the end of fiscal 2021. The loan balance was ¥14.8 trillion as of the end of the fiscal year under review. The investment balance expanded to ¥1.7 trillion as of the end of fiscal 2021, reflecting DBJ's focus on investment operations.

Common Equity Tier 1 Capital Ratio (Consolidated)



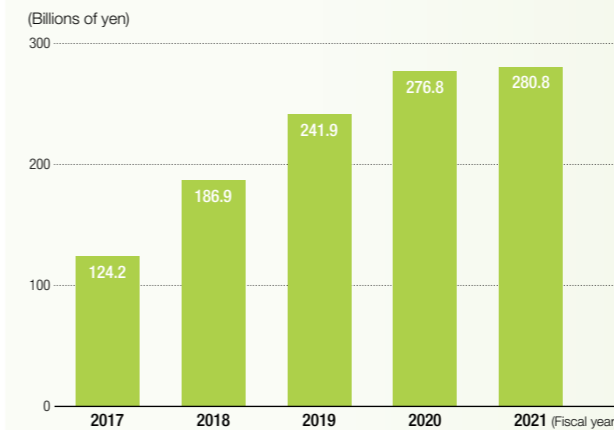
The common equity Tier 1 capital ratio (consolidated) was 16.97% as of the end of fiscal 2022. This ratio may decline, for example, when DBJ supplies risk capital for strengthening investment operations, but DBJ continues to work on keeping this ratio at a sound level.

Gross Ordinary Income (Consolidated)

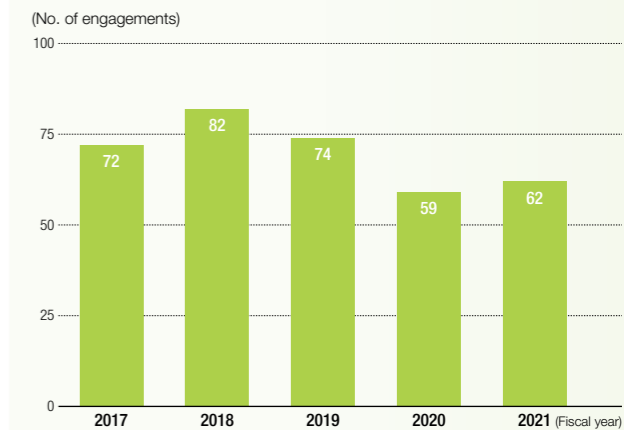


In fiscal 2021, in loan operations, loan profits increased alongside growth in the average loan balance compared with fiscal 2020. In investment operations, profits expanded due to such factors as dividend income from investees. Fee and commission income decreased on a decline in fee income. Accordingly, gross ordinary income amounted to ¥218 billion, up from that of the previous fiscal year.

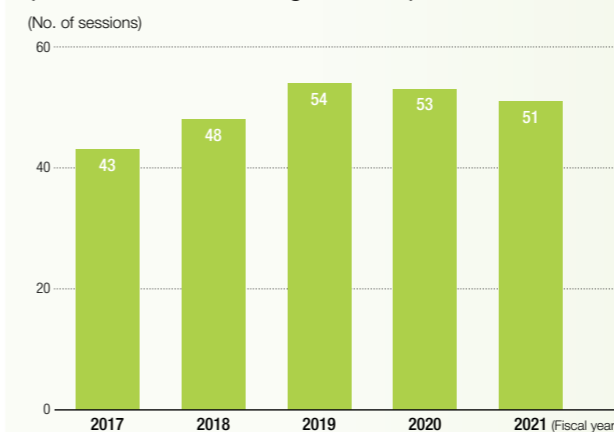
Non-Financial Highlights

Balance of Investments and Loans in
Renewable Energy

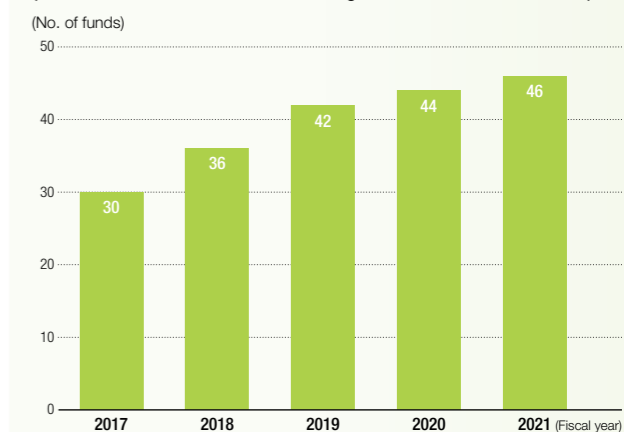
The balance of investments and loans in renewable energy stood at ¥280.8 billion as of the end of fiscal 2021. With renewable energy drawing more attention as the world moves away from carbon-based energy sources, the DBJ Group will provide financial support to ventures in solar power, onshore and offshore 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 achieving carbon neutrality by 2050.

Increase in Dialogues with Customers via the
Sustainability Certification Program

Under the DBJ Sustainability Evaluation Certification Program (see page 20), at the request of customers, we provide feedback from a third-party perspective on the results of customers' evaluations and help them understand the issues they should address and enhance their management capabilities. Since the outset of the COVID-19 pandemic, it became impractical to hold in-person award ceremonies for executives and employees. Through the use of online meeting systems, however, we continued with feedback initiatives. Through dialogue, we will continue to support our customers' efforts to advance sustainability management.

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

The DBJ Group provides abundant opportunities for training through combinations of rank-based and business-related training programs. In fiscal 2021, DBJ reassessed its training programs for women and for management positions. While online training remained the main format, some in-person training was resumed while taking measures against COVID-19, in a bid to maximize the effectiveness of training through optimal formats. DBJ will continue to train personnel, proactively encouraging employees to enhance their skills through training seminars and improving the content of training based on DBJ's management strategy.

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

As of the end of fiscal 2021, the DBJ Group had created 46 collaborative funds with regional financial institutions. The DBJ Group and regional financial institutions, each with a local customer base, supply risk capital to local companies. We draw on the respective strengths of each financial institution with the aim of spurring initiatives to address regional issues.

Consolidated Financial Summary

Consolidated Financial Summary

(Billions of yen)

	Fiscal 2010 (April 1, 2010 to March 31, 2011)	Fiscal 2011 (April 1, 2011 to March 31, 2012)	Fiscal 2012 (April 1, 2012 to March 31, 2013)	Fiscal 2013 (April 1, 2013 to March 31, 2014)	Fiscal 2014 (April 1, 2014 to March 31, 2015)	Fiscal 2015 (April 1, 2015 to March 31, 2016)	Fiscal 2016 (April 1, 2016 to March 31, 2017)	Fiscal 2017 (April 1, 2017 to March 31, 2018)	Fiscal 2018 (April 1, 2018 to March 31, 2019)	Fiscal 2019 (April 1, 2019 to March 31, 2020)	Fiscal 2020 (April 1, 2020 to March 31, 2021)	Fiscal 2021 (April 1, 2021 to March 31, 2022)
Consolidated												
Total income	345.1	318.7	340.0	361.6	339.0	358.6	285.4	291.7	301.2	289.1	269.4	310.3
Income before income taxes	95.0	99.2	115.6	165.7	153.0	185.1	122.5	127.1	128.1	78.9	73.0	86.1
Extraordinary profit / loss	9.3	10.9	0.6	0.2	0.6	1.5	(0.0)	2.2	(1.3)	4.0	0.7	2.3
Income before income taxes and minority interests	104.3	110.2	116.2	166.0	153.6	186.7	122.4	129.4	126.7	83.0	73.8	88.5
Total income taxes	(1.3)	(31.9)	(44.5)	(40.8)	(58.9)	(57.6)	(34.6)	(35.0)	(33.5)	(31.5)	(26.9)	(29.4)
Net income attributable to owners of the parent	101.5	77.3	71.3	124.3	92.7	128.9	87.6	91.9	91.9	50.4	45.2	57.6
Total dividend amount	50.0	37.3	35.2	30.8	22.5	29.2	19.7	22.1	21.0	9.9	8.1	15.6
Total assets	14,845.2	15,579.8	16,248.7	16,310.7	16,360.6	15,907.1	16,570.4	16,952.2	17,079.5	17,693.6	21,221.8	21,508.5
Loans	13,031.4	13,645.4	13,918.2	13,838.4	13,261.3	12,952.5	13,039.5	12,725.2	12,923.9	12,415.9	14,757.1	14,346.1
Securities	1,165.5	1,176.6	1,357.0	1,637.5	1,887.9	1,803.0	1,750.3	1,866.4	1,961.0	2,374.2	2,535.8	3,034.4
Total liabilities	12,435.2	13,118.8	13,710.1	13,682.9	13,613.3	13,022.9	13,584.2	13,842.1	13,783.2	14,259.6	17,518.4	17,676.5
Borrowed money	8,576.4	9,170.5	9,448.3	9,182.6	8,598.2	7,892.1	8,472.3	8,574.1	7,987.8	8,070.9	10,664.5	10,573.6
Debentures and corporate bonds	3,629.3	3,671.8	3,924.5	4,237.4	4,569.3	4,727.9	4,711.8	4,932.9	5,296.9	5,696.8	6,223.4	6,392.3
Total equity	2,409.9	2,461.0	2,538.5	2,627.7	2,747.2	2,884.2	2,986.2	3,110.1	3,296.3	3,434.0	3,703.4	3,832.0
Common stock	1,181.1	1,187.7	1,206.9	1,206.9	1,206.9	1,000.4	1,000.4	1,000.4	1,000.4	1,000.4	1,000.4	1,000.4
Capital adequacy ratio (Basel II, BIS standard)	20.50%	18.56%	—	—	—	—	—	—	—	—	—	—
Common equity Tier 1 capital ratio (Basel III, BIS standard)	—	—	14.93%	15.30%	16.22%	17.54%	17.22%	16.81%	16.65%	17.26%	16.65%	16.97%
Ratio of loan balance in risk-managed assets	1.28%	1.47%	1.23%	0.99%	0.77%	0.64%	0.54%	0.47%	0.40%	0.46%	0.76%	0.73%
Return on assets (ROA)	0.67%	0.51%	0.45%	0.76%	0.57%	0.80%	0.54%	0.55%	0.54%	0.29%	0.23%	0.27%
Return on equity (ROE)	4.31%	3.18%	2.86%	4.83%	3.47%	4.60%	2.99%	3.03%	2.88%	1.51%	1.27%	1.54%
Number of employees	1,203	1,270	1,315	1,391	1,407	1,435	1,546	1,631	1,650	1,703	1,781	1,809
Investment and fund-raising flow (non-consolidated)												
Loans and investments (flow)	2,116.6	2,927.0	2,652.4	2,943.3	2,544.2	3,027.7	4,012.6	3,153.4	3,790.8	3,951.8	5,786.7	3,222.6
Loans	2,034.4	2,849.0	2,524.5	2,805.1	2,262.7	2,861.3	3,805.8	2,973.6	3,490.4	3,401.5	5,484.2	2,994.6
Investments	82.2	78.0	127.8	138.2	281.4	166.3	206.7	179.7	300.4	550.0	302.5	227.9
Funds raised (flow)	2,116.6	2,927.0	2,652.4	2,943.3	2,544.2	3,027.7	4,012.6	3,153.4	3,790.8	3,951.8	5,786.7	3,222.6
Of which, recovered, etc.	1,212.8	691.7	502.2	1,307.5	1,129.9	1,639.7	1,526.1	1,005.0	2,051.4	1,546.1	1,191.4	1,078.0

2008–2010

First Medium-Term
Management Plan:
CHALLENGE 2010

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:
Initiate Change, Create the Future

2020

Crisis Response
Operations during
the COVID-19
pandemic

2021–

Fifth Medium-Term
Management Plan
Connect and
Value Creation

–Innovation for Sustainability–

Timeline

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

Year	Month	Event
1951	April	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	Hokkaido Development Finance Public Corporation established
1957	April	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's 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
2020	May	Act for Partial Amendment of the Development Bank of Japan Inc. Act (Act No. 29 of 2020) approved

Shareholder Information

(As of March 31, 2022)

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	100.0
Total	—	43,632	100.0

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) was amended twice, with DBJ accepting an additional increase in Japanese government capital. Also, by the end of fiscal 2014, the Japanese government was committed to reviewing 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 (Act No. 23 of 2015), 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.

In light of discussions in 2019 by the Japanese government's Study Panel Concerning the Future Vision of Special Investment Operations at Development Bank of Japan Inc. under the Act for Partial Amendment of the Development Bank of Japan Inc. Act (Act No. 29 of 2020), which was enacted on May 22, 2020, Special Investment Operations shall take the following required measures:

- extend the investment decision term and government financing term from March 31, 2021, until March 31, 2026, and
- extend the deadline for ending operations from March 31, 2026, until March 31, 2031.

Note: For the full text of the DBJ Act, please refer to the Data section (see pages 82–98).

Highlights of 2015 Revisions to the DBJ Act

1 Measures maintaining direction toward full-scale privatization

Before revision	After revision
Full-scale privatization and disposal of all Japanese government-held shares, targeting around five to seven years from April 1, 2015	<ul style="list-style-type: none"> 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	After revision
<ul style="list-style-type: none"> Conducting Crisis Response Operations as a designated financial institution Enabling Japanese government recapitalization in crisis response by March 31, 2015 	<ul style="list-style-type: none"> 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

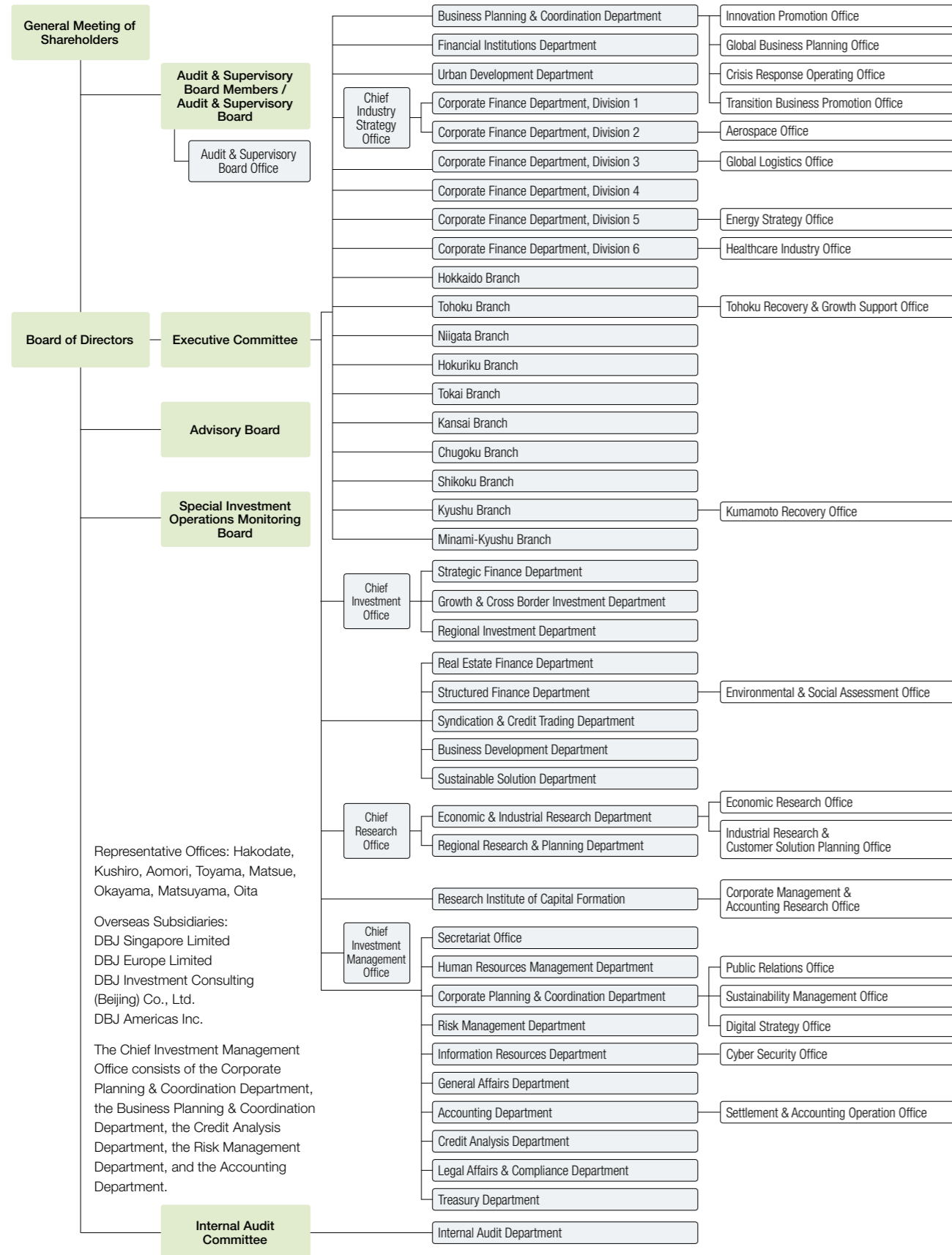
3 Measures establishing new Special Investment Operations scheme to temporarily provide growth capital in a concentrated manner

Before revision	After revision
Provision of risk capital through the Fund for Japanese Industrial Competitiveness	<ul style="list-style-type: none"> 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	After revision
As per the Third Medium-Term Management Plan, sustenance of close communications, maintaining a focus on operations in collaboration with other financial institutions	<ul style="list-style-type: none"> 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 June 1, 2022)



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	1,809 (non-consolidated 1,257)

(As of March 31, 2022)




Group Companies

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



Overseas Bases

DBJ Singapore Limited	DBJ Singapore Limited is a Singapore-based subsidiary. 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 Europe Limited	DBJ Europe Limited is a London-based subsidiary. It mainly provides support for investment and loan services in Europe, and also collects and disseminates information locally.
DBJ Investment Consulting (Beijing) Co., Ltd.	DBJ Investment Consulting (Beijing) Co., Ltd. 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 Americas Inc.	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 / Securities / Asset Management

DBJ Capital Co., Ltd.	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キャピタル株式会社 日本経済研究グループ
DBJ Securities Co., Ltd.	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証券株式会社 日本経済研究グループ
DBJ Asset Management Co., Ltd.	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.	 DBJ.Aセットマネジメント 日本経済研究グループ

Research / Consulting

Japan Economic Research Institute Inc.	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.	 株式会社 日本経済研究所 Japan Economic Research Institute Inc.
Value Management Institute, Inc.	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.	 株式会社 価値総合研究所 日本経済研究グループ

Real Estate Management / IT Services / Shared Services

DBJ Real Estate Co., Ltd.	DBJ Real Estate Co., Ltd. handles administrative functions for the DBJ Group for office building leasing, rental conference rooms, and business libraries.	 DBJリアルエステート株式会社 日本経済研究グループ
Consist, Inc.	Consist, Inc. provides one-stop consulting services for developing, maintaining, and operating IT, using technology to help solve social issues.	 consist 株式会社コンシスト
DBJ Business Support Co., Ltd.	DBJ Business Support Co., Ltd. is a shared services company of the DBJ Group. It supports DBJ Group companies business by consolidating their administrative operations and also streamlining processes with its operational expertise.	 DBJ ビジネスサポート株式会社 日本経済研究グループ