



News Release

October 7, 2014

Development Bank of Japan Inc.

DBJ issued Euro-Euro 250m inaugural green bond

On 7 October 2014, Development Bank of Japan Inc. (DBJ; President and Chief Executive Officer: Toru Hashimoto) issued its inaugural EURO 250 million green bond. The transaction proceeds will be used to finance loans under management by DBJ which finance a building/development receiving a DBJ Green Building Certification*. Detail of the DBJ Green Bond is available at the link below.

<http://www.dbj.jp/en/ir/credit/greenbond/index.html>

This bond is the first green bond in Euro Market issued by a Japanese issuer. The bond pays an annual coupon of 0.25% p.a.. Merrill Lynch International, Morgan Stanley & Co. International plc, Citigroup Global Markets Limited, and Daiwa Capital Markets Europe Limited jointly acted as lead managers of the transaction.

The deal further promotes the DBJ's sustainable investment offering. The rapidly growing order book reflected the keen interest to the deal representing the market's commitment to the values of Socially Responsible Investment (SRI). Within a short period of time, the order book reached over EURO 750 million attracting strong demand from various investors with an interest in supporting green projects.

The transaction was placed with 26 investors including Fjärde AP Fonden, IKEA group, Municipality Finance Plc, Nordea Funds, Omega Global Investors, Pictet Asset Management and The World Bank. Very strong support came from investors focused on SRI, who bought over 70% of the bonds. The distribution by investor type was as follows: Central Banks and Official Institutions 60%, Fund Managers 15%, Banks 12%, Pension and Insurance companies 6% and Others 7%. In terms of geographical distribution, 40% of the bonds were placed with accounts in Europe followed by US Offshore 25%, Asia & Pacific 18% and Middle East & Africa 17%.

Beginning with antipollution measures implemented in the late 1960s and early 1970s, DBJ has provided more than ¥3 trillion in investments and loans for environmental projects over the past 40 years. DBJ Environmentally Rated Loan Programme was incorporated into our repertoire in fiscal 2004, with a DBJ Green Building Certification following in fiscal 2011. It is this last item for which the proceeds are earmarked (for green buildings with minimum '3 stars' certification), and to which a second party opinion from a certifier (DNV GL) has been affixed.

- Merrill Lynch International

"With its debut Green Bond DBJ became the first Japanese issuer of a Green Bond. DBJ has created a new frontier in this fast growing market and has created a solid platform for future issuance. Add to this the fact that the deal was three times oversubscribed and the investor base was 70% environmentally minded and you have a successful transaction in every way. In short a great outcome for DBJ and the market", said Martin Mills, Head of Green DCM, EMEA at Bank of America Merrill Lynch.

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- Morgan Stanley & Co. International plc

“DBJ met with great success in its long-awaited return to the Euro market: a landmark inaugural Green Bond transaction. The significant level of SRI participation and investor diversification achieved is a testament to DBJ’s value proposition in the Euro Green Bond space. The high quality of DBJ’s credit and strength of their Green Bond program provided an ideal investment opportunity and paved the way for future success in Green Bonds for DBJ and their Japanese SSA peers”, **said Andrew Salvoni, Head of SSA and Green Bond Syndicate at Morgan Stanley.**

- Citigroup Global Markets Limited

“This transaction was a great success for both DBJ and the euro green bond market. The bond itself closely followed the Green Bond Principles, complete with a helpful second Opinion from DNV. Being three times oversubscribed for a €250 million deal was a strong reflection of investor enthusiasm both for the DBJ credit and the green bond structure. I expect this bond to trade tighter in the secondary market & it sets a great benchmark for other Japanese issuers to follow”, **said Philip Brown, Head of SRI Fixed Income Origination and SSA DCM at Citi.**

- Daiwa Capital Markets Europe Limited

“DBJ is to be congratulated on a very successful transaction, launching the first Green Bond by a Japanese borrower, and one with an innovative theme, a combination that attracted a wealth of eager SRI investors. The high level of demand enabled final pricing at the tight end of guidance, and was testament to the considerable investor work undertaken by DBJ prior to launch. An enviable success story, and a fine example for others to follow”, **said Christopher Brown, Head of Investment Banking at Daiwa Capital Markets Europe Limited.**

Transaction Summary:

The main terms of the bonds

Issuer	: Development Bank of Japan Inc.
Market	: Euro Market
Issue amount	: Euro 250 million
Maturity	: 3 years (due on October 6, 2017)
Coupon	: 0.250%
Re-offer price	: 99.634%
Listing	: London Stock Exchange PSM
Lead Manager	: Merrill Lynch International Morgan Stanley & Co. International plc Citigroup Global Markets Limited Daiwa Capital Markets Europe Limited
Signing date	: October 1, 2014
Closing date	: October 7, 2014
Bond Rating	: Aa3: Moody’s, A+: S&P

* Please see the link below for more information about DBJ Green Building Certification.

http://www.dbj.jp/en/service/finance/g_building/index.html



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