DBJ Initiatives for Japan’s Growth Strategy

October 2015

TORU HASHIMOTO

Former President and CEO
Development Bank of Japan Inc.
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td>Joined Fuji Bank (currently the Mizuho Financial Group)</td>
</tr>
<tr>
<td>1959-1960</td>
<td>Fulbright Scholar at the Graduate School of Economics of the University of Kansas</td>
</tr>
<tr>
<td>1973-1979</td>
<td>General Manager of Fuji Kleinwork Benson (London)</td>
</tr>
<tr>
<td>1984-1986</td>
<td>Executive Vice President at Heller International Corp (Chicago)</td>
</tr>
<tr>
<td>1991-1996</td>
<td>President and CEO at Fuji Bank</td>
</tr>
<tr>
<td>1996-2002</td>
<td>Chairman of the Board of Directors at Fuji Bank</td>
</tr>
<tr>
<td>2003-2008</td>
<td>Chairman at Deutsche Securities</td>
</tr>
<tr>
<td>2011-2015</td>
<td>President and CEO at the Development Bank of Japan Inc. (DBJ)</td>
</tr>
<tr>
<td>June.2015</td>
<td>Senior Advisor at the DBJ</td>
</tr>
</tbody>
</table>
Growth Strategy in Japan
"Abenomics"

Before Abenomics
- Long economic slump
- Deflation
- Strongest yen on record
- Stagnant share prices
- Corporate flight overseas

Spreading sense of frustration

Change of administration

Change of sentiment

Three Arrows
1. Monetary easing
2. Fiscal stimulus
3. Growth strategy

After Abenomics
- Weaker yen, stronger share prices
- Emergence from deflationary mindset
- Correction of supply-demand gap
- Tighter labor market
- Renewed appreciation of domestic production

Renewed confidence

Future goals
- Sustained growth
- 2% inflation rate
- Improved finances

Before Abenomics
- Financial Crisis
- Euro Crisis breaks out in Greece

East Japan Earthquake Disaster

Abe Administration starts: Dec 2012
Economic Recovery under Abenomics

Corporate profitability has increased significantly

- Corporate profits at their highest levels:
  - FY2012: 48.5 trillion yen
  - FY2013: 59.6 trillion yen
  - FY2014: 64.6 trillion yen

- Business conditions improving (Diffusion Index):
  - Dec. 2012: -9 points
  - Jun. 2015: +7 points

- Crude oil prices dropped by 60% between Jun. 2014 and Aug. 2015
  → 2-3 trillion yen increase in nominal corporate profits and employee nominal compensation

Corporate recovery is driving improvement of employment conditions

- Increase in number of employees:
  - 1 million in two and a half years

- Active opening rate:
  - 1.21 (highest in 23 years)

- Unemployment rate: 3.3%

- Average wage increase for FY2015:
  - 2.20% (highest in 17 years)

Source: 「Abenomics is progressing」
The government of Japan, September 2015
2nd Stage of Growth Strategy

Principal measures

Revolution in productivity by investment in the future

Earning Power

- Growth-oriented corporate governance
- Innovation and venture business
- International growing markets

Personal Capabilities

- Further Promotion of Women etc.

Promotion of Local Abenomics

- SMEs and micro enterprises
- Transform primary industry/ health care industry/ tourism into key industry

DBJ initiatives

- Accept Japan’s Stewardship Code
- Invest in Silicon Valley
- Support of Woman Entrepreneurs
- Integrated financial services Provide Risk-Money
- Promote Regional Growth
Current Capital Spending Plans of Major Japanese Companies (DBJ Survey, 8/2015)

Trends in Domestic Capital Spending

• The fourth straight year of increase is expected.

Growth in Capital Spending (FY1990-FY2015)

- Manufacturing: 24.2%
- Total: 13.9%
- Non-Manufacturing: 8.7%
Area of Focus in Domestic Growing Fields

- Participation in fields remotely related to core business is observed.

Domestic Growing Fields Firms Participating/Considering Participation in, in the Medium Term

**[Manufacturing] (267 firms)**

- Renewable energy
- Other energy and environmental areas
- Next-generation vehicles
- IoT and big data
- Medical care and Health
- Businesses serving the low-birthrate, aging society (home care, child care, etc.)
- Infrastructure
- Agriculture, forestry, and fishery
- Tourism
- Employment support/ human resource development
- Other

**[Non-manufacturing] (258 firms)**

- Renewable energy
- Other energy and environmental areas
- Next-generation vehicles
- IoT and big data
- Medical care and Health
- Businesses serving the low-birthrate, aging society (home care, child care, etc.)
- Infrastructure
- Agriculture, forestry, and fishery
- Tourism
- Employment support/ human resource development
- Other

Choose up to three answers: Wholesale & retail, Transportation, Construction, Telecommunications & information, Services, Other.
Current Capital Spending Plans of Major Japanese Companies (DBJ Survey, 8/2015)

Stance on Regional Revitalization

- Local areas are important for production and R&D.

Location Area of Each Function (Manufacturing)

<table>
<thead>
<tr>
<th>Function</th>
<th>Tokyo's 23 wards</th>
<th>Other domestic areas</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headquarters function (466 firms)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R&amp;D (421 firms)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mother plant (345 firms)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mass production plant (412 firms)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales branches (467 firms)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product planning/marketing (294 firms)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Choose up to four answers in each region)
DBJ Initiatives for Renewed Growth
## Corporate Profile (as of March 31, 2015)

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders</td>
<td>100% owned by the government of Japan</td>
</tr>
<tr>
<td>President &amp; CEO</td>
<td>Masanori Yanagi</td>
</tr>
<tr>
<td>Total assets</td>
<td>JPY 16,360.6 billion (consolidated) (USD 136,145 million)*</td>
</tr>
<tr>
<td>Basel III Common Equity Tier1 ratio</td>
<td>16.22% (consolidated)</td>
</tr>
<tr>
<td>Credit ratings</td>
<td>A1 by Moody's Investors Service, Inc; A+ by Standard &amp; Poor's Corp. (issuer ratings)</td>
</tr>
<tr>
<td>Offices</td>
<td>Domestic offices: 19 (head office, 10 branch offices, 8 representative offices) Overseas representative office: 1 (New York) Overseas subsidiaries: 3 (London, Singapore and Beijing)</td>
</tr>
<tr>
<td>Crisis Response Operations</td>
<td>JPY 5,500.7 billion (consolidated) (USD 45,774 million)* (Cumulative) DBJ began Crisis Response Operations as a designated financial institution on October 1, 2008. Crisis Response Operations consist of the provision of necessary funds during such crises as disruptions in domestic or overseas financial markets or large-scale disasters.</td>
</tr>
</tbody>
</table>

* USD/JPY=120.17 as of March 31, 2015
The Act for Partial Amendment of the DBJ Act

- The act for Partial Amendment of the DBJ Act was passed into law on May 13, 2015 by the National Diet of Japan.
- Essential measures: (1) Crisis Response Operations (2) Special Investment Operations (3) Government-owned shares of DBJ

The government’s holding of the issued share capital of DBJ*

- **1/2 or more**
  - While DBJ engages in the **Special Investment Operations**

- **More than 1/3**
  - While DBJ engages in the **Crisis Response Operations**

- **FOR AN INDEFINITE PERIOD**

* Assumed in the figure above is that the obligation to conduct crisis response operations continues beyond FY2025.
DBJ’s Special Investment Operations

Japanese Government

Investment (budget for FY2015: ¥65.0 billion)

Special Investment Operations

budget for FY2015: ¥130.0 billion

Core capital

Addition (FY2015: ¥65.0 billion)

Complement and Encourage private-sector companies (pump-priming effects, etc.)

Capital funds (preferred shares and subordinated loans)

Initiatives to Meet Target Enterprises’ Requirements

- Cultivate new business
- Forge links with other sectors
- Utilize dormant technologies etc.

Initiatives to Contribute to Regional Revitalization

Transfer and dispose of held claims, with the end of FY2025 as the target date

Cultivate providers of new private-sector funds and the investors and markets to support them

Enhance risk capital supporting growth
DBJ's 3rd Medium-Term Management Plan

- Covering the three years ending March 31, 2017.
- Providing risk capital and knowledge from long-term perspective.

Four Primary Areas

- Growth Support
- Infrastructure & Energy
- Regional Revitalization Tailored to Regional Needs
- Strengthening of the Safety Net

Three Functions to Leverage

- Risk-sharing with Banks and Other Organizations
- Opportunities for Fund Management by Investors
- Knowledge Extending Beyond the Financial Sphere
DBJ’s Integrated Business Model

Loans
- Medium to Long term loans
- Structured financing
- Property/Asset financing
- Business restructuring loans
- Participating syndicated loans

Investment
- Investment to high growth companies, projects, PE funds, LBO
- Equity investment, mezzanine finance (preferential shares, subordinated loans)

Consulting/Advisory Services
- M&A advisory
- Arrangement of syndicated loans
- Economic industrial research
- Environmental and technological measures
- Regional healthcare checks

DBJ’s Integrated Financial Services
1. Investment in Geodesic Capital Fund I, L.P.

- Hoping to increase co-work opportunities between Silicon Valley and Japan, the former Ambassador John Roos established the fund in partnership with Mr. Ashvin Bachireddy, who has completed a number of successful venture investment at Andreessen Horowitz.

- The fund focuses on tech-related venture businesses in the later stage. Geodesic, based in Palo Alto and with its office in Tokyo, intends to help grow the companies by identifying growth opportunities in Japan and in Asia.

- DBJ decided investment in the fund as an limited partner to assist Japanese companies in finding seeds of business in Silicon Valley through this initiative.
For Innovation

II — 1. Investment in EMP II: What is Missing?

- Open Innovation through Various Players

- Mainly Closed R&D by Leading Medical Device Manufacturer
- Limited Number of Players

Originally from DBJ "Silicon Valley's `Ecosystem` for the Development of Medical Devices: What are Its Lessons for Japan?“
Sep 2013
## II — 1. Investment in EMP II

<table>
<thead>
<tr>
<th>Summary</th>
<th>Investment Team</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
<td><em>Emergent Medical Partners II, L.P.</em></td>
</tr>
<tr>
<td><strong>Size</strong></td>
<td><strong>61Million USD</strong> (cf. $70Million USD for the 1st Fund)</td>
</tr>
<tr>
<td><strong>Term</strong></td>
<td>10 Years up to additional two-year extensions</td>
</tr>
<tr>
<td><strong>Investment Period</strong></td>
<td>6 Years</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Investment Destination</strong></th>
<th><strong>Case Study (EMP I and EMP II)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Orthopedics</td>
<td>• Image-guided, catheter-based systems that are used by physicians to treat patients with peripheral arterial disease.</td>
</tr>
<tr>
<td>• ICU focused</td>
<td>• Improved, retrievable, implantable, vena cava filter to prevent the occurrence of pulmonary embolisms.</td>
</tr>
<tr>
<td>• Diagnostics</td>
<td>• Devices to enable percutaneous repair of cardiac valves.</td>
</tr>
<tr>
<td>• Surgical Tools</td>
<td>• Its FFRCT analysis uses the power of high performance computing and image data from CT scans.</td>
</tr>
<tr>
<td>• Cardiovascular</td>
<td>• Solutions for assessing and monitoring cardiac function in hemodynamically unstable patients.</td>
</tr>
<tr>
<td>• Obesity</td>
<td>• Miniaturized cardiac rhythm devices.</td>
</tr>
<tr>
<td>• Radiation Oncology</td>
<td>• Interventional neurovascular devices to improve patient outcomes.</td>
</tr>
<tr>
<td>• Venous</td>
<td>• Devices for delivery of brachytherapy treatment in patients with gynecological cancer.</td>
</tr>
<tr>
<td>• Pain</td>
<td></td>
</tr>
</tbody>
</table>

**Main Investment Strategy**
- Mainly Invest in seed-stage (after idea-stage or prototype stage, before clinical-test-stage)
- Mainly Invest in Californian startups
- Build Syndicates to Share Risk and Reward

**Investment Team**

- **Thomas Fogarty (Managing Director)**: GP Share 1/3
  - Cardiovascular Surgeon (Former President of Medical Staff, Stanford)
  - Inventor (First Medical Device: Fogarty Catheter, 1963)

- **Robert Brownell (Managing Director)**: GP Share 1/3
  - Partner, Wilson Sonsini Goodrich & Rosanti
  - Working Experience in Healthcare Sector Over 20 Years

- **Kirt Kirtland (Managing Director)**: GP Share 1/3
  - Working Experience in Running Multiple Med-tech Startups as CEO
  - Currently a CEO of Suture Ease
For Innovation

Support of women entrepreneurs for renewed growth and social reform

DBJ Women Entrepreneurs Center (DBJ-WEC)  
Launched November 11, 2011

Competition Focusing on Entrepreneurship by Women

- Provide business incentives to boost business start-ups
  
<table>
<thead>
<tr>
<th>Prize</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>DBJ Women Entrepreneurs Grand Prize</td>
<td>Up to 10 million yen</td>
</tr>
<tr>
<td>DBJ Women Entrepreneurs Prize</td>
<td>Up to 5 million yen</td>
</tr>
<tr>
<td>Prize for Innovative Regional Growth</td>
<td>Up to 5 million yen</td>
</tr>
</tbody>
</table>

- Mentoring
  - Period: 1 year
  - Brush up business plans and provide support for entrepreneurship and management know-how, business partner networking and business matching
  - Experienced entrepreneurs and experts from outside participate as mentors.

Cumulative applications over four years: 1,533
(1) As a finance provider

⇒ Arrangement of diverse financing schemes (risk money, etc.)
⇒ Feasibility studies; advisory services

(2) As a knowledge provider

⇒ Extensive networks to draw on
⇒ Ability to forge connections among differing entities
For Regional Growth

II. Collaboration with Regional financial Institution

In Area

- **Ibaraki revival fund** (Jyoyo Bank)
- **Setouchi business succession fund “Yui”** (Hiroshima Bank, Saikyo Bank, Tomato Bank)
- **Setouchi Mirai fund** (Hiroshima Bank, Momiji Bank, Hiroshima Shinkin, Kure shinkin, Shimanami Shinkin, Hiroshima Midori Shinkin, Hitoshiba-shi Shinso, Hiroshima-ken Shinso, Ryobo Shinso, Bingo Shinso)
- **NCB Kyusyu revival fund** (Nishi Nihon Bank, REVIC) Etc.

Wide-Areas

- **Great East Japan Earthquake reconstruction and revival fund** (Iwate, 77 Bank, Toho Bank, REVIC)
- **Agreement for revitalization of tourism industry in Setouchi-area** (Chugoku Bank, Hiroshima Bank, Yamaguchi Bank, Awa Bank, 114 Bank, Iyo Bank, Minato Bank)
- **Tourism revival fund** (REVIC, Risa Partners)
- **Smart mezzanine fund** (BACI, BTMU, SGT)
- **M&A program for regional contribution**
- **Skynet Asia Airways Co., Ltd (Solaseed Air) syndicated loan** (Kagoshima Bank, Miyazaki Bank, Higo Bank, Oita Bank, 18 Bank, Ikeda Sensyu Bank, Miyazaki Taiyo Bank)

Cross-Border

- **IPP business overseas of regional gas company** (Shizuoka Bank)
- **Co-invest program in private equity fund overseas** (Chiba Bank, Shizuoka Bank)
- **Business alliances concerning expanding overseas** (J-will Partners Group, 26 cooperative financial institutions)
For Regional Growth

I. Great East Japan Earthquake Reconstruction and Revival Fund

Promotion of rapid recovery in each of four affected prefectures.

**Great East Japan Earthquake Reconstruction Funds**

- Founded: August, September 2011
- Founder: Local banks (77 Bank, Bank of Iwate, Toho Bank, Joyo Bank)
- Size: JPY 5 billion per fund
- Term: 3-yr investment period, 10-yr duration

Four funds supply seafood product manufacturers and other local businesses with a total of JPY 8.7 bn.

Spa Resort Hawaiians (Fukushima)

With the move into the reconstruction phase, eligibility was expanded to include, in addition to firms damaged in the disaster, firms which are newly established or moving into the region from elsewhere.

**Great East Japan Earthquake Reconstruction and Revival Funds**

- Founded: December 2014
- Founder: Local banks (77 Bank, Bank of Iwate, Toho Bank, Joyo Bank, REVIC and DBJ)
- Size: JPY 5 billion at outset per fund; maximum potential JPY 10 billion
- Term: 5-yr investment period, 7-yr 4-mos duration (until March 2022)

**Scheme**

- Local banks
- DBJ
- REVIC
- Limited partnership for investment
- Tohoku Reconstruction Partners Ltd.

Subordinated loans, Preferred shares, etc.
For Regional Growth—Regional Gas Company

Summary

- DBJ has invested preferred shares in SG Bang Bo Power Holdings Co., Ltd., a subsidiary of Shizuoka Gas Co., Ltd., the core local gas utility of the Tokai area, in which it holds 100% voting rights.
- This is the first foreign investment for Shizuoka Gas, through which it hopes to establish a management and business base overseas and build networks in the region.
- DBJ supported Shizuoka Gas in this project by providing risk money in collaboration with regional banks, in line with its policy of promoting regional economic revitalization in Japan.
- Aiming to be the region’s top provider of solutions in the rapidly liberalizing energy field, Shizuoka Gas will continue to work for regional solutions while exploring the potential of future projects in Asia and elsewhere.

Gas-powered IPP Project

Outline

<table>
<thead>
<tr>
<th>Name</th>
<th>Bang Bo Combined Cycle Power Plant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Bang Bo District, Samut Prakan Province, Thailand</td>
</tr>
<tr>
<td>Class/Output</td>
<td>Natural gas-fired GTCC*</td>
</tr>
<tr>
<td>Start of operation</td>
<td>March 25, 2003</td>
</tr>
</tbody>
</table>

* Gas-fired combined cycle

Scheme

- **Shizuoka Gas Co., Ltd.**
  - Common stock
  - Preferred stock
  - 28% ownership
  - Operational company: Eastern Power & Electric Company, Ltd.

- **DBJ**
  - SG Bang Bo Power Holdings

- SG Bang Bo Power Holdings is a subsidiary of Shizuoka Gas Co., Ltd.
Appendix
Locations and Directory
DBJ’s inaugural green bond.
The first green bond in the Euro Market issued by a Japanese issuer.
The transaction proceeds will be used to finance loans under management by DBJ which finance a building/development receiving a DBJ Green Building Certification.

**Issue details**

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Development Bank of Japan Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guarantor</td>
<td>N/A (non-guaranteed)</td>
</tr>
<tr>
<td>Ratings*</td>
<td>Aa3/A+ (Moody's/S&amp;P)</td>
</tr>
<tr>
<td>Issue amounts</td>
<td>EUR 250 million</td>
</tr>
<tr>
<td>Pricing date</td>
<td>30th September 2014</td>
</tr>
<tr>
<td>Maturity date</td>
<td>6th October 2017</td>
</tr>
<tr>
<td>Coupon</td>
<td>0.250% p.a.</td>
</tr>
<tr>
<td>Re-offer spread</td>
<td>Mid swap + 23bps</td>
</tr>
<tr>
<td>Re-offer yield</td>
<td>0.373% p.a.</td>
</tr>
<tr>
<td>Bookrunners</td>
<td>BoA ML, Morgan Stanley, Citi, Daiwa</td>
</tr>
</tbody>
</table>

**Distribution by Investor Type**

- SRI Investors*: 29.9%
- Non-SRI Investors: 70.1%

*An investor who has an investment portfolio specifically for green bonds and/or prefers to make investment on green bonds over regular bonds.

**Distribution by Geographic Area**

- APAC: 25.4%
- Europe: 40.1%
- ME+Africa: 18.1%
- US Offshore: 16.4%

*Moody’s downgraded the ratings of DBJ to A1 with stable outlook from Aa3 on 2nd December 2014. The downgrade action follows and is in response to Moody’s downgrade of the Government of Japan rating.
**Background**

Global trends in the disclosure and use of corporate data

<table>
<thead>
<tr>
<th>Up to now</th>
<th>Primarily past financial data</th>
<th>Short-term orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>From now</td>
<td>Integration of financial and non-financial data: environmental policy, CSR*, disaster prevention &amp; BCM**, corporate governance, etc.</td>
<td>Mid- to long-term orientation</td>
</tr>
</tbody>
</table>

- Education of firms and financial institutions by international agencies and other organizations
- Impact of Lehman Brothers collapse (2008), due in part to short-term investor outlook
- Increase in the importance of BCM in overcoming natural disasters and other crisis

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* Corporate social responsibility
** Business continuity management
DBJ-rated Loan Program

Outline of the program

- By examining non-financial as well as financial data, DBJ obtains a more accurate picture of corporate value.

- Advantages for borrowers:
  1. **PR value**
     Improved stakeholder profile
  2. **Internal management value**
     Improved corporate initiatives
  3. **Interest advantages**
     Preferential interest rates based on rating level
Signals to stakeholders and the market

Putting CSR reports to work: The BCM Rated Loan Program

DBJ-rated Loan Program

CSR report

Stockholder communication

Home page, Press

Financial report

Business card

東日本大震災を教訓に、防災力、事業継続力をより強く

2011年3月11日に発生した東日本大震災は、TOTOグループの全産業活動に影響を与えました。製造および販売業務の280km半径内に所在するTOTOのファクトリーネットワークの80%が破壊、機能停止を停止しており、当社全体で生産していた商品は、TOTOの生産ラインが大規模に破壊され、サービス機能が停止した結果、東日本大震災を起こした後も、東日本大震災を教訓に、防災力、事業継続力をより強く

Other...
1. In September 2008, Marubeni Corporation (30%), GDF Suez S.A. (30%), Kansai Electric Power Co. Inc. (15%), Kyushu Electric Power Co. Inc. (15%) and Japan Bank for International Cooperation (10%) acquired 100% of the shares of Senoko Power Ltd., the largest electric company in Singapore, from Temasek Holdings for S$4.15 billion.

2. Finance by senior loan was limited and additional investment by the sponsors became necessary due to the financial crisis.

3. In December, mezzanine financing was officially requested of DBJ, with the intention of decreasing the size of additional equity.

4. Though negotiations with the sponsors and senior loan lenders lasted for more than half a year, the deal was executed in November 2009.

5. When Senoko completed refinancing of existing senior, mezzanine and guaranteed loans in June 2013, DBJ participated in a senior loan and supported Senoko’s financial restructuring.
1. PT Oto Multiartha is a car finance company and PT Sumotomo Finance is a motorcycle finance company.

2. Both are top financing companies based in Jakarta, Indonesia, and part of Sumitomo Corporation Group.

3. The finance was provided through a syndication consisting of DBJ and ING and is covered by Overseas Untied Loan Insurance underwritten by NEXI.
South East Asia Growth Fund

Investment Fund focused on investments in ASEAN countries – “South East Asia Growth Fund”

**Overview**

- DBJ started overseas investment business as early as in 2005, aiming to connect Japanese companies with local companies in Asia.
- With several years’ experience of cross-border investments, DBJ launched in 2011 an investment fund called “South East Asia Growth Fund” focused on ASEAN countries, in particular Vietnam, Thailand, Indonesia, and Singapore.
- The overview of the fund is as follows:
  - Typical Investment size – $10 mil per deal
  - Ownership typically expected – around 20-40% of the total ownership
  - Sector – Various industries, excluding Real estate (e.g., Consumer goods, Retail, Food/Restaurant, Logistics, Infrastructure, Healthcare)
  - Instruments – Common/Preferred stock, Convertible bonds/loans

**Structure**

- Fund management company’s share is split in half between DBJ and Risa Partners, one of the well-known fund management/ investment banking firms in Japan.
- DBJ has committed JPY 6 bn. out of the total JPY 9 bn., making the fund a subsidiary of DBJ.

**Fund Concept**

- **Needs**
  - Expansion money + Japanese company technology, know-how, and network
  - Expansion opportunity through capturing the growth of the ASEAN markets

- **Challenges**
  - Difficulty in identifying/reaching out to potential Japanese business partners
  - Limit on initial investment capacity (lack of experience in investments in emerging countries/ limited initial risk exposure etc.)

The Fund bridges South East Asian companies and Japanese companies:

- Helps South East Asian companies reach out to Japanese partners
- Buys a certain period of time for Japanese companies establishing relationships with South East Asian companies and/or examining the effectiveness of partnerships with South East Asian companies
Overview

- In July 2014, DBJ and Charoen Pokphand Group (“CP Group”, also known as “Chia Tai Group” especially in China), one of the Asia’s leading conglomerates, jointly launched En Fund, a JPY 40 billion investment fund.
- The fund aims to support Japanese companies’ expansion of business throughout Asia, providing financial support from the fund and utilizing CP Group’s global business network. “En (縁)” refers to a Japanese word for “good linkage”.

DBJ and CP Group jointly established the fund management company and made capital commitment of JPY 20 billion each to the En Fund.

Structure

DBJ and CP Group jointly established the fund management company and made capital commitment of JPY 20 billion each to the En Fund.

Fund Overview

- **DBJ’s resources**
  - Broad customer base/network in Japan
  - Know-how/experience in investment business

- **CP Group’s resources**
  - Established value chain in various business areas throughout Asia
  - Solid local networks

- **Fund Concept**
  - Invest in Japanese companies which have excellent products, technologies, and/or services
  - Help such companies expand business in Asia

- **Other**
  - Typical investment size: around JPY 1-10 bn.
  - The current fund size of JPY 40 bn. may be increased in the future.
Toppan acquired the shares of SNP Corporation Ltd. through voluntary offer at a purchase price of SGD 1.76 per share, including those held by Green Dot Capital Pte. Ltd. (a 100% subsidiary of Temasek), which owned 53.55% of issued shares of SNP.

The deal value is SGD 222 million (on a fully diluted basis).

After the takeover, SNP became a consolidated subsidiary of Toppan.

Through its integration of SNP, which has many customers overseas, Toppan will accelerate its expansion of business to markets outside of Japan, particularly China.

DBJ’s Role

DBJ acted as the financial advisor to Toppan in its acquisition of SNP, providing a wide range of advisory services including (i) devising deal strategies and tactics, (ii) negotiating with Temasek on pricing and key terms and conditions, (iii) carrying out project management of the entire deal process, including initial meetings, deal negotiation, due diligence and the general offer process, with legal and accounting professionals, and (iv) devising privatization strategies.

DBJ also provided post-merger integration services to Toppan.
Direct Equity Investment – European High-Speed Rail PPP –

- The project involves the construction of a new, 301-kilometer rail line between the French cities of Tours and Bordeaux under a 50-year concession contract. This project is the European transportation sector’s largest high-speed rail project implemented under the PPP-concession method (project cost: EUR 7.8 bn.).

- The line will be an important link in the Trans-European Transport Networks (TEN-T) scheme for connective transport service across Europe. It is seen as a significant policy element by the French government and the European Union, both of which, along with their public institutions, have provided it with strong support. The project is expected to generate long-term income gains after its scheduled completion in 2017.

- DBJ made an acquisition of this investment interest through the existing partnership with Meridiam Infrastructure, a specialized long-term investor focused primarily on investing in greenfield infrastructure projects globally, with strategic focus on public private partnership assets in Europe and North America.
The Tokyo Pro-Bond Market

Overview

1. Listing requirements
   - Rating from a credit-rating agency
   - Registration of lead underwriting brokerage on the TSE List of Lead Underwriting Brokerages
   - Acceptance by Japanese, international, US, or other equivalent accounting standards

2. Disclosure system
   - Disclosure of financial closing information, accompanied by an audit certificate, etc. at least once a year at appropriate times (no need for quarterly disclosure or internal control reports)
   - English disclosure information accepted

3. Investors
   - Limited to professional investors

The market today

- As of July 10, 2015, 13 issuers were listed on the program, and 7 had issued bonds.
  (Listing on the program: By registering its financial information and estimated flotation amount [program information] with the Tokyo Pro-Bond Market, issuers can issue bonds within that amount at any time.)
- To stimulate the Tokyo Pro-Bond Market and further the development of financial markets in Japan, Development Bank of Japan Inc. will invest in bonds issued on the Tokyo Pro-Bond Market.
  (In April 2014 DBJ announced its intention to invest a total of JPY 100 bn. on the Pro-Bond Market.)

Issuers on the Tokyo Pro-Bond Market

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Date listed on program</th>
<th>Amount/Time issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>ING Bank (Netherlands)</td>
<td>March 30, 2012</td>
<td>JPY 50.7 bn. (4/2012)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>JPY 175.9 bn. (12/2012)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>JPY 81.1 bn. (7/2015)</td>
</tr>
<tr>
<td>Nomura Bank International plc (UK)</td>
<td>July 27, 2012</td>
<td>---</td>
</tr>
<tr>
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</tr>
<tr>
<td>Asian Development Bank (Philippines)</td>
<td>Nov. 11, 2013</td>
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<tr>
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<td>March 7, 2014</td>
<td>---</td>
</tr>
<tr>
<td>Banco Santander-Chile (Chile)</td>
<td>April 2, 2014</td>
<td>JPY 27.3 bn. (4/201)</td>
</tr>
<tr>
<td>Malayan Banking Berhad (Malaysia)</td>
<td>May 1, 2014</td>
<td>JPY 31.1 bn. (5/2014)</td>
</tr>
<tr>
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<td>JPY 20.0 bn. (8/2014)</td>
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<tr>
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<td>Feb. 18, 2015</td>
<td>---</td>
</tr>
<tr>
<td>Macquarie Bank Limited (Australia)</td>
<td>Feb. 24, 2015</td>
<td>JPY 34.1 bn. (3/2105)</td>
</tr>
<tr>
<td>Tokyo Metropolis (Japan)</td>
<td>May 11, 2015</td>
<td>USD 1 bn. (5/2015)</td>
</tr>
<tr>
<td>Mizuho Bank Ltd. (Japan)</td>
<td>July 10, 2015 (standalone)</td>
<td>RMB 250 m. (7/2015)</td>
</tr>
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As of July 10, 2015

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<td>July 10, 2015 (standalone)</td>
<td>RMB 250 m. (7/2015)</td>
</tr>
</tbody>
</table>
### Consolidated Statements of Income

For the year ended March 31,

<table>
<thead>
<tr>
<th>Description</th>
<th>2014 (JPY billion)</th>
<th>2015 (JPY billion)</th>
<th>USD million*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Income</strong></td>
<td>362.1</td>
<td>339.9</td>
<td>2,828</td>
</tr>
<tr>
<td>Interest Income</td>
<td>255.3</td>
<td>235.6</td>
<td>1,961</td>
</tr>
<tr>
<td>Fees and Commissions</td>
<td>13.9</td>
<td>8.6</td>
<td>72</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>15.6</td>
<td>13.0</td>
<td>108</td>
</tr>
<tr>
<td>Other Income</td>
<td>77.2</td>
<td>82.4</td>
<td>686</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>196.1</td>
<td>186.2</td>
<td>1,549</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>132.1</td>
<td>117.8</td>
<td>980</td>
</tr>
<tr>
<td>Fees and Commissions</td>
<td>0.2</td>
<td>0.7</td>
<td>5</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>7.2</td>
<td>10.7</td>
<td>89</td>
</tr>
<tr>
<td>General and Administrative Expenses</td>
<td>47.4</td>
<td>43.5</td>
<td>362</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>9.0</td>
<td>13.3</td>
<td>111</td>
</tr>
<tr>
<td><strong>Income (Loss) before Income Taxes and Minority Interests</strong></td>
<td>166.0</td>
<td>153.6</td>
<td>1,278</td>
</tr>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td>124.3</td>
<td>92.7</td>
<td>771</td>
</tr>
</tbody>
</table>

*USD/JPY=120.17 as of March 31, 2015.

- **Total Income**: JPY 339.9 bn. (USD 2.8 bn.)
  - Decrease 6.2% from the previous fiscal year

- **Net Income**: JPY 92.7 bn. (USD 0.7 bn.)
  - Decrease 25.4% from the previous fiscal year
  - Decrease of Interest Income principally reflected decreases in loan volume and margins.
  - Relatively high level of Net Income compared with the past trend.
  - Made a good record of investment activity.
### Consolidated Balance Sheet

#### Total Outstanding Loan
- **JPY 13,261 bn. (USD 110.3 bn.)**
- **Decrease of 4.1% from the end of March 2014, due to the scheduled redemption of loans through the crisis response operations**

#### Basel III Common Equity Tier 1 ratio: 16.22%
- **Increase of 0.92 points at the end of March 2015, reflecting among other things, increase of retained earnings**

#### The cash dividend payout ratio in FY2014 was 25%.

---

<table>
<thead>
<tr>
<th></th>
<th>JPY billion</th>
<th>USD million*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As of March 31,</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>16,310.7</td>
<td>16,360.6</td>
</tr>
<tr>
<td>Loans Outstanding</td>
<td>13,838.4</td>
<td>13,261.3</td>
</tr>
<tr>
<td><strong>Total Liabilities and Equity</strong></td>
<td>16,310.7</td>
<td>16,360.6</td>
</tr>
<tr>
<td>Liabilities</td>
<td>13,682.9</td>
<td>13,613.3</td>
</tr>
<tr>
<td>Debentures</td>
<td>3,085.6</td>
<td>3,220.2</td>
</tr>
<tr>
<td>Borrowed Money</td>
<td>9,182.6</td>
<td>8,598.2</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>1,151.7</td>
<td>1,349.1</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>2,627.7</td>
<td>2,747.2</td>
</tr>
<tr>
<td>Common Stock</td>
<td>1,206.9</td>
<td>1,206.9</td>
</tr>
<tr>
<td>Capital Surplus</td>
<td>1,060.4</td>
<td>1,060.4</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>282.7</td>
<td>344.7</td>
</tr>
</tbody>
</table>

---

* USD/JPY=120.17 as of March 31, 2015.