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Consolidated Balance Sheets

Development Bank of Japan Inc. and Consolidated Subsidiaries
As of March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Assets			
Cash and due from banks (Note 28)	¥ 168,696	¥ 67,521	$ 1,813,156
Call loans and bills bought	125,000	145,000	1,343,508
Reverse repurchase agreements (Note 3)	179,991	375,966	1,934,556
Money held in trust (Note 28)	30,740	24,873	330,397
Securities (Notes 3, 13 and 28)	1,289,495	1,246,587	13,859,583
Loans (Notes 4 and 13)	13,514,661	12,008,856	145,256,467
Other assets (Note 6)	89,701	88,075	964,118
Tangible fixed assets (Note 7)	162,227	162,375	1,743,627
Intangible fixed assets	5,098	4,576	54,797
Deferred tax assets (Note 23)	44,383	27,930	477,035
Customers' liabilities for acceptances and guarantees (Note 12)	192,172	157,276	2,065,483
Allowance for loan losses (Note 8)	(203,422)	(276,689)	(2,186,400)
Allowance for investment losses	(3,004)	(4,294)	(32,291)
Total assets	¥15,595,740	¥14,028,056	$167,624,035
Liabilities and equity			
Liabilities:			
Debentures (Note 9)	¥ 3,504,212	¥ 3,431,597	$ 37,663,502
Call money and bills sold	153,000	—	1,644,454
Borrowed money (Note 10)	9,082,479	8,067,892	97,619,086
Corporate bonds (Note 9)	242,181	81,423	2,602,979
Other liabilities (Notes 11 and 24)	49,780	169,043	535,042
Accrued bonuses to employees	2,238	2,224	24,065
Accrued bonuses to directors and corporate auditors	22	20	238
Reserve for employees' retirement benefits (Note 22)	32,613	32,050	350,528
Reserve for directors' and corporate auditors' retirement benefits	34	11	373
Reserve for contingent losses	2,815	—	30,259
Reserve for losses on headquarter relocation	6,536	—	70,253
Deferred tax liabilities (Note 23)	114	58	1,231
Acceptances and guarantees (Note 12)	192,172	157,276	2,065,483
Total liabilities	13,268,201	11,941,600	142,607,494
Equity:			
Common stock authorized, 160,000 thousand shares in 2010 and 2009; issued, 43,623 thousand shares in 2010 and 40,000 thousand shares in 2009 (Note 14)	1,181,194	1,000,000	12,695,550
Capital surplus (Note 14)	1,060,466	1,157,715	11,397,962
Retained earnings (deficit) (Note 14)	40,779	(96,363)	438,298
Unrealized gain (loss) on available-for-sale securities (Note 28)	11,091	(1,667)	119,211
Deferred gain on derivatives under hedge accounting	11,154	17,182	119,887
Foreign currency translation adjustments	(54)	3	(590)
Total	2,304,630	2,076,870	24,770,318
Minority interests	22,908	9,586	246,223
Total equity	2,327,538	2,086,456	25,016,541
Total liabilities and equity	¥15,595,740	¥14,028,056	$167,624,035

See notes to consolidated financial statements.

Consolidated Statements of Operations

Development Bank of Japan Inc. and Consolidated Subsidiaries
For the year ended March 31, 2010 and for the six-month period ended March 31, 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Income			
Interest income:	¥301,482	¥135,793	$3,240,354
Interest on loans	278,176	130,490	2,989,858
Interest and dividends on securities	15,793	4,771	169,747
Interest on call loans and bills bought	55	14	594
Interest on reverse repurchase agreements	322	387	3,462
Interest on due from banks	116	129	1,255
Interest on swaps	6,996	—	75,196
Other interest income	22	—	241
Fees and commissions (Note 16)	15,683	4,646	168,563
Other operating income (Note 17)	19,880	719	213,672
Other income (Note 18)	16,661	13,672	179,084
Total income	**353,707**	**154,831**	**3,801,673**
Expenses			
Interest expense:	180,111	84,118	1,935,847
Interest on debentures	55,409	25,991	595,543
Interest on call money and bills sold	64	0	693
Interest on borrowed money	122,527	56,029	1,316,931
Interest on corporate bonds	2,105	216	22,631
Other interest expense	4	1,880	50
Fees and commissions (Note 19)	1,043	142	11,220
Other operating expenses (Note 20)	34,072	11,090	366,217
General and administrative expenses	35,037	17,803	376,586
Other expenses (Note 21)	52,336	159,798	562,519
Total expenses	**302,602**	**272,952**	**3,252,389**
Income (loss) before income taxes and minority interests	**51,105**	**(118,120)**	**549,284**
Income taxes (Note 23):			
Current	25,382	20,021	272,815
Deferred	(14,558)	(6,492)	(156,476)
Total income taxes	**10,824**	**13,529**	**116,339**
Minority interests in net income (loss)	**387**	**(3,308)**	**4,162**
Net income (loss)	**¥39,893**	**¥(128,342)**	**$428,783**

	Yen		U.S. Dollars (Note 1)
Per share of common stock (Note 15)			
Basic net income (loss)	¥970.47	¥(3,208.55)	$10.43
Cash dividend applicable to the year	230	—	2.47

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Development Bank of Japan Inc. and Consolidated Subsidiaries
For the year ended March 31, 2010 and for the six-month period ended March 31, 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Common stock:			
Balance at beginning of financial period	¥1,000,000	¥1,000,000	$10,748,065
Issuance of new shares of common stock	181,194	—	1,947,485
Balance at end of financial period	1,181,194	1,000,000	12,695,550
Capital surplus:			
Balance at beginning of financial period	1,157,715	1,157,715	12,443,199
Transfer from capital surplus to retained earnings	(97,248)	—	(1,045,237)
Balance at end of financial period	1,060,466	1,157,715	11,397,962
Retained earnings (deficit):			
Balance at beginning of financial period	(96,363)	—	(1,035,721)
The amount of tax effect adjustment due to change in legal structure	—	31,978	—
Transfer from capital surplus to retained earnings	97,248	—	1,045,237
Net income (loss)	39,893	(128,342)	428,783
Balance at end of financial period	40,779	(96,363)	438,298
Unrealized gain (loss) on available-for-sale securities:			
Balance at beginning of financial period	(1,667)	—	(17,927)
Net change during the financial period	12,759	(1,667)	137,137
Balance at end of financial period	11,091	(1,667)	119,211
Deferred gain on derivatives under hedge accounting:			
Balance at beginning of financial period	17,182	—	184,681
Net change during the financial period	(6,028)	17,182	(64,793)
Balance at end of financial period	11,154	17,182	119,887
Foreign currency translation adjustments:			
Balance at beginning of financial period	3	—	38
Net change during the financial period	(58)	3	(628)
Balance at end of financial period	(54)	3	(590)
Minority interests:			
Balance at beginning of financial period	9,586	—	103,033
Net change during the financial period	13,322	9,586	143,190
Balance at end of financial period	22,908	9,586	246,223
Total equity	**¥2,327,538**	**¥2,086,456**	**$25,016,541**

Beginning of financial period, 2010 is April 1, 2009 and 2009 (6 months) is October 1, 2008, respectively. End of financial period, 2010 is March 31, 2010 and 2009 (6 months) is March 31, 2009, respectively.
See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Development Bank of Japan Inc. and Consolidated Subsidiaries
For the year ended March 31, 2010 and for the six-month period ended March 31, 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ 51,105	¥ (118,120)	$ 549,284
Adjustments for:			
Depreciation	1,948	598	20,948
Amortization of goodwill	1,858	2,273	19,977
Losses on impairment of long-lived assets	0	43	5
Equity in gains of affiliates	(958)	(988)	(10,304)
(Decrease) increase in allowance for loan losses	(73,267)	120,060	(787,479)
Decrease in allowance for investment losses	(1,289)	(1,632)	(13,863)
Increase in accrued bonuses to employees	14	210	155
Increase in accrued bonuses to directors and corporate auditors	1	20	13
Increase in reserve for employees' retirement benefits	562	89	6,046
Increase in reserve for contingent losses	2,815	—	30,259
Increase in reserve for losses on headquarter relocation	6,536	—	70,253
Interest income	(301,482)	(135,793)	(3,240,354)
Interest expense	180,111	84,118	1,935,847
Loss on securities—net	58,006	24,651	623,456
(Gain) loss on money held in trust—net	(1,478)	1,388	(15,890)
Foreign exchanges losses (gains)	4,291	(321)	46,127
Loss on sales of fixed assets—net	40	8	439
Net increase in loans	(1,505,805)	(747,836)	(16,184,498)
Net increase in debentures	72,615	56,748	780,472
Net increase in borrowed money	1,014,586	1,459,394	10,904,845
Net increase in corporate bonds	160,758	81,423	1,727,840
Net (increase) decrease in due from banks	(5,181)	165,469	(55,694)
Net decrease (increase) in call loans and bills bought	20,000	(145,000)	214,961
Net decrease (increase) in reverse repurchase agreements	195,975	(218,968)	2,106,358
Net increase in call money and bills sold	153,000	—	1,644,454
Interest received	282,534	136,689	3,036,704
Interest paid	(181,437)	(85,080)	(1,950,101)
Other—net	(93,583)	3,055	(1,005,838)
Sub-total	42,279	682,500	454,422
Payments for income taxes	(42,293)	(562)	(454,578)
Net cash (used in) provided by operating activities	**(14)**	**681,938**	**(156)**
Cash flows from investing activities:			
Payments for purchases of securities	(2,195,175)	(1,037,782)	(23,593,893)
Proceeds from sales of securities	15,859	7,631	170,464
Proceeds from redemption of securities	2,087,747	327,769	22,439,246
Payments for increase of money held in trust	(3,418)	(2,350)	(36,747)
Proceeds from decrease of money held in trust	1,608	41,175	17,283
Payments for purchases of tangible fixed assets	(934)	(144)	(10,048)
Proceeds from sales of tangible fixed assets	23	13	249
Payments for purchases of intangible fixed assets	(1,504)	(591)	(16,174)
Payments for purchases of stocks of subsidiaries	(4,339)	—	(46,645)
Net cash used in investing activities	**(100,135)**	**(664,277)**	**(1,076,266)**
Cash flows from financing activities:			
Proceeds from issuance of stock	181,194	—	1,947,485
Proceeds from issuance of securities to minority shareholders of subsidiaries	16,600	750	178,424
Dividends paid to minority shareholders of subsidiaries	(1,313)	(54)	(14,113)
Net cash provided by financing activities	**196,481**	**696**	**2,111,796**
Foreign currency translation adjustments on cash and cash equivalents	**(346)**	**326**	**(3,725)**
Net increase in cash and cash equivalents	**95,984**	**18,683**	**1,031,650**
Cash and cash equivalents of newly consolidated subsidiaries at beginning of financial period	**7**	**—**	**85**
Cash and cash equivalents at beginning of financial period	**48,763**	**30,080**	**524,117**
Cash and cash equivalents at end of financial period	**¥ 144,756**	**¥ 48,763**	**$ 1,555,852**

Beginning of financial period, 2010 is April 1, 2009 and 2009 (6 months) is October 1, 2008, respectively. End of financial period, 2010 is March 31, 2010 and 2009 (6 months) is March 31, 2009, respectively.
See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Development Bank of Japan Inc. and Consolidated Subsidiaries
For the year ended March 31, 2010 and for the six-month period ended March 31, 2009

1. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and Ministerial Ordinance for Accounting of the Development Bank of Japan Inc. (the "DBJ Inc.") and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The amounts indicated in millions of yen are rounded down by omitting the figures less than one million yen. Accordingly, the sum of each amount appearing in the accompanying financial statements and the notes thereto may not be equal to the sum of the individual account balances. Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥93.04=$1.00, the effective exchange rate prevailing as of March 31, 2010, has been used in the conversion. The presentation of such amounts is not intended to imply that Japanese yen amounts have been or could have been readily translated, realized or settled in U.S. dollars at that rate or any other rate.

The financial period, 2009 (6 months) of the accompanying financial statements is from October 1, 2008 through March 31, 2009. DBJ Inc. was established on October 1, 2008, as a joint stock corporation under the Development Bank of Japan Inc. Law (Law No. 85 of 2007, as amended) (the "DBJ Inc. Law"). Development Bank of Japan (the "predecessor") contributed all assets and liabilities to DBJ Inc. except for those assets to be assumed by the Japanese Government pursuant to Article 15, Paragraph 2 of the Supplementary Provisions, in exchange for shares of DBJ Inc.'s common stock, and thereafter, upon transferring such shares to the Japanese Government, the predecessor was dissolved on October 1, 2008.

Except for those assets to be assumed by the Japanese Government pursuant to Article 15, Paragraph 2 of the Supplementary Provisions, DBJ Inc. has succeeded to substantially all of the rights and obligations of the predecessor pursuant to the DBJ Inc. Law.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

(1) Scope of Consolidation

Under the control concept, companies in which DBJ Inc., directly or indirectly, is able to exercise control over operations are fully consolidated. On September 8, 2006, the Accounting Standards Board of Japan ("ASBJ") issued Practical Issues Task Force No. 20, "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations" which was effective for the period and the fiscal years ending on or after September 8, 2006. The practical solution clarifies how the control and influence concept should be practically applied to the consolidation scope of collective investment vehicles, such as limited partnerships, Tokumei Kumiai and other entities with similar characteristics.

(i) Consolidated Subsidiaries

The number of consolidated subsidiaries as of March 31, 2010 is 13. The consolidated subsidiaries as of March 31, 2010 are as follows:

DBJ Business Investment Co., Ltd.
DBJ Corporate Mezzanine Partners Co., Ltd.
UDS Corporate Mezzanine Limited Partnership
UDS Corporate Mezzanine No. 3 Limited Partnership
DBJ Credit Line, Ltd.
New Business Investment Co., Ltd.
New Business Investment No. 1 Investment Limited Liability Partnership
DBJ Singapore Limited
Japan Economic Research Institute Inc.
Asuka DBJ Investment LPS
DBJ Europe Limited
DBJ Real Estate Co., Ltd.
DBJ Investment Advisory Co., Ltd.

In the year ended March 31, 2010, UDS Corporate Mezzanine No. 3 Limited Partnership was newly consolidated due to growing importance, and DBJ Europe Limited, DBJ Real Estate Co., Ltd. and DBJ Investment Advisory Co., Ltd. were newly consolidated upon their formation.

(ii) Non-consolidated Subsidiaries

The number of non-consolidated subsidiaries as of March 31, 2010 is 14. Such subsidiaries as of March 31, 2010 are mainly as follows:

UDS II Corporate Mezzanine Limited Partnership

Non-consolidated subsidiaries are excluded from the scope of consolidation because such exclusion has no material impact on the consolidated financial statements in terms of total assets, income, net income, retained earnings and deferred hedge gains and losses.

(iii) Entities not considered to be Subsidiaries where DBJ Inc. has more than a 50% Ownership Interest

The number of entities not considered to be subsidiaries where DBJ Inc. has more than a 50% ownership interest as of March 31, 2010 is two. Such entities as of March 31, 2010 are as follows:

Dyflex Holdings Co.

Hydro-Device Company, Limited

These entities are excluded from the scope of consolidation since DBJ Inc.'s intent is to nurture the venture business and not to exercise control over their operating and financing policies.

(2) Application of the Equity Method

Under the influence concept, non-consolidated subsidiaries and affiliates over which DBJ Inc. has the ability to exercise significant influence are accounted for by the equity method.

(i) Non-consolidated Subsidiaries not accounted for by the Equity Method

The number of non-consolidated subsidiaries not accounted for by the equity method as of March 31, 2010 is 14. Such subsidiaries as of March 31, 2010 are mainly as follows:

UDS II Corporate Mezzanine Limited Partnership

(ii) Affiliates accounted for by the Equity Method

The number of affiliates accounted for by the equity method as of March 31, 2010 is 14. The affiliates accounted for by the equity method as of March 31, 2010 are mainly as follows:

Makuhari Messe, Inc.

Hokkaido International Airlines Co., Ltd.

Urban Redevelopment Private Fund

Urban Redevelopment Private Fund has been the affiliate accounted for by the equity method since the year ended March 31, 2010 due to increased significance.

(iii) Affiliates not accounted for by the Equity Method

The number of affiliates not accounted for by the equity method as of March 31, 2010 is 91. Such affiliates as of March 31, 2010 are mainly as follows:

New Perspective One LLC

Non-consolidated subsidiaries and affiliates that are not accounted for by the equity method have been excluded from the scope of the equity method because their aggregate effect in terms of net income, retained earnings and deferred gains and losses has no material impact on the consolidated financial statements of DBJ Inc.

(iv) Entities not considered to be affiliates where DBJ Inc. has greater than 20% but less than a majority of voting stock

The number of entities not considered to be affiliates where DBJ Inc. has greater than 20% but less than a majority of voting stock as of March 31, 2010 is 12. Such entities as of March 31, 2010 are as follows:

Sunsay International Technology, Inc.

Gordon Brothers Japan Co., Ltd.

Narumi Corporation

Shinwa Seiko Corporation

Mediclude Co., Ltd.

Green Power Investment Corporation

Advangen, Inc.
Vaxiva Biosciences
Asahi Fiber Glass Company, Limited
Takumi Technology Corp.
Nihon Shoryoku Kikai Co., Ltd.
PRISM BioLab Corporation

These entities are not accounted for by the equity method because DBJ Inc.'s intent is to nurture the venture business and not to exercise significant influence on their operating and financing policies.

(3) Balance Sheet Dates of Consolidated Subsidiaries

Balance sheet dates of consolidated subsidiaries are as follows:

December 31	6 subsidiaries
March 31	7 subsidiaries

Consolidated subsidiaries are consolidated based on the financial statements that are prepared as of their year-end balance sheet date.

The necessary adjustments are made in the consolidated financial statements to reflect material transactions that occur between the year-end balance sheet date of the subsidiary and the consolidated balance sheet date.

(4) Valuation of Consolidated Subsidiaries' Assets and Liabilities

Assets and liabilities of newly consolidated subsidiaries are measured at fair value at the date of acquisition of control.

(5) Elimination of Intercompany Balances and Transactions

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit resulting from transactions between DBJ Inc. and its consolidated subsidiaries is eliminated.

(6) Amortization of Goodwill

The difference between the fair value of net assets and the cost of the acquired subsidiary is being amortized on a straight-line basis over the estimated beneficial period not exceeding 20 years. Minor differences are charged to income in the year of acquisition.

(b) Cash and Cash Equivalents

"Cash and Cash Equivalents" in the consolidated statements of cash flows consist of cash on hand and due from banks. The reconciliation between "Cash and cash equivalents" and "Cash and due from banks" in the consolidated balance sheet is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Cash and due from banks	¥168,696	¥67,521	$1,813,156
Time deposits with banks	(23,939)	(18,757)	(257,304)
Cash and cash equivalents	¥144,756	¥48,763	1,555,852

(c) Securities

Held-to-maturity debt securities are stated at amortized cost with amortization computed on a straight-line basis, using the weighted average method. Available-for-sale securities with readily available market quotations are stated at market value (cost is calculated principally using the weighted average method). Financial instruments whose fair value cannot be reliably determined are stated at cost using the weighted average method.

Investments in limited partnerships and other similar partnerships are accounted for at their original cost plus DBJ Inc.'s interest in earnings since acquisition and less any dividends received, based on their most recent financial statements.

Unrealized gain and loss on available-for-sale securities are included in equity, net of income taxes.

Securities which are held as trust assets in money held in trust accounts are valued in the same way as other securities.

(d) Valuation Method for Derivative Financial Instruments

All derivative financial instruments are carried at market value. Except for certain derivatives that are designated as hedging instruments as discussed below, gains or losses on derivative transactions are recognized in the statement of operations.

(e) Hedge Accounting

(1) Hedge Accounting

DBJ Inc. applies the deferral method of hedge accounting or the accrual method (*1). The portfolio hedge is accounted for by the method stipulated in "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry," issued by the Japanese Institute of Certified Public Accountants (the "JICPA Industry Audit Committee Report No. 24"). In addition, foreign currency swaps which are used to hedge foreign currency fluctuations are not translated at market values but at contractual rates, as the foreign currency swap contracts meet the hedging criteria under the Accounting Standards for Financial Instruments.

(2) Hedging Instruments and Hedged Items

- Hedging Instruments: Interest rate swaps
  Hedged Items: Debentures, Corporate bonds, Borrowed money and Loans
- Hedging Instruments: Foreign currency swaps
  Hedged Items: Foreign currency denominated loans, Debentures and Corporate bonds

(3) Hedging Policy

DBJ Inc. utilizes hedging instruments to hedge interest rates and foreign currency fluctuations on its assets and liabilities. Individual contracts or every constant group are drawn for each hedged item.

(4) Evaluation of Hedge Effectiveness

According to the risk management policy, DBJ Inc. evaluates the effectiveness of the hedges by testing whether the derivatives are effective in reducing the risks associated with the hedged items.

In addition, as for portfolio hedging activities to fix the cash flows, the effectiveness is assessed based on the correlation between the base interest rate index of the hedged cash flow and the hedging instrument.

With respect to an individual hedge, in regards to both interest rate swap contracts which meet the hedging requirements of the accrual method (*1) and foreign currency swap contracts which meet the hedging requirements of the assignment method (*2), under the Accounting Standards for Financial Instruments at the inception date, DBJ Inc. is not required to periodically evaluate hedge effectiveness.

*1 If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

*2 In cases where foreign currency swaps are used as hedges and meet certain hedging criteria, foreign exchange forward contracts and hedged items are accounted for in the following manner;

(i) If a foreign currency swap is executed to hedge existing foreign currency assets or liabilities, a) the difference, if any, between the Japanese yen amount of the hedged foreign currency asset or liability translated using the spot rate at the inception date of the contract and the book value of the asset or liability is recognized in the statement of operations in the period which includes the inception date, and b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

(ii) If a foreign currency swap is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the foreign exchange forward contract are recognized.

(f) Fixed Assets

(1) Depreciation of Tangible Fixed Assets

Tangible Fixed Assets are stated at cost less accumulated depreciation. Tangible Fixed Assets of DBJ Inc. are depreciated using the declining-balance method, except for buildings (excluding installed facilities) that are depreciated on a straight-line basis, and depreciation of consolidated subsidiaries is computed principally using the straight-line method based on the estimate durability of assets.

The estimated useful lives are principally as follows:

Buildings :	3 years to 50 years
Others:	4 years to 20 years

(2) Amortization of Intangible Fixed Assets

Intangible Fixed Assets are amortized using the straight-line method. Capitalized software for internal use is amortized using the straight-line method based on the estimated useful lives (mainly from 3 to 5 years).

(3) Lease Assets

Depreciation for lease assets is computed by the straight-line method with zero residual value over the lease term.

(g) Long-lived Assets

DBJ Inc. reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. Impairment losses are recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment losses would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(h) Debentures and Corporate Bonds Issuance Costs

"Debentures and Corporate Bonds Issuance Costs" are charged to income as incurred.

(i) Foreign Currency Translation and Revaluation Method

Assets and liabilities denominated in foreign currencies held by DBJ Inc. have been translated at the exchange rates prevailing as of the balance sheet date. Foreign currency accounts held by consolidated foreign subsidiaries are translated into the currency of the subsidiaries at the respective year-end exchange rates. The foreign exchange gains and losses from transactions are recognized in the income statement to the extent that they are not hedged by forward exchange contracts. The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation were shown as "Foreign Currency Transaction Adjustments" in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the exchange rate prevailing as of the balance sheet date.

(j) Allowance for Loan Losses

DBJ Inc. provides for "Allowance for Loan Losses" as detailed below pursuant to the internal policies for self-assessment of credit quality and loan losses. The allowance for claims on debtors who are legally bankrupt, in special liquidation or effectively bankrupt is provided for based on the amount of claims, after the write-off described below, net of amounts expected to be recovered through disposal of collateral or execution of guarantees. The allowance for claims on debtors who are not legally bankrupt at the moment, but are likely to become bankrupt, and for which future cash flows cannot reasonably be estimated (possibly bankrupt), is provided for at the amount considered to be necessary based on an overall solvency assessment performed on the claims, net of amounts expected to be recovered through disposal of collateral or execution of guarantees. With respect to the claims on debtors who are likely to become bankrupt or to be closely monitored, and for which future cash flows can reasonably be estimated, the allowance is provided for as the difference between the present value of expected future cash flows discounted at the contracted interest rate and the carrying value of the claims. The allowance for claims on debtors other than those described above is provided based on the historical default rate, which is calculated based on the actual defaults over a certain historical period. All claims are assessed initially by the investment and lending departments and then by the Credit Analysis Department, which is independent of the investment and lending departments based on internal policies for self-assessment of credit quality. The allowance is provided for based on the results of the self-assessment.

With respect to the claims on debtors who are legally or substantially bankrupt with collateral or guarantees, the amount of claims exceeding the estimated market values of collateral or guarantees which are deemed uncollectible have been written-off, and totaled ¥115,954 million ($1,246,284 thousand) for the year ended March 31, 2010 and ¥51,303 million for the six-month period ended March 31, 2009. The consolidated subsidiaries calculate the general reserve for "normal" categories based on the specific actual historical loss ratio, and the specific reserve for the "possibly bankrupt," "effectively bankrupt" and "legally bankrupt" categories based on estimated losses, considering the recoverable value.

(k) Allowance for Investment Losses
"Allowance for Investment Losses" is provided for based on the estimated losses on certain investments based on an assessment of the issuers' financial condition.

(l) Accrued Bonuses to Employees, Directors and Corporate Auditors
"Accrued Bonuses to Employees, Directors and Corporate Auditors" are provided for in the amount of the estimated bonuses which are attributable to the year ended March 31, 2010 and the six-month period ended March 31, 2009.

(m) Reserve for Employees' Retirement Benefits
DBJ Inc. has defined benefit pension plans, which consist of a welfare pension fund plan and a lump-sum severance indemnity plan. "Reserve for Employees' Retirement Benefits" represents future payments for pension and retirement benefits to employees. It is accrued based on the projected benefit obligations and estimated pension plan assets at each fiscal year end. Prior service cost is amortized using the straight-line method over the period of ten years within the employees' average remaining service period at incurrence. Net actuarial gains and losses is amortized using the straight-line method over the period of ten years within the employees' average remaining service period commencing from the next fiscal year after incurrence.

(n) Reserve for Directors' and Corporate Auditors' Retirement Benefits
"Reserve for Directors' and Corporate Auditors' Retirement Benefits" is accrued based on the amount that would be required if all directors and corporate auditors retired at balance sheet date.

(o) Reserve for Contingent Losses
"Reserve for Contingent Losses" is provided for possible contingent losses on loan commitment limits based on individually estimated expected losses.

(p) Reserve for losses on Headquarter Relocation
"Reserve for losses on Headquarter Relocation" is provided for the reasonably estimated relocation costs at the head office of DBJ Inc.

(q) Lease Transactions
In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

DBJ Inc. applied the revised accounting standard on October 1, 2008. In addition, DBJ Inc. continues to account for leases which existed at March 31, 2008 and were transferred to DBJ Inc. on October 1, 2008, and do not transfer ownership of the leased property to the lessee as operating lease transactions.

(r) Consumption Taxes
Income and expenses subject to consumption taxes exclude related consumption taxes paid or received.

(s) Income Taxes
The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(t) Per Share Information

Basic net income per share is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits. Diluted net income per share for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 is not disclosed because there are no dilutive securities.

Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the year including dividends to be paid after the end of the year.

(u) Financial Instruments

ASBJ has issued a revised Accounting Standard "ASBJ Statement No. 10 (revised 2008) Accounting Standard for Financial Instruments" and it's Implementation Guidance "ASBJ Guidance No. 19 Guidance on Disclosures about Fair Value of Financial Instruments," and DBJ Inc. has adopted with current fiscal year.

Securities and allowance for loan losses have decreased by ¥30,887 million ($331,983 thousand) and ordinary income and income before income taxes and minority interests have increased by ¥295 million ($3,177 thousand) as compared with previous procedures respectively.

3. Securities

Securities as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Japanese government bonds	¥ 608,089	¥ 251,413	$ 6,535,781
Short-term corporate bonds	—	461,514	—
Corporate bonds	184,884	114,431	1,987,154
Equities	203,555	166,537	2,187,828
Other securities	292,966	252,691	3,148,819
Total	¥1,289,495	¥1,246,587	$13,859,583

*1. Investments in unconsolidated subsidiaries and affiliates included in "Equities" as of March 31, 2010 and 2009, are ¥15,428 million ($165,823 thousand) and ¥14,391 million. Investments in unconsolidated subsidiaries and affiliates included in "Other securities" as of March 31, 2010 and 2009, are ¥38,922 million ($418,345 thousand) and ¥38,817 million.

*2. DBJ Inc. has contingent liabilities for guarantees of corporate bonds among securities which were issued by private placement (Article 2 Paragraph 3 of Financial Instruments and Exchange Law) and amount to ¥3,070 million ($32,997 thousand) and ¥3,280 million, as of March 31, 2010 and 2009.

*3. There are no securities repledged as of March 31, 2010 and 2009. Securities accepted under repurchase agreements can be sold or repledged. Securities neither sold nor repledged are ¥179,991 million ($1,934,556 thousand) and ¥375,966 million.

*4. Marketable securities available-for-sale are considered impaired if there is a considerable decline in the market value below the acquisition cost and such decline is not believed to be recoverable. The difference between the acquisition cost and the market value is the loss for the fiscal year.
The criterion for determining "Considerable decline in market value" is as follows:
Market value is 50% or more lower than acquisition cost.
Market value is 30% or more lower than acquisition cost, and such decline is not considered as recoverable.

Impairment losses on marketable securities available-for-sale for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Equities	¥ 38	¥14,558	$ 413
Bonds	28,897	—	310,589
Other	259	507	2,791
Total	¥29,195	¥15,066	$313,793

4. Non-Performing Loans

The amounts of non-performing loans included in "Loans" on the consolidated balance sheets as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Loans to bankrupt debtors	¥497,652	¥ 18,967	$5,348,802
Delinquent loans	143,789	116,843	1,545,463
Loans past due three months or more	23	23	252
Restructured loans	43,726	56,795	469,976
Total	¥685,192	¥192,629	$7,364,493

*1. The amounts of Loans indicated above are stated at gross amounts, before reduction of the allowance for loan losses.
*2. "Loans to Bankrupt Debtors" represent non-accrual loans to debtors who are legally bankrupt as defined in Article 96-1-3 and 4 of the Japanese Tax Law Enforcement Regulation.
*3. "Delinquent Loans" represent non-accrual loans other than (i) Loans to Bankrupt Debtors and (ii) Loans whose interest payments are deferred in order to assist or facilitate the restructuring efforts of borrowers in financial difficulty.
*4. "Loans Past Due Three Months or More" are loans whose principal or interest payment is three months or more past due and do not fall under the category of "Loans to Bankrupt Debtors" or "Delinquent Loans."
*5. "Restructured Loans" are loans whose repayment terms have been modified to the advantage of debtors through means such as a reduction or exemption of interest rates, postponement of principal and interest payments, and forgiveness of loans to support or restructure the debtors' businesses, and do not fall under the category of "Loans to Bankrupt Debtors," "Delinquent Loans," or "Loans Past Due Three Months or More."

5. Commitments

Loan commitment limits are contracts under which DBJ Inc. lends to customers up to the prescribed limits in response to customers' application for loans as long as there is no violation of any condition in the contracts. As of March 31, 2010 and 2009, the amounts of unused commitments are ¥341,159 million ($3,666,806 thousand) and ¥266,886 million. As of March 31, 2010 and 2009, the amounts of unused commitments whose remaining contract term are within one year are ¥127,260 million ($1,367,808 thousand) and ¥79,128 million.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions whereby DBJ Inc. and its subsidiaries can refuse customers' applications for loans or decrease the contract limits for proper reason (e.g., changes in financial situation, deterioration in customers' credit worthiness). At the inception of contracts, DBJ Inc. and its subsidiaries obtain real estate, securities or other assets as collateral if considered necessary. Subsequently, DBJ Inc. and its subsidiaries perform periodic reviews of the customers' business results based on internal rules, and take necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

6. Other Assets

Other assets as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Prepaid expenses	¥15,239	¥ 8,283	$163,800
Accrued income	42,293	39,549	454,570
Derivatives	23,715	39,052	254,896
Other	8,452	1,189	90,851
Total	¥89,701	¥88,075	$964,118

7. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Buildings	¥ 13,976	¥ 14,487	$ 150,218
Land	147,396	147,396	1,584,223
Leased assets	121	160	1,309
Construction in progress	126	27	1,357
Other	606	303	6,519
Total	¥162,227	¥162,375	$1,743,627

Note: Accumulated depreciation of tangible fixed assets as of March 31, 2010 and 2009, is ¥1,423 million ($15,296 thousand) and ¥432 million.

8. Allowance For Loan Losses

Allowance for loan losses as of March 31, 2010 and 2009 is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
General allowance for loan losses	¥ 66,416	¥215,245	$ 713,853
Specific allowance for loan losses	137,005	61,443	1,472,547
Total	¥203,422	¥276,689	$2,186,400

9. Debentures and Corporate Bonds

Debentures and corporate bonds as of March 31, 2010 and 2009 are as follows:

	Issue date	Interest rate (%)	Maturity date	Millions of Yen 2010	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2010
Debentures						
Japanese government-guaranteed bonds 1-23*1, 5, 6	Aug. 2000–Aug. 2008	0.8–2.2	Aug. 2010–Jun. 2023	¥ 882,338 [199,988]	¥ 882,176	$ 9,483,427 [2,149,490]
Japanese government-guaranteed bonds 1-7	Nov. 2008–Feb. 2010	1.2–2.1	Nov. 2018–Feb. 2024	269,233	119,672	2,893,739
Japanese government-guaranteed foreign bond 67*2, 5	Sep. 1998	1.81	Sep. 2028	25,075	25,079	269,508
Japanese government-guaranteed foreign bonds 1-14*1, 5	Nov. 1999–Nov. 2007	1.05–6.875	Jun. 2010–Nov. 2027	1,036,122 [99,993]	1,035,868	11,136,317 [1,074,733]
Japanese government-guaranteed Euro MTN bonds 1*4	Dec. 2009	0.48194	Dec. 2014	32,564	—	350,000
FILP agency domestic bonds 5, 7, 9-11, 13, 16, 17, 19-22, 24-52*3, 5, 6	Oct. 2002–Aug. 2008	0.57–2.74	Aug. 2010–Mar. 2047	1,204,758 [99,997]	1,314,695	12,948,819 [1,074,777]
FILP agency foreign bond 1*3,5	Jun. 2007	1.65	Jun. 2012	49,967	49,952	537,056
Euro MTN bonds 1-2*3, 4, 5	Sep. 2008	2.032–3.142	Sep. 2010–Sep. 2023	4,153 [2,153]	4,153	44,637 [23,141]

	Issue date	Interest rate (%)	Maturity date	Millions of Yen 2010	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2010
Corporate bonds						
Corporate bonds through public placement 1-7	Dec. 2008– Oct. 2009	0.502– 1.745	Dec. 2011– Mar. 2019	187,000	57,000	2,009,888
Corporate bonds through private placement 1	Aug. 2009	0.847	Sep. 2014	10,000	—	107,481
Corporate bonds Euro MTN 1, 2, 6-15, 17-22*4, 6	Dec. 2008– Feb. 2010	0.47875– 1.25425	Dec. 2010– Feb. 2015	45,181 [1,500]	24,423	485,610 [16,122]
Total				¥3,746,393	¥3,513,020	$40,266,482

*1. These bonds are government-guaranteed bonds issued by the Development Bank of Japan.
*2. This bond is a government-guaranteed bond issued by the Japan Development Bank.
*3. Fiscal Investment and Loan Program (FILP) agency bonds issued are not government-guaranteed. These bonds are issued by the Development Bank of Japan.
*4. These bonds are non-guaranteed bonds established by EMTN programme.
*5. Under the DBJ Inc. Law (Law No. 17 and 26), the DBJ Law (Law No. 43), obligations created by the bonds issued by DBJ Inc. are secured by a statutory preferential right over the property of DBJ Inc.
*6. Figures indicated in brackets [ ] indicate the amounts to be redeemed within one year.

Scheduled redemptions of debentures and corporate bonds which have been assumed and repaid by DBJ Inc. for subsequent years as of March 31, 2010 are as follows:

The fiscal year ending March 31, 2011	¥403,134 million	$4,332,919 thousand
2012	521,817	5,608,528
2013	464,850	4,996,248
2014	237,010	2,547,406
2015	351,681	3,779,896

10. Borrowed Money

Borrowed money as of March 31, 2010 and 2009 is as follows:

	Average interest rate (%)	Due date of repayment	Millions of Yen 2010	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2010
Borrowings	1.36	May. 2010–Mar. 2030	¥9,082,479	¥8,067,892	$97,619,086

Scheduled redemptions of borrowings for subsequent years as of March 31, 2010 are as follows:

The fiscal year ending March 31, 2011	¥ 855,251 million	$ 9,192,301 thousand
2012	1,130,294	12,148,481
2013	1,237,416	13,299,838
2014	1,107,511	11,903,609
2015	1,011,626	10,873,032

11. Other Liabilities

Other liabilities as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Accrued expenses	¥32,808	¥ 33,650	$352,625
Unearned income	1,109	1,194	11,920
Accrued income taxes	3,368	20,109	36,205
Derivatives	6,663	112,651	71,619
Lease obligation	213	287	2,293
Other	5,617	1,150	60,381
Total	¥49,780	¥169,043	$535,042

12. Acceptances and Guarantees

Acceptances and guarantees as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Guarantees	¥192,172	¥157,276	$2,065,483

13. Assets Pledged as Collateral

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥626,670 million ($6,735,493 thousand) and ¥411,869 million ($4,426,796 thousand) as of March 31, 2010. In addition, they are deposited as replacement of margin money for future trading and collateral for transactions, including exchange settlements as of March 31, 2010. ¥2,291 million ($24,626 thousand) of securities are pledged as collateral for loans of companies which are investees of DBJ Inc. as of March 31, 2010. Also, in other assets, ¥1,000 million ($10,749 thousand) of margin deposits for futures transactions is included and ¥35 million ($379 thousand) of guarantee deposits are included as of March 31, 2010. Under the DBJ Inc. Law (Law No. 17 and 26), the DBJ Law (Law No. 43), obligations created by the bonds issued by DBJ Inc. are secured by a statutory preferential right over the property of DBJ Inc. Denomination value of these debentures amounts to ¥3,204,596 million ($34,443,209 thousand) as of March 31, 2010.

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥228,799 million and ¥633,024 million as of March 31, 2009. ¥2,291 million of securities are pledged as collateral for loans of companies which are investees of DBJ Inc. as of March 31, 2009. Also, ¥44 million of guarantee deposits are included as of March 31, 2009. Under the DBJ Inc. Law (Law No. 17 and 26), the DBJ Law (Law No. 43), obligations created by the bonds issued by DBJ Inc. are secured by a statutory preferential right over the property of DBJ Inc. Denomination value of these debentures amounts to ¥3,314,596 million as of March 31, 2009.

14. Equity

Japanese companies including DBJ Inc. are regulated by the Companies Act. In addition, DBJ Inc. is regulated by DBJ Inc. Law. The significant provisions in the Companies Act and DBJ Inc. Law that affect financial and accounting matters are summarized as follows:

(a) Dividends

Under the Companies Act, companies can distribute dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term in its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year, prescribed that the Board of Directors can declare dividends in its articles of incorporation. DBJ Inc., however, shall not distribute such dividends based on resolution of the Board of Directors, since its article of incorporation is not prescribed that the

Board of Directors can do such an action. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The Article 20 of the DBJ Inc. Law provides that the timing and amounts for dividends shall be authorized by the Finance Minister.

(b) Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be set aside as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the dividends until the total aggregate amount of legal reserve and additional paid-in capital equal 25% of Common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be reclassified among the accounts under certain conditions upon resolution by the shareholders.

(c) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of the treasury stock based on resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the distributable amount to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. The treasury stock acquisition rights are presented as a separate component of equity or deduction of stock acquisition rights.

(d) Solicitation and Delivery of Shares or Stock Acquisition Rights

The Article 12 of the DBJ Inc. Law regulates that, if DBJ Inc. intends to solicit those who will subscribe for shares or stock acquisition rights offered, or to deliver shares or stock acquisition rights in connection with a share-for-share exchange, DBJ Inc. shall obtain an authorization from the Finance Minister.

(e) Common Stock Issued during the year ended March 31, 2010

On September 24, 2009, DBJ Inc. issued 2,064,000 new shares of common stock by way of allocation of new stocks to the Finance Minister at ¥50,000 per share for ¥103,232 million ($1,109,544 thousand). And on March 23, 2010, DBJ Inc. issued 1,559,000 new shares of common stock by way of allocation of new stocks to the Finance Minister at ¥50,000 per share for ¥77,962 million ($837,941 thousand). As a result, ¥181,194 million ($1,947,485 thousand) was included in Capital stock.

15. Per Share Information

Basic net income (loss) per common share (“EPS”) for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year ended March 31, 2010	Net income (loss)	Weighted average shares	EPS	EPS
Basic EPS				
Net income available to common shareholders	¥39,893	41,107	¥970.47	$10.43
Year ended March 31, 2009				
Basic EPS				
Net loss available to common shareholders	¥(128,342)	40,000	¥(3,208.55)	

Note: Diluted net income per share for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 is not disclosed because there are no dilutive securities.

16. Fees and Commissions (Income)

Fees and commissions (income) for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Commissions	¥15,683	¥4,646	$168,563

17. Other Operating Income

Other operating income for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Foreign exchange gains	¥ —	¥718	$ —
Gains on sales of bonds	151	—	1,631
Gains on redemption of bonds	350	—	3,769
Gains on derivative instruments	19,019	—	204,421
Other	358	0	3,851
Total	¥19,880	¥719	$213,672

18. Other Income

Other income for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Reversal of allowance for investment losses	¥ 1,183	¥ 308	$ 12,716
Gains on sales of equities and other securities	1,278	3,525	13,745
Gains on money held in trust	1,502	1,815	16,152
Equity in net income of affiliates	958	988	10,304
Gains on sales of fixed assets	8	0	89
Collection of written-off claims	4,594	3,316	49,381
Other	7,135	3,718	76,697
Total	¥16,661	¥13,672	$179,084

19. Fees and Commissions (Expenses)

Fees and commissions (expenses) for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Commissions	¥1,043	¥142	$11,220
Other	—	0	—
Total	¥1,043	¥142	$11,220

20. Other Operating Expenses

Other operating expenses for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Foreign exchange losses	¥ 4,314	¥ —	$ 46,370
Debentures issuance costs	537	368	5,779
Corporate bonds issuance costs	299	147	3,219
Losses on derivative instruments	—	10,065	—
Write-off of bonds	28,897	—	310,589
Other	24	508	260
Total	¥34,072	¥11,090	$366,217

21. Other Expenses

Other expenses for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Provision for allowance for loan losses	¥ 3,563	¥125,431	$ 38,305
Write-off of loans	2,413	2,583	25,938
Losses on sales of equities and other securities	2,478	320	26,640
Write-off of equities	22,334	14,558	240,055
Losses on money held in trust	24	3,203	262
Losses on sales of fixed assets	49	9	528
Impairment loss	0	43	5
Provision for reserve for losses on headquarter relocation	6,536	—	70,253
Other	14,936	13,647	160,534
Total	¥52,336	¥159,798	$562,519

22. Employees' Retirement Benefits

Employees whose service with DBJ Inc. is terminated are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or caused by death, the employee is entitled to greater payment than in the case of voluntary termination.

Reserve for employee retirement benefits as of March 31, 2010 and 2009 consisted of the following:

(a) The Funded Status of the Pension Plans

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Projected benefit obligation	¥(46,812)	¥(45,541)	$(503,141)
Fair value of plan assets	12,634	11,448	135,793
Unfunded pension obligation	(34,178)	(34,092)	(367,347)
Unrecognized net actuarial losses	1,519	1,991	16,331
Unrecognized prior service cost	45	50	488
Reserve for employees' retirement benefits	¥(32,613)	¥(32,050)	$(350,528)

*1. The above projected benefit obligations include a portion in which the pension fund manages on behalf of the Japanese government welfare program.
*2. Reserve for employees' retirement benefits includes the benefits for executive directors and corporate auditors in the year ended March 31, 2010.
*3. Certain subsidiaries apply the simplified method for the calculation of liability for employees' retirement benefits.

(b) Components of Pension Cost

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Service cost	¥1,397	¥ 698	$15,022
Interest cost	909	450	9,774
Expected return on plan assets	(57)	(32)	(615)
Amortization of prior service cost	5	0	55
Amortization of net actuarial losses	199	—	2,141
Net pension cost	¥2,454	¥1,116	$26,376

Note: All retirement benefit costs are classified as service cost for the subsidiaries applying the simplified method.

(c) Principal Assumptions Used

	2010	2009
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	0.5%	0.5%
Amortization period of prior service cost	10 Years	10 Years
Amortization period of actuarial gains/losses	10 Years	10 Years

23. Income Taxes

DBJ Inc. and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.69% for the year ended March 31, 2010 and for the six-month period ended March 31, 2009.

A reconciliation of the actual effective tax rate with the normal effective statutory tax rate for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 is as follows:

	2010	2009
Normal effective statutory tax rate	40.69%	40.69%
Increase (decrease) in taxes resulting from:		
Change in valuation allowance	(17.89)	(50.66)
Amortization of goodwill	1.48	(0.78)
Minority interests in net income of subsidiaries	(0.76)	0.34
Other	(2.34)	(1.04)
Actual effective tax rate	21.18%	(11.45%)

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Deferred tax assets:			
Allowance for loan losses	¥114,083	¥128,030	$1,226,178
Losses from revaluation of securities	37,470	21,317	402,733
Reserve for retirement benefits	13,237	13,041	142,274
Allowance for investment losses	1,085	3,715	11,663
Tax loss carryforwards	5,117	3,227	55,004
Unrealized loss on available-for-sale securities	—	1,690	—
Other	6,581	5,500	70,733
Sub total	177,574	176,521	1,908,585
Less—valuation allowance	(124,532)	(136,373)	(1,338,479)
Total	53,042	40,148	570,106
Deferred tax liabilities:			
Deferred gains or losses on hedges	(7,569)	(12,246)	(81,354)
Other	(1,204)	(30)	(12,948)
Total	(8,773)	(12,276)	(94,302)
Net deferred tax assets	¥ 44,268	¥ 27,872	$ 475,804

24. Lease Transactions

DBJ Inc. and its domestic consolidated subsidiaries lease certain equipment and others. Lease payments under finance leases for the year ended March 31, 2010 and for the six-month period ended March 31, 2009, amounted to ¥247 million ($2,660 thousand) and ¥146 million. For the six-month period ended March 31, 2009, DBJ Inc. recorded an impairment loss of ¥5 million on certain leased property held under finance leases that do not transfer ownership and an allowance for impairment loss on leased property, which is included in Other Liabilities.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense for finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen		
	2010		
	Tangible fixed assets	Intangible fixed assets	Total
Acquisition cost	¥470	¥251	¥721
Accumulated depreciation	(213)	(108)	(321)
Accumulated impairment losses	(5)	—	(5)
Net leased property	¥251	¥143	¥394

	Millions of Yen		
	2009		
	Tangible fixed assets	Intangible fixed assets	Total
Acquisition cost	¥514	¥254	¥768
Accumulated depreciation	(94)	(37)	(131)
Accumulated impairment losses	(5)	—	(5)
Net leased property	¥414	¥216	¥631

	Thousands of U.S. Dollars (Note 1)		
	2010		
	Tangible fixed assets	Intangible fixed assets	Total
Acquisition cost	$5,056	$2,702	$7,758
Accumulated depreciation	(2,297)	(1,162)	(3,459)
Accumulated impairment losses	(57)	—	(57)
Net leased property	$2,702	$1,540	$4,243

Pro forma amounts of obligations under finance leases as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Due within one year	¥202	¥238	$2,180
Due after one year	204	406	2,193
Total	¥406	¥645	$4,373

Pro forma amounts of depreciation expense, interest expense and impairment loss under finance leases for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Depreciation expense	¥236	¥141	$2,542
Interest expense	9	6	105
Total	246	147	2,646
Impairment loss	¥ —	¥ 5	$ —

*1. Depreciation expense is calculated using the straight-line method, assuming that useful life is equal to the lease term and that the residual value at the end of the lease term is zero.
*2. The difference between total lease payments and the assumed acquisition cost of leased assets is charged to assumed interest expense and is allocated to each fiscal year using the interest method.

The minimum rental commitments under non-cancelable operating leases as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Due within one year	¥178	¥173	$1,921
Due after one year	215	109	2,317
Total	¥394	¥283	$4,238

25. Segment Information

(a) Segment Information by Type of Business

DBJ Inc. and its consolidated subsidiaries are engaged in business such as private equity investment and fund management and other activities as well as banking business. Such segment information, however, is not presented, as the percentages of those activities are insignificant.

(b) Segment Information by Geographic Area

Segment information classified by geographic area is not presented, as there are no consolidated subsidiaries or offices located in countries or areas other than Japan.

(c) Ordinary Income from Overseas Entities

Ordinary income from overseas entities is omitted because the amount is below ten percent of the consolidated ordinary income.

26. Financial Instruments and Related Disclosures

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. DBJ Inc. applied the revised accounting standard and the new guidance effective March 31, 2010.

(a) The Situation of Financial Instruments

(1) Policy for Financial Instruments

DBJ Inc. provides investment and loan services that are aimed to provide long-term stable funding. As main methods of acquiring funds, in addition to issuing corporate bonds and long-term borrowings, DBJ Inc. relies on the stable procurement of long-term funds from the government's Fiscal Investment and Loan Program (FILP). Since long-term, fixed-rate makes up the majority of its assets, DBJ Inc. raises its funds mainly with long-term, fixed rate liabilities.

From both funding and investment aspects, DBJ Inc. implements comprehensive asset/liability management in order to mitigate the risk of capital shortfall and losses from fluctuations of interest rate and exchange rate. DBJ Inc. utilizes derivative financial instruments in order to hedge or control the risks related to interest and currency.

(2) Nature and Extent of Risks Arising from Financial Instruments

The financial assets in DBJ Inc. are mainly investments and loans in domestic clients, which are exposed to credit risk that stems from customers' default of contracts and decline of their creditworthiness. Main categories of industries of debtors are transport and postal activities, manufacturing and others as of March 31, 2010. The changes of economic circumstances surrounding these industries may cause influence on fulfillment of their obligations. DBJ Inc. holds securities such as bonds, equities and investments in limited partnerships and other similar partnerships, which are exposed to issuer's credit risk, interest rate risk, price volatility risk and other risks. DBJ Inc. does not have any trading-related risk because it does not engage in trading (specified transactions).

Although corporate bonds and borrowings are exposed to cash liquidity risk and interest rate risk, these risks are hedged or controlled by matching of financing and investing, interest-rate swap agreements and other transactions. Foreign currency denominated loans, debentures and corporate bonds are exposed to exchange rate risk. DBJ Inc. mitigates this risk by matching foreign currency investments and loans with foreign currency corporate bonds and currency-related transactions.

DBJ Inc. utilizes derivative financial transactions such as interest-rate swap agreement and currency swap agreement in order to hedge or control the risks related to interest and currency. As for hedge accounting, DBJ Inc. applies the deferral hedge method or the accrual method to interest-rate swaps, and the assignment method to foreign currency swaps. Hedged items of interest-rate swaps are loans, borrowings, debentures and corporate bonds. Hedged items of foreign currency swaps are foreign-currency denominated loans, debentures and corporate bonds. According to the risk management policy, DBJ Inc. evaluates the effectiveness of the hedges by testing whether the derivatives are effective in reducing the risks associated with the hedged items.

(3) Risk Management for Financial Instruments

(i) Credit Risk Management

In accordance with the internal guidelines, DBJ Inc. utilizes credit exposure management and portfolio management for investment and loan. When making an investment or loan, DBJ Inc. examines the entity's project viability and the project's profitability. After that, DBJ Inc. sets ratings along with internal borrower rating system, grants credit amount, sets collateral and guarantee. The sales and credit analysis departments hold separate roles in the screening and administering of credit for individual loans and each department keeps the operations of the other in check. The Committee on Investment and Loan Decisions meets as needed to deliberate important issue concerning the management and governance of individual loans. DBJ Inc. performs a comprehensive analysis of data based on borrower ratings, and calculates the loan portfolio's overall exposure to credit risk, which is measured regularly to ensure that such risk remains within specified range of capital.

The credit risk of securities is managed in the same way as that of loans. In addition, DBJ Inc. regularly examines total risk which takes into account the market value of the securities. As for counterparty risk arising from derivative transactions, DBJ Inc. manages derivative transactions by continually monitoring the cost of restructuring its transactions and creditworthiness of each counterparty. Additionally, DBJ Inc. diversifies transactions among several counterparties to manage counterparty risk.

(ii) Market Risk Management

1) Interest Rate Risk Management

DBJ Inc. manages interest rate risk by asset/liability management. Details of risk management methods and procedures are determined on internal regulations, and ALM & Risk Management Committee has discussion about determination of policies on asset/liability management, monitoring of implementation and future plans. In addition, risk management department monitors interest and term of financial assets/debts overall. ALM & Risk Management Committee conducts regular monitoring with cash flow ladder analyses (gap analysis), value at risk (VaR), interest rate sensitivity analyses (basis point value), and other methods. As a part of asset/liability management, interest-rate swaps are conducted hedging interest rate risk.

2) Foreign Exchange Risk Management

Foreign currency receivable and bonds are exposed to the exchange rate risk, therefore those risks are hedged or controlled not only by setting off some foreign currency denominated investment and loan as foreign currency denominated corporate bond and debenture but also by making currency-related transactions.

3) Price Volatility Risk Management

When DBJ Inc. acquires financial assets entailing price volatility risk such as securities with market value, it follows in-house regulations and policies which have been developed taking into account market fluctuation risks, and risk management department involves in the decisions as necessary. Through regular monitoring, price volatility risks are reviewed on a timely basis and reported to ALM & Risk Management Committee periodically.

4) Derivative Transactions

About derivative transactions, the front office, the back office and the risk management department are separated from each other, and each department keeps the operations of the other in check based on in-house regulations.

(iii) Liquidity Risk Management on Financing

Risk management department monitors possession level of cash liquidity and report it to the ALM & Risk Management Committee periodically in line with in-house regulations of liquidity risk management on financing. The ALM & Risk Management Committee manages the liquidity risk by appropriate operations of financing and investing depending on the situations of risks.

(4) Supplementary Explanation on Fair Value of Financial Instruments

The fair value of financial instruments is measured at the quoted market price. If quoted price is not available, DBJ Inc. measures reasonably assessed price. Because assessed price is computed under certain conditions, it could differ in price according to the different conditions.

(b) Fair Values Information of Financial Instruments

The following are the carrying amount, fair value and differences between them as of March 31, 2010. Unlisted equities and others, whose fair value cannot be reliably determined, are excluded from the table below (see (2)).

	Millions of Yen		
	2010		
	Carrying amount	Fair value	Difference
Cash and due from banks	¥ 168,696	¥ 168,696	¥ —
Call loans and bills bought	125,000	125,000	—
Reverse repurchase agreements	179,991	179,991	—
Securities*1			
Held-to-maturity debt securities	438,009	453,073	15,063
Available-for-sale securities	516,442	516,442	—
Loans	13,514,661		
Allowance for loan losses*1	(201,403)		
	13,313,257	13,867,796	554,538
Total assets	¥14,741,396	¥15,310,998	¥569,602
Debentures*2	3,504,212	3,590,746	86,534
Call money and bills sold	153,000	153,000	—
Borrowed money	9,082,479	9,177,854	95,374
Corporate bonds	242,181	245,181	3,000
Total liabilities	¥12,981,873	¥13,166,782	¥184,908
Derivative transactions			
Derivative transactions not qualifying for hedge accounting	877	877	—
Derivative transactions qualifying for hedge accounting	16,174	16,174	—
Total derivative transactions	¥ 17,051	¥ 17,051	¥ —

	Thousands of U.S. Dollars (Note 1)		
	2010		
	Carrying amount	Fair value	Difference
Cash and due from banks	$ 1,813,156	$ 1,813,156	$ —
Call loans and bills bought	1,343,508	1,343,508	—
Reverse repurchase agreements	1,934,556	1,934,556	—
Securities*1			
Held-to-maturity debt securities	4,707,758	4,869,664	161,906
Available-for-sale securities	5,550,753	5,550,753	—
Loans	145,256,467		
Allowance for loan losses*1	(2,164,701)		
	143,091,766	149,051,980	5,960,214
Total assets	$158,441,497	$164,563,617	$6,122,120
Debentures*2	37,663,502	38,593,579	930,077
Call money and bills sold	1,644,454	1,644,454	—
Borrowed money	97,619,086	98,644,176	1,025,089
Corporate bonds	2,602,979	2,635,225	32,246
Total liabilities	$139,530,022	$141,517,434	$1,987,412
Derivative transactions			
Derivative transactions not qualifying for hedge accounting	9,432	9,432	—
Derivative transactions qualifying for hedge accounting	173,842	173,842	—
Total derivative transactions	$ 183,275	$ 183,275	$ —

*1. General and specific allowances for loan losses are deducted. Allowance for loan losses is set off against the carrying amount directly due to immateriality.
*2. Assets and liabilities arising from derivative transactions are presented on a net basis.

(1) The following are the Methods used to calculate the Fair Values of Financial Instrument.

Assets

(i) Cash and due from banks

For deposits without maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. For deposits with maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because the remaining maturity period of the majority of such deposits is short (maturity within 1 year).

(ii) Call loans and bills bought and Reverse repurchase agreements

For each of these items, the majority of transactions are short contract terms (1 year or less). Thus, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

(iii) Securities

The fair value of marketable equity securities is measured at market price. The fair value of bonds is measured at market price or quoted price from third party. For bonds without such price, the fair value is determined by discounting contractual cash flows at the rates that consist of the risk free rate and the credit risk premium that is based on types of securities, internal ratings and maturity length.

(iv) Loans

The fair value of loans is determined by discounting contractual cash flows at the rates that consist of the risk free rate and the credit risk premium that is based on types of loans, internal ratings and maturity length. Foreign currency swap contracts which meet the hedging requirements of the assignment method is qualified to loans, the contractual cash flows are based on the interest rate swap and foreign currency swap. For loans which are short contract terms (1 year or less), the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. With respect to the claims on debtors who are likely to become bankrupt or to be closely monitored, and for which future cash flows can reasonably be estimated, the fair values are determined by discounting expected cash flows that reflect expected loss at the risk free rate. For loans to obligors "legally bankrupt," "effectively bankrupt" and "possibly bankrupt," the reserve is provided based on the discounted cash flow method, or based on amounts expected to be collected through the disposal of collateral or execution of guarantees, carrying value net of the reserve as of the consolidated balance sheet date is the reasonable estimate of the fair values of those loans.

Liabilities

(i) Debentures

For floating rate debentures issued by DBJ Inc., the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. This is on the basis that the market interest rate is reflected in the fair value of such debentures because the terms of these were set within a short time period and that there has been no significant change in the creditworthiness of DBJ Inc. before and after the issuance. For fixed rate debentures with market prices, the fair value is determined based on their market price. For fixed rate debentures without market prices, the fair value is determined by discounting contractual cash flows based on types of maturity lengths (when interest rate swap contracts which meet the hedging requirements of the accrual method is qualified to debentures, the contractual cash flows are based on the interest rate swap) at the rates that consist of the risk free rate and the rate of certain costs applicable to DBJ Inc. Foreign currency swap contracts which meet the hedging requirements of the assignment method is qualified to debentures, the contractual cash flows are based on the interest rate and foreign currency swap.

(ii) Call money and bills sold

The carrying amount is presented as the fair value, as the fair value approximates such carrying amount because the majority of them are short contract terms (1 year or less).

(iii) Borrowed money

For floating rate borrowed money, the carrying amount is presented as the fair value as the fair value approximates such carrying amount. This is on the basis that the market interest rate is reflected in the fair value of such borrowed money because the terms of these were set within a short time period for such variable rate borrowings and that there has been no significant change in the creditworthiness of DBJ Inc. nor consolidated subsidiaries before and after such borrowings were made. For fixed rate borrowed money, the fair values are determined by discounting contractual cash flows based on types of maturity lengths (when interest rate swap contracts which meet the hedging requirements of the accrual method is qualified to borrowings, the contractual cash flows are based on the interest rate swap) at the rates that consist of the risk free rate and the rate of certain costs applicable to DBJ Inc. or consolidated subsidiaries.

(iv) Corporate bonds

For floating rate corporate bonds issued by DBJ Inc., the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. This is on the basis that the market interest rate is reflected in the interest rate set within a short time period and that there has been no significant change in the creditworthiness of us before and after the issuance. For fixed rate corporate bonds with market prices, the fair value is determined based on their market price. For fixed rate corporate bonds without market prices, the fair value is determined by discounting contractual cash flows based on types of maturity lengths (when interest rate swap contracts which meet the hedging requirements of the accrual method is qualified to corporate bonds, the contractual cash flows are based on the interest rate swap) at the rates that consist of the risk free rate and the rate of certain costs applicable to DBJ Inc.

Derivatives

The information of the fair values for derivatives is included in Note 27.

(2) The following are the Financial Instruments whose Fair Value cannot be reliably determined as of March 31, 2010. These Securities are not included in the Amount in the Table summarizing Fair Values of Financial Instruments.

	Carrying amount	
	2010	
	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Money held in trust*1	¥ 30,740	$ 330,397
Unlisted corporate bonds*2	1,000	10,748
Unlisted equities*2, 3	182,031	1,956,488
Investments in limited partnerships and other similar partnerships*1	100,244	1,077,431
Unlisted other securities*2, 3	51,762	556,347
Total	¥365,778	$3,931,411

*1. Assets in trust and partnership assets which consist of financial instruments, whose fair value cannot be reliably determined, such as unlisted equities and other securities, are not subject to disclosing of fair values.
*2. Financial instruments for which quoted price is not available and fair value cannot be reliably determined, are not subject to disclosing of fair values.
*3. Impairment loss on financial instruments whose fair value cannot be reliably determined for the year ended March 31, 2010 is ¥22,036 million ($236,851 thousand). The breakdown is; unlisted equities ¥22,025 million ($236,733 thousand), unlisted other securities ¥10 million ($117 thousand).

(3) The following are the Maturity Analysis for Financial Assets and Securities with contractual Maturities as of March 31, 2010.

	Millions of Yen					
	2010					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Cash and due from banks	¥ 168,693	¥ —	¥ —	¥ —	¥ —	¥—
Call loans and bills bought	125,000	—	—	—	—	—
Securities						
Held-to-maturity dept securities with market values	12,877	52,417	50,772	160,360	109,630	51,956
Japanese government bonds	—	—	—	36,962	88,084	50,956
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	12,877	52,417	32,164	30,357	1,400	1,000
Other	—	—	18,608	93,040	20,145	—
Available-for-sale securities with contractual maturities*	270,123	132,651	51,790	5,636	27,616	3,906
Japanese government bonds	270,123	131,846	30,115	—	—	—
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	—	805	19,543	5,414	27,616	1,000
Loans*	1,588,852	3,272,241	3,012,066	2,217,335	1,937,528	845,194
Total	¥2,165,546	¥3,457,310	¥3,114,629	¥2,383,332	¥2,074,775	¥901,057

	Thousands of U.S. Dollars (Note 1)					
	2010					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Cash and due from banks	$1,813,126	$ —	$ —	$ —	$ —	$ —
Call loans and bills bought	1,343,508	—	—	—	—	—
Securities						
Held-to-maturity dept securities with market values	138,408	563,385	545,706	1,723,569	1,178,312	558,435
Japanese government bonds	—	—	—	397,279	946,737	547,687
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	138,408	563,385	345,706	326,290	15,047	10,748
Other	—	—	200,000	1,000,000	216,528	—
Available-for-sale securities with contractual maturities*	2,903,305	1,425,744	556,650	60,578	296,827	41,986
Japanese government bonds	2,903,305	1,417,089	323,683	—	—	—
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	—	8,654	210,053	58,192	296,827	10,748
Loans*	17,077,093	35,170,266	32,373,884	23,832,069	20,824,684	9,084,204
Total	$23,275,440	$37,159,395	$33,476,240	$25,616,216	$22,299,823	$9,684,626

Note: Obligations to "Legally Bankrupt," "Effectively Bankrupt" and "Possibly Bankrupt" amount to ¥641,730 million ($6,897,361 thousand) are not included as of March 31, 2010. The breakdown is; available-for-sale securities with contractual maturities ¥288 million ($3,096 thousand) and loans ¥641,442 million ($6,894,265 thousand).

(4) Maturity analysis for Debentures, Borrowed money and Other Liability with Interest as of March 31, 2010 are as follows:

	Millions of Yen					
	2010					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Call money and bills sold	¥ 153,000	¥ —	¥ —	¥ —	¥ —	¥ —
Borrowed money	855,251	2,367,711	2,119,138	1,315,011	1,174,964	1,250,401
Debentures and corporate bonds	403,134	986,668	588,692	507,071	499,806	761,020
Total	¥1,411,386	¥3,354,379	¥2,707,830	¥1,822,082	¥1,674,770	¥2,011,422

	Thousands of U.S. Dollars (Note 1)					
	2010					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Call money and bills sold	$ 1,644,454	$ —	$ —	$ —	$ —	$ —
Borrowed money	9,192,301	25,448,319	22,776,641	14,133,832	12,628,597	13,439,397
Debentures and corporate bonds	4,332,919	10,604,776	6,327,303	5,450,034	5,371,951	8,179,499
Total	$15,169,674	$36,053,095	$29,103,944	$19,583,866	$1,800,548	$21,618,896

27. Derivative Transactions

As noted in Note 26, DBJ Inc. applied ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures effective March 31, 2010." The accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010.

(a) Derivative Transactions to which Hedge Accounting is not qualified

(1) Interest Rate-related Transactions

	Millions of Yen			
	2010			
	Contract amount			
	Total	Due after one year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps				
Receive fixed/ Pay float	¥594,493	¥591,975	¥11,424	¥11,424
Receive float/ Pay fixed	593,104	590,892	(6,874)	(6,874)
	—	—	¥ 4,550	¥ 4,550

	Millions of Yen			
	2009			
	Contract amount			
	Total	Due after one year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps				
Receive fixed/ Pay float	¥191,015	¥191,015	¥ 6,584	¥ 6,584
Receive float/ Pay fixed	189,090	189,090	(2,169)	(2,169)
	—	—	¥ 4,415	¥ 4,415

	Thousands of U.S. Dollars (Note 1)			
	2010			
	Contract amount			Unrealized gains (losses)
	Total	Due after one year	Fair value	
Over-the-counter				
Swaps				
Receive fixed/ Pay float	$6,389,660	$6,362,595	$122,796	$122,796
Receive float/ Pay fixed	6,374,724	6,350,947	(73,887)	(73,887)
	—	—	$ 48,909	$ 48,909

*1. The above transactions are marked to market and changes in unrealized gains (losses) are included in the consolidated statement of operations.
*2. Fair values for the over-the-counter transactions are based primarily on discounted present values.

(2) Currency-related Transactions

	Millions of Yen			
	2010			
	Contract amount			Unrealized gains (losses)
	Total	Due after one year	Fair value	
Over-the-counter				
Swaps	¥97,497	¥97,497	¥ 329	¥ 329
Forwards				
Sold	57,541	—	(890)	(890)
Bought	540	—	0	0
	—	—	¥(560)	¥(560)

	Millions of Yen			
	2009			
	Contract amount			Unrealized gains (losses)
	Total	Due after one year	Fair value	
Over-the-counter				
Swaps	¥112,742	¥97,497	¥(3,877)	¥(3,877)
Forwards				
Sold	43,118	—	(503)	(503)
Bought	6,555	—	86	86
	—	—	¥(4,295)	¥(4,295)

	Thousands of U.S. Dollars (Note 1)			
	2010			
	Contract amount			Unrealized gains (losses)
	Total	Due after one year	Fair value	
Over-the-counter				
Swaps	$1,047,910	$1,047,910	$ 3,544	$ 3,544
Forwards				
Sold	618,462	—	(9,572)	(9,572)
Bought	5,813	—	8	8
	—	—	$(6,020)	$(6,020)

*1. The above transactions are marked to market and changes in unrealized gains (losses) are included in the consolidated statement of operations.
*2. Fair values are based primarily on discounted present values.

(3) Equity-related Transactions

Not applicable.

(4) Bond-related Transactions

	Millions of Yen			
	2010			
	Contract amount			
	Total	Due after one year	Fair value	Unrealized gains (losses)
Listed				
Futures				
Sold	¥100	¥—	¥ 0	¥ 0
Bought	—	—	—	—
	—	—	¥ 0	¥ 0

	Thousands of U.S. Dollars (Note 1)			
	2010			
	Contract amount			
	Total	Due after one year	Fair value	Unrealized gains (losses)
Listed				
Futures				
Sold	$1,075	$—	$ 0	$ 0
Bought	—	—	—	—
	—	—	$ 0	$ 0

*1. The above transactions are marked to market and changes in unrealized gains (losses) are included in the consolidated statement of operations.
*2. Fair values of listed transactions represent the closing price on the Tokyo Stock Exchange and other exchanges at the consolidated balance sheet date.

(5) Commodity-related Transactions

Not applicable.

(6) Credit Derivatives Transactions

	Millions of Yen			
	2010			
	Contract amount			
	Total	Due after one year	Fair value	Unrealized gains (losses)
Over-the-counter				
Credit default options				
Sold	¥390,449	¥190,449	¥(2,434)	¥(2,434)
Bought	56,000	36,000	(677)	(677)
	—	—	¥(3,112)	¥(3,112)

	Millions of Yen			
	2009			
	Contract amount			
	Total	Due after one year	Fair value	Unrealized gains (losses)
Over-the-counter				
Credit default options				
Sold	¥861,210	¥446,610	¥(17,874)	¥(17,874)
Bought	451,100	56,000	680	680
	—	—	¥(17,193)	¥(17,193)

	Thousands of U.S. Dollars (Note 1)			
	2010			
	Contract Value			Unrealized Gains
	Total	Over one year	Market Value	(Losses)
Over-the-counter				
Credit default options				
Sold	$4,196,577	$2,046,964	$(26,170)	$(26,170)
Bought	601,892	386,930	(7,287)	(7,287)
	—	—	$(33,457)	$(33,457)

*1. The above transactions are marked to market and changes in unrealized gains (losses) are included in the consolidated statement of operations.
*2. Fair values are based on discounted present values or the counterparties' tendered price.
*3. 'Sold' means the underwriting of credit risk and 'Bought' means the transferring of credit risk.

(b) Derivative Transactions to which Hedge Accounting is qualified

(1) Interest Rate-related Transactions

		Millions of Yen		
		2010		
		Contract amount		
	Hedged item	Total	Due after one year	Fair value
Deferral method				
Swaps	Debentures, Borrowed money, Corporate bonds and Loans			
Receive fixed/ Pay float		¥588,542	¥585,389	¥18,516
Receive float/ Pay fixed		52,903	48,231	(2,342)
Accrual method				
Swaps	Debentures, Borrowed money, Corporate bonds and Loans			
Receive fixed/ Pay float		278,808	271,199	*3
Receive float/ Pay fixed		681	563	
		—	—	¥16,174

		Thousands of U.S. Dollars (Note 1)		
		2010		
		Contract amount		
	Hedged item	Total	Due after one year	Fair value
Deferral method				
Swaps	Debentures, Borrowed money, Corporate bonds and Loans			
Receive fixed/ Pay float		$6,325,688	$6,291,799	$199,017
Receive float/ Pay fixed		568,612	518,397	(25,175)
Accrual method				
Swaps	Debentures, Borrowed money, Corporate bonds and Loans			
Receive fixed/ Pay float		2,996,647	2,914,867	*3
Receive float/ Pay fixed		7,325	6,051	
		—	—	$173,842

*1. DBJ Inc. applies the deferral method of hedge accounting primarily stipulated in "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in Banking Industry"(JICPA Industry Audit Committee Report No. 24).
*2. Fair values for the over-the-counter transactions are based primarily on discounted present values.
*3. The above interest rate swap contracts which qualify for the hedging requirements of the accrual method are not remeasured at fair value but the differential paid or received under the swap agreements are recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 26 "FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES" is included in that of hedged items such as debentures, borrowed money, corporate bonds and loans.

(2) Currency-related Transactions

	Hedged item	Millions of Yen 2010 Contract amount Total	Due after one year	Fair value
Translated at contractual rates	Foreign-currency debentures and loans			
Swaps		¥164,998	¥164,228	*
		—	—	—

	Hedged item	Thousands of U.S. Dollars (Note 1) 2010 Contract amount Total	Due after one year	Fair value
Translated at contractual rates	Foreign-currency debentures and loans			
Swaps		$1,773,415	$1,765,141	*
		—	—	—

Note: The above foreign currency swap contracts which qualify the hedging requirements of assignment method are not subject to the disclosure of fair value information. In addition, the fair value of such foreign currency rate swaps in Note 26 "FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES" is included in that of hedged items such as foreign-currency debentures and loans.

(3) Equity-related Transactions

Not applicable.

(4) Bond-related Transactions

Not applicable.

28. Market Value of Securities and Money Held In Trust

Market value of securities, money held in trust and negotiable certificate of deposit classified as "Cash and due from banks" as of March 31, 2010 and 2009 are summarized below.

(a) Securities

(1) Held-to-maturity Debt Securities as of March 31, 2010

		Millions of Yen 2010 Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	¥ 77,187	¥ 77,530	¥ 342
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	73,571	79,075	5,504
	Other	113,185	124,508	11,322
Sub-total		263,944	281,114	17,169
Fair value does not exceed carrying amount	Japanese government bonds	98,816	98,555	(260)
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	56,645	54,914	(1,731)
	Other	18,608	18,489	(118)
Sub-total		174,070	171,959	(2,110)
Total		¥438,015	¥453,073	¥15,058

		Thousands of U.S. Dollars (Note 1)		
		2010		
		Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	$ 829,618	$ 833,298	$ 3,680
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	790,750	849,907	59,158
	Other	1,216,528	1,338,227	121,699
Sub-total		2,836,896	3,021,432	184,536
Fair value does not exceed carrying amount	Japanese government bonds	1,062,085	1,059,281	(2,804)
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	608,834	590,227	(18,607)
	Other	200,000	198,723	(1,277)
Sub-total		1,870,920	1,848,231	(22,689)
Total		$4,707,816	$4,869,664	$161,848

(2) Held-to-maturity Debt Securities with Fair Values as of March 31, 2009

	Millions of Yen				
	2009				
			Unrealized gains (losses)		
	Carrying amount	Fair value	Net	Gains	(Losses)
Japanese government bonds	¥ —	¥ —	¥ —	¥ —	¥ —
Japanese local government bonds	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—
Corporate bonds	54,059	51,095	(2,963)	197	(3,161)
Other	98,230	97,857	(372)	—	(372)
Total	¥152,289	¥148,953	¥(3,336)	¥197	¥(3,533)

Note: Fair value is based on the closing price at the period end.

(3) Available-for-sale Securities as of March 31, 2010

		Millions of Yen		
		2010		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	¥ 14,588	¥ 9,072	¥ 5,516
	Bonds	198,919	197,116	1,803
	Japanese government bonds	152,001	151,118	882
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	46,918	45,997	920
	Other	7,459	3,339	4,119
Sub-total		220,967	209,527	11,439
Carrying amount does not exceed cost	Equities	6,935	7,644	(709)
	Bonds	286,833	286,932	(99)
	Japanese government bonds	280,083	280,144	(60)
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	6,749	6,788	(38)
	Other	21,706	21,756	(50)
Sub-total		315,474	316,333	(858)
Total		¥536,442	¥525,861	¥10,580

		Thousands of U.S. Dollars (Note 1)		
		2010		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	$ 156,801	$ 97,508	$ 59,292
	Bonds	2,138,000	2,118,618	19,382
	Japanese government bonds	1,633,722	1,624,237	9,485
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	504,278	494,382	9,897
	Other	80,172	35,892	44,280
Sub-total		2,374,973	2,252,019	122,955
Carrying amount does not exceed cost	Equities	74,539	82,166	(7,626)
	Bonds	3,082,890	3,083,966	(1,067)
	Japanese government bonds	3,010,356	3,011,008	(652)
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	72,544	72,958	(414)
	Other	233,302	233,840	(537)
Sub-total		3,390,741	3,399,972	(9,230)
Total		$5,765,715	$5,651,990	$113,724

(4) Available-for-sale Securities with Fair Values as of March 31, 2009

	Millions of Yen				
	2009				
			Unrealized gains (losses)		
	Cost	Carrying amount (Fair value)	Net	Gains	(Losses)
Equities	¥ 28,159	¥ 24,628	¥(3,530)	¥139	¥(3,669)
Bonds	713,681	714,410	728	774	(46)
Japanese government bonds	250,670	251,413	743	772	(29)
Japanese local government bonds	—	—	—	—	—
Short-term corporate bonds	461,514	461,514	—	—	—
Corporate bonds	1,496	1,482	(14)	2	(16)
Other	5,407	4,492	(914)	—	(914)
Total	¥747,247	¥743,531	¥(3,716)	¥914	¥(4,630)

Note: Carrying amount above represents the fair values determined based on the closing price at the six-month period.

(5) Available-for-sale Securities sold as of March 31, 2010 and 2009

	Millions of Yen		
	2010		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	¥ 16,143	¥1,116	¥2,369
Bonds	250,453	151	19
Japanese government bonds	249,971	151	—
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	481	—	19
Other	343	111	126
Total	¥266,940	¥1,380	¥2,515

	Thousands of U.S. Dollars (Note 1)		
	2010		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	$ 173,509	$12,004	$25,466
Bonds	2,691,891	1,631	206
Japanese government bonds	2,686,714	1,631	—
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	5,177	—	206
Other	3,694	1,198	1,364
Total	$2,869,094	$14,834	$27,036

	Millions of Yen		
	2009		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Available-for-sale securities	¥6,170	¥3,415	¥327

(6) Held-to-maturity Debt Securities and Available-for-sale Securities whose Fair Values are not readily determinable as of March 31, 2009

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2009	2009
Held-to-maturity debt securities		
Unlisted corporate bonds	¥ 54,424	$ 554,053
Available-for-sale securities		
Unlisted equities	127,478	1,297,758
Unlisted corporate bonds	4,464	45,449
Unlisted foreign securities	46,721	475,629
Negotiable certificate of deposit	10,158	103,410
Other	64,468	656,298
Total	¥307,715	$3,132,597

(7) Change in Classification of Securities

Reclassification from held-to-maturity debt securities to available-for-sale securities due to deterioration of issuers' creditworthiness amounted to ¥28,926 million ($310,901 thousand) for the year ended March 31, 2010.

(8) Redemption Schedule of Available-for-sale Securities with maturities and Held-to-maturity Debt Securities as of March 31, 2009

	Millions of Yen			
	2009			
	Maturity			
	Within 1 year	1 to 5 years	5 to 10 years	More than 10 years
Bonds				
Japanese government bonds	¥174,956	¥ 76,457	¥ —	¥ —
Short-term corporate bonds	461,514	—	—	—
Corporate bonds	14,079	75,386	21,965	1,000
Other	10,000	7	98,245	—
Total	¥660,550	¥151,850	¥120,211	¥1,000

(b) Money Held in Trust

(1) Money Held in Trust for the Purpose of Investment

	Millions of Yen 2010	
	Carrying amount	Net unrealized loss on the consolidated statement of operations
Money held in trust for the purpose of investment	¥25	¥(2)

	Millions of Yen 2009	
	Carrying amount	Net unrealized loss on the consolidated statement of operations
Money held in trust for the purpose of investment	¥12	¥(1)

	Thousands of U.S. Dollars (Note 1) 2010	
	Carrying amount	Net unrealized loss on the consolidated statement of operations
Money held in trust for the purpose of investment	$270	$(27)

(2) Other (other than for the purpose of investment and held to maturity)

	Millions of Yen 2010				
			Unrealized gains (losses)		
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	¥30,715	¥28,115	¥2,599	¥2,618	¥(18)

	Millions of Yen 2009				
			Unrealized gains (losses)		
	Acquisition cost	Carrying amount	Net	Gains	(Losses)
Other money held in trust	¥28,074	¥24,860	¥(3,213)	¥5	¥(3,219)

	Thousands of U.S. Dollars (Note 1) 2010				
			Unrealized gains (losses)		
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	$330,127	$302,187	$27,940	$28,141	$(201)

(c) Unrealized Loss on Available-for-sale Securities

The breakdown of unrealized loss on available-for-sale securities is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Unrealized loss on			
available-for-sale securities	¥ 9,819	¥(3,254)	$105,538
Other money held in trust	2,599	5	27,940
Deferred tax assets		1,631	
Deferred tax liabilities	(1,204)		(12,948)
	11,214	(1,617)	120,529
Amount corresponding to minority interests	(117)	(46)	(1,264)
DBJ Inc.'s interest in net unrealized gains on available-for-sale securities held by affiliates accounted for by the equity method	(5)	(3)	(55)
Unrealized loss on available-for-sale securities, net of taxes	¥11,091	¥(1,667)	$119,211

Note: Unrealized loss includes foreign currency translation adjustments on non-marketable securities denominated in foreign currency.

29. Related Party Transactions

Related party transactions for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 are as follows:

				Amounts of the transactions		Balance at March 31, 2010	
Related party	Category	Description	Account item	Millions of Yen	Thousands of U.S. Dollars (Note 1)	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Finance Minister	Shareholder	Underwritten additional share *1	—	¥ 181,194	$ 1,947,485	¥ —	$ —
		Borrowings *2	Borrowed money	300,000	3,224,420	5,402,900	58,070,729
		Repayments		934,240	10,041,273		
		Payment for interest	Accrued amount payable	93,596	1,005,976	19,909	213,986
		Guarantees *3	—	2,255,851	24,246,040	—	—

				Amounts of the transactions		Balance at March 31, 2009	
Related party	Category	Description	Account item	Millions of Yen	Thousands of U.S. Dollars (Note 1)	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Finance Minister	Shareholder	Borrowings	Borrowed money *5	¥ 247,700	$ 2,521,633	¥6,037,140	$61,459,235
		Repayments		601,214	6,120,475		
		Payment for interest	Accrued amount payable	54,550	555,333	22,429	228,332
		Guarantees *3	—	2,072,206	21,095,455	—	—

*1. DBJ Inc. has allocated new shares issued at ¥50,000 ($537) per share to a third party.
*2. DBJ Inc. has borrowed from the fiscal investment and loan program funds, and applied interest rates for fiscal investment and loan. The last redemption period is November 20, 2029 without putting up collateral.
*3. The Guarantees are for debentures issued by DBJ Inc. free of guarantee charge.
*4. According to Article 2, item 5 of the Japan Finance Corporation Law, DBJ Inc. has borrowed ¥3,199,746 million ($34,391,079 thousand) from the Japan finance corporation relating to the crisis response business.
*5. The interest rate of borrowed money is from 0.00% to 4.75%, and the last redemption period is March 20, 2029.

30. Subsequent Event

On June 29, 2010, the shareholders meeting resolved the following appropriations of retained earnings. After that, the timing and amounts for dividends were authorized by the Finance Minister on the same day:

Appropriations of Retained earnings as of March 31, 2010

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Year-end cash dividends—Common stock (¥230-$2.47 per share)	¥10,033	$107,841

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Development Bank of Japan Inc.:

We have audited the accompanying consolidated balance sheets of Development Bank of Japan Inc. and consolidated subsidiaries (the "Bank") as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in equity, and cash flows for the year ended March 31, 2010 and the six-month period ended March 31, 2009, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Development Bank of Japan Inc. and consolidated subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the year ended March 31, 2010 and the six-month period ended March 31, 2009, in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 21, 2010
(June 29, 2010 as to Note 30)

Member of
Deloitte Touche Tohmatsu

Non-Consolidated Balance Sheets (Unaudited)

Development Bank of Japan Inc.
As of March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note)
	2010	2009	2010
Assets			
Cash and due from banks	¥ 128,309	¥ 58,386	$ 1,379,074
Call loans	125,000	145,000	1,343,508
Reverse repurchase agreements	179,991	375,966	1,934,556
Money held in trust	27,193	23,981	292,279
Securities	1,281,454	1,226,683	13,773,156
Loans	13,538,070	12,026,675	145,508,064
Other assets	89,057	88,436	957,195
Tangible fixed assets	162,105	162,367	1,742,316
Intangible fixed assets	5,072	4,573	54,523
Deferred tax assets	44,326	27,915	476,425
Customers' liabilities for acceptances and guarantees	195,172	160,276	2,097,727
Allowance for loan losses	(200,587)	(273,813)	(2,155,933)
Allowance for investment losses	(7,919)	(9,015)	(85,117)
Total assets	¥15,567,245	¥14,017,435	$167,317,772
Liabilities and equity			
Liabilities:			
Debentures	¥ 3,504,212	¥ 3,431,597	$ 37,663,502
Call money	153,000	—	1,644,454
Borrowed money	9,079,459	8,064,872	97,586,627
Corporate bonds	242,181	81,423	2,602,979
Other liabilities	49,594	169,143	533,048
Accrued bonuses to employees	2,150	2,217	23,108
Accrued bonuses to directors and corporate auditors	22	20	238
Reserve for employees' retirement benefits	32,495	32,023	349,263
Reserve for directors' and corporate auditors' retirement benefits	34	11	373
Reserve for contingent losses	2,815	—	30,259
Reserve for losses on headquarter relocation	6,536	—	70,253
Acceptances and guarantees	195,172	160,276	2,097,727
Total liabilities	13,267,674	11,941,586	142,601,832
Equity:			
Common stock authorized, 160,000 thousand shares in 2010 and 2009; issued, 43,623 thousand shares in 2010 and 40,000 thousand shares in 2009	1,181,194	1,000,000	12,695,550
Capital surplus	1,060,466	1,157,715	11,397,962
Retained earnings (deficit)	39,834	(97,248)	428,148
Unrealized gain (loss) on available-for-sale securities	7,092	(2,425)	76,235
Deferred gain on derivatives under hedge accounting	10,982	17,808	118,045
Total equity	2,299,571	2,075,849	24,715,941
Total liabilities and equity	¥15,567,245	¥14,017,435	$167,317,772

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥93.04=$1.00, the effective exchange rate prevailing as of March 31, 2010, has been used in the conversion.

Non-Consolidated Statements of Operations (Unaudited)

Development Bank of Japan Inc.
For the year ended March 31, 2010 and for the six-month period ended March 31, 2009

	Millions of Yen		Thousands of U.S. Dollars (Note)
	2010	2009 (6 months)	2010
Income			
Interest income:	¥299,429	¥ 135,733	$3,218,284
Interest on loans	278,493	131,160	2,993,269
Interest and dividends on securities	13,438	4,064	144,437
Interest on call loans	55	14	594
Interest on reverse repurchase agreements	322	387	3,462
Interest on due from banks	100	106	1,085
Interest on swaps (net)	6,996	—	75,196
Other interest income	22	—	241
Fees and commissions	15,768	4,626	169,482
Other operating income	19,880	632	213,672
Other income	14,073	10,873	151,260
Total income	**349,151**	**151,865**	**3,752,698**
Expenses			
Interest expense:	180,058	83,995	1,935,279
Interest on debentures	55,409	25,991	595,543
Interest on call money and bills sold	64	0	693
Interest on borrowed money	122,474	55,906	1,316,364
Interest on corporate bonds	2,105	216	22,631
Interest on swaps (net)	—	1,880	—
Other interest expense	4	0	49
Fees and commissions	1,028	140	11,057
Other operating expenses	34,059	10,730	366,072
General and administrative expenses	31,722	15,225	340,953
Other expenses	51,655	157,476	555,195
Total expenses	**298,524**	**267,567**	**3,208,556**
Income (loss) before income taxes	**50,626**	**(115,701)**	**544,142**
Income taxes:			
Current	25,308	20,016	272,021
Deferred	(14,516)	(6,490)	(156,027)
Total income taxes	**10,792**	**13,525**	**115,994**
Net income (loss)	**¥ 39,834**	**¥(129,227)**	**$ 428,148**

	Yen		U.S. Dollars (Note)
Per share of common stock			
Basic net income (loss)	¥969.04	¥(3,230.68)	$10.42

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥93.04=$1.00, the effective exchange rate prevailing as of March 31, 2010, has been used in the conversion.

Non-Consolidated Statements of Changes in Equity (Unaudited)

Development Bank of Japan Inc.
For the year ended March 31, 2010 and for the six-month period ended March 31, 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2010	2009 (6 months)	2010
Common stock:			
Balance at beginning of financial period	¥1,000,000	¥1,000,000	$10,748,065
Issuance of new shares of common stock	181,194	—	1,947,485
Balance at end of financial period	1,181,194	1,000,000	12,695,550
Capital surplus:			
Balance at beginning of financial period	1,157,715	1,157,715	12,443,199
Transfer from capital surplus to retained earnings	(97,248)	—	(1,045,237)
Balance at end of financial period	1,060,466	1,157,715	11,397,962
Retained earnings (deficit):			
Balance at beginning of financial period	(97,248)	—	(1,045,237)
Transfer from capital surplus to retained earnings	97,248	—	1,045,237
The amount of tax effect adjustment due to change in legal structure	—	31,978	—
Net income (loss)	39,834	(129,227)	428,148
Balance at end of financial period	39,834	(97,248)	428,148
Unrealized gain (loss) on available-for-sale securities:			
Balance at beginning of financial period	(2,425)	—	(26,074)
Net change during the financial period	9,518	(2,425)	102,309
Balance at end of financial period	7,092	(2,425)	76,235
Deferred gain on derivatives under hedge accounting:			
Balance at beginning of financial period	17,808	—	191,410
Net change during the financial period	(6,825)	17,808	(73,365)
Balance at end of financial period	10,982	17,808	118,045
Total equity	**¥2,299,571**	**¥2,075,849**	**$24,715,941**

Notes: 1. Beginning of financial period, 2010 is April 1, 2009 and 2009 (6 months) is October 1, 2008, respectively. End of financial period, 2010 is March 31, 2010 and 2009 (6 months) is March 31, 2009, respectively.
2. Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥93.04=$1.00, the effective exchange rate prevailing as of March 31, 2010, has been used in the conversion.

Capital Adequacy Status

Capital adequacy ratios were calculated in accordance with the guidelines stipulated by Article 14-2 of the Banking Law of Japan (March 27, 2006, Financial Services Agency Notification No. 19, hereinafter, the "Capital Adequacy Ratio Notification"). Capital adequacy ratios have been calculated on both a consolidated and non-consolidated basis, and both to uniform international standards.

As of this disclosure (July 2010), DBJ has not yet applied Article 14-2 of the Banking Law of Japan, but for reference the capital adequacy ratio has been disclosed in accordance with the Capital Adequacy Ratio Notification.

With regard to the measuring the capital adequacy ratio, credit risk was calculated using the standardized approach, and operational risk was calculated using the basic indicator approach. Also, as DBJ does not conduct trading (specific transactions) operations, and as Article 4 and Article 16 of the Capital Adequacy Ratio Notification apply, the market risk equivalent amount was not calculated.

[1] Capital Adequacy Ratio Status (Consolidated)

Qualitative Disclosure

1. Scope of Consolidation	The DBJ's consolidated capital adequacy ratio is calculated for the corporate group, as stipulated in Article 3 of the Capital Adequacy Ratio Notification (hereinafter, the "Consolidated Group"). For companies that belong to the Consolidated Group, no differences exist in the wording of the consolidated financial statements or regulations pertaining to shares and preparation methods (Ministry of Finance Directive No. 28 of 1976 (hereinafter, the "Consolidated Financial Statement Regulations") of companies included in the scope of consolidation. The Consolidated Group has 13 consolidated subsidiaries, including New Business Investment Co., Ltd., (provides funding, etc. to operators of new businesses) and DBJ Credit Line Ltd. (acquires beneficial interests in trust, operates and directs trusts on a commissioned basis, etc.). No affiliated companies conduct financial business to which Article 9 of the Capital Adequacy Ratio Notification applies; no companies are subject to exclusion items under Item 2 (a) to (c), Paragraph 1, Article 8, of this Notification; and no companies conduct business in accordance with Item 11, Paragraph 1, Article 16-2 of the Banking Law of Japan (Law No. 59 of 1981, hereinafter, the "Law") or in accordance with Item 12 of this Paragraph that do not belong to the Consolidated Group. In the Consolidated Group no particular restrictions are in place to limit the movement of funds or capital.
2. Overview of Fund-Raising Methods	All capital is funded by the government of Japan.
3. Overview of Methods for Evaluating the Degree of Capital Adequacy of the Consolidated Group	Regarding the degree of capital adequacy, the Consolidate Group quantifies credit risk, interest rate risk and operational risk, compares the total risk amount with total capital and measures the capital surplus. This surplus enables the Consolidated Group to respond to unquantifiable risks and unforeseen events, decide whether to take new financing risks and establish the operating directions.
4. Credit Risk	(a) Overview of Risk Management Policies and Procedures Credit risk refers to the risk of loss to DBJ resulting from the decline in or disappearance of the value of credit assets, owing to the worsening credit standing of clients for loans or debt guarantees. These risks include expected losses (EL), or losses that on average can be expected to occur within a certain measurement period; and unexpected losses (UL), which go extend beyond the boundaries of losses that, on average, are expected within a period of time. DBJ periodically compares UL and capital to measure the amount of capital in surplus. (b) Rating Agencies Eligible to Weight Risks The rating agencies that DBJ uses for weighting risk are among the four that the FSA has named eligible to perform such weighting. Rating agency eligibility is not selected depending on the type of exposure. The rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), and Standard & Poor's Corp. (S&P).
5. Overview of Risk Management Policies and Procedures for Reducing Credit Risk	DBJ obtains collateral or guarantees as necessary based on changes in the borrower's creditworthiness. If required, the effectiveness of collateral is determined from the perspective of the amount that could be reasonably expected to resolve the situation through liquidation or the creditworthiness of the guarantor, respectively. In principal, collateral valuation is performed by the Credit Analysis Department, based on the request of investment and loan departments/offices. Investment and loan departments/offices and the Credit Analysis Department manage credit risk based on valuation results. In principle, the valuation of all collateral property is reviewed once or twice each year to ensure DBJ is aware of the current status of its collateral property.

6. Overview of Risk Management Policies and Procedures Related to Risk Involving Counter–parties in Derivative Product Transactions and Transactions with Long Settlement Periods	DBJ regularly refers to the ratings and credit amounts of transaction counterparties to determine the advisability of entering a transaction or to understand the risks of existing transactions.
7. Securitization Exposure	**(a) Overview of Risk Management Policies and Procedures** Excluding credit derivatives, the majority of DBJ's securitization exposure falls into the category of specialized lending (Item 47, Article 1, of the Capital Adequacy Ratio Notification) employing internal rating methods. Different from the internal ratings that are applied to standard corporate credit, this exposure is given a rating by using a grading system applied to match the characteristics of specialized lending. DBJ conducts risk management in line with changes in rating level. In addition to rating its exposure when making new acquisitions, DBJ reviews these ratings periodically. DBJ's involvement in securitized transactions is typically that of an investor, and in principle the exposure acquired through such transactions continues until the instrument's maturity. **(b) Methods Used to Calculate Credit Risk Asset Amount of Securitization Exposure** DBJ employs the standardized approach for these calculations. **(c) Method of Accounting for Securitized Transactions** DBJ's involvement in securitized transactions is that of an investor. DBJ accounts for these transactions in accordance with the "Accounting Standard for Financial Instruments." **(d) Rating Agencies Eligible to Weight Risks by Type of Securitization** The rating agencies that DBJ uses for weighting risk are among the four that the FSA has named eligible to perform such weighting. Eligible rating agencies are not selected according to investment type. The rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), and Standard & Poor's Corp. (S&P).
8. Market Risk	Based on Article 4 of the Capital Adequacy Ratio Notification, DBJ includes in its calculation method no market risk equivalent amount.
9. Operational risk	**(a) Overview of Risk Management Policies and Procedures** DBJ defines operational risk as the risk of loss arising from internal processes, the activities of officers and employees or systems that are inappropriate or non-functioning, or from extrinsic events. DBJ establishes its management structure and basic risk management policy pertaining to management methods after considering the wide range of operational risks that it potentially faces, such as operational risk, systems risk, legal risk, human risk, tangible asset risk and reputational risk. DBJ designates operational risk officers at each of its offices. These personnel are charged with establishing data collection procedures, remaining aware of risks and creating risk databases. In line with the increasing level of sophistication and complexity of the financial business, DBJ addresses various operational risks by establishing or reinforcing management methods and preparations to appropriately identify, evaluate, measure, monitor and control these risks. **(b) Method Used to Calculate Operational Risk Equivalent Amount** DBJ uses the basic indicator approach to calculate these risks.
10. Overview of Risk Management Policies and Procedures Regarding Exposure to Shares and Other Equity Investments and Capital Injections into the Banking Book	DBJ defines investment risk as its risk of sustaining a partial or total loss on the economic value of assets (including off-balance-sheet assets), owing to such factors as the worsening of an investee's financial conditions or to fluctuations in the market environment. For newly acquired exposure, DBJ considers the balance between investment risk and potential return in each field of investment. Thereafter, DBJ regularly conducts performance evaluations on its exposure.

11. Interest Rate Risk on the Banking Book

(a) Overview of Risk Management Policies and Procedures

Long-term, fixed-rate loans make up the majority of the DBJ's lending, and DBJ seeks to reduce its interest rate risk by raising funds featuring similarly long-term, fixed rates. We also employ the value at risk (VaR) and the Basel II standardized interest rate shock* method to compute various risks from the standpoint of their economic value.

We regularly compare VaR and 200bpValue against capital to ensure that interest rate risk remains within a specified range of capital.

* Measurement methods are described in (ii) and (iii) of (b).

(b) Overview of Methods for Calculating Interest Rate Risk Used by the Bank for Internal Control of the Banking Book

DBJ calculates interest rate risk based on the following method.

(i) VaR: Use a historical method of measurement with a one-year holding period, a five-year time horizon and a 99.9% confidence level

(ii) Measure interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon

(iii) 200bpValue: Use a 2% parallel shift in a standardized interest rate shock to measure the change in economic value

((ii) and (iii) are methods for measuring the standardized interest rate shock under Basel II.)

Quantitative Disclosure

1. Of companies covered under the deductions from capital provided by Article 8, Paragraph 1, Item 2 (a) to (c) or by Article 31, Paragraph 1, Item 2 (a) to (c) of the Capital Adequacy Ratio Notification, names of companies that fall below legislatively required capital adequacy and the total amount by which they fail to meet the required capital adequacy.

Not applicable.

2. Items Related to Capital Adequacy Level

(Millions of yen)

		March 31, 2010	March 31, 2009
(a) Capital requirement to total credit risk		753,183	702,205
(1) Exposure by portfolio to which standardized approach applied		708,121	650,833
(i) Japanese government and regional municipal entities		0	0
(ii) Exposure to financial institutions		6,443	5,111
(iii) Exposure to corporations		665,586	613,433
(iv) Equity exposure		18,123	16,536
(v) Other exposure		17,968	15,752
(2) Securitization risk exposure		45,062	51,372
(b) Capital requirement to market risk		—	—
(c) Capital requirement to operational risk		17,064	14,234
(d) Consolidated total capital requirement ((a) + (b) + (c))		770,248	716,440
(e) Consolidated capital ratio and consolidated Tier I ratio	Capital ratio	19.13%	18.88%
	Tier I ratio	23.83%	23.10%

3. Items Related to Credit Risk (Excluding Securitization Exposure)

(a) Fiscal year-end credit risk exposure and breakdown by principal categories

(Millions of yen)

	March 31, 2010	March 31, 2009
Loans	12,970,521	11,562,800
Equities, funds	255,014	216,535
Commitments and customers' liabilities for acceptances and guarantees	396,136	379,029
Bonds (JGBs and corporate bonds, etc.)	916,690	888,443
Repurchase agreement/call loan	304,998	520,972
Other	496,229	375,860
Total	15,339,590	13,943,641

(b) Fiscal year-end credit risk exposure, broken down as follows:

(1) By region

(Millions of yen)

	March 31, 2010	March 31, 2009
Domestic total	15,338,656	13,943,566
Overseas total	934	75

Note: "Overseas" refers to overseas consolidated subsidiaries. DBJ has no overseas branches.

(2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2010	March 31, 2009
Manufacturing	3,514,512	2,832,973
Forestry and fisheries	1,063	1,221
Mining	36,243	26,965
Construction	25,622	58,995
Wholesale and retail	1,130,017	875,540
Finance and insurance	1,134,074	1,149,726
Real estate	1,439,661	1,276,177
Transportation and communications	4,275,122	4,064,028
Electrical, gas and water	1,879,565	2,028,789
Services	965,183	1,137,269
Other	938,522	491,953

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2010	March 31, 2009
Five years or less	5,884,768	5,043,231
More than five years, up to 10	5,715,819	4,818,836
More than 10 years, up to 15	2,336,480	2,646,779
More than 15 years	913,910	1,040,599
No maturity date	488,611	394,194

(c) Breakdown of exposure by risk weight (after accounting for credit risk mitigations) (Millions of yen)

	March 31, 2010	March 31, 2009
Risk weight 0%	895,996	753,431
Risk weight 10%	175,621	294
Risk weight 20%	4,074,386	4,624,103
Risk weight 50%	3,932,772	2,743,958
Risk weight 100%	6,021,593	5,444,070
Risk weight 150%	20,732	263,014

4. Items Related to the Effect of Credit Risk Mitigations

Exposure to Items to Which Effect of Credit Risk Mitigations Applied (Millions of yen)

	March 31, 2010	March 31, 2009
Eligible financial collaterals	179,985	375,963
Guarantees or credit derivatives	1,619,222	1,852,601

5. Transaction Counterparties' Risk on Derivative Product Transactions and Transactions with Long Settlement Periods

(Millions of yen)

		March 31, 2010	March 31, 2009
Equivalent credit calculation method		Current exposure method	Current exposure method
Gross restructuring cost		116,247	117,323
Gross add-on, by transaction type		110,838	103,801
	Interest rate transactions	68,724	60,822
	Foreign exchange transactions	39,314	40,079
	Credit derivative transactions	2,800	2,900
Reducing credit equivalent amounts through netting		124,489	110,391
Net equivalent credit		102,596	110,732
	Net restructuring cost	43,590	53,719
Notional amounts of credit derivatives for calculated credit equivalent amount by type of credit derivative, by protection purchase or provision	Credit default swaps provision	390,449	861,210
	Credit default swaps purchase	56,000	451,100
Notional amounts of credit derivatives taking into account credit risk mitigations		—	393,100

Notes: 1. Collateral is not used to reduce credit risk on derivative product transactions.
2. Credit derivatives used to compute the credit equivalent amount are included in securitization exposure; there is some data overlap with securitization exposure indicated elsewhere and what are known as single-name CDS offerings include the measurement of acceptances and guarantees as consisting of the legal and other exposure of the company in question.

6. Securitization Exposure

(a) Securitization exposure in which the Consolidated Group is the originator

Not applicable.

(b) Securitization exposure in which the Consolidated Group is an investor

(1) Retained securitization exposure amount and breakdown by major underlying asset type (Millions of yen)

	March 31, 2010	March 31, 2009
Structured finance	723,423	613,337
Credit derivatives	290,299	739,574
Funds*	189,701	192,854

* Assets held by funds including the commitment to funds (calculated on "look-through" approach basis).

(2) Balance of retained securitization exposure by risk weight and required capital amounts (Millions of yen)

			March 31, 2010	March 31, 2009
Risk weight	20%	Balance	380,274	594,454
		Capital requirement	6,084	9,511
Risk weight	50%	Balance	31,334	201,778
		Capital requirement	1,253	8,071
Risk weight	100%	Balance	311,581	261,237
		Capital requirement	24,926	20,899
Risk weight	350%	Balance	36,440	35,000
		Capital requirement	10,203	9,800
Risk weight	Capital deductions	Balance	429,016	437,337
		Capital requirement	—	—
Risk weight	Other*	Balance	14,776	15,958
		Capital requirement	2,594	3,090

* Applying to exposure the transitional measures indicated in Article 15 of the Supplementary Provision to the Capital Adequacy Ratio Notification.

(3) Breakdown of securitization exposure amounts and underlying asset categories deducted from capital in accordance with Article 247 of the Capital Adequacy Ratio Notification (Millions of yen)

	March 31, 2010	March 31, 2009
Structured finance	239,982	244,482
Funds*	189,701	192,854

* Assets held by funds including the commitment to funds (calculated on "look-through" approach basis).

(4) Amount of credit risk assets calculated with application of Article 15 of the Supplementary Measure to the Capital Adequacy Ratio Notification (Millions of yen)

	March 31, 2010	March 31, 2009
Credit risk assets	32,361	38,635

7. Items Related to Market Risk

DBJ falls into the category indicated in Article 4 of the Capital Adequacy Ratio Notification. Consequently, calculation of the market risk equivalent amount was not performed.

8. Items Related to Shares and Other Equity Investments and Capital Injections into the Banking Book

(Millions of yen)

	March 31, 2010	March 31, 2009
(a) Market value of below-listed items as included within categories in the consolidated balance sheets		
Exposure to listed shares	25,236	28,961
Exposure to other equity investments and capital injections	225,851	180,170
(b) Gains or losses on the sale of equity investments or shares	(1,199)	3,204
Gain or loss on write-off of equity exposure	22,334	14,558
(c) Gains or losses from valuation recognized on the consolidated balance sheets but not recognized on the consolidated statements of income	11,091	(1,667)
(d) Included amount stipulated in Article 6, Paragraph 1, Item 1 of the Capital Adequacy Ratio Notification	5,590	—

Notes: 1. The Group has no gains or losses from valuation recognized on the consolidated balance sheets or the consolidated statements of income.
2. The Group has no exposure to shares to which Article 13 of the Supplementary Provisions to the Capital Adequacy Ratio Notification applies.

9. **Amount of Exposure Applied for the Deemed Calculation of Credit Risk Assets**

As DBJ employs the standardised approach for calculating credit risk, this item does not apply.

10. **Interest Rate Risk in the Banking Book**

	March 31, 2010	March 31, 2009
Decrease in economic value resulting from interest rate shock	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥8.3 billion	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥19.4 billion

[2] Capital Adequacy Ratio Status (Non-Consolidated)

Qualitative Disclosure

1. Overview of Fund-Raising Methods	All capital is funded by the government of Japan.
2. Overview of Methods for Evaluating the Degree of Capital Adequacy of the Bank	Regarding the degree of capital adequacy, DBJ quantifies credit risk, interest rate risk and operational risk, compares the total risk amount with total capital and measures the capital surplus. This surplus enables DBJ to respond to unquantifiable risks and unforeseen events, decide whether to take new financing risks and establish the operating directions.
3. Credit Risk	**(a) Overview of Risk Management Policies and Procedures** Credit risk refers to the risk of loss to DBJ resulting from the decline in or disappearance of the value of credit assets, owing to the worsening credit standing of clients for loans or debt guarantees. These risks include expected losses (EL), or losses that on average can be expected to occur within a certain measurement period; and unexpected losses (UL), which go extend beyond the boundaries of losses that, on average, are expected within a period of time. DBJ periodically compares UL and capital to measure the amount of capital in surplus. **(b) Rating Agencies Eligible to Weight Risks** The rating agencies that DBJ uses for weighting risk are among the four that the FSA has named eligible to perform such weighting. Rating agency eligibility is not selected depending on the type of exposure. The rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), and Standard & Poor's Corp. (S&P).
4. Overview of Risk Management Policies and Procedures for Reducing Credit Risk	DBJ obtains collateral or guarantees as necessary based on changes in the borrower's creditworthiness. If required, the effectiveness of collateral is determined from the perspective of the amount that could be reasonably expected to resolve the situation through liquidation or the creditworthiness of the guarantor, respectively. In principal, collateral valuation is performed by the Credit Analysis Department, based on the request of investment and loan departments/offices. Investment and loan departments/offices and the Credit Analysis Department manage credit risk based on valuation results. In principle, the valuation of all collateral property is reviewed once or twice each year to ensure DBJ is aware of the current status of its collateral property.
5. Overview of Risk Management Policies and Procedures Related to Risk Involving Counter-parties in Derivative Product Transactions and Transactions with Long Settlement Periods	DBJ regularly refers to the ratings and credit amounts of transaction counterparties to determine the advisability of entering a transaction or to understand the risks of existing transactions.
6. Securitization Exposure	**(a) Overview of Risk Management Policies and Procedures** Excluding credit derivatives, the majority of DBJ's securitization exposure falls into the category of specialised lending (Item 47, Article 1, of the Capital Adequacy Ratio Notification) employing internal rating methods. Different from the internal ratings that are applied to standard corporate credit, this exposure is given a rating by using a grading system applied to match the characteristics of specialised lending. DBJ conducts risk management in line with changes in rating level. In addition to rating its exposure when making new acquisitions, DBJ reviews these ratings periodically. DBJ's involvement in securitized transactions is typically that of an investor, and in principle the exposure acquired through such transactions continues until the instrument's maturity. **(b) Methods Used to Calculate Credit Risk Asset Amount of Securitization Exposure** DBJ employs the standardized approach for these calculations. **(c) Method of Accounting for Securitized Transactions** DBJ's involvement in securitized transactions is that of an investor. DBJ accounts for these transactions in accordance with the "Accounting Standard for Financial Instruments. **(d) Rating Agencies Eligible to Weight Risks by Type of Securitization** The rating agencies that DBJ uses for weighting risk are among the four that the FSA has named eligible to perform such weighting. Eligible rating agencies are not selected according to investment type. The rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), and Standard & Poor's Corp. (S&P).

7. Market Risk	Based on Article 16 of the Capital Adequacy Ratio Notification, DBJ includes in its calculation method no market risk equivalent amount.
8. Operational risk	**(a) Overview of Risk Management Policies and Procedures** DBJ defines operational risk as the risk of loss arising from internal processes, the activities of officers and employees or systems that are inappropriate or non-functioning, or from extrinsic events. DBJ establishes its management structure and basic risk management policy pertaining to management methods after considering the wide range of operational risks that it potentially faces, such as operational risk, systems risk, legal risk, human risk, tangible asset risk and reputational risk. DBJ designates operational risk officers at each of its offices. These personnel are charged with establishing data collection procedures, remaining aware of risks and creating risk databases. In line with the increasing level of sophistication and complexity of the financial business, DBJ addresses various operational risks by establishing or reinforcing management methods and preparations to appropriately identify, evaluate, measure, monitor and control these risks. **(b) Method Used to Calculate Operational Risk Equivalent Amount** DBJ uses the basic indicator approach to calculate these risks.
9. Overview of Risk Management Policies and Procedures Regarding Exposure to Shares and Other Equity Investments and Capital Injections into the Banking Book	DBJ defines investment risk as its risk of sustaining a partial or total loss on the economic value of assets (including off-balance-sheet assets), owing to such factors as the worsening of an investee's financial conditions or to fluctuations in the market environment. For newly acquired exposure, DBJ considers the balance between investment risk and potential return in each field of investment. Thereafter, DBJ regularly conducts performance evaluations on its exposure.
10. Interest Rate Risk on the Banking Book	**(a) Overview of Risk Management Policies and Procedures** Long-term, fixed-rate loans make up the majority of the DBJ's lending, and DBJ seeks to reduce its interest rate risk by raising funds featuring similarly long-term, fixed rates. We also employ the value at risk (VaR) and the Basel II standardized interest rate shock* method to compute various risks from the standpoint of their economic value. We regularly compare VaR and 200bpValue against capital to ensure that interest rate risk remains within a specified range of capital. * Measurement methods are described in (ii) and (iii) of (b). **(b) Overview of Methods for Calculating Interest Rate Risk Used by the Bank for Internal Control of the Banking Book** DBJ calculates interest rate risk based on the following method. (i) VaR: Use a historical method of measurement with a one-year holding period, a five-year time horizon and a 99.9% confidence level (ii) Measure interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon (iii) 200bpValue: Use a 2% parallel shift in a standardized interest rate shock to measure the change in economic value ((ii) and (iii) are methods for measuring the standardized interest rate shock under Basel II.)

Quantitative Disclosure

1. Items Related to Capital Adequacy Level

(Millions of yen)

		March 31, 2010	March 31, 2009
(a) Capital requirement to total credit risk		753,259	701,671
(1) Exposure by portfolio to which standardized method applied		708,297	650,299
(i) Japanese government and regional municipal bodies		0	0
(ii) Exposure to financial institutions		5,858	5,020
(iii) Exposure to corporations		667,640	612,793
(iv) Equity exposure		17,038	16,805
(v) Other exposure		17,759	15,680
(2) Securitization risk exposure		44,961	51,372
(b) Capital requirement to market risk		—	—
(c) Capital requirement to operational risk		16,971	14,222
(d) Non-consolidated total capital requirement ((a) + (b) + (c))		770,231	715,893
(e) Non-consolidated capital ratio and non-consolidated Tier I ratio	Capital ratio	18.79%	18.70%
	Tier I ratio	23.59%	22.99%

2. Items Related to Credit Risk (Excluding Securitization Exposure)

(a) Fiscal year-end credit risk exposure and breakdown by principal categories

(Millions of yen)

	March 31, 2010	March 31, 2009
Loans	12,967,415	11,552,191
Equities, funds	277,622	228,976
Commitments and customers' liabilities for acceptances and guarantees	396,136	378,629
Bonds (JGBs and corporate bonds, etc.)	916,690	888,443
Repurchase agreement/call loan	304,998	520,972
Other	452,133	364,641
Total	15,314,996	13,933,855

(b) Fiscal year-end credit risk exposure, broken down as follows:

(1) By region

(Millions of yen)

	March 31, 2010	March 31, 2009
Domestic total	15,314,996	13,933,855
Overseas total	—	—

Note: DBJ has no overseas sales locations.

(2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2010	March 31, 2009
Manufacturing	3,514,512	2,832,973
Forestry and fisheries	1,063	1,221
Mining	36,243	26,965
Construction	25,622	58,995
Wholesale and retail	1,130,017	875,540
Finance and insurance	1,181,018	1,164,797
Real estate	1,467,664	1,276,177
Transportation and communications	4,275,122	4,064,028
Electrical, gas and water	1,879,565	2,028,789
Services	966,249	1,138,241
Other	837,916	466,123

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2010	March 31, 2009
Five years or less	5,884,768	5,042,831
More than five years, up to 10	5,715,819	4,818,836
More than 10 years, up to 15	2,336,480	2,646,779
More than 15 years	913,910	1,040,599
No maturity date	464,017	384,808

(c) Breakdown of exposure by risk weight (after accounting for credit risk mitigations)

(Millions of yen)

	March 31, 2010	March 31, 2009
Risk weight 0%	895,996	753,431
Risk weight 10%	175,621	294
Risk weight 20%	4,037,850	4,618,368
Risk weight 50%	3,932,772	2,743,836
Risk weight 100%	6,031,105	5,438,599
Risk weight 150%	20,732	263,014

3. Items Related to the Effect of Credit Risk Mitigations

Exposure to Items to Which Effect of Credit Risk Mitigations Applied

(Millions of yen)

	March 31, 2010	March 31, 2009
Eligible financial collaterals	179,985	375,963
Guarantees or credit derivatives	1,619,222	1,852,601

4. Transaction Counterparties' Risk on Derivative Product Transactions and Transactions with Long Settlement Periods

(Millions of yen)

		March 31, 2010	March 31, 2009
Equivalent credit calculation method		Current exposure method	Current exposure method
Gross restructuring cost		116,247	117,323
Gross add-on, by transaction type		110,838	103,801
	Interest rate transactions	68,724	60,822
	Foreign exchange transactions	39,314	40,079
	Credit derivative transactions	2,800	2,900
Reducing credit equivalent amounts through netting		124,489	110,391
Net equivalent credit		102,596	110,732
	Net restructuring cost	43,590	53,719
Notional amounts of credit derivatives for calculated credit equivalent amount by type of credit derivative, by protection purchase or provision	Credit default swaps provision	390,449	861,210
	Credit default swaps purchase	56,000	451,100
Notional amounts of credit derivatives taking into account credit risk mitigations		—	393,100

Notes: 1. Collateral is not used to reduce credit risk on derivative product transactions.
2. Credit derivatives used to compute the credit equivalent amount are included in securitization exposure; there is some data overlap with securitization exposure indicated elsewhere and what are known as single-name CDS offerings include the measurement of acceptances and guarantees as consisting of the legal and other exposure of the company in question.

5. Securitization Exposure

(a) Securitization exposure in which DBJ is the originator

Not applicable.

(b) Securitization exposure in which DBJ is an investor

(1) Retained securitization exposure amount and breakdown by major underlying asset type

(Millions of yen)

	March 31, 2010	March 31, 2009
Structured finance	692,668	586,961
Credit derivatives	290,299	739,574
Funds*	227,244	225,527

* Assets held by funds including the commitment to funds (calculated on "look-through" approach basis).

(2) Balance of retained securitization exposure by risk weight and required capital amounts

(Millions of yen)

			March 31, 2010	March 31, 2009
Risk weight	20%	Balance	380,274	594,454
		Capital requirement	6,084	9,511
Risk weight	50%	Balance	31,334	201,777
		Capital requirement	1,253	8,071
Risk weight	100%	Balance	311,581	261,237
		Capital requirement	24,926	20,898
Risk weight	350%	Balance	36,083	35,000
		Capital requirement	10,103	9,800
Risk weight	Capital deductions	Balance	436,162	443,636
		Capital requirement	—	—
Risk weight	Other*	Balance	14,776	15,958
		Capital requirement	2,594	3,090

* Applying to exposure the transitional measures indicated in Article 15 of the Supplementary Provision to the Capital Adequacy Ratio Notification.

(3) Breakdown of securitization exposure amounts and underlying asset categories deducted from capital in accordance with Article 247 of the Capital Adequacy Ratio Notification

(Millions of yen)

	March 31, 2010	March 31, 2009
Structured finance	210,668	218,414
Funds*	226,160	225,527

* Assets held by funds including the commitment to funds (calculated on "look-through" approach basis).

(4) Amount of credit risk assets calculated with application of Article 15 of the Supplementary Measure (Interim Measure for Securitization Exposure) to the Capital Adequacy Ratio Notification

(Millions of yen)

	March 31, 2010	March 31, 2009
Credit risk assets	32,361	38,635

6. Items Related to Market Risk

DBJ falls into the category indicated in Article 16 of the Capital Adequacy Ratio Notification. Consequently, calculation of the market risk equivalent amount was not performed.

7. Items Related to Shares and Other Equity Investments and Capital Injections into the Banking Book

(Millions of yen)

	March 31, 2010	March 31, 2009
(a) Market value of below-listed items as included within categories in the non-consolidated balance sheets		
Exposure to listed shares	24,806	28,492
Exposure to other equity investments and capital injections	218,228	186,518
(b) Gains or losses on the sale of equity investments or shares	(1,804)	3,236
Gain or loss on write-off of equity exposure	21,358	10,959
(c) Gains or losses from valuation recognized on the non-consolidated balance sheets but not recognized on the non-consolidated statements of income	7,092	(2,425)
(d) Included amount stipulated in Article 18, Paragraph 1, Item 1 of the Capital Adequacy Ratio Notification	3,697	—

Notes: 1. The Group has no gains or losses from valuation recognized on the non-consolidated balance sheets or the non-consolidated statements of income.
2. The Group has no exposure to shares to which Article 13 of the Supplementary Provisions to the Capital Adequacy Ratio Notification applies.

8. Exposure Applied for the Deemed Calculation of Credit Risk Assets

As DBJ employs the standardised approach for calculating credit risk, this item does not apply.

9. Interest Rate Risk in the Banking Book

	March 31, 2010	March 31, 2009
Decrease in economic value resulting from interest rate shock	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥8.3 billion	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥19.4 billion