Financial Condition

Consolidated Balance Sheets

Development Bank of Japan Inc. and Consolidated Subsidiaries
As of March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
Assets			
Cash and due from banks (Note 28)	¥ 233,297	¥ 168,696	$ 2,805,741
Call loans and bills bought (Note 28)	61,852	125,000	743,860
Reverse repurchase agreements (Note 3)	—	179,991	—
Money held in trust (Notes 28 and 30)	24,819	30,740	298,492
Securities (Notes 3, 14, 28 and 30)	1,165,580	1,289,495	14,017,804
Loans (Notes 4, 5, 14 and 28)	13,031,480	13,514,661	156,722,553
Other assets (Notes 6 and 14)	122,296	89,701	1,470,790
Tangible fixed assets (Note 7)	181,486	162,227	2,182,643
Intangible fixed assets	5,960	5,098	71,686
Deferred tax assets (Note 24)	36,137	44,383	434,602
Customers' liabilities for acceptances and guarantees (Note 13)	145,068	192,172	1,744,661
Allowance for loan losses (Notes 8 and 28)	(161,607)	(203,422)	(1,943,564)
Allowance for investment losses	(1,158)	(3,004)	(13,932)
Total assets	**¥14,845,213**	**¥15,595,740**	**$178,535,338**
Liabilities and equity			
Liabilities:			
Debentures (Notes 9, 14 and 28)	¥ 3,312,713	¥ 3,504,212	$ 39,840,209
Call money and bills sold (Note 28)	—	153,000	—
Borrowed money (Notes 10 and 28)	8,576,482	9,082,479	103,144,706
Corporate bonds (Notes 9 and 28)	316,675	242,181	3,808,488
Other liabilities (Notes 11 and 12)	52,981	49,780	637,174
Accrued bonuses to employees	4,581	2,238	55,096
Accrued bonuses to directors and corporate auditors	17	22	209
Reserve for employees' retirement benefits (Note 23)	25,885	32,613	311,317
Reserve for directors' and corporate auditors' retirement benefits	52	34	629
Reserve for contingent losses	711	2,815	8,554
Reserve for losses on headquarter relocation	—	6,536	—
Deferred tax liabilities (Note 24)	48	114	589
Acceptances and guarantees (Note 13)	145,068	192,172	1,744,661
Total liabilities	**12,435,218**	**13,268,201**	**149,551,631**
Equity:			
Common stock authorized, 160,000 thousand shares in 2011 and 2010; issued, 43,623 thousand shares in 2011 and 2010 (Note 15)	1,181,194	1,181,194	14,205,580
Capital surplus (Note 15)	1,060,466	1,060,466	12,753,654
Retained earnings (Note 15)	132,329	40,779	1,591,458
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 30)	13,169	11,091	158,382
Deferred gain on derivatives under hedge accounting	17,406	11,154	209,343
Foreign currency translation adjustments	(101)	(54)	(1,223)
Total	2,404,464	2,304,630	28,917,195
Minority interests	5,530	22,908	66,511
Total equity	**2,409,995**	**2,327,538**	**28,983,706**
Total liabilities and equity	**¥14,845,213**	**¥15,595,740**	**$178,535,338**

See notes to consolidated financial statements.

Consolidated Statements of Income

Development Bank of Japan Inc. and Consolidated Subsidiaries
For the years ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
Income			
Interest income:	¥298,929	¥301,482	$3,595,066
Interest on loans	271,860	278,176	3,269,513
Interest and dividends on securities	19,268	15,793	231,734
Interest on call loans and bills bought	165	55	1,989
Interest on reverse repurchase agreements	149	322	1,802
Interest on due from banks	171	116	2,067
Interest on swaps	7,238	6,996	87,059
Other interest income	75	22	902
Fees and commissions (Note 17)	9,998	15,683	120,251
Other operating income (Note 18)	12,642	19,880	152,043
Other income (Note 19)	42,275	16,661	508,423
Total income	**363,846**	**353,707**	**4,375,784**
Expenses			
Interest expense:	172,231	180,111	2,071,337
Interest on debentures	52,920	55,409	636,451
Interest on call money and bills sold	149	64	1,796
Interest on borrowed money	116,646	122,527	1,402,848
Interest on short-term corporate bonds	10	—	127
Interest on corporate bonds	2,500	2,105	30,072
Other interest expense	3	4	43
Fees and commissions (Note 20)	607	1,043	7,311
Other operating expenses (Note 21)	12,012	34,072	144,473
General and administrative expenses	36,708	35,037	441,476
Other expenses (Note 22)	37,903	52,336	455,847
Total expenses	**259,464**	**302,602**	**3,120,444**
Income before income taxes and minority interests	**104,381**	**51,105**	**1,255,339**
Income taxes (Note 24):			
Current	371	25,382	4,470
Deferred	944	(14,558)	11,356
Total income taxes	**1,315**	**10,824**	**15,826**
Net income before minority interests	**103,065**		**1,239,513**
Minority interests in net income	**1,481**	**387**	**17,818**
Net income	**¥101,583**	**¥ 39,893**	**$1,221,695**

	Yen		U.S. Dollars (Note 1)
Per share of common stock (Note 16)			
Basic net income	¥2,328.63	¥970.47	$28.01
Cash dividend applicable to the year	1,147	230	13.79

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Development Bank of Japan Inc. and Consolidated Subsidiaries
For the year ended March 31, 2011

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2011	2011
Net income before minority interests	**¥103,065**	**$1,239,513**
Other comprehensive income (Note 26)		
Unrealized gain on available-for-sale securities	2,073	24,939
Deferred gain on derivatives under hedge accounting	6,273	75,445
Foreign currency translation adjustments	(46)	(563)
Share of other comprehensive income in affiliates accounted for by the equity method	(22)	(268)
Total other comprehensive income	**8,277**	**99,553**
Comprehensive income (Note 26)	**¥111,343**	**$1,339,066**
Total comprehensive income attributable to (Note 26)		
Owners of the parent	¥109,867	$1,321,322
Minority interests	1,475	17,745

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Development Bank of Japan Inc. and Consolidated Subsidiaries
For the years ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
Common stock:			
Balance at beginning of year	¥1,181,194	¥1,000,000	$14,205,580
Issuance of new shares of common stock	—	181,194	—
Balance at end of year	1,181,194	1,181,194	14,205,580
Capital surplus:			
Balance at beginning of year	1,060,466	1,157,715	12,753,654
Transfer from capital surplus to retained earnings	—	(97,248)	—
Balance at end of year	1,060,466	1,060,466	12,753,654
Retained earnings:			
Balance at beginning of year	40,779	(96,363)	490,430
Cash dividends	(10,033)	—	(120,667)
Transfer from capital surplus to retained earnings	—	97,248	—
Net income	101,583	39,893	1,221,695
Balance at end of year	132,329	40,779	1,591,458
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities:			
Balance at beginning of year	11,091	(1,667)	133,390
Net change during the year	2,078	12,759	24,993
Balance at end of year	13,169	11,091	158,382
Deferred gain on derivatives under hedge accounting:			
Balance at beginning of year	11,154	17,182	134,147
Net change during the year	6,252	(6,028)	75,197
Balance at end of year	17,406	11,154	209,343
Foreign currency translation adjustments:			
Balance at beginning of year	(54)	3	(660)
Net change during the year	(46)	(58)	(563)
Balance at end of year	(101)	(54)	(1,223)
Minority interests:			
Balance at beginning of year	22,908	9,586	275,509
Net change during the year	(17,378)	13,322	(208,998)
Balance at end of year	5,530	22,908	66,511
Total equity:			
Balance at beginning of year	2,327,538	2,086,456	27,992,050
Issuance of new shares of common stock	—	181,194	—
Cash dividends	(10,033)	—	(120,667)
Net income	101,583	39,893	1,221,695
Net change during the year	(9,094)	19,994	(109,371)
Balance at end of year	¥2,409,995	¥2,327,538	$28,983,706

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Development Bank of Japan Inc. and Consolidated Subsidiaries
For the years ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 104,381	¥ 51,105	$ 1,255,339
Adjustments for:			
Depreciation	1,984	1,948	23,864
Amortization of goodwill	—	1,858	—
Losses on impairment of long-lived assets	21	0	262
Equity in gains of affiliates	(1,837)	(958)	(22,100)
Decrease in allowance for loan losses	(41,815)	(73,267)	(502,891)
Decrease in allowance for investment losses	(1,845)	(1,289)	(22,200)
Increase in accrued bonuses to employees	2,342	14	28,169
(Decrease) increase in accrued bonuses to directors and corporate auditors	(4)	1	(57)
(Decrease) increase in reserve for employees' retirement benefits	(6,727)	562	(80,904)
(Decrease) increase in reserve for contingent losses	(2,104)	2,815	(25,304)
Increase in reserve for losses on headquarter relocation	—	6,536	—
Interest income	(298,929)	(301,482)	(3,595,066)
Interest expense	172,231	180,111	2,071,337
Loss on securities—net	7,923	58,006	95,293
Gain on money held in trust—net	(623)	(1,478)	(7,495)
Foreign exchanges losses	15,330	4,291	184,367
(Gain) loss on sales of fixed assets—net	(3)	40	(45)
Net decrease (increase) in loans	483,181	(1,505,805)	5,810,961
Net (decrease) increase in debentures	(191,498)	72,615	(2,303,054)
Net (decrease) increase in borrowed money	(505,997)	1,014,586	(6,085,358)
Net increase in corporate bonds	74,494	160,758	895,906
Net increase in due from banks	(9,665)	(5,181)	(116,245)
Net decrease in call loans and bills bought	63,148	20,000	759,447
Net decrease in reverse repurchase agreements	179,991	195,975	2,164,655
Net (decrease) increase in call money and bills sold	(153,000)	153,000	(1,840,048)
Interest received	303,109	282,534	3,645,328
Interest paid	(175,029)	(181,437)	(2,104,987)
Other—net	(2,107)	(93,583)	(25,347)
Sub-total	16,948	42,279	203,828
Payments for income taxes	(15,157)	(42,293)	(182,295)
Net cash provided by (used in) operating activities	**1,790**	**(14)**	**21,532**
Cash flows from investing activities:			
Payments for purchases of securities	(1,727,311)	(2,195,175)	(20,773,434)
Proceeds from sales of securities	362,248	15,859	4,356,566
Proceeds from redemption of securities	1,469,407	2,087,747	17,671,774
Payments for increase of money held in trust	(1,215)	(3,418)	(14,612)
Proceeds from decrease of money held in trust	8,111	1,608	97,550
Payments for purchases of tangible fixed assets	(26,021)	(934)	(312,946)
Proceeds from sales of tangible fixed assets	17	23	205
Payments for purchases of intangible fixed assets	(2,020)	(1,504)	(24,304)
Proceeds from sales of intangible fixed assets	0	—	8
Payments for purchases of stocks of subsidiaries	—	(4,339)	—
Net cash provided by (used in) investing activities	**83,217**	**(100,135)**	**1,000,808**
Cash flows from financing activities:			
Payments for cash dividends	(10,033)	—	(120,667)
Proceeds from issuance of stock	—	181,194	—
Proceeds from issuance of securities to minority shareholders of subsidiaries	2,848	16,600	34,252
Dividends paid to minority shareholders of subsidiaries	(22,439)	(1,313)	(269,868)
Net cash (used in) provided by financing activities	**(29,624)**	**196,481**	**(356,284)**
Foreign currency translation adjustments on cash and cash equivalents	**(553)**	**(346)**	**(6,660)**
Net increase in cash and cash equivalents	**54,828**	**95,984**	**659,397**
Cash and cash equivalents of newly consolidated subsidiaries	**106**	**7**	**1,284**
Cash and cash equivalents at beginning of year	**144,756**	**48,763**	**1,740,908**
Cash and cash equivalents at end of year	**¥ 199,692**	**¥ 144,756**	**$ 2,401,588**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements
Development Bank of Japan Inc. and Consolidated Subsidiaries
For the years ended March 31, 2011 and 2010

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. (“DBJ Inc.”) and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheets and the consolidated statements of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 26. In addition, “net income before minority interests” is disclosed in the consolidated statement of income from the year ended March 31, 2011.

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. In addition, certain reclassifications have been made in the 2010 financial statements to conform to the classifications used in 2011.

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 ¥83.15=$1.00, the effective exchange rate prevailing as of March 31, 2011, 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.

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, 2011 and 2010 is 16 and 13, respectively. The consolidated subsidiaries as of March 31, 2011 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.
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.
DBL Capital Co., Ltd.
DBJ Capital Investment Fund No. 1
DBJ New Business Investment Fund
DBJ Capital Investment Fund No. 2

In the year ended March 31, 2011, DBJ Capital Co., Ltd. was newly consolidated due to increased materiality, and DBJ Capital Investment Fund No. 1, DBJ New Business Investment Fund and DBJ Capital Investment Fund No. 2 were newly consolidated upon their formation. New Business Investment No. 1 Investment Limited Liability Partnership, which was a consolidated subsidiary, was deconsolidated due to liquidation.

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) Unconsolidated Subsidiaries

The numbers of unconsolidated subsidiaries as of March 31, 2011 and 2010 are 15 and 14, respectively. The major unconsolidated subsidiary as of March 31, 2011 and 2010 was UDS II Corporate Mezzanine Limited Partnership. Unconsolidated 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 recognized as subsidiaries where DBJ Inc. owns the voting rights over 50%

The following companies of which DBJ Inc. owns the voting rights over 50% were not recognized as subsidiaries, since DBJ Inc.'s intent is to nurture the venture business and not to exercise control over their operating and financing policies:

As of March 31, 2011

Hydro-Device Company, Limited

As of March 31, 2010

Dyflex Holdings Co.

Hydro-Device Company, Limited

(2) Application of the Equity Method

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

(i) Unconsolidated subsidiaries not accounted for by the equity method

The number of unconsolidated subsidiaries not accounted for by the equity method as of March 31, 2011 and 2010 was 15 and 14, respectively. The major unconsolidated subsidiary not accounted for by the equity method was 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, 2011 and 2010 was 14. The major affiliates accounted for by the equity method as of March 31, 2011 and 2010 were as follows:

Makuhari Messe, Inc.

Hokkaido International Airlines Co., Ltd.

Urban Redevelopment Private Fund

(iii) Affiliates not accounted for by the equity method

The number of affiliates not accounted for by the equity method as of March 31, 2011 and 2010 was 88 and 91, respectively. One of the major affiliates as of March 31, 2011 and 2010 was:

New Perspective One LLC

Unconsolidated 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 recognized as affiliates where DBJ Inc. owns the voting rights between 20% and 50%

The following companies of which DBJ Inc. owns the voting rights between 20% and 50% were not recognized as affiliates accounted for by the equity method, since DBJ Inc.'s intent is to nurture the venture business and not to exercise significant influence on their operating and financing policies:

As of March 31, 2011

Siti, 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
Izumi Products Company

As of March 31, 2010

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

(3) Balance Sheet Dates of Consolidated Subsidiaries

Balance sheet dates of consolidated subsidiaries are as follows:

	Number of subsidiaries	
	2011	2010
December 31	7	6
March 31	9	7

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.

The excess of the fair value over the cost of acquired subsidiaries, which had been amortized over not exceeding 20 years in prior years, is recognized as income immediately on and after April 1, 2011 due to the revision of the accounting standard for business combination effective April 1, 2010.

(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
	2011	2010	2011
Cash and due from banks	¥233,297	¥168,696	$2,805,741
Time deposits with banks	(33,605)	(23,939)	(404,153)
Cash and cash equivalents	¥199,692	¥144,756	$2,401,588

(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 gains and losses 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 income.

(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, Borrowed money, Corporate bonds, Securities 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 income 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 statement of income 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 were written-off, and totaled ¥45,551 million ($547,827 thousand) and ¥115,954 million for the years ended March 31, 2011 and 2010, respectively. 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 years ended March 31, 2011 and 2010.

(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.

On July 1, 2010, DBJ Inc. obtained an approval from the Minister of Health, Labour and Welfare regarding exemption of future payment duties for a substitute portion of welfare pension fund, following the enforcement of the Act of Corporate Defined Benefit Pension. The amount corresponding to the refund (minimum policy reserve) measured as of March 31, 2011 was ¥7,503 million ($90,235 thousand) and the expected gain, if the paragraph 44-2 of "Practical Guidance concerning Accounting Standard for Retirement Benefits (Interim Report)" (the Japanese Institute of Certified Public Accountants (JICPA), Accounting System Committee Report No. 13) were applied assuming that such amount had been paid at March 31, 2011, would be ¥11,130 million ($133,864 thousand).

(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 does 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 income. 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 years ended March 31, 2011 and 2010 is not disclosed because there are no dilutive securities.

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

(u) Asset Retirement Obligations

In March 2008, the ASBJ issued the accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations".

Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability.

The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

This standard was effective for fiscal years beginning on or after April 1, 2010.

DBJ Inc. applied this accounting standard effective April 1, 2010. The effect of this change was to decrease income before income taxes and minority interests for the year ended March 31, 2011 by ¥401 million ($4,824 thousand).

3. Securities

Securities as of March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Japanese government bonds	¥ 418,710	¥ 608,089	$ 5,035,603
Corporate bonds	282,139	184,884	3,393,134
Equities	164,136	203,555	1,973,975
Other securities	300,594	292,966	3,615,092
Total	¥1,165,580	¥1,289,495	$14,017,804

*1. Investments in unconsolidated subsidiaries and affiliates included in "Equities" as of March 31, 2011 and 2010, are ¥24,293 million ($292,167 thousand) and ¥15,428 million. Investments in unconsolidated subsidiaries and affiliates included in "Other securities" as of March 31, 2011 and 2010, are ¥42,919 million ($516,167 thousand) and ¥38,922 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 the Financial Instruments and Exchange Act) and amount to ¥697 million ($8,387 thousand) and ¥3,070 million, as of March 31, 2011 and 2010.

*3. There are no securities repledged as of March 31, 2011 and 2010. Securities accepted under repurchase agreements can be sold or repledged. Securities neither sold nor repledged are ¥179,991 million as of March 31, 2010.

*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 impairment loss for the fiscal year.
The criterion for determining "Considerable decline in market value" is as follows:
Market value declined by 50% or more of the acquisition cost.
Market value declined by 30% or more of the acquisition cost, and such decline is not considered as recoverable.

Impairment losses on marketable securities available-for-sale for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Equities	¥ 8	¥ 38	$ 107
Bonds	4,104	28,897	49,358
Other	6	259	79
Total	¥4,119	¥29,195	$49,544

4. Non-Performing Loans

The amounts of non-performing loans included in "Loans" on the consolidated balance sheets as of March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Loans to bankrupt debtors	¥ 6,811	¥497,652	$ 81,913
Delinquent loans	111,000	143,789	1,334,941
Loans past due three months or more	259	23	3,124
Restructured loans	49,210	43,726	591,827
Total	¥167,281	¥685,192	$2,011,805

*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, 2011 and 2010, the amounts of unused commitments are ¥245,482 million ($2,952,291 thousand) and ¥341,159 million. As of March 31, 2011 and 2010, the amounts of unused commitments whose remaining contract term are within one year are ¥132,978 million ($1,599,266 thousand) and ¥127,260 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, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Prepaid expenses	¥ 11,895	¥15,239	$ 143,065
Accrued income	40,250	42,293	484,076
Derivatives	49,509	23,715	595,421
Other	20,640	8,452	248,228
Total	¥122,296	¥89,701	$1,470,790

7. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Buildings	¥ 9,191	¥ 13,976	$ 110,545
Land	47,808	147,396	574,962
Leased assets	74	121	891
Construction in progress	123,589	126	1,486,349
Other	822	606	9,896
Total	¥181,486	¥162,227	$2,182,643

Note: Accumulated depreciation of tangible fixed assets as of March 31, 2011 and 2010, is ¥1,837 million ($22,094 thousand) and ¥1,423 million.

8. Allowance for Loan Losses

An allowance for loan losses as of March 31, 2011 and 2010 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
General allowance for loan losses	¥ 88,187	¥ 66,416	$1,060,580
Specific allowance for loan losses	73,420	137,005	882,984
Total	¥161,607	¥203,422	$1,943,564

9. Debentures and Corporate Bonds

Debentures and corporate bonds as of March 31, 2011 and 2010 are as follows:

	Issue date	Interest rate (%)	Maturity date	Millions of Yen 2011	Millions of Yen 2010	Thousands of U.S. Dollars 2011
Debentures						
Japanese government-guaranteed bonds 1-23*1, 5, 6	Aug. 2000– Aug. 2008	0.8– 2.2	Aug. 2010– Jun. 2023	¥ 682,486 [49,991]	¥ 882,338	$ 8,207,895 [601,223]
Japanese government-guaranteed bonds 1-9	Nov. 2008– Sep. 2010	0.4– 2.1	Jul. 2016– Feb. 2024	348,923	269,233	4,196,320
Japanese government-guaranteed foreign bond 67*2, 5	Sep. 1998	1.81	Sep. 2028	25,070	25,075	301,515
Japanese government-guaranteed foreign bonds 1-14*1, 5, 6	Nov. 1999– Nov. 2007	1.05– 6.875	Jun. 2010– Nov. 2027	936,344 [158,598]	1,036,122	11,260,907 [1,907,380]
Japanese government-guaranteed Euro MTN bonds 1-3*4	Dec. 2009– Mar. 2011	0.5405– 2.875	Dec. 2014– Mar. 2016	163,092	32,564	1,961,425
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	1,104,812 [274,992]	1,204,758	13,286,980 [3,307,188]
FILP agency foreign bond 1*3, 5	Jun. 2007	1.65	Jun. 2012	49,982	49,967	601,114
Euro MTN bonds 1-2*3, 4, 5	Sep. 2008	2.032– 3.142	Sep. 2010– Sep. 2023	2,000	4,153	24,053
Corporate bonds						
Corporate bonds through public placement 1-11*6	Dec. 2008– Oct. 2010	0.247– 1.745	Dec. 2011– Mar. 2019	267,000 [33,000]	187,000	3,211,064 [396,873]
Corporate bonds through private placement 1	Aug. 2009	0.847	Sep. 2014	10,000	10,000	120,265
Corporate bonds Euro MTN 1, 2, 6-15, 17-22*4, 6	Dec. 2008– Feb. 2010	0.49625– 1.3095	Dec. 2010– Feb. 2015	39,675 [5,157]	45,181	477,159 [62,026]
Total				¥3,629,389	¥3,746,393	$43,648,696

*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 MTN program.
*5. Under the Development Bank of Japan Inc. Act (“DBJ Inc. Act”) (Act No. 17 and 26), the Development Bank of Japan Act (“DBJ Act”) (Act 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, 2011 are as follows:

The fiscal year ending March 31, 2012	¥521,740 million	$6,274,690 thousand
2013	464,082	5,581,265
2014	276,414	3,324,290
2015	346,770	4,170,425
2016	332,610	4,000,124

10. Borrowed Money

Borrowed money as of March 31, 2011 and 2010 is as follows:

	Average interest rate (%)	Due date of repayment	Millions of Yen		Thousands of U.S. Dollars
			2011	2010	2011
Borrowings	1.26	Apr. 2011–Nov. 2030	¥8,576,482	¥9,082,479	$103,144,706

Scheduled redemptions of borrowings for subsequent years as of March 31, 2011 are as follows:

The fiscal year ending March 31, 2012	¥1,168,010 million	$14,047,028 thousand
2013	1,224,228	14,723,136
2014	1,120,761	13,478,797
2015	1,033,414	12,428,319
2016	942,138	11,330,593

11. Other Liabilities

Other liabilities as of March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Accrued expenses	¥30,908	¥32,808	$371,715
Unearned income	739	1,109	8,890
Accrued income taxes	76	3,368	923
Derivatives	8,805	6,663	105,899
Lease obligations	132	213	1,593
Asset retirement obligations (Note 12)	1,046	—	12,581
Other	11,272	5,617	135,573
Total	¥52,981	¥49,780	$637,174

12. Asset Retirement Obligations

As discussed in Note 2 (u), DBJ Inc. applied ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations' effective April 1, 2010.

DBJ Inc. recognizes asset retirement obligations associated with the recovery obligations provided by the real estate rental agreements. In addition, asset retirement obligations related to the obligations of pulling down the previous head office buildings and removing the toxic substances were recognized in connection with the head office relocation due to Otemachi redevelopment project.

The asset retirement obligation is calculated based on the sum of the discounted cash flows using discount rates from 0.4% to 2.2% with the estimated useful lives of 4 to 8 years.

The changes in asset retirement obligations for the year ended March 31, 2011 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2011	2011
Balance at beginning of year	¥1,043	$12,547
Reconciliation associated with passage of time	1	14
Other	1	20
Balance at end of year	¥1,046	$12,581

13. Acceptances and Guarantees

Acceptances and guarantees as of March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Guarantees	¥145,068	¥192,172	$1,744,661

14. Assets Pledged as Collateral

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥700,942 million ($8,429,862 thousand) and ¥235,556 million ($2,832,914 thousand) as of March 31, 2011. In addition, they are deposited as replacement of margin money for future trading and collateral for transactions, including exchange settlements as of March 31, 2011. ¥1,575 million ($18,942 thousand) of securities are pledged as collateral for loans of companies which are investees of DBJ Inc. as of March 31, 2011. Also, in other assets, ¥937 million ($11,276 thousand) of margin deposits for futures transactions is included and ¥41 million ($504 thousand) of guarantee deposits are included as of March 31, 2011. Under the DBJ Inc. Act (Act No. 17 and 26), the DBJ Act (Act 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 ¥2,802,443 million ($33,703,466 thousand) as of March 31, 2011.

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥626,670 million and ¥411,869 million 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 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 of margin deposits for futures transactions is included and ¥35 million of guarantee deposits are included as of March 31, 2010. Under the DBJ Inc. Act (Act No. 17 and 26), the DBJ Act (Act 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 as of March 31, 2010.

15. Equity

Japanese companies including DBJ Inc. are regulated by the Companies Act. In addition, DBJ Inc. is regulated by the DBJ Inc. Act. The significant provisions in the Companies Act and the DBJ Inc. Act 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. Act 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. Act 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. 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. As a result, ¥181,194 million was included in Capital stock.

16. Per Share Information

Basic net income per common share ("EPS") for the year ended March 31, 2011 and 2010 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year ended March 31, 2011	Net income	Weighted average shares	EPS	EPS
Basic EPS				
Net income available to common shareholders	¥101,583	43,623	¥2,328.63	$28.01
Year ended March 31, 2010				
Basic EPS				
Net income available to common shareholders	¥ 39,893	41,107	¥ 970.47	

Note: Diluted net income per share for the years ended March 31, 2011 and 2010 is not disclosed because there are no dilutive securities.

17. Fees and Commissions (Income)

Fees and commissions (income) for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Commissions	¥9,998	¥15,683	$120,251

18. Other Operating Income

Other operating income for the years ended March 31, 2011 and 2010 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Gains on sales of bonds	¥ 121	¥ 151	$ 1,464
Gains on redemption of bonds	77	350	928
Gains on derivative instruments	12,301	19,019	147,945
Other	141	358	1,707
Total	¥12,642	¥19,880	$152,043

19. Other Income

Other income for the years ended March 31, 2011 and 2010 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Reversal of allowance for investment losses	¥ 445	¥ 1,183	$ 5,360
Reversal of allowance for loan losses	8,095	—	97,359
Reversal of reserve for contingent losses	2,104	—	25,304
Gains on sales of equities and other securities	12,471	1,278	149,986
Gains on money held in trust	1,194	1,502	14,368
Equity in net income of affiliates	1,837	958	22,100
Gains on sales of fixed assets	7	8	91
Collection of written-off claims	8,002	4,594	96,238
Other	8,116	7,135	97,617
Total	¥42,275	¥16,661	$508,423

20. Fees and Commissions (Expenses)

Fees and commissions (expenses) for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Commissions	¥607	¥1,043	$7,311

21. Other Operating Expenses

Other operating expenses for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Foreign exchange losses	¥ 6,939	¥ 4,314	$ 83,457
Debentures issuance costs	434	537	5,230
Corporate bonds issuance costs	184	299	2,219
Write-off of bonds	4,104	28,897	49,358
Other	350	24	4,209
Total	¥12,012	¥34,072	$144,473

22. Other Expenses

Other expenses for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Provision for allowance for loan losses	¥ —	¥ 3,563	$ —
Write-off of loans	3,104	2,413	37,335
Losses on sales of equities and other securities	1,311	2,478	15,777
Write-off of equities	15,188	22,334	182,667
Losses on money held in trust	571	24	6,873
Losses on sales of fixed assets	3	49	46
Impairment loss	21	0	262
Provision for reserve for losses on headquarter relocation	—	6,536	—
Early redemption charges	8,881	—	106,815
Other	8,819	14,936	106,072
Total	¥37,903	¥52,336	$455,847

23. 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, 2011 and 2010 consisted of the following:

(a) The Funded Status of the Pension Plans

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Projected benefit obligation	¥(47,110)	¥(46,812)	$(566,569)
Fair value of plan assets	19,316	12,634	232,310
Unfunded pension obligation	(27,793)	(34,178)	(334,259)
Unrecognized net actuarial losses	2,370	1,519	28,510
Unrecognized prior service cost	(462)	45	(5,568)
Reserve for employees' retirement benefits	¥(25,885)	¥(32,613)	$(311,317)

*1. The above projected benefit obligations include a portion in which the pension fund manages on behalf of the Japanese government welfare program.
*2. 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
	2011	2010	2011
Service cost	¥1,167	¥1,397	$14,045
Interest cost	923	909	11,109
Expected return on plan assets	(63)	(57)	(760)
Amortization of prior service cost	(35)	5	(430)
Amortization of net actuarial losses	171	199	2,067
Other	1	—	18
Net pension cost	¥2,166	¥2,454	$26,050

*1. All retirement benefit costs are classified as service cost for the subsidiaries applying the simplified method.
*2. Contribution of pension premiums to the defined contribution pension plans of certain consolidated overseas subsidiaries is included in "Other".

(c) Principal Assumptions Used

	2011	2010
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

24. 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 years ended March 31, 2011 and 2010.

A reconciliation of the actual effective tax rate with the normal effective statutory tax rate for the years ended March 31, 2011 and 2010 is as follows:

	2011	2010
Normal effective statutory tax rate	40.69%	40.69%
Increase (decrease) in taxes resulting from:		
Change in valuation allowance	(37.59)	(17.89)
Amortization of goodwill	—	1.48
Minority interests in net income of subsidiaries	(0.71)	(0.76)
Other	(1.13)	(2.34)
Actual effective tax rate	1.26%	21.18%

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Deferred tax assets:			
Allowance for loan losses	¥71,580	¥114,083	$860,865
Losses from revaluation of securities	37,916	37,470	456,006
Reserve for retirement benefits	10,499	13,237	126,278
Allowance for investment losses	—	1,085	—
Tax loss carryforwards	12,789	5,117	153,813
Other	5,374	6,581	64,642
Sub-total	138,162	177,574	1,661,604
Less—valuation allowance	(85,281)	(124,532)	(1,025,639)
Total	52,880	53,042	635,965
Deferred tax liabilities:			
Deferred gains or losses on hedges	(11,873)	(7,569)	(142,791)
Unrealized gain on available-for-sale securities	(4,136)	(1,204)	(49,750)
Other	(782)	—	(9,412)
Total	(16,792)	(8,773)	(201,952)
Net deferred tax assets	¥36,088	¥ 44,268	$434,013

25. 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, 2011 and 2010 amounted to ¥208 million ($2,508 thousand) and ¥247 million.

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 years ended March 31, 2011 and 2010 is as follows:

	Millions of Yen		
	2011		
	Tangible fixed assets	Intangible fixed assets	Total
Acquisition cost	¥448	¥224	¥673
Accumulated depreciation	(328)	(144)	(473)
Accumulated impairment losses	(3)	—	(3)
Net leased property	¥115	¥ 80	¥195

	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

	Thousands of U.S. Dollars		
	2011		
	Tangible fixed assets	Intangible fixed assets	Total
Acquisition cost	$5,396	$2,704	$8,099
Accumulated depreciation	(3,956)	(1,741)	(5,697)
Accumulated impairment losses	(46)	—	(46)
Net leased property	$1,394	$ 962	$2,357

Pro forma amounts of obligations under finance leases as of March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Due within 1 year	¥149	¥202	$1,797
Due after 1 year	53	204	649
Total	¥203	¥406	$2,446

Pro forma amounts of depreciation expense and interest expense under finance leases for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Depreciation expense	¥200	¥236	$2,411
Interest expense	5	9	71
Total	¥206	¥246	$2,482

*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, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Due within 1 year	¥218	¥178	$2,624
Due after 1 year	148	215	1,788
Total	¥366	¥394	$4,412

26. Comprehensive Income

Other comprehensive income for the year ended March 31, 2010 consisted of the following:

	Millions of Yen
	2010
Other comprehensive income:	
Unrealized gain on available-for-sale securities	¥12,881
Deferred loss on derivatives under hedge accounting	(6,232)
Foreign currency translation adjustments	(58)
Share of the other comprehensive income of affiliates accounted for by the equity method	203
Total other comprehensive income	¥ 6,793

Total comprehensive income for the year ended March 31, 2010 was the following:

	Millions of Yen
	2010
Total comprehensive income attributable to:	
Owners of the parent	¥46,566
Minority interests	508
Total comprehensive income	¥47,074

27. Segment Information

For the year ended March 31, 2011

In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No. 20 "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. The accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

DBJ Inc. consists of only one business segment of long-term financing and accordingly, the disclosure of the reportable segment information is omitted.

Related information:

Segment information by service for the year ended March 31, 2011 is following:

	Millions of Yen			
Year ended March 31, 2011	Loan business	Securities investment	Other	Total
Ordinary income from external customers	¥271,860	¥37,716	¥35,612	¥345,189

	Thousands of U.S. Dollars			
Year ended March 31, 2011	Loan business	Securities investment	Other	Total
Ordinary income from external customers	$3,269,513	$453,591	$428,298	$4,151,402

For the year ended March 31, 2010

(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.

28. 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, securities, 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.

5) Quantitative Information about Market Risk

DBJ Inc. has not been engaged in trading activities, and all the assets and liabilities are financial instruments other than for trading purposes.

Market risk volume (estimated loss) is based on VaR using historical simulation method (holding period of 1 year, observation period of 5 years, and confidence interval of 99.9%). The amount of market risk (risks pertaining to the changes in interest rates, foreign exchanges and market prices) as of March 31, 2011 is ¥73,672 million ($886,017 thousand). Such measurements are conducted by the risk management department on a regular basis and reported to ALM & Risk Management Committee to utilize for establishing ALM operating policies.

DBJ Inc. conducts backtesting to compare the VaR calculated by the model with hypothetical performances calculated based on the actual market movements and confirms that the measurement models in use capture the market risk on a sufficient accuracy. VaR measures the market risk volume under a definite probability of incidence calculated statistically based on the historical market movements and accordingly, and therefore there may be cases where market risk cannot be captured in such situations as when market conditions are changing dramatically beyond what was experienced historically.

(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, 2011 and 2010. Unlisted equities and others, whose fair value cannot be reliably determined, are excluded from the table below (see (2)).

	Millions of Yen		
	2011		
	Carrying amount	Fair value	Difference
Cash and due from banks	¥ 233,297	¥ 233,297	¥ —
Call loans and bills bought	61,852	61,852	—
Securities*1			
Held-to-maturity debt securities	526,637	548,939	22,301
Available-for-sale securities	360,318	360,318	—
Loans	13,031,480		
Allowance for loan losses*1	(160,292)		
	12,871,187	13,449,875	578,687
Total assets	¥14,053,292	¥14,654,282	¥600,989
Debentures*2	3,312,713	3,410,637	97,924
Borrowed money	8,576,482	8,692,747	116,264
Corporate bonds	316,675	318,865	2,190
Total liabilities	¥12,205,871	¥12,422,250	¥216,379
Derivative transactions			
Derivative transactions not qualifying for hedge accounting	13,262	13,262	—
Derivative transactions qualifying for hedge accounting	27,441	27,441	—
Total derivative transactions	¥ 40,703	¥ 40,703	¥ —

	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		
	2011		
	Carrying amount	Fair value	Difference
Cash and due from banks	$ 2,805,741	$ 2,805,741	$ —
Call loans and bills bought	743,860	743,860	—
Securities*1			
Held-to-maturity debt securities	6,333,583	6,601,793	268,210
Available-for-sale securities	4,333,354	4,333,354	—
Loans	156,722,553		
Allowance for loan losses*1	(1,927,753)		
	154,794,799	161,754,363	6,959,563
Total assets	$169,011,337	$176,239,111	$7,227,774
Debentures*2	39,840,209	41,017,889	1,177,680
Borrowed money	103,144,706	104,542,959	1,398,254
Corporate bonds	3,808,488	3,834,828	26,340
Total liabilities	$146,793,402	$149,395,676	$2,602,274
Derivative transactions			
Derivative transactions not qualifying for hedge accounting	159,498	159,498	—
Derivative transactions qualifying for hedge accounting	330,024	330,024	—
Total derivative transactions	$ 489,522	$ 489,522	$ —

*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) Following are the methods used to calculate the fair values of financial instruments:

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 29.

(2) Following are the financial instruments whose fair value cannot be reliably determined as of March 31, 2011 and 2010:
These securities are not included in the amount in the table summarizing fair values of financial Instruments.

	Carrying amount		
	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Money held in trust*1	¥ 24,819	¥ 30,740	$ 298,492
Unlisted corporate bonds*2	—	1,000	—
Unlisted equities*2, 3	133,860	182,031	1,609,869
Investments in limited partnerships and other similar partnerships*1, 3	117,040	100,244	1,407,578
Unlisted other securities*2, 3	27,723	51,762	333,420
Total	¥303,444	¥365,778	$3,649,359

*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, 2011 and 2010 was ¥15,173 million ($182,481 thousand) and ¥22,036 million, respectively. The breakdown is; unlisted equities ¥13,548 million ($162,944 thousand) and ¥22,025 million, unlisted other securities ¥1,592 million ($19,148 thousand) and ¥10 million and investments in limited partnerships ¥32 million ($389 thousand) and ¥0 million for the years ended March 31, 2011 and 2010, respectively.

(3) Following are the maturity analysis for financial assets and securities with contractual maturities as of March 31, 2011:

	Millions of Yen					
	2011					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	¥233,292	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	61,852	—	—	—	—	—
Securities						
Held-to-maturity debt securities with market values	26,423	60,580	205,595	110,172	60,480	63,385
Japanese government bonds	—	—	—	83,672	40,676	50,885
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	26,423	60,580	89,185	16,900	1,800	12,500
Other	—	—	116,410	9,600	18,004	—
Available-for-sale securities with contractual maturities*	150,903	48,438	81,115	11,071	30,328	2,895
Japanese government bonds	150,401	45,450	40,264	5,308	2,051	—
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	502	611	38,964	5,474	28,277	—
Other	—	2,376	1,886	288	—	2,895
Loans*	1,709,267	3,582,936	3,116,738	1,816,658	1,952,092	735,975
Total	¥2,181,738	¥3,691,955	¥3,403,449	¥1,937,902	¥2,042,902	¥802,256

	Thousands of U.S. Dollars					
	2011					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	$ 2,805,683	$ —	$ —	$ —	$ —	$ —
Call loans and bills bought	743,860	—	—	—	—	—
Securities						
Held-to-maturity debt securities with market values	317,778	728,569	2,472,583	1,324,983	727,368	762,302
Japanese government bonds	—	—	—	1,006,282	489,193	611,971
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	317,778	728,569	1,072,583	203,247	21,648	150,331
Other	—	—	1,400,000	115,454	216,528	—
Available-for-sale securities with contractual maturities*	1,814,838	582,538	975,529	133,154	364,750	34,827
Japanese government bonds	1,808,797	546,609	484,233	63,842	24,676	—
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	6,041	7,349	468,606	65,841	340,074	—
Other	—	28,581	22,689	3,471	—	34,827
Loans*	20,556,430	43,090,042	37,483,326	21,847,966	23,476,761	8,851,174
Total	$26,238,590	$44,401,149	$40,931,438	$23,306,103	$24,568,879	$9,648,303

Note: Obligations to "Legally Bankrupt," "Effectively Bankrupt" and "Possibly Bankrupt" amount to ¥118,731 million ($1,427,921 thousand) are not included as of March 31, 2011. The breakdown is; available-for-sale securities with contractual maturities ¥920 million ($11,068 thousand) and loans ¥117,811 million ($1,416,853 thousand).

(4) Maturity analysis for Debentures, Borrowed money and Other Liability with Interest as of March 31, 2011 are as follows:

	Millions of Yen					
	2011					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Borrowed money	¥1,168,010	¥2,344,990	¥1,975,553	¥1,042,799	¥1,020,035	¥1,025,092
Debentures and corporate bonds	521,740	740,496	679,381	557,847	388,856	741,066
Total	¥1,689,750	¥3,085,487	¥2,654,934	¥1,600,647	¥1,408,891	¥1,766,158

	Thousands of U.S. Dollars					
	2011					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Borrowed money	$14,047,028	$28,201,933	$23,758,912	$12,541,190	$12,267,414	$12,328,230
Debentures and corporate bonds	6,274,690	8,905,555	8,170,549	6,708,935	4,676,562	8,912,405
Total	$20,321,718	$37,107,487	$31,929,461	$19,250,125	$16,943,975	$21,240,635

29. 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 for fiscal years ending on or after March 31, 2010.

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

(1) Interest Rate-related Transactions

	Millions of Yen			
	2011			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps				
Receive fixed/ Pay float	¥603,529	¥532,868	¥15,372	¥15,372
Receive float/ Pay fixed	602,607	532,028	(11,479)	(11,479)
Total	—	—	¥ 3,892	¥ 3,892

	Millions of Yen			
	2010			
	Contract amount			
	Total	Due after 1 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)
Total	—	—	¥ 4,550	¥ 4,550

	Thousands of U.S. Dollars			
	2011			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps				
Receive fixed/ Pay float	$7,258,316	$6,408,517	$184,874	$184,874
Receive float/ Pay fixed	7,247,228	6,398,413	(138,056)	(138,056)
Total	—	—	$ 46,817	$ 46,817

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

(2) Currency-related Transactions

	Millions of Yen			
	2011			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps	¥ 97,497	¥97,497	¥12,779	¥12,779
Forwards				
Sold	158,859	—	(1,620)	(1,620)
Bought	38,139	—	(76)	(76)
Total	—	—	¥11,082	¥11,082

	Millions of Yen			
	2010			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps	¥97,497	¥97,497	¥ 329	¥ 329
Forwards				
Sold	57,541	—	(890)	(890)
Bought	540	—	0	0
Total	—	—	¥(560)	¥(560)

	Thousands of U.S. Dollars			
	2011			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps	$1,172,550	$1,172,550	$ 153,694	$ 153,694
Forwards				
Sold	1,910,520	—	(19,492)	(19,492)
Bought	458,687	—	(922)	(922)
Total	—	—	$(133,281)	$(133,281)

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

(3) Equity-related Transactions

Not applicable.

(4) Bond-related Transactions

There was no bond-related derivative at Mach 31, 2011.

	Millions of Yen			
	2010			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Listed				
Futures				
Sold	¥100	¥—	¥ 0	¥ 0
Bought	—	—	—	—
Total	—	—	¥ 0	¥ 0

*1. The above transactions are marked to market and changes in unrealized gains (losses) are included in the consolidated statements of income.
*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			
	2011			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Credit default options				
Sold	¥178,660	¥95,110	¥(1,272)	¥(1,272)
Bought	36,000	11,000	(439)	(439)
Total	—	—	¥(1,712)	¥(1,712)

	Millions of Yen			
	2010			
	Contract amount			
	Total	Due after 1 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)
Total	—	—	¥(3,112)	¥(3,112)

	Thousands of U.S. Dollars			
	2011			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Credit default options				
Sold	$2,148,657	$1,143,846	$(15,308)	$(15,308)
Bought	432,952	132,291	(5,291)	(5,291)
Total	—	—	$(20,600)	$(20,600)

*1. The above transactions are marked to market and changes in unrealized gains (losses) are included in the consolidated statements of income.
*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 applied

(1) Interest Rate-related Transactions

	Hedged item	Millions of Yen 2011 Contract amount Total	Due after 1 year	Fair value
Deferral method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Corporate bonds, Securities	¥585,389	¥577,498	¥29,925
Receive float/ Pay fixed	and Loans	50,231	45,129	(2,484)
Accrual method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Corporate bonds and	405,804	394,040	*3
Receive float/ Pay fixed	Loans	563	444	
Total		—	—	¥27,441

	Hedged item	Millions of Yen 2010 Contract amount Total	Due after 1 year	Fair value
Deferral method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Corporate bonds and	¥588,542	¥585,389	¥18,516
Receive float/ Pay fixed	Loans	52,903	48,231	(2,342)
Accrual method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Corporate bonds and	278,808	271,199	*3
Receive float/ Pay fixed	Loans	681	563	
Total		—	—	¥16,174

	Hedged item	Thousands of U.S. Dollars 2011 Contract amount Total	Due after 1 year	Fair value
Deferral method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Corporate bonds, Securities	$7,040,156	$6,945,260	$359,901
Receive float/ Pay fixed	and Loans	604,109	542,753	(29,877)
Accrual method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Corporate bonds and	4,880,388	4,738,917	*3
Receive float/ Pay fixed	Loans	6,771	5,346	
Total		—	—	$330,024

*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 28 "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

		Millions of Yen		
		2011		
		Contract amount		
	Hedged item	Total	Due after 1 year	Fair value
Translated at contractual rates	Foreign-currency debentures and loans			
Swaps		¥164,228	¥5,427	*
Total		—	—	—

		Millions of Yen		
		2010		
		Contract amount		
	Hedged item	Total	Due after 1 year	Fair value
Translated at contractual rates	Foreign-currency debentures and loans			
Swaps		¥164,998	¥164,228	*
Total		—	—	—

		Thousands of U.S. Dollars		
		2011		
		Contract amount		
	Hedged item	Total	Due after 1 year	Fair value
Translated at contractual rates	Foreign-currency debentures and loans			
Swaps		$1,975,090	$65,274	*
Total		—	—	—

Note: The above foreign currency swap contracts which qualify for 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 swaps in Note 28 "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.

30. Fair Value of Securities and Money Held in Trust

Fair value of securities, money held in trust and negotiable certificate of deposit classified as "Cash and due from banks" as of March 31, 2011 and 2010 are summarized below.

(a) Securities

(1) Held-to-maturity Debt Securities as of March 31, 2011

		Millions of Yen		
		2011		
		Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	¥175,234	¥178,884	¥ 3,650
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	107,993	114,241	6,248
	Other	109,469	123,851	14,382
Sub-total		392,696	416,977	24,281
Fair value does not exceed carrying amount	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	99,396	98,633	(762)
	Other	34,545	33,328	(1,216)
Sub-total		133,941	131,961	(1,979)
Total		¥526,637	¥548,939	¥22,301

		Thousands of U.S. Dollars		
		2011		
		Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	$2,107,445	$2,151,347	$ 43,902
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	1,298,773	1,373,924	75,150
	Other	1,316,528	1,489,497	172,969
Sub-total		4,722,747	5,014,768	292,021
Fair value does not exceed carrying amount	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	1,195,382	1,186,207	(9,175)
	Other	415,454	400,819	(14,635)
Sub-total		1,610,836	1,587,026	(23,810)
Total		$6,333,583	$6,601,793	$268,210

(2) 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

Note: Fair value is based on the closing price at the consolidated balance sheet date.

(3) Available-for-sale Securities as of March 31, 2011

		Millions of Yen		
		2011		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	¥ 22,824	¥ 15,762	¥ 7,062
	Bonds	317,387	311,496	5,891
	Japanese government bonds	243,476	242,898	577
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	73,911	68,597	5,313
	Other	13,876	6,779	7,097
Sub-total		354,089	334,037	20,051
Carrying amount does not exceed cost	Equities	7,450	10,296	(2,846)
	Bonds	838	859	(20)
	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	838	859	(20)
	Other	30,014	30,014	—
Sub-total		38,303	41,170	(2,866)
Total		¥392,392	¥375,207	¥17,185

		Thousands of U.S. Dollars		
		2011		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	$ 274,504	$ 189,563	$ 84,941
	Bonds	3,817,047	3,746,195	70,851
	Japanese government bonds	2,928,158	2,921,207	6,950
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	888,889	824,988	63,901
	Other	166,890	81,531	85,359
Sub-total		4,258,440	4,017,289	241,151
Carrying amount does not exceed cost	Equities	89,603	123,830	(34,227)
	Bonds	10,089	10,336	(247)
	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	10,089	10,336	(247)
	Other	360,964	360,964	—
Sub-total		460,657	495,131	(34,474)
Total		$4,719,097	$4,512,420	$206,677

(4) 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

Note: Carrying amount above represents the fair values determined based on the closing price at the fiscal year-end.

(5) Available-for-sale Securities sold during the year ended March 31, 2011 and 2010

	Millions of Yen		
	2011		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	¥ 39,944	¥11,244	¥1,225
Bonds	265,768	121	7
Japanese government bonds	265,768	121	7
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	—	—	—
Other	36,547	1,205	86
Total	¥342,260	¥12,571	¥1,319

	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		
	2011		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	$ 480,389	$135,227	$14,736
Bonds	3,196,258	1,464	90
Japanese government bonds	3,196,258	1,464	90
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	—	—	—
Other	439,539	14,497	1,042
Total	$4,116,186	$151,187	$15,868

(6) 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 ¥2,460 million ($29,585 thousand) and ¥28,926 million for the years ended March 31, 2011 and 2010, respectively.

(b) Money Held in Trust

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

	Millions of Yen	
	2011	
	Carrying amount	Net unrealized loss on the consolidated statements of income
Money held in trust for the purpose of investment	¥38	¥(1)

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

	Thousands of U.S. Dollars	
	2011	
	Carrying amount	Net unrealized loss on the consolidated statements of income
Money held in trust for the purpose of investment	$464	$(19)

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

	Millions of Yen				
	2011				
			Unrealized gains (losses)		
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	¥24,781	¥21,834	¥2,946	¥2,968	¥(21)

	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)

	Thousands of U.S. Dollars				
	2011				
			Unrealized gains (losses)		
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	$298,028	$262,594	$35,435	$35,695	$(261)

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

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Unrealized gain on			
available-for-sale securities	¥14,352	¥ 9,819	$172,606
Other money held in trust	2,946	2,599	35,435
Deferred tax liabilities	(4,136)	(1,204)	(49,750)
Unrealized gain on available-for-sale securities before interest adjustments	13,161	11,214	158,291
Amount corresponding to minority interests	14	(117)	173
DBJ Inc.'s interest in net unrealized gain on available-for-sale securities held by affiliates accounted for by the equity method	(6)	(5)	(81)
Unrealized gain on available-for-sale securities, net of taxes	¥13,169	¥11,091	$158,382

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

31. Related Party Transactions

Related party transactions for the years ended March 31, 2011 and 2010 are as follows:

				Amounts of the transactions		Balance at March 31, 2011	
Related party	Category	Description	Account item	Millions of Yen	Thousands of U.S. Dollars	Millions of Yen	Thousands of U.S. Dollars
Finance Minister	Shareholder	Borrowings *1	Borrowed money	¥ 300,000	$ 3,607,937	¥4,866,584	$58,527,777
		Repayments		836,315	10,057,919		
		Payment for interest	Accrued expenses	78,916	949,082	18,434	221,705
		Guarantees *2	—	2,164,887	26,035,925	—	—

*1. 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, 2030 without putting up collateral.

*2. The Guarantees are for debentures issued by DBJ Inc. free of guarantee charge.

*3. According to Article 2, item 5 of the Japan Finance Corporation Act, DBJ Inc. has borrowed ¥3,035,757 million ($36,509,405 thousand) from Japan Finance Corporation relating to the crisis response business. In the year ended March 31, 2011, DBJ Inc. implemented early redemption in an amount of ¥307,520 million ($3,698,376 thousand) to Japan Finance Corporation and recognized early redemption charges in an amount of ¥8,881 million ($106,815 thousand) in the consolidated statements of income for the year ended March 31, 2011.

Related party	Category	Description	Account item	Amounts of the transactions Millions of Yen	Balance at March 31, 2010 Millions of Yen
Finance Minister	Shareholder	Underwritten additional share *1	—	¥ 181,194	¥ —
		Borrowings *2	Borrowed money	300,000	5,402,900
		Repayments		934,240	
		Payment for interest	Accrued expenses	93,596	19,909
		Guarantees *3	—	2,255,851	—

*1. DBJ Inc. has allocated new shares issued at ¥50,000 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 Act, DBJ Inc. has borrowed ¥3,199,746 million from Japan Finance Corporation relating to the crisis response business.

32. Subsequent Event

On June 23, 2011, 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, 2011

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends-Common stock (¥1,147-$13.79 per share)	¥50,036	$601,763

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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, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity, and cash flows for the years then ended, 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, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended 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 20, 2011
(June 23, 2011 as to Note 32)

Member of
Deloitte Touche Tohmatsu Limited

Non-Consolidated Balance Sheets (Unaudited)

Development Bank of Japan Inc.
As of March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note)
	2011	2010	2011
Assets			
Cash and due from banks	¥ 220,743	¥ 128,309	$ 2,654,762
Call loans	61,852	125,000	743,860
Reverse repurchase agreements	—	179,991	—
Money held in trust	20,903	27,193	251,397
Securities	1,150,145	1,281,454	13,832,171
Loans	13,067,978	13,538,070	157,161,491
Other assets	123,178	89,057	1,481,401
Tangible fixed assets	156,032	162,105	1,876,520
Intangible fixed assets	5,937	5,072	71,408
Deferred tax assets	36,083	44,326	433,953
Customers' liabilities for acceptances and guarantees	148,068	195,172	1,780,741
Allowance for loan losses	(158,806)	(200,587)	(1,909,883)
Allowance for investment losses	(1,158)	(7,919)	(13,932)
Total assets	¥14,830,957	¥15,567,245	$178,363,891
Liabilities and equity			
Liabilities:			
Debentures	¥ 3,312,713	¥ 3,504,212	$ 39,840,209
Call money	—	153,000	—
Borrowed money	8,573,482	9,079,459	103,108,626
Corporate bonds	316,675	242,181	3,808,488
Other liabilities	52,882	49,594	635,992
Accrued bonuses to employees	4,500	2,150	54,119
Accrued bonuses to directors and corporate auditors	17	22	209
Reserve for employees' retirement benefits	25,748	32,495	309,669
Reserve for directors' and corporate auditors' retirement benefits	52	34	629
Reserve for contingent losses	711	2,815	8,554
Reserve for losses on headquarter relocation	—	6,536	—
Acceptances and guarantees	148,068	195,172	1,780,741
Total liabilities	12,434,852	13,267,674	149,547,236
Equity:			
Common stock authorized, 160,000 thousand shares in 2011 and 2010; issued, 43,623 thousand shares in 2011 and 2010	1,181,194	1,181,194	14,205,580
Capital surplus	1,060,466	1,060,466	12,753,654
Retained earnings	129,855	39,834	1,561,708
Unrealized gain on available-for-sale securities	7,350	7,092	88,397
Deferred gain on derivatives under hedge accounting	17,238	10,982	207,317
Total equity	2,396,104	2,299,751	28,816,656
Total liabilities and equity	¥14,830,957	¥15,567,245	$178,363,891

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥83.15=$1.00, the effective exchange rate prevailing as of March 31, 2011, has been used in the conversion.

Non-Consolidated Statements of Income (Unaudited)

Development Bank of Japan Inc.
For the years ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note)
	2011	2010	2011
Income			
Interest income:	¥295,863	¥299,429	$3,558,192
Interest on loans	272,466	278,493	3,276,807
Interest and dividends on securities	15,603	13,438	187,654
Interest on call loans	165	55	1,989
Interest on reverse repurchase agreements	149	322	1,802
Interest on due from banks	164	100	1,978
Interest on swaps (net)	7,238	6,996	87,059
Other interest income	75	22	902
Fees and commissions	10,033	15,768	120,669
Other operating income	12,642	19,880	152,043
Other income	38,895	14,073	467,770
Total income	**357,434**	**349,151**	**4,298,674**
Expenses			
Interest expense:	172,186	180,058	2,070,788
Interest on debentures	52,920	55,409	636,451
Interest on call money and bills sold	149	64	1,796
Interest on borrowed money	116,601	122,474	1,402,299
Interest on short-term corporate bonds	10	—	127
Interest on corporate bonds	2,500	2,105	30,072
Other interest expense	3	4	43
Fees and commissions	611	1,028	7,359
Other operating expenses	11,917	34,059	143,331
General and administrative expenses	35,307	31,722	424,626
Other expenses	36,358	51,655	437,262
Total expenses	**256,381**	**298,524**	**3,083,366**
Income before income taxes	**101,052**	**50,626**	**1,215,308**
Income taxes:			
Current	56	25,308	683
Deferred	941	(14,516)	11,323
Total income taxes	**998**	**10,792**	**12,006**
Net income	**¥100,054**	**¥ 39,834**	**$1,203,302**

	Yen		U.S. Dollars (Note)
Per share of common stock			
Basic net income	¥2,293.57	¥969.04	$27.58

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥83.15=$1.00, the effective exchange rate prevailing as of March 31, 2011, has been used in the conversion.

Non-Consolidated Statements of Changes in Equity (Unaudited)

Development Bank of Japan Inc.
For the years ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note)
	2011	2010	2011
Common stock:			
Balance at beginning of year	¥1,181,194	¥1,000,000	$14,205,580
Issuance of new shares of common stock	—	181,194	—
Balance at end of year	1,181,194	1,181,194	14,205,580
Capital surplus:			
Balance at beginning of year	1,060,466	1,157,715	12,753,654
Transfer from capital surplus to retained earnings	—	(97,248)	—
Balance at end of year	1,060,466	1,060,466	12,753,654
Retained earnings:			
Balance at beginning of year	39,834	(97,248)	479,073
Transfer from capital surplus to retained earnings	—	97,248	—
Cash dividends	(10,033)	—	(120,667)
Net income	100,054	39,834	1,203,302
Balance at end of year	129,855	39,834	1,561,708
Unrealized gain on available-for-sale securities:			
Balance at beginning of year	7,092	(2,425)	85,303
Net change during the year	257	9,518	3,094
Balance at end of year	7,350	7,092	88,397
Deferred gain on derivatives under hedge accounting:			
Balance at beginning of year	10,982	17,808	132,086
Net change during the year	6,255	(6,825)	75,231
Balance at end of year	17,238	10,982	207,317
Total equity:			
Balance at beginning of year	2,299,571	2,075,849	27,655,696
Issuance of new shares of common stock	—	181,194	—
Cash dividends	(10,033)	—	(120,667)
Net income	100,054	39,834	1,203,302
Net change during the year	6,512	2,693	78,325
Balance at end of year	¥2,396,104	¥2,299,571	$28,816,656

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥83.15=$1.00, the effective exchange rate prevailing as of March 31, 2011, 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 Act 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 2011), DBJ has not yet applied Article 14-2 of the Banking Act 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)

Quantitative Disclosure

1. 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, 2011	March 31, 2010
Loans	¥12,483,080	¥12,970,521
Equities, funds	242,864	255,014
Commitments and customers' liabilities for acceptances and guarantees	295,370	396,136
Bonds (JGBs and corporate bonds, etc.)	827,885	916,690
Repurchase agreement/call loan	61,866	304,998
Other	605,151	496,229
Total	¥14,516,218	¥15,339,590

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

(1) By region (Millions of yen)

	March 31, 2011	March 31, 2010
Domestic total	¥14,515,336	¥15,338,656
Overseas total	882	934

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

(2) Breakdown by industry and transaction counterparty (Millions of yen)

	March 31, 2011	March 31, 2010
Manufacturing	¥3,494,246	¥3,514,512
Forestry and fisheries	922	1,063
Mining	45,348	36,243
Construction	40,325	25,622
Wholesale and retail	1,156,814	1,130,017
Finance and insurance	1,082,887	1,134,074
Real estate	1,383,031	1,439,661
Transportation and communications	3,735,347	4,275,122
Electrical, gas and water	1,818,276	1,879,565
Services	1,012,804	965,183
Other	746,214	938,522

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2011	March 31, 2010
Five years or less	¥5,767,717	¥5,884,768
More than five years, up to 10	5,412,965	5,715,819
More than 10 years, up to 15	1,988,982	2,336,480
More than 15 years	824,102	913,910
No maturity date	522,451	488,611

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

(Millions of yen)

	March 31, 2011	March 31, 2010
Risk weight 0%	¥ 550,730	¥ 895,996
Risk weight 10%	98,610	175,621
Risk weight 20%	3,817,147	4,074,386
Risk weight 50%	4,244,213	3,932,772
Risk weight 100%	5,613,238	6,021,593
Risk weight 150%	32,081	20,732

2. 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, 2011	March 31, 2010
Structured finance	¥690,796	¥723,423
Credit derivatives	120,510	290,299
Funds*	175,106	189,701

* 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, 2011	March 31, 2010
Risk weight	20%	Balance	¥213,080	¥380,274
		Capital requirement	3,409	6,084
Risk weight	50%	Balance	13,867	31,334
		Capital requirement	554	1,253
Risk weight	100%	Balance	304,261	311,581
		Capital requirement	24,340	24,926
Risk weight	350%	Balance	954	36,440
		Capital requirement	267	10,203
Risk weight	Capital deductions	Balance	444,358	429,016
		Capital requirement	—	—
Risk weight	Other*	Balance	9,891	14,776
		Capital requirement	1,697	2,594

* Applying to exposure the transitional measures indicated in Article 15 of the Supplementary Provisions 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, 2011	March 31, 2010
Structured finance	¥269,252	¥239,982
Funds*	175,106	189,701

* 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 Provisions to the Capital Adequacy Ratio Notification (Millions of yen)

	March 31, 2011	March 31, 2010
Credit risk assets	¥21,220	¥32,361

3. Interest Rate Risk in the Banking Book

	March 31, 2011	March 31, 2010
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: ¥56.4 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: ¥8.3 billion

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

Qualitative Disclosure

1. Overview of Fund-Raising Methods	All capital contributions are from 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. Eligible rating agencies are not selected according to 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 Exposure 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 type of securitization 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).

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, 2011	March 31, 2010
(a) Capital requirement to total credit risk		¥714,187	¥753,259
(1) Exposure by portfolio to which standardized method applied		684,046	708,297
(i) Japanese government and regional municipal bodies		—	—
(ii) Exposure to financial institutions		7,527	5,858
(iii) Exposure to corporations		639,510	667,640
(iv) Equity exposure		18,711	17,038
(v) Other exposure		18,295	17,759
(2) Securitization risk exposure		30,141	44,961
(b) Capital requirement to market risk		—	—
(c) Capital requirement to operational risk		19,194	16,971
(d) Non-consolidated total capital requirement ((a) + (b) + (c))		733,382	770,231
(e) Non-consolidated capital ratio and non-consolidated Tier I ratio	Capital ratio	20.39%	18.79%
	Tier I ratio	25.32%	23.59%

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, 2011	March 31, 2010
Loans	¥12,483,395	¥12,967,415
Equities, funds	267,120	277,622
Commitments and customers' liabilities for acceptances and guarantees	295,370	396,136
Bonds (JGBs and corporate bonds, etc.)	827,885	916,690
Repurchase agreement/call loan	61,866	304,998
Other	564,120	452,133
Total	¥14,499,758	¥15,314,996

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

(1) By region

(Millions of yen)

	March 31, 2011	March 31, 2010
Domestic total	¥14,499,758	¥15,314,996
Overseas total	—	—

Note: DBJ has no overseas sales locations.

(2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2011	March 31, 2010
Manufacturing	¥3,494,246	¥3,514,512
Forestry and fisheries	922	1,063
Mining	45,348	36,243
Construction	40,325	25,622
Wholesale and retail	1,156,814	1,130,017
Finance and insurance	1,099,731	1,181,018
Real estate	1,411,058	1,467,664
Transportation and communications	3,735,347	4,275,122
Electrical, gas and water	1,818,276	1,879,565
Services	1,013,870	966,249
Other	683,817	837,916

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2011	March 31, 2010
Five years or less	¥5,767,717	¥5,884,768
More than five years, up to 10	5,412,965	5,715,819
More than 10 years, up to 15	1,988,982	2,336,480
More than 15 years	824,102	913,910
No maturity date	505,991	464,017

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

(Millions of yen)

	March 31, 2011	March 31, 2010
Risk weight 0%	¥ 550,730	¥ 895,996
Risk weight 10%	98,610	175,621
Risk weight 20%	3,808,137	4,037,850
Risk weight 50%	4,244,213	3,932,772
Risk weight 100%	5,608,858	6,031,105
Risk weight 150%	32,081	20,732

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, 2011	March 31, 2010
Eligible financial collaterals	¥ —	¥ 179,985
Guarantees or credit derivatives	1,426,488	1,619,222

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

(Millions of yen)

		March 31, 2011	March 31, 2010
Equivalent credit calculation method		Current exposure method	Current exposure method
Gross restructuring cost		¥133,529	¥116,247
Gross add-on, by transaction type		98,100	110,838
	Interest rate transactions	59,554	68,724
	Foreign exchange transactions	36,745	39,314
	Credit derivative transactions	1,800	2,800
Reducing credit equivalent amounts through netting		142,371	124,489
Net equivalent credit		89,258	102,596
	Net restructuring cost	39,180	43,590
Notional amounts of credit derivatives for calculated credit equivalent amount by type of credit derivative, by protection purchase or provision	Credit default swaps provision	178,660	390,449
	Credit default swaps purchase	36,000	56,000
Notional amounts of credit derivatives taking into account credit risk mitigations		—	—

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, 2011	March 31, 2010
Structured finance	¥657,037	¥692,668
Credit derivatives	120,510	290,299
Funds*	210,271	227,244

* 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, 2011	March 31, 2010
Risk weight	20%	Balance	¥213,080	¥380,274
		Capital requirement	3,409	6,084
Risk weight	50%	Balance	13,867	31,334
		Capital requirement	554	1,253
Risk weight	100%	Balance	304,009	311,581
		Capital requirement	24,320	24,926
Risk weight	350%	Balance	569	36,083
		Capital requirement	159	10,103
Risk weight	Capital deductions	Balance	446,402	436,162
		Capital requirement	—	—
Risk weight	Other*	Balance	9,891	14,776
		Capital requirement	1,697	2,594

* 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, 2011	March 31, 2010
Structured finance	¥237,072	¥210,668
Funds*	209,329	226,160

* 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, 2011	March 31, 2010
Credit risk assets	¥21,220	¥32,361

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, 2011	March 31, 2010
(a) Market value of below-listed items as included within categories in the non-consolidated balance sheets		
Exposure to listed shares	¥ 34,209	¥ 24,806
Exposure to other equity investments and capital injections	221,289	218,228
(b) Gains or losses on the sale of equity investments or shares	10,034	(1,804)
Gain or loss on write-off of equity exposure	14,199	21,358
(c) Gains or losses from valuation recognized on the non-consolidated balance sheets but not recognized on the non-consolidated statements of income	7,350	7,092
(d) Included amount stipulated in Article 18, Paragraph 1, Item 1 of the Capital Adequacy Ratio Notification	5,168	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, 2011	March 31, 2010
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: ¥56.4 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: ¥8.3 billion