Financial Condition

Consolidated Balance Sheet

Development Bank of Japan Inc. and Consolidated Subsidiaries

As of March 31,	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 1) 2014
Assets			
Cash and due from banks (Notes 11, 15 and 27)	¥ 260,185	¥ 154,564	$ 2,528,034
Call loans and bills bought (Note 27)	87,000	84,000	845,317
Reverse repurchase agreements (Notes 3 and 27)	—	165,975	—
Money held in trust (Notes 27 and 29)	134,215	175,335	1,304,073
Securities (Notes 3, 15, 27 and 29)	1,637,587	1,357,058	15,911,262
Loans (Notes 4, 5, 15 and 27)	13,838,410	13,918,224	134,457,932
Other assets (Notes 6 and 15)	115,423	133,065	1,121,486
Tangible fixed assets (Notes 7, 11 and 15)	237,610	237,988	2,308,689
Intangible fixed assets	6,409	7,927	62,272
Deferred tax assets (Note 23)	153	6,734	1,488
Customers' liabilities for acceptances and guarantees (Note 14)	107,174	155,753	1,041,335
Allowance for loan losses (Notes 8 and 27)	(112,997)	(147,414)	(1,097,911)
Allowance for investment losses	(459)	(501)	(4,465)
Total assets	¥16,310,711	¥16,248,712	$158,479,513
Liabilities and equity			
Liabilities:			
Debentures (Notes 9, 15 and 27)	¥ 3,085,674	¥ 3,053,277	$ 29,981,288
Borrowed money (Notes 10, 11, 15 and 27)	9,182,603	9,448,398	89,220,792
Short-term corporate bonds (Notes 9 and 27)	—	43,997	—
Corporate bonds (Notes 9, 11 and 27)	1,151,746	871,256	11,190,701
Other liabilities (Notes 12 and 13)	131,094	122,416	1,273,749
Accrued bonuses to employees	4,682	4,437	45,492
Accrued bonuses to directors	11	12	115
Liability for retirement benefits (Note 22)	8,727	10,308	84,796
Reserve for directors' retirement benefits	73	64	711
Reserve for contingent losses	7	135	72
Deferred tax liabilities (Note 23)	11,202	78	108,843
Acceptances and guarantees (Note 14)	107,174	155,753	1,041,335
Total liabilities	13,682,997	13,710,136	132,947,894
Equity:			
Common stock authorized, 160,000 thousand shares in 2014 and 2013; issued, 43,632 thousand shares in 2014 and 2013 (Note 16)	1,206,953	1,206,953	11,727,099
Capital surplus (Note 16)	1,060,466	1,060,466	10,303,793
Retained earnings (Note 16)	282,733	193,595	2,747,116
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 29)	37,767	36,873	366,959
Deferred gain on derivatives under hedge accounting	30,006	33,987	291,550
Foreign currency translation adjustments	709	(57)	6,899
Accumulated adjustments for retirement benefits (Note 22)	(944)	—	(9,181)
Total	2,617,691	2,531,817	25,434,234
Minority interests	10,022	6,759	97,385
Total equity	2,627,714	2,538,576	25,531,619
Total liabilities and equity	¥16,310,711	¥16,248,712	$158,479,513

See notes to consolidated financial statements.

Consolidated Statement of Income

Development Bank of Japan Inc. and Consolidated Subsidiaries

For the year ended March 31,	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 1) 2014
Income			
Interest income:	¥255,329	¥267,895	$2,480,850
Interest on loans	228,301	242,088	2,218,244
Interest and dividends on securities	18,813	18,023	182,794
Interest on call loans and bills bought	98	44	961
Interest on reverse repurchase agreements	282	351	2,749
Interest on due from banks	41	56	402
Interest on swaps	7,680	7,053	74,627
Other interest income	110	278	1,072
Fees and commissions	13,952	10,293	135,566
Other operating income (Note 18)	15,687	7,880	152,425
Other income (Note 19)	77,228	55,039	750,376
Total income	**362,197**	**341,109**	**3,519,217**
Expenses			
Interest expense:	132,167	144,274	1,284,179
Interest on debentures	39,773	43,100	386,449
Interest on call money and bills sold	7	19	77
Interest on borrowed money	87,844	97,263	853,519
Interest on short-term corporate bonds	32	57	319
Interest on corporate bonds	4,488	3,827	43,611
Other interest expense	20	5	203
Fees and commissions	276	1,082	2,685
Other operating expenses (Note 20)	7,224	12,169	70,198
General and administrative expenses	47,436	44,877	460,904
Other expenses (Note 21)	9,077	22,480	88,203
Total expenses	**196,182**	**224,884**	**1,906,168**
Income before income taxes and minority interests	**166,014**	**116,224**	**1,613,049**
Income taxes (Note 23):			
Current	25,102	41,753	243,907
Deferred	15,765	2,838	153,180
Total income taxes	**40,868**	**44,592**	**397,086**
Net income before minority interests	**125,146**	**71,632**	**1,215,962**
Minority interests in net income	**843**	**295**	**8,198**
Net income	**¥124,303**	**¥ 71,337**	**$1,207,764**

	Yen 2014	Yen 2013	U.S. Dollars (Note 1) 2014
Per share of common stock (Note 17)			
Basic net income	¥2,848.87	¥1,634.96	$ 27.68
Cash dividend applicable to the year	706	808	6.86

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,	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 1) 2014
Net income before minority interests	**¥125,146**	**¥71,632**	**$1,215,962**
Other comprehensive income (Note 25):			
Unrealized gain on available-for-sale securities	4,355	16,451	42,318
Deferred gain on derivatives under hedge accounting	(3,944)	6,260	(38,330)
Foreign currency translation adjustments	389	86	3,785
Share of other comprehensive income in affiliates accounted for by the equity method	385	39	3,747
Total other comprehensive income	**1,185**	**22,838**	**11,520**
Comprehensive income	**¥126,332**	**¥94,471**	**$1,227,482**
Total comprehensive income attributable to:			
Owners of the parent	¥121,983	¥95,265	$1,185,229
Minority interests	4,348	(794)	42,253

See notes to consolidated financial statements.

Consolidated Statement of Change in Equity

Development Bank of Japan Inc. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
For the year ended March 31,	2014	2013	2014
Common stock:			
Balance at beginning of year	¥1,206,953	¥1,187,788	$11,727,099
Capital increase due to redemption of government compensation bonds	—	19,165	—
Balance at end of year	1,206,953	1,206,953	11,727,099
Capital surplus:			
Balance at beginning of year	1,060,466	1,060,466	10,303,793
Balance at end of year	1,060,466	1,060,466	10,303,793
Retained earnings:			
Balance at beginning of year	193,595	159,606	1,881,026
Cash dividends	(35,254)	(37,349)	(342,547)
Net income	124,303	71,337	1,207,764
Change in scope of consolidation	89	—	874
Balance at end of year	282,733	193,595	2,747,116
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities:			
Balance at beginning of year	36,873	19,313	358,271
Net change during the year	894	17,560	8,689
Balance at end of year	37,767	36,873	366,959
Deferred gain on derivatives under hedge accounting:			
Balance at beginning of year	33,987	27,711	330,229
Net change during the year	(3,980)	6,276	(38,679)
Balance at end of year	30,006	33,987	291,550
Foreign currency translation adjustments:			
Balance at beginning of year	(57)	(149)	(557)
Net change during the year	767	91	7,456
Balance at end of year	709	(57)	6,899
Accumulated adjustments for retirement benefits:			
Balance at beginning of year	—	—	—
Net change during the year	(944)	—	(9,181)
Balance at end of year	(944)	—	(9,181)
Minority interests:			
Balance at beginning of year	6,759	6,329	65,674
Net change during the year	3,263	430	31,711
Balance at end of year	10,022	6,759	97,385
Total equity:			
Balance at beginning of year	2,538,576	2,461,065	24,665,533
Capital increase due to redemption of government compensation bonds	—	19,165	—
Cash dividends	(35,254)	(37,349)	(342,547)
Net income	124,303	71,337	1,207,764
Change in scope of consolidation	89	—	874
Net change during the year	(0)	24,358	(4)
Balance at end of year	¥2,627,714	¥2,538,576	$25,531,619

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Development Bank of Japan Inc. and Consolidated Subsidiaries

For the year ended March 31,	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 1) 2014
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 166,014	¥ 116,224	$ 1,613,049
Adjustments for:			
Depreciation	5,707	4,140	55,454
Amortization of goodwill	107	203	1,046
Gain on negative goodwill	(559)	(151)	(5,440)
Losses on impairment of long-lived assets	103	236	1,008
Equity in gains of affiliates	(2,252)	(2,870)	(21,890)
Interest income	(255,329)	(267,895)	(2,480,850)
Interest expense	132,167	144,274	1,284,179
Gain on securities—net	(33,626)	(31,529)	(326,724)
Gain on money held in trust—net	(5,396)	(906)	(52,433)
Foreign exchanges gains	(18,385)	(21,898)	(178,638)
Loss (gain) on sales of fixed assets—net	219	(547)	2,133
Changes in operating assets and liabilities:			
Allowance for loan losses	(34,419)	(1,566)	(334,431)
Allowance for investment losses	(42)	(570)	(411)
Accrued bonuses to employees	105	(257)	1,021
Accrued bonuses to directors	(0)	(0)	(3)
Liability for retirement benefits	(3,045)	(3,176)	(29,593)
Reserve for contingent losses	(128)	135	(1,248)
Loans	79,814	(279,867)	775,499
Debentures	32,396	(77,218)	314,778
Borrowed money	(265,823)	242,844	(2,582,818)
Short-term corporate bonds	(43,997)	(7,001)	(427,497)
Corporate bonds	280,490	322,428	2,725,327
Due from banks	(9,717)	20,930	(94,421)
Call loans and bills bought	(3,000)	5,500	(29,149)
Reverse repurchase agreements	165,975	(13,085)	1,612,668
Interest received	264,234	273,810	2,567,373
Interest paid	(133,370)	(146,684)	(1,295,867)
Other—net	68,208	32,397	662,730
Sub-total	386,449	307,897	3,754,855
Payments for income taxes	(41,463)	(31,511)	(402,867)
Net cash provided by operating activities	344,986	276,385	3,351,988
Cash flows from investing activities:			
Payments for purchases of securities	(1,317,120)	(512,262)	(12,797,515)
Proceeds from sales of securities	196,229	58,995	1,906,625
Proceeds from redemption of securities	860,725	358,806	8,363,054
Payments for increase of money held in trust	(140)	(150,115)	(1,360)
Proceeds from decrease of money held in trust	42,498	1,434	412,924
Payments for purchases of tangible fixed assets	(786)	(14,169)	(7,645)
Proceeds from sales of tangible fixed assets, etc.	5,443	1,840	52,888
Payments for purchases of intangible fixed assets	(1,057)	(2,410)	(10,275)
Proceeds from purchases of stocks of subsidiaries resulting in change in scope of consolidation	203	1,569	1,976
Net cash used in investing activities	(214,004)	(256,310)	(2,079,328)
Cash flows from financing activities:			
Capital increase due to redemption of government compensation bonds	—	19,165	—
Payments for cash dividends	(35,254)	(37,349)	(342,547)
Proceeds from issuance of securities to minority shareholders of subsidiaries	33	283	328
Dividends paid to minority shareholders of subsidiaries	(1,118)	(2,511)	(10,870)
Net cash used in financing activities	(36,339)	(20,412)	(353,088)
Foreign currency translation adjustments on cash and cash equivalents	687	213	6,683
Net change in cash and cash equivalents	95,330	(124)	926,254
Cash and cash equivalents at beginning of year	124,017	124,141	1,204,992
Increase in cash and cash equivalents due to new consolidation	457	—	4,444
Cash and cash equivalents at end of year	¥ 219,805	¥ 124,017	$ 2,135,691

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Development Bank of Japan Inc. and Consolidated Subsidiaries

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.

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 2013 consolidated financial statements to conform to the classifications used in 2014.

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 ¥102.92=$1.00, the effective exchange rate prevailing as of March 31, 2014, 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, those 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, 2014 is 21. The major consolidated subsidiaries as of March 31, 2014 are as follows:

DBJ Business Investment Co., Ltd.
DBJ Singapore Limited
Japan Economic Research Institute Inc.
DBJ Europe Limited
DBJ Real Estate Co., Ltd.
DBJ Investment Advisory Co., Ltd.
DBJ Capital Co., Ltd.
DBJ Securities Co., Ltd.
DBJ Asset Management Co., Ltd.
Value Management Institute, Inc.

In the year ended March 31, 2014, Value Management Institute, Inc. was newly consolidated due to additional acquisition of its shares and V Lease Ltd. was newly consolidated due to an increase in its materiality, while New Business Investment Co., Ltd. and DBJ Credit Line, Ltd. were excluded from the scope of consolidation due to liquidation.

(ii) Unconsolidated Subsidiaries

The number of unconsolidated subsidiaries as of March 31, 2014 is 29. The major unconsolidated subsidiary as of March 31, 2014 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 accumulated other comprehensive income.

(iii) The majority of voting rights of Dexerials Corporation is owned by DBJ Inc. but it is not treated as a subsidiary, as the investment in this company was made for the purpose of its development and not for the purpose of obtaining control over the investee.

(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, 2014 was 29. 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, 2014 was 19. One of the major affiliates accounted for by the equity method as of March 31, 2014 was:

DBJ-JAIC Investment Consulting (Beijing) Co., Ltd.

Changes in scope of affiliates accounted for by the equity method:

Four companies including GFS Renewable Energy Limited were newly accounted for by the equity method as of March 31, 2014.

Innovation Carve-out Fund No. 1 Limited Partnership and Hokkaido Heat Supply Corporation were excluded from the scope of affiliates accounted for by the equity method due to liquidation and sales of shares, respectively.

(iii) Affiliates not accounted for by the equity method

The number of affiliates not accounted for by the equity method as of March 31, 2014 was 86. One of the major affiliates as of March 31, 2014 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 accumulated other comprehensive income 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, 2014

Narumi Corporation
Shinwa Seiko Corporation
Mediclude Co., Ltd.
Nihon Shoryoku Kikai Co., Ltd.
PRISM Pharma Corporation
Izumi Products Company
OPAL Co., Ltd.
Teibow Co., Ltd.
TES HOLDINGS LIMITED
THUNIP HOLDINGS
Grace A Co., Ltd.

(3) Balance Sheet Dates of Consolidated Subsidiaries

Balance sheet dates of consolidated subsidiaries are as follows:

	Number of subsidiaries
	2014
December 31	12
March 31	9

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) 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.

(5) 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 (negative goodwill) is recognized as income immediately as incurred.

(b) Cash and Cash Equivalents

"Cash and Cash Equivalents" in the consolidated statement 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
	2014	2013	2014
Cash and due from banks	¥260,185	¥154,564	$2,528,034
Time deposits with banks	(40,380)	(30,546)	(392,344)
Cash and cash equivalents	¥219,805	¥124,017	$2,135,691

(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, except for the amounts reflected in profit or loss by application of fair value hedges.

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.

In addition, DBJ Inc. applies deferral hedge accounting and fair value hedge accounting as portfolio hedges of the foreign currency fluctuations associated with foreign currency denominated investments in subsidiaries and affiliates and foreign currency denominated available-for-sale securities (other than foreign currency denominated bonds).

(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
- Hedging Instruments : Forward liability denominated in foreign currency
  Hedged Items : Foreign currency denominated investments in subsidiaries and affiliates and foreign currency denominated available-or-sale securities (other than foreign currency denominated 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 hedging activities against foreign exchange risk of foreign currency denominated investments in subsidiaries and affiliates and foreign currency denominated available-for-sale securities (other than foreign currency denominated bonds), the effectiveness of the hedge is assessed by confirming the amount of foreign currency payables of spot and forward foreign exchange contracts exceeding the amount of acquisition cost of the hedged foreign securities in foreign currency.

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 tangible fixed assets of consolidated subsidiaries is computed principally using the straight-line method based on the estimated 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, 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 ¥39,715 million ($385,888 thousand) and ¥50,187 million for the years ended March 31, 2014 and 2013, 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 and Directors

"Accrued Bonuses to Employees and Directors" are provided for in the amount of the estimated bonuses which are attributable to the years ended March 31, 2014 and 2013.

(m) Employees' Retirement Benefits

DBJ Inc. has defined benefit pension plans, which consist of a defined-benefit corporate pension plan and a lump-sum severance indemnity plan, as well as a defined contribution pension plan. Some domestic consolidated subsidiaries have a lump-sum severance indemnity plan and some overseas consolidated subsidiaries have retirement benefit plan as a defined contribution plan.

The projected benefit obligations are attributed to periods on a straight-line basis. Net actuarial gains and losses are amortized using the straight-line method over the period of ten years within the employees' average remaining service period commencing from the following fiscal year after incurrence. 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.

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

(1) Under the revised accounting standard, actuarial gains and losses and prior service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(2) The revised accounting standard does not change how to recognize actuarial gains and losses and prior service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and prior service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and prior service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments (see Note 2.(u)).

(3) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (1) and (2) above are effective for the end of fiscal years beginning on or after April 1, 2013, and for (3) above are effective for the beginning of fiscal years beginning on or after April 1, 2014, or for the beginning of fiscal years beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of fiscal years beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

DBJ Inc. applied the revised accounting standard and guidance for retirement benefits for (1) and (2) above, effective March 31, 2014. As a result, liability for retirement benefits of ¥8,727 million ($84,796 thousand) was recorded as of March 31, 2014, and deferred tax liabilities and accumulated other comprehensive income as of March 31, 2014 decreased by ¥520 million ($5,055 thousand) and ¥944 million ($9,181 thousand), respectively.

(n) Reserve for Directors' Retirement Benefits

"Reserve for Directors' Retirement Benefits" is accrued based on the amount that would be required if all directors retired at the 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 losses.

(p) Asset Retirement Obligations

In March 2008, the ASBJ published 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.

(q) Consumption Taxes

Income and expenses subject to consumption taxes exclude related consumption taxes paid or received.

(r) Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement 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.

(s) Capitalization of Interest Costs on Real Estate Development Business

Interest costs arising in the normal course of development related to real estate development business of certain domestic consolidated subsidiaries are capitalized and included in the acquisition cost of assets.

(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, 2014 and 2013 is not disclosed because there are no dilutive securities.

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

(u) New Accounting Pronouncements

Accounting Standard for Retirement Benefits

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with effective date of April 1, 2000, and the other related practical guidances, being followed by partial amendments from time to time through 2009.

Under the revised accounting standard, taking into the accounts the viewpoints of improvement of financial reporting and international trends, accounting treatment for actuarial gains and losses and prior service costs that are yet to be recognized in profit or loss, the calculation method for retirement benefit obligations and service costs and expansion of the related disclosure requirements have been revised.

As noted in Note 2 (m) (3), DBJ Inc. expects to apply the revised calculation method for retirement benefit obligations and service costs from the beginning of fiscal years beginning on April 1, 2014.

DBJ Inc. is currently in the process of measuring the effects of applying the revised accounting standard for Note 2 (m) (3) in future applicable periods.

Accounting Standards for Business Combinations and Consolidated Financial Statements
On September 13, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements."

These accounting standards were revised principally concerning "Treatment for changes in the parent's ownership interest in a subsidiary as long as the parent retains control over its subsidiary if the parent purchases or sells ownership interests in its subsidiary," "Treatment for acquisition-related costs," "Provisional accounting treatments for a business combination," and "Presentation of net income and change from minority interest to noncontrolling interest."

DBJ Inc. expects to apply these standards from the beginning of fiscal years beginning on April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

3. Securities

Securities as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Japanese government bonds	¥ 349,039	¥ 321,543	$ 3,391,371
Corporate bonds	505,993	386,409	4,916,381
Equities	227,036	175,770	2,205,956
Other securities	555,516	473,334	5,397,553
Total	¥1,637,587	¥1,357,058	$15,911,262

*1. Investments in unconsolidated subsidiaries and affiliates included in "Equities" as of March 31, 2014 and 2013, are ¥27,630 million ($268,470 thousand) and ¥27,245 million. Investments in unconsolidated subsidiaries and affiliates included in "Other securities" as of March 31, 2014 and 2013, are ¥40,248 million ($391,064 thousand) and ¥38,404 million.
*2. DBJ Inc. has contingent liabilities for guarantees of corporate bonds among securities which were issued by private placement (Article 2, Paragraph 3 of Financial Instruments and Exchange Act) and amount to ¥1,800 million ($17,489 thousand) as of March 31, 2014.
*3. There are no securities repledged as of March 31, 2014 and 2013. Securities accepted under repurchase agreements can be sold or repledged. Securities neither sold nor repledged are zero and ¥165,975 million as of March 31, 2014 and 2013, respectively.
*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, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Equities	¥ 45	¥130	$ 447
Bonds	—	302	—
Other	355	—	3,458
Total	¥401	¥433	$3,904

4. Non-Performing Loans

The amounts of non-performing loans included in "Loans" as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Loans to bankrupt debtors	¥ 2,710	¥ 4,927	$ 26,339
Delinquent loans	95,269	118,360	925,668
Loans past due three months or more	—	271	—
Restructured loans	39,362	47,870	382,461
Total	¥137,343	¥171,430	$1,334,468

*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' applications for loans as long as there is no violation of any condition in the contracts. As of March 31, 2014 and 2013, the amounts of unused commitments are ¥496,222 million ($4,821,442 thousand) and ¥786,777 million. As of March 31, 2014 and 2013, the amounts of unused commitments whose remaining contract term are within one year are ¥159,850 million ($1,553,156 thousand) and ¥134,389 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 consolidated subsidiaries obtain real estate, securities or other assets as collateral if considered necessary. Subsequently, DBJ Inc. and its consolidated 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, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Prepaid expenses	¥ 4,930	¥ 6,137	$ 47,907
Accrued income	35,683	41,652	346,711
Derivatives	54,854	64,718	532,977
Other	19,955	20,556	193,891
Total	¥115,423	¥133,065	$1,121,486

7. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Buildings	¥ 21,088	¥ 21,947	$ 204,904
Land	92,617	92,904	899,895
Leased assets	12	23	119
Construction in progress	2,257	10,368	21,937
Other	121,634	112,744	1,181,834
Total	¥237,610	¥237,988	$2,308,689

Note: Accumulated depreciation of tangible fixed assets as of March 31, 2014 and 2013, is ¥7,433 million ($72,230 thousand) and ¥4,238 million, respectively.

8. Allowance for Loan Losses

Allowance for loan losses as of March 31, 2014 and 2013 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
General allowance for loan losses	¥ 59,129	¥ 67,478	$ 574,523
Specific allowance for loan losses	53,867	79,935	523,388
Total	¥112,997	¥147,414	$1,097,911

9. Debentures and Corporate Bonds

Debentures and corporate bonds as of March 31, 2014 and 2013 are as follows:

	Issue date	Interest rate (%)	Maturity date	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars 2014
(Issuer: DBJ Inc.)						
Debentures						
Japanese government-guaranteed bonds 7-23*1	Feb. 2004–Aug. 2008	1.3–2.2	Feb. 2014–Jun. 2023	¥ 552,827 [49,981]	¥ 582,718	$ 5,371,430 [485,631]
Japanese government-guaranteed bonds 1-23	Nov. 2008–Mar. 2014	0.228–2.1	Jul. 2016–Mar. 2024	798,624	688,401	7,759,666
Japanese government-guaranteed foreign bond 67*2	Sep. 1998	1.81	Sep. 2028	25,058	25,062	243,478
Japanese government-guaranteed foreign bonds 5-14*1	Dec. 2002–Nov. 2007	1.05–5.125	Jun. 2014–Nov. 2027	703,230 [74,995]	703,077	6,832,783 [728,682]
Japanese government-guaranteed Euro MTN bonds 1-9*3	Dec. 2009–Jan. 2014	0.4661–2.875	Dec. 2014-Sep. 2019	564,020 [36,022]	442,126	5,480,186 [350,000]
FILP agency domestic bonds 9, 11, 13, 16, 19, 20, 24, 27, 29-31, 33-37, 39, 41, 42, 44, 46, 47, 49-51*4	Oct. 2003–Jul. 2008	1.4–2.74	Jun. 2013–Mar. 2047	439,912 [109,997]	609,890	4,274,312 [1,068,771]
Euro MTN bonds 2*4, 5	Sep. 2008	2.032	Sep. 2023	2,000	2,000	19,433
Short-term corporate bonds	Feb. 2013–Feb. 2014	0.071–0.1095	Apr. 2013–Feb. 2014	—	43,997	—
Corporate bonds						
Corporate bonds through public placement 2, 4, 5, 7-42	Dec. 2008–Jan. 2014	0.16071–1.745	May 2013–Sep. 2022	980,000 [150,000]	754,000	9,521,959 [1,457,443]
Corporate bonds through private placement 1-2	Aug. 2009–May 2011	0.48–0.847	Sep. 2014–Jun. 2015	20,000 [10,000]	20,000	194,326 [97,163]
Corporate bonds Euro MTN 6-9, 14, 15, 17, 20-47*6	Mar. 2009–Feb. 2014	0.43785–1.736	Apr. 2013–Oct. 2023	144,246 [24,006]	89,756	1,401,544 [233,257]
(Issuer: Green Asset Investment TMK)						
Specified corporate bonds 1	Dec. 2012	5.53	Nov. 2017	7,500	7,500	72,872
Total				¥4,237,421	¥3,968,531	$41,171,989

*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. These bonds are non-guaranteed bonds issued based on MTN program.
*4. Fiscal Investment and Loan Program (FILP) agency bonds are not government-guaranteed. These bonds are issued by the Development Bank of Japan.
*5. These bonds are FILP bonds issued based on MTN program.
*6. These bonds are unsecured corporate bonds issued based on MTN program.
*7. 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, 2014 are as follows:

The fiscal year ending March 31, 2015	¥455,003 million	$4,420,947 thousand
2016	530,924	5,158,612
2017	812,988	7,899,232
2018	554,441	5,387,114
2019	542,670	5,272,745

10. Borrowed Money

Borrowed money as of March 31, 2014 and 2013 is as follows:

			Millions of Yen		Thousands of U.S. Dollars
	Average interest rate (%)	Due date of repayment	2014	2013	2014
Borrowings	0.91	Apr. 2014–Oct. 2033	¥9,182,603	¥9,448,398	$89,220,792

Scheduled redemptions of borrowings for subsequent years as of March 31, 2014 are as follows:

The fiscal year ending March 31, 2015	¥1,409,305 million	$13,693,211 thousand
2016	1,265,401	12,295,001
2017	1,187,343	11,536,569
2018	1,047,221	10,175,099
2019	963,028	9,357,062

11. Non-Recourse Debts

Non-recourse debts in consolidated special purpose companies as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Non-recourse debts:			
Borrowed money	¥32,000	¥32,000	$310,921
Corporate bonds	7,500	7,500	72,872
Collateralized assets for above non-recourse debts:			
Cash and due from banks	8,117	9,656	78,870
Tangible fixed assets	47,475	46,657	461,288

12. Other Liabilities

Other liabilities as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Accrued expenses	¥ 25,198	¥ 26,037	$ 244,836
Unearned income	614	940	5,968
Accrued income taxes	12,620	30,114	122,622
Derivatives	17,328	15,655	168,364
Lease obligations	14	25	141
Asset retirement obligations (Note 13)	1,722	2,821	16,736
Other	73,596	46,820	715,081
Total	¥131,094	¥122,416	$1,273,749

13. Asset Retirement Obligations

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 0.1% to 1.1% with the estimated useful lives of 4 to 8 years.

The changes in asset retirement obligations for the years ended March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Balance at beginning of year	¥ 2,821	¥1,047	$ 27,416
Increase due to acquisition of tangible fixed assets	—	43	—
Reconciliation associated with passage of time	0	0	6
Decrease due to settlement of asset retirement obligations	(1,902)	(131)	(18,488)
Increase due to a change in estimates	799	1,859	7,771
Other	3	2	32
Balance at end of year	¥ 1,722	¥2,821	$ 16,736

14. Acceptances and Guarantees

Acceptances and guarantees as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Guarantees	¥107,174	¥155,753	$1,041,335

15. Assets Pledged as Collateral

Cash and due from banks of ¥3,614 million ($35,115 thousand) and ¥4,553 million and tangible fixed assets of ¥47,475 million ($461,288 thousand) and ¥46,657 million are pledged as collateral for borrowed money of ¥32,000 million ($310,921 thousand) and ¥32,000 million as of March 31, 2014 and 2013, respectively.

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥497,275 million ($4,831,670 thousand) and ¥153,863 million ($1,494,985 thousand), respectively, as of March 31, 2014. In addition, they are deposited as replacement of margin money for future trading and collateral for transactions, including exchange settlements as of March 31, 2014. ¥18,909 million ($183,726 thousand) of securities are pledged as collateral for loans of companies which are investees of DBJ Inc. as of March 31, 2014. Additionally, ¥937 million ($9,110 thousand) of margin deposits for futures transactions and ¥60 million ($584 thousand) of guarantee deposits are included in other assets as of March 31, 2014. Under the DBJ Inc. Act (Article 17 of the Supplementary Provisions) and the DBJ Act (Article 43), obligations created by the bonds issued by DBJ Inc. are secured by a statutory preferential right over the property of DBJ Inc. The denomination value of these debentures amounts to ¥1,723,822 million ($16,749,145 thousand) as of March 31, 2014.

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥611,175 million and ¥5,539 million, respectively, as of March 31, 2013. In addition, they are deposited as replacement of margin money for future trading and collateral for transactions, including exchange settlements as of March 31, 2013. ¥18,909 million of securities are pledged as collateral for loans of companies which are investees of DBJ Inc. as of March 31, 2013. Additionally, ¥937 million of margin deposits for futures transactions, ¥1,574 million of cash collateral paid for financial instruments and ¥48 million of guarantee deposits are included in other assets as of March 31, 2013. Under the DBJ Inc. Act (Article 17 of the Supplementary Provisions) and the DBJ Act (Article 43), obligations created by the bonds issued by DBJ Inc. are secured by a statutory preferential right over the property of DBJ Inc. The denomination value of these debentures amounts to ¥1,923,822 million as of March 31, 2013.

16. 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 articles of incorporation are 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. 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

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.

17. Per Share Information

Basic net income per common share ("EPS") for the years ended March 31, 2014 and 2013 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year ended March 31, 2014	Net income	Weighted average shares	EPS	EPS
Basic EPS				
Net income available to common shareholders	¥124,303	43,632	¥2,848.87	$27.68
Year ended March 31, 2013				
Basic EPS				
Net income available to common shareholders	¥71,337	43,632	¥1,634.96	

Note: Diluted net income per share for the years ended March 31, 2014 and 2013 is not disclosed because there are no dilutive securities.

As noted in Note 2 (m), DBJ Inc. applied the revised accounting standard and guidance for retirement benefits effective March 31, 2014, except for the provisions stated in Paragraph 35 of ASBJ Statement No. 26 and Paragraph 67 of ASBJ Guidance No. 25, and follows the transitional treatments prescribed in Paragraph 37 of ASBJ Statement No. 26.
As a result, net assets per share decreased by ¥21.66 ($0.21) as of March 31, 2014.

18. Other Operating Income

Other operating income for the years ended March 31, 2014 and 2013 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Foreign exchange gain	¥ 4,716	¥3,548	$ 45,831
Gains on sales of bonds	2,373	525	23,059
Gains on redemption of bonds	7,385	2,130	71,761
Other	1,211	1,675	11,775
Total	¥15,687	¥7,880	$152,425

19. Other Income

Other income for the years ended March 31, 2014 and 2013 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Reversal of allowance for investment losses	¥ 42	¥ —	$ 411
Reversal of allowance for loan losses	26,168	—	254,262
Reversal of reserve for contingent losses	128	—	1,248
Gains on sales of equities and other securities	5,363	19,428	52,116
Gains on money held in trust	5,408	928	52,551
Equity in net income of affiliates	2,252	2,870	21,890
Gains on sales of fixed assets	25	719	252
Collection of written-off claims	4,636	7,129	45,051
Gains on investments in limited partnerships and other similar partnerships	26,218	20,520	254,745
Gain on negative goodwill	559	151	5,440
Other	6,423	3,289	62,412
Total	¥77,228	¥55,039	$750,376

20. Other Operating Expenses

Other operating expenses for the years ended March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Losses on sales of bonds	¥1,036	¥ 4	$10,073
Debentures issuance costs	469	642	4,558
Corporate bonds issuance costs	655	723	6,373
Write-off of bonds	—	302	—
Derivatives	5,062	10,495	49,185
Other	0	—	9
Total	¥7,224	¥12,169	$70,198

21. Other Expenses

Other expenses for the years ended March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Provision for allowance for loan losses	¥ —	¥10,412	$ —
Write-off of loans	321	50	3,122
Losses on sales of equities and other securities	661	188	6,423
Write-off of equities	2,135	1,996	20,750
Losses on money held in trust	12	22	118
Losses on sales of fixed assets	245	172	2,385
Impairment losses	103	236	1,008
Losses on investments in limited partnerships and other similar partnerships	3,881	8,583	37,711
Other	1,717	817	16,686
Total	¥9,077	¥22,480	$88,203

22. Employees' Retirement Benefits

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

Year ended March 31, 2014

On May 14, 2013, DBJ Inc. transferred the substitutional portion (minimum policy reserve) and related assets to National Welfare Pension Fund pursuant to enforcement of the Law concerning Defined Benefit Corporate Pension, and recognized ¥26 million ($255 thousand) as other income for the difference between the balance of retirement benefit liabilities brought forward and the amount actually transferred.

(a) Defined Benefit Pension Plan

(1) The changes in retirement benefit obligation for the year ended March 31, 2014, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥39,036	$379,292
Service cost	1,381	13,419
Interest cost	581	5,653
Actuarial losses	310	3,018
Benefits paid	(1,911)	(18,571)
Extinction of retirement benefit obligation due to the return of substitutional portion of welfare pension fund	(7,509)	(72,968)
Balance at end of year	¥31,888	$309,842

(2) The changes in plan assets for the year ended March 31, 2014, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥26,465	$257,144
Expected return on plan assets	132	1,286
Actuarial gains	831	8,084
Contributions from the employer	4,134	40,174
Benefits paid	(918)	(8,927)
Extinction of plan assets due to the return of substitutional portion of welfare pension fund	(7,483)	(72,714)
Balance at end of year	¥23,161	$225,046

(3) Reconciliation between the liability for retirement benefits recorded in the consolidated balance sheet and the balances of retirement benefit obligation and plan assets for the year ended March 31, 2014, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Funded retirement benefit obligation	¥ 23,535	$ 228,679
Plan assets	(23,161)	(225,046)
	373	3,633
Unfunded retirement benefit obligation	8,353	81,163
Net liability for retirement benefits recorded in the consolidated balance sheet	¥ 8,727	$ 84,796
Liability for retirement benefits	¥ 8,727	$ 84,796
Net liability for retirement benefits recorded in the consolidated balance sheet	¥ 8,727	$ 84,796

(4) The components of net periodic benefit costs for the year ended March 31, 2014, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Service cost	¥1,381	$13,419
Interest cost	581	5,653
Expected return on plan assets	(132)	(1,286)
Amortization of net actuarial losses	264	2,570
Amortization of prior service cost	12	123
Net periodic benefit costs	¥2,107	$20,480

(5) Accumulated adjustments for retirement benefits (before tax effect) as of March 31, 2014, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Unrecognized prior service cost	¥ (82)	$ (801)
Unrecognized actuarial (gains) losses	(1,377)	(13,383)
Total	¥(1,459)	$(14,184)

(6) Plan assets

(i) Components of plan assets

Plan assets as of March 31, 2014, consisted of the following:

Debentures	86%
Equity	11%
Cash and due from banks	—
Others	3%
Total	100%

(ii) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(7) Assumptions used for the year ended March 31, 2014, were set forth as follows:

Discount rate	1.5%
Expected rate of return on plan assets	0.5%

(b) Defined Contribution Plans

The amount of the required contribution to the defined contribution plans of DBJ Inc. and its consolidated subsidiaries is ¥203 million ($1,982 thousand).

Year ended March 31, 2013

Liability for retirement benefits as of March 31, 2013 consisted of the following:

(a) The Funded Status of the Pension Plans

	Millions of Yen
Projected benefit obligation	¥(39,031)
Fair value of plan assets	26,465
Unfunded pension obligation	(12,566)
Unrecognized net actuarial losses	2,163
Unrecognized prior service cost	95
Liability for retirement benefits	¥(10,308)

*1. Certain subsidiaries apply the simplified method for the calculation of liability for employees' retirement benefits.

(b) Components of Pension Cost

	Millions of Yen
Service cost	¥1,265
Interest cost	719
Expected return on plan assets	(107)
Amortization of prior service cost	12
Amortization of net actuarial losses	138
Other	1
Net pension cost	¥2,030

*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

Discount rate	1.5%
Expected rate of return on plan assets	0.5%
Amortization period of prior service cost	10 Years
Amortization period of actuarial gains/losses	10 Years

23. Income Taxes

DBJ Inc. and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 38.01% for the years ended March 31, 2014 and 2013.

A reconciliation of the normal effective statutory tax rate with the actual effective tax rate for the year ended March 31, 2014 is as follows:

	2014
Normal effective statutory tax rate	38.01%
Increase (decrease) in taxes resulting from:	
Change in valuation allowance	(12.70)
Other	(0.69)
Actual effective tax rate	24.62%

A reconciliation of the statutory tax rate to DBJ Inc.'s effective tax rate for the year ended March 31, 2013 has been omitted as the effective tax rate in the accompanying consolidated statement of income for the year ended March 31, 2013 differs from the normal effective statutory tax rate by less than 5%.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Deferred tax assets:			
Allowance for loan losses	¥ 40,428	¥ 52,638	$ 392,814
Losses from revaluation of securities	14,747	25,945	143,288
Excess of fair value over assets of consolidated subsidiaries	4,397	5,035	42,729
Liability for retirement benefits	2,563	3,762	24,905
Tax loss carryforwards	1,503	8,534	14,606
Other	6,892	9,339	66,974
Sub-total	70,532	105,256	685,316
Less-valuation allowance	(44,978)	(66,250)	(437,028)
Total	25,553	39,005	248,288
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(18,103)	(12,951)	(175,899)
Deferred gain on derivatives under hedge accounting	(16,562)	(19,195)	(160,928)
Other	(1,936)	(201)	(18,815)
Total	(36,602)	(32,348)	(355,642)
Net deferred tax assets	¥(11,048)	¥ 6,656	$(107,355)

New tax reform laws enacted in 2014 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2014, from approximately 38.01% to 35.64%. The effect of this change was to decrease deferred tax assets in the consolidated balance sheet as of March 31, 2014, by ¥6 million ($62 thousand) and to increase deferred tax liabilities, deferred gain on derivatives under hedge accounting, unrealized gain on available-for-sale securities and deferred income taxes in the consolidated statement of income for the year then ended by ¥434 million ($4,222 thousand), ¥150 million ($1,459 thousand), ¥116 million ($1,131 thousand) and ¥707 million ($6,874 thousand), respectively.

24. Lease Transactions

(a) Finance leases

DBJ Inc. and its domestic consolidated subsidiaries lease certain equipment and others.

(b) Operating leases

(As lessee)

The minimum lease commitments under non-cancelable operating leases as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Due within 1 year	¥378	¥310	$3,676
Due after 1 year	482	534	4,688
Total	¥860	¥844	$8,364

(As lessor)

The minimum lease commitments under non-cancelable operating leases as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Due within 1 year	¥ 2,863	¥ 875	$ 27,826
Due after 1 year	10,397	4,860	101,021
Total	¥13,261	¥5,735	$128,848

25. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 33,531	¥30,439	$ 325,805
Reclassification adjustments to profit or loss	(24,025)	(8,088)	(233,436)
Amount before income tax effect	9,506	22,351	92,369
Income tax effect	(5,151)	(5,900)	(50,051)
Total	4,355	16,451	42,318
Deferred gain on derivatives under hedge accounting:			
Gains arising during the year	1,499	17,097	14,567
Reclassification adjustments to profit or loss	(8,077)	(7,436)	(78,482)
Amount before income tax effect	(6,578)	9,660	(63,915)
Income tax effect	2,633	(3,400)	25,585
Total	(3,944)	6,260	(38,330)
Foreign currency translation adjustments:			
Losses arising during the year	389	86	3,785
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	389	86	3,785
Income tax effect	—	—	—
Total	389	86	3,785
Share of other comprehensive income in affiliates:			
Gains arising during the year	631	98	6,137
Reclassification adjustments to profit or loss	(246)	(59)	(2,390)
Amount before income tax effect	385	39	3,747
Income tax effect	—	—	—
Total	385	39	3,747
Total other comprehensive income	¥ 1,185	¥22,838	$ 11,520

26. Segment Information

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 years ended March 31, 2014 and 2013 is following:

	Millions of Yen			
Year ended March 31, 2014	Loan business	Securities investment	Other	Total
Ordinary income from external customers	¥259,107	¥60,196	¥42,307	¥361,610

	Millions of Yen			
Year ended March 31, 2013	Loan business	Securities investment	Other	Total
Ordinary income from external customers	¥249,218	¥60,629	¥30,250	¥340,098

	Thousands of U.S. Dollars			
Year ended March 31, 2014	Loan business	Securities investment	Other	Total
Ordinary income from external customers	$2,517,557	$584,885	$411,071	$3,513,514

27. Financial Instruments and Related Disclosures

(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 its main method 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 the majority of its assets are long-term and fixed rates, 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 of DBJ Inc. are mainly investments and loans to domestic customers, 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 manufacturing, electricity, gas, thermal supply, water supply and others as of March 31, 2014. The changes of economic circumstances surrounding these industries may influence on the 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 agreements and currency swap agreements in order to hedge or control the risks related to interest and currency. DBJ applies hedge accounting as necessary. As for hedging instruments, hedged items, hedging policy and assessment of effectiveness of the hedges, the details are described in Note 2 (e) "Hedge Accounting."

(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 investments and loans. When making an investment or loan, DBJ Inc. examines the entity's viability and the entity's project's profitability. After that, DBJ Inc. sets ratings along with an internal rating system, grants credit amount, determines collateral and guarantee requirements. 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 issues 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 securities. As for counterparty risk arising from derivative transactions, DBJ Inc. manages derivative transactions by continually monitoring the cost of restructuring its transactions and the 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 rules, and Management Committee and ALM & Risk Management Committee determine policies related to asset/liability management, monitoring of implementation and future plans. In addition, the risk management department monitors the interest rate and term of financial assets/liabilities 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 executed to hedge interest rate risk.

2) Foreign Exchange Risk Management

Foreign currency investments, loans and bonds are exposed to the exchange rate risk, therefore those risks are hedged or controlled not only by offsetting some foreign currency denominated investments and loans as foreign currency denominated corporate bonds and debentures 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 readily available market quotations, it follows in-house regulations and policies which have been developed taking into account market fluctuation risks, and the risk management department is involved in 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 the 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, 2014 and 2013 was ¥19,212 million ($186,676 thousand) and ¥20,710 million, respectively. 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 with 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

The risk management department monitors the possession level of cash liquidity and reports 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 the quoted price is not available, DBJ Inc. measures reasonably assessed price. Because assessed price is computed using certain assumptions, price could differ if different assumptions are used.

(b) Fair Values Information of Financial Instruments

The following are the carrying amount, fair value and differences between them as of March 31, 2014 and 2013. Unlisted equities and others, whose fair value cannot be reliably determined, are excluded from the table below (see (2)).

	Millions of Yen		
	2014		
	Carrying amount	Fair value	Difference
Cash and due from banks	¥ 260,185	¥ 260,185	¥ —
Call loans and bills bought	87,000	87,000	—
Reverse repurchase agreements	—	—	—
Securities			
Held-to-maturity debt securities	879,576	901,570	21,993
Available-for-sale securities	391,479	391,479	—
Loans	13,838,410		
Allowance for loan losses*1	(111,623)		
	13,726,786	14,294,225	567,438
Total assets	¥15,345,028	¥15,934,461	¥589,432
Debentures	3,085,674	3,216,736	131,062
Borrowed money	9,082,603	9,164,024	81,421
Short-term corporate bonds	—	—	—
Corporate bonds	1,151,746	1,155,979	4,232
Total liabilities	¥13,320,024	¥13,536,740	¥216,715
Derivative transactions*2			
Derivative transactions not qualifying for hedge accounting	(2,480)	(2,480)	—
Derivative transactions qualifying for hedge accounting	40,006	40,006	—
Total derivative transactions	¥ 37,526	¥ 37,526	¥ —

	Millions of Yen		
	2013		
	Carrying amount	Fair value	Difference
Cash and due from banks	¥ 154,564	¥ 154,564	¥ —
Call loans and bills bought	84,000	84,000	—
Reverse repurchase agreements	165,975	165,975	—
Securities			
Held-to-maturity debt securities	761,172	787,816	26,644
Available-for-sale securities	292,950	292,950	—
Loans	13,918,224		
Allowance for loan losses*1	(145,762)		
	13,772,462	14,468,156	695,694
Total assets	¥15,231,125	¥15,953,464	¥722,338
Debentures	3,053,277	3,216,468	163,191
Borrowed money	9,348,398	9,515,836	167,438
Short-term corporate bonds	43,997	43,997	—
Corporate bonds	871,256	876,726	5,470
Total liabilities	¥13,316,929	¥13,653,030	¥336,100
Derivative transactions*2			
Derivative transactions not qualifying for hedge accounting	2,610	2,610	—
Derivative transactions qualifying for hedge accounting	46,452	46,452	—
Total derivative transactions	¥ 49,063	¥ 49,063	¥ —

	Thousands of U.S. Dollars		
	2014		
	Carrying amount	Fair value	Difference
Cash and due from banks	$ 2,528,034	$ 2,528,034	$ —
Call loans and bills bought	845,317	845,317	—
Reverse repurchase agreements	—	—	—
Securities			
Held-to-maturity debt securities	8,546,219	8,759,919	213,699
Available-for-sale securities	3,803,728	3,803,728	—
Loans	134,457,932		
Allowance for loan losses*1	(1,084,568)		
	133,373,364	138,886,762	5,513,398
Total assets	$149,096,663	$154,823,760	$5,727,098
Debentures	29,981,288	31,254,724	1,273,436
Borrowed money	88,249,163	89,040,274	791,111
Short-term corporate bonds	—	—	—
Corporate bonds	11,190,701	11,231,822	41,121
Total liabilities	$129,421,152	$131,526,820	$2,105,668
Derivative transactions*2			
Derivative transactions not qualifying for hedge accounting	(24,105)	(24,105)	—
Derivative transactions qualifying for hedge accounting	388,718	388,718	—
Total derivative transactions	$ 364,614	$ 364,614	$ —

*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 the market price. The fair value of bonds is measured at the market price or the 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. Certain foreign currency denominated debentures are translated using the forward contract rates and the present value of the contractual cash flows is computed regarding them as Japanese yen denominated debentures.

(ii) 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.

(iii) Short-term corporate bonds

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

(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. Certain foreign currency denominated corporate bonds are translated using the forward contract rates and the present value of the contractual cash flows is computed regarding them as Japanese yen denominated corporate bonds.

Derivatives

The information of the fair values for derivatives is included in Note 30.

(2) Following are the financial instruments whose fair value cannot be reliably determined as of March 31, 2014 and 2013:

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
	2014	2013	2014
Money held in trust*1	¥134,215	¥175,335	$1,304,073
Unlisted equities*2, 3	176,406	127,873	1,714,017
Investments in limited partnerships and other similar partnerships*1	135,578	124,053	1,317,320
Unlisted other securities*2, 3	54,545	51,008	529,977
Industrial investment borrowed money (Special Account for FILP)*4	100,000	100,000	971,628
Total	¥600,745	¥578,271	$5,837,016

*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 the 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, 2014 and 2013 was ¥1,731 million ($16,824 thousand) and ¥1,866 million, respectively. The breakdown is: unlisted equities ¥1,269 million ($12,333 thousand) and ¥272 million, unlisted other securities ¥462 million ($4,492 thousand) and ¥1,594 million for the years ended March 31, 2014 and 2013, respectively.
*4. For the industrial investment borrowed money (Special Account for FILP), the interest rate is not determined at the time of borrowing, but total amount of interest expense will be determined at the time of final repayment. Accordingly, since the future cash flows cannot be reasonably estimated and the fair value is extremely difficult to identify, it is not subject to the fair value disclosure requirement.

(3) Maturity analysis for financial assets and securities with contractual maturities as of March 31, 2014 and 2013 are as follows:

	Millions of Yen					
	2014					
	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	¥ 260,179	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	87,000	—	—	—	—	—
Securities						
Held-to-maturity debt securities with market values	72,579	406,911	198,855	120,976	49,970	30,283
Japanese government bonds	—	35,783	66,321	20,145	20,387	30,283
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	29,784	199,205	81,976	29,980	12,500	—
Other	42,795	171,923	50,557	70,851	17,082	—
Available-for-sale securities with contractual maturities	179,074	39,993	49,295	43,567	21,699	3,062
Japanese government bonds	149,994	—	—	5,323	20,801	—
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	24,115	39,993	49,295	38,244	898	—
Other	4,965	—	—	—	—	3,062
Loans*1	2,173,896	4,203,074	2,901,652	2,209,503	1,512,472	739,830
Total	¥2,772,730	¥4,649,980	¥3,149,803	¥2,374,048	¥1,584,141	¥773,175

	Millions of Yen					
	2013					
	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	¥ 154,560	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	84,000	—	—	—	—	—
Securities						
Held-to-maturity debt securities with market values	33,777	269,897	217,029	166,526	38,575	35,367
Japanese government bonds	—	—	82,447	40,502	15,375	35,367
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	28,511	127,000	100,275	39,683	13,200	—
Other	5,265	142,897	34,306	86,340	10,000	—
Available-for-sale securities with contractual maturities*2	85,532	33,042	25,644	24,489	65,715	2,838
Japanese government bonds	79,992	—	—	2,143	65,715	—
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	1,005	28,749	25,639	22,345	—	—
Other	4,535	4,293	5	—	—	2,838
Loans*2	2,136,526	3,993,141	3,070,054	2,148,952	1,670,645	775,614
Total	¥2,494,397	¥4,296,081	¥3,312,728	¥2,339,968	¥1,774,936	¥813,820

	Thousands of U.S. Dollars					
	2014					
	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	$ 2,527,981	$ —	$ —	$ —	$ —	$ —
Call loans and bills bought	845,317	—	—	—	—	—
Securities						
Held-to-maturity debt securities with market values	705,203	3,953,671	1,932,134	1,175,446	485,526	294,239
Japanese government bonds	—	347,681	644,401	195,744	198,094	294,239
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	289,390	1,935,537	796,506	291,294	121,454	—
Other	415,813	1,670,454	491,226	688,408	165,978	—
Available-for-sale securities with contractual maturities	1,739,942	388,592	478,965	423,318	210,837	29,752
Japanese government bonds	1,457,384	—	—	51,720	202,108	—
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	234,316	388,592	478,965	371,598	8,729	—
Other	48,241	—	—	—	—	29,752
Loans*1	21,122,201	40,838,269	28,193,283	21,468,162	14,695,611	7,188,400
Total	$26,940,643	$45,180,533	$30,604,382	$23,066,927	$15,391,974	$7,512,391

*1. Obligations to "Legally Bankrupt," "Effectively Bankrupt" and "Possibly Bankrupt" amount to ¥97,980 million ($952,007 thousand) are not included as of March 31, 2014.

*2. Obligations to "Legally Bankrupt," "Effectively Bankrupt" and "Possibly Bankrupt" amount to ¥123,288 million are not included as of March 31, 2013. The breakdown is available-for-sale securities with contractual maturities ¥0 million and loans ¥123,288 million.

(4) Maturity analysis for Debentures, Borrowed money and Other Liability with Interest as of March 31, 2014 and 2013 are as follows:

	Millions of Yen					
	2014					
	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	¥1,409,305	¥2,452,745	¥2,010,249	¥1,086,772	¥1,237,236	¥ 986,294
Debentures and Corporate bonds	455,003	1,343,913	1,097,112	348,951	703,846	288,592
Total	¥1,864,309	¥3,796,658	¥3,107,362	¥1,435,724	¥1,941,082	¥1,274,887

	Millions of Yen					
	2013					
	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	¥1,356,147	¥2,467,417	¥2,051,185	¥1,191,488	¥1,202,029	¥1,180,129
Short-term corporate bonds	43,997	—	—	—	—	—
Debentures and Corporate bonds	297,445	945,377	1,185,166	516,516	524,809	455,217
Total	¥1,697,590	¥3,412,794	¥3,236,352	¥1,708,005	¥1,726,839	¥1,635,347

	Thousands of U.S. Dollars					
	2014					
	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	$13,693,211	$23,831,570	$19,532,161	$10,559,390	$12,021,340	$ 9,583,120
Debentures and Corporate bonds	4,420,947	13,057,844	10,659,859	3,390,515	6,838,773	2,804,052
Total	$18,114,158	$36,889,413	$30,192,019	$13,949,905	$18,660,114	$12,387,172

28. Derivative Transactions

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

(1) Interest Rate-related Transactions

	Millions of Yen			
	2014			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps				
Receive fixed/ Pay float	¥774,581	¥666,807	¥ 18,074	¥ 18,074
Receive float/ Pay fixed	771,825	664,035	(12,971)	(12,971)
Total	—	—	¥ 5,102	¥ 5,102

	Millions of Yen			
	2013			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps				
Receive fixed/ Pay float	¥744,028	¥671,665	¥ 21,658	¥ 21,658
Receive float/ Pay fixed	742,336	670,821	(16,863)	(16,863)
Total	—	—	¥ 4,795	¥ 4,795

	Thousands of U.S. Dollars			
	2014			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps				
Receive fixed/ Pay float	$7,526,052	$6,478,895	$ 175,619	$ 175,619
Receive float/ Pay fixed	7,499,277	6,451,960	(126,037)	(126,037)
Total	—	—	$ 49,582	$ 49,582

*1. The above transactions are marked to market and changes in unrealized gains (losses) are included in the consolidated statement 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			
	2014			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps	¥ 97,497	¥97,497	¥(7,331)	¥(7,331)
Forwards				
Sold	263,016	—	(141)	(141)
Bought	2,223	—	41	41
Total	—	—	¥(7,431)	¥(7,431)

	Millions of Yen			
	2013			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps	¥ 97,497	¥97,497	¥ 1,972	¥ 1,972
Forwards				
Sold	187,018	—	(3,654)	(3,654)
Bought	5,597	—	(39)	(39)
Total	—	—	¥(1,721)	¥(1,721)

	Thousands of U.S. Dollars			
	2014			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps	$ 947,313	$947,313	$(71,238)	$(71,238)
Forwards				
Sold	2,555,540	—	(1,374)	(1,374)
Bought	21,609	—	408	408
Total	—	—	$(72,204)	$(72,204)

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

(3) Equity-related Transactions

Not applicable.

(4) Bond-related Transactions

Not applicable.

(5) Commodity-related Transactions

Not applicable.

(6) Credit Derivatives Transactions

	Millions of Yen			
	2014			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Credit default options				
Sold	¥31,035	¥31,035	¥(152)	¥(152)
Bought	—	—	—	—
Total	—	—	¥(152)	¥(152)

	Millions of Yen			
	2013			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Credit default options				
Sold	¥61,673	¥56,673	¥(462)	¥(462)
Bought	—	—	—	—
Total	—	—	¥(462)	¥(462)

	Thousands of U.S. Dollars			
	2014			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Credit default options				
Sold	$301,554	$301,554	$(1,482)	$(1,482)
Bought	—	—	—	—
Total	—	—	$(1,482)	$(1,482)

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

		Millions of Yen		
		2014		
		Contract amount		
	Hedged item	Total	Due after 1 year	Fair value
Deferral method	Debentures, Borrowed money and Loans			
Swaps				
Receive fixed/ Pay float		¥404,830	¥389,247	¥42,239
Receive float/ Pay fixed		32,600	27,195	(1,861)
Accrual method	Debentures, Borrowed money, Corporate bonds and Loans			
Swaps				
Receive fixed/ Pay float		798,819	753,295	*3
Receive float/ Pay fixed		57,074	56,956	
Total		—	—	¥40,377

	Hedged item	Millions of Yen 2013 Contract amount Total	Due after 1 year	Fair value
Deferral method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Securities and	¥459,741	¥453,983	¥50,582
Receive float/ Pay fixed	Loans	104,028	98,125	(4,129)
Accrual method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Corporate bonds and	654,397	638,047	*3
Receive float/ Pay fixed	Loans	32,325	32,207	
Total		—	—	¥46,452

	Hedged item	Thousands of U.S. Dollars 2014 Contract amount Total	Due after 1 year	Fair value
Deferral method				
Swaps	Debentures,			
Receive fixed/ Pay float	Borrowed money and Loans	$3,933,450	$3,782,038	$410,408
Receive float/ Pay fixed		316,758	264,240	(18,088)
Accrual method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Corporate bonds and	7,761,561	7,319,236	*3
Receive float/ Pay fixed	Loans	554,556	553,405	
Total		—	—	$392,320

*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 29 “Financial Instruments and Related Disclosures” is included in that of hedged items such as debentures, borrowed money, corporate bonds and loans.

(2) Currency-related Transactions

	Hedged item	Millions of Yen 2014 Contract amount Total	Due after 1 year	Fair value
Translated at contractual rates	Foreign-currency debentures			
Currency swaps	and Corporate bonds	¥102,302	¥102,302	*2
Forward foreign exchange contracts	Available-for-sale			
Sold	securities	39,368	—	¥(370)
Bought		—	—	—
Total		—	—	¥(370)

	Hedged item	Millions of Yen 2013 Contract amount Total	Due after 1 year	Fair value
Translated at contractual rates Currency swaps	Foreign-currency debentures and Corporate bonds	¥102,302	¥102,302	*2
Total		—	—	—

	Hedged item	Thousands of U.S. Dollars 2014 Contract amount Total	Due after 1 year	Fair value
Translated at contractual rates Currency swaps	Foreign-currency debentures and Corporate bonds	$993,997	$993,997	*2
Forward foreign exchange contracts	Available-for-sale securities			
Sold		382,512	—	$(3,602)
Bought		—	—	—
Total		—	—	$(3,602)

*1. Fair values are based primarily on discounted present values.
*2. The above currency swaps 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 29 "Financial Instruments and Related Disclosures" is included in that of hedged items such as foreign-currency debentures and corporate bonds.

(3) Equity-related Transactions

Not applicable.

(4) Bond-related Transactions

Not applicable.

29. 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, 2014 and 2013 is summarized below.

(a) Securities

(1) Held-to-maturity Debt Securities as of March 31, 2014 and 2013, are as follows:

		Millions of Yen 2014 Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	¥172,921	¥183,241	¥10,319
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	293,495	299,025	5,529
	Other	234,667	242,233	7,565
Sub-total		701,085	724,500	23,414
Fair value does not exceed carrying amount	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	59,950	59,657	(292)
	Other	118,541	117,412	(1,128)
Sub-total		178,491	177,070	(1,420)
Total		¥879,576	¥901,570	¥21,993

		Millions of Yen		
		2013		
		Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	¥173,691	¥185,432	¥11,740
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	261,070	265,930	4,860
	Other	187,756	200,643	12,886
Sub-total		622,519	652,006	29,487
Fair value does not exceed carrying amount	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	47,600	47,332	(267)
	Other	91,053	88,477	(2,576)
Sub-total		138,653	135,809	(2,843)
Total		¥761,172	¥787,816	¥26,644

		Thousands of U.S. Dollars		
		2014		
		Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	$1,680,159	$1,780,427	$100,268
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	2,851,690	2,905,419	53,730
	Other	2,280,099	2,353,606	73,507
Sub-total		6,811,948	7,039,452	227,504
Fair value does not exceed carrying amount	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	582,491	579,650	(2,841)
	Other	1,151,781	1,140,817	(10,964)
Sub-total		1,734,272	1,720,467	(13,805)
Total		$8,546,219	$8,759,919	$213,699

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

(2) Available-for-sale Securities as of March 31, 2014 and 2013, are as follows:

		Millions of Yen		
		2014		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	¥ 50,573	¥ 25,305	¥25,267
	Bonds	251,628	238,910	12,717
	Japanese government bonds	121,142	121,067	74
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	130,486	117,842	12,643
	Other	11,911	3,804	8,106
Sub-total		314,113	268,021	46,092
Carrying amount does not exceed cost	Equities	56	75	(18)
	Bonds	77,038	77,081	(43)
	Japanese government bonds	54,976	54,996	(20)
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	22,062	22,085	(23)
	Other	40,271	40,280	(9)
Sub-total		117,366	117,437	(71)
Total		¥431,479	¥385,458	¥46,021

		Millions of Yen		
		2013		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	¥ 45,197	¥ 23,334	¥21,862
	Bonds	173,702	168,756	4,946
	Japanese government bonds	97,856	95,556	2,299
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	75,846	73,199	2,646
	Other	19,185	4,640	14,544
Sub-total		238,085	196,731	41,353
Carrying amount does not exceed cost	Equities	2,699	2,873	(174)
	Bonds	51,888	51,943	(54)
	Japanese government bonds	49,995	49,996	(1)
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	1,893	1,946	(53)
	Other	30,277	30,492	(215)
Sub-total		84,865	85,309	(444)
Total		¥322,950	¥282,040	¥40,909

		Thousands of U.S. Dollars		
		2014		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	$ 491,387	$ 245,876	$245,511
	Bonds	2,444,890	2,321,325	123,565
	Japanese government bonds	1,177,050	1,176,331	719
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	1,267,839	1,144,994	122,845
	Other	115,738	36,969	78,769
Sub-total		3,052,014	2,604,170	447,844
Carrying amount does not exceed cost	Equities	552	731	(179)
	Bonds	748,524	748,948	(424)
	Japanese government bonds	534,162	534,359	(197)
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	214,361	214,588	(227)
	Other	391,290	391,378	(88)
Sub-total		1,140,366	1,141,056	(690)
Total		$4,192,380	$3,754,226	$447,153

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

(3) Available-for-sale Securities sold during the year ended March 31, 2014 and 2013, are as follows:

	Millions of Yen		
	2014		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	¥ 17,965	¥1,439	¥ 77
Bonds	172,111	1,543	85
Japanese government bonds	161,843	1,389	81
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	10,267	153	4
Other	6,162	2,022	530
Total	¥196,238	¥5,005	¥692

	Millions of Yen		
	2013		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	¥43,523	¥18,006	¥ 91
Bonds	9,862	525	4
Japanese government bonds	—	—	—
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	9,862	525	4
Other	6,024	1,409	96
Total	¥59,411	¥19,942	¥193

	Thousands of U.S. Dollars		
	2014		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	$ 174,553	$13,982	$ 751
Bonds	1,672,282	14,996	831
Japanese government bonds	1,572,517	13,504	789
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	99,765	1,492	42
Other	59,872	19,653	5,150
Total	$1,906,708	$48,631	$6,732

(b) Money Held in Trust

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

	Millions of Yen	
	2014	
	Carrying amount	Net unrealized gain on the consolidated statement of income
Money held in trust for the purpose of investment	¥—	¥—

	Millions of Yen	
	2013	
	Carrying amount	Net unrealized loss on the consolidated statement of income
Money held in trust for the purpose of investment	¥70	¥12

	Thousands of U.S. Dollars	
	2014	
	Carrying amount	Net unrealized gain on the consolidated statement of income
Money held in trust for the purpose of investment	$—	$—

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

	Millions of Yen				
	2014				
			Unrealized gains (losses)		
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	¥134,215	¥133,957	¥258	¥258	¥—

	Millions of Yen				
	2013				
			Unrealized gains (losses)		
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	¥175,265	¥170,969	¥4,295	¥4,295	¥—

	Thousands of U.S. Dollars				
	2014				
			Unrealized gains (losses)		
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	$1,304,073	$1,301,566	$2,507	$2,507	$—

(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
	2014	2013	2014
Unrealized gain on			
Available-for-sale securities	¥ 60,668	¥ 47,124	$ 589,471
Other money held in trust	258	4,295	2,507
Deferred tax liabilities	(18,103)	(12,952)	(175,899)
Unrealized gain on available-for-sale securities before interest adjustments	42,822	38,467	416,079
Amount corresponding to minority interests	(5,110)	(1,606)	(49,659)
DBJ Inc.'s interest in net unrealized gain on available-for-sale securities held by affiliates accounted for by the equity method	55	11	540
Unrealized gain on available-for-sale securities, net of taxes	¥ 37,767	¥ 36,873	$ 366,959

*1. The profit of ¥4,496 million ($43,690 thousand) recognized by applying the fair value hedge accounting, which was reflected in profit or loss, is deducted from above unrealized gain on available-for-sale securities, net of taxes, as of March 31, 2014.
*2. Unrealized gain includes foreign currency translation adjustments on available-for-sale securities denominated in foreign currency whose fair value cannot be reliably determined as of March 31, 2014 and 2013.

30. Related Party Transactions

Related party transactions for the years ended March 31, 2014 and 2013 are as follows:

Related party	Category	Description	Account item	Amounts of the transactions Millions of Yen	Amounts of the transactions Thousands of U.S. Dollars	Balance at March 31, 2014 Millions of Yen	Balance at March 31, 2014 Thousands of U.S. Dollars
Finance Minister	Shareholder	Borrowings*1	Borrowed money	¥ 300,000	$ 2,914,885	¥4,213,694	$40,941,457
		Repayments		552,313	5,366,435		
		Payment for interest	Accrued expenses	51,734	502,667	14,456	140,464
		Guarantees*2	—	2,652,005	25,767,641	—	—

*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 October 20, 2033 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 ¥3,764,887 million ($36,580,713 thousand) from Japan Finance Corporation relating to the crisis response business.

Related party	Category	Description	Account item	Amounts of the transactions Millions of Yen	Balance at March 31, 2013 Millions of Yen
Finance Minister	Shareholder	Subscription of capital increase*1	—	¥ 19,165	¥ —
		Borrowings*2	Borrowed money	600,000	4,466,008
		Repayments		711,277	
		Payment for interest	Accrued expenses	59,235	15,633
		Guarantees*3	—	2,450,189	—

*1. It consists of subscription due to redemption of government compensation bonds.
*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 January 20, 2033 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 ¥3,907,329 million from Japan Finance Corporation relating to the crisis response business.

31. Subsequent Event

On June 24, 2014, 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, 2014

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends-Common stock (¥706-$6.86 per share)	¥30,804	$299,305

Independent Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of Development Bank of Japan Inc. and its consolidated subsidiaries as of March 31, 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 its consolidated subsidiaries as of March 31, 2014, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

June 16, 2014
(June 24, 2014 as to Note 31)

Member of
Deloitte Touche Tohmatsu Limited

Non-Consolidated Balance Sheet (Unaudited)

Development Bank of Japan Inc.

As of March 31,	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note) 2014
Assets			
Cash and due from banks	¥ 240,522	¥ 128,839	$ 2,336,985
Call loans	87,000	84,000	845,317
Reverse repurchase agreements	—	165,975	—
Money held in trust	134,215	170,236	1,304,073
Securities	1,592,461	1,337,971	15,472,808
Loans	13,963,046	14,015,453	135,668,933
Other assets	113,707	134,469	1,104,817
Tangible fixed assets	116,585	122,363	1,132,777
Intangible fixed assets	5,424	6,848	52,710
Deferred tax assets	—	6,659	—
Customers' liabilities for acceptances and guarantees	107,174	155,753	1,041,335
Allowance for loan losses	(111,716)	(144,225)	(1,085,468)
Allowance for investment losses	(459)	(501)	(4,465)
Total assets	¥16,247,962	¥16,183,843	$157,869,823
Liabilities and equity			
Liabilities:			
Debentures	¥3,085,674	¥3,053,277	$29,981,288
Borrowed money	9,150,398	9,416,398	88,907,873
Short-term corporate bonds	—	43,997	—
Corporate bonds	1,144,246	863,756	11,117,829
Other liabilities	127,069	119,273	1,234,640
Accrued bonuses to employees	4,415	4,340	42,897
Accrued bonuses to directors	11	12	115
Reserve for employees' retirement benefits	7,118	10,177	69,166
Reserve for directors' retirement benefits	69	59	672
Reserve for contingent losses	7	135	72
Deferred tax liabilities	11,695	—	113,638
Acceptances and guarantees	107,174	155,753	1,041,335
Total liabilities	13,637,880	13,667,181	132,509,524
Equity:			
Common stock authorized, 160,000 thousand shares in 2014 and 2013; issued, 43,632 thousand shares in 2014 and 2013	1,206,953	1,206,953	11,727,099
Capital surplus	1,060,466	1,060,466	10,303,793
Retained earnings	275,716	187,730	2,678,936
Unrealized gain on available-for-sale securities	37,703	27,707	366,333
Deferred gain on derivatives under hedge accounting	29,243	33,803	284,138
Total equity	2,610,081	2,516,661	25,360,299
Total liabilities and equity	¥16,247,962	¥16,183,843	$157,869,823

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥102.92=$1.00, the effective exchange rate prevailing as of March 31, 2014, has been used in the conversion.

Non-Consolidated Statement of Income (Unaudited)

Development Bank of Japan Inc.

	Millions of Yen		Thousands of U.S. Dollars (Note)
For the year ended March 31,	2014	2013	2014
Income			
Interest income:	¥255,448	¥268,638	$2,482,006
Interest on loans	229,860	243,076	2,233,388
Interest and dividends on securities	17,378	17,782	168,856
Interest on call loans	98	44	961
Interest on reverse repurchase agreements	282	351	2,749
Interest on due from banks	36	52	352
Interest on swaps	7,680	7,053	74,627
Other interest income	110	278	1,072
Fees and commissions	13,087	9,669	127,159
Other operating income	10,899	7,857	105,903
Other income	70,957	48,673	689,445
Total income	**350,392**	**334,838**	**3,404,513**
Expenses			
Interest expense:	132,090	144,287	1,283,429
Interest on debentures	39,773	43,100	386,449
Interest on call money and bills sold	7	19	77
Interest on borrowed money	87,766	97,276	852,769
Interest on short-term corporate bonds	32	57	319
Interest on corporate bonds	4,488	3,827	43,611
Other interest expense	20	5	203
Fees and commissions	235	265	2,284
Other operating expenses	7,224	12,163	70,198
General and administrative expenses	40,323	42,431	391,794
Other expenses	6,536	20,728	63,513
Total expenses	**186,410**	**219,876**	**1,811,217**
Income before income taxes	**163,982**	**114,962**	**1,593,296**
Income taxes:			
Current	24,588	41,577	238,905
Deferred	16,153	2,844	156,952
Total income taxes	**40,741**	**44,421**	**395,857**
Net income	**¥123,240**	**¥70,540**	**$1,197,439**

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥102.92=$1.00, the effective exchange rate prevailing as of March 31, 2014, has been used in the conversion.

Non-Consolidated Statement of Changes in Equity (Unaudited)

Development Bank of Japan Inc.

For the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars (Note)
	2014	2013	2014
Common stock:			
Balance at beginning of year	¥1,206,953	¥1,187,788	$11,727,099
Capital increase due to redemption of government compensation bonds	—	19,165	—
Balance at end of year	1,206,953	1,206,953	11,727,099
Capital surplus:			
Balance at beginning of year	1,060,466	1,060,466	10,303,793
Balance at end of year	1,060,466	1,060,466	10,303,793
Retained earnings:			
Balance at beginning of year	187,730	154,539	1,824,044
Cash dividends	(35,254)	(37,349)	(342,547)
Net income	123,240	70,540	1,197,439
Balance at end of year	275,716	187,730	2,678,936
Unrealized gain on available-for-sale securities:			
Balance at beginning of year	27,707	14,817	269,218
Net change during the year	9,995	12,890	97,116
Balance at end of year	37,703	27,707	366,333
Deferred gain on derivatives under hedge accounting:			
Balance at beginning of year	33,803	27,519	328,445
Net change during the year	(4,560)	6,284	(44,307)
Balance at end of year	29,243	33,803	284,138
Total equity:			
Balance at beginning of year	2,516,661	2,445,130	24,452,599
Capital increase due to redemption of government compensation bonds	—	19,165	—
Cash dividends	(35,254)	(37,349)	(342,547)
Net income	123,240	70,540	1,197,439
Net change during the year	5,435	19,174	52,808
Balance at end of year	¥2,610,081	¥2,516,661	$25,360,299

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥102.92=$1.00, the effective exchange rate prevailing as of March 31, 2014, has been used in the conversion.

Capital Adequacy Ratio

Although DBJ is not yet subject to Article 14-2 of the Banking Act of Japan, capital adequacy ratios have been calculated in accordance with "Criteria for Judging Whether a Financial Institution's Own Capital Is Sufficient in Light of the Assets Held, etc. under the Provision of Article 14-2 of the Banking Act" (2006, Financial Services Agency Notification No. 19, hereinafter, the "Capital Adequacy Ratio Notification"), and therefore effectively conform to this act.
(Reference)
In addition to the application of uniform international standards, credit risk assets were calculated using the standardized approach, and equivalent operational risk was calculated using the basic indicator approach. The DBJ Group has not introduced procedures in line with market risk regulations.

[1] Capital Structure Information

Capital Structure Information (Consolidated)

(Millions of yen)

Items	March 31, 2013		March 31, 2014		Basel III Template No.
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
Common Equity Tier 1 capital: instruments and reserves					
Directly issued qualifying common share capital plus related capital surplus and retained earnings	2,425,759		2,519,342		1a+2-1c-26
of which: common stock and capital surplus	2,267,419		2,267,419		1a
of which: retained earnings	193,595		282,733		2
of which: treasury stock	—		—		1c
of which: planned distribution of income	35,254		30,810		26
of which: other than the above	—		—		
Rights to acquire new common shares	—		—		1b
Accumulated other comprehensive income and other disclosed reserves	—	70,803	13,507	54,031	3
Adjusted minority interests, etc. (amount allowed to be included in group Common Equity Tier 1)	7		19		5
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	1,260		1,150		
of which: items included in minority interests, etc. subject to transitional arrangements	1,260		1,150		
Common Equity Tier 1 capital: instruments and reserves (A)	2,427,026		2,534,020		6
Common Equity Tier 1 capital: regulatory adjustments					
Total intangible assets (excluding those relating to mortgage servicing rights)	—	4,287	893	3,574	8+9
of which: goodwill (including those equivalent)	—	—	188	753	8
of which: other intangible assets other than goodwill and mortgage servicing rights	—	4,287	705	2,820	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—	—	—	10
Deferred gains or losses on derivatives under hedge accounting	—	35,011	6,001	24,005	11
Shortfall of eligible reserves to expected losses	—	—	—	—	12
Capital increase due to securitization transactions	—	—	—	—	13
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	—	—	14
Assets for retirement benefits	—	—	—	—	15
Investments in own shares (excluding those reported in the Equity section)	—	—	—	—	16
Reciprocal cross-holdings in common equity	—	—	—	—	17

(Millions of yen)

Items	March 31, 2013	Amounts excluded under transitional arrangements	March 31, 2014	Amounts excluded under transitional arrangements	Basel III Template No.
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (“Other Financial Institutions”), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—	—	—	18
Amount exceeding the 10% threshold on specified items	—	—	—	—	19+20+21
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	—	—	19
of which: mortgage servicing rights	—	—	—	—	20
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	21
Amount exceeding the 15% threshold on specified items	—	—	—	—	22
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	—	—	23
of which: mortgage servicing rights	—	—	—	—	24
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	25
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	—		—		27
Common Equity Tier 1 capital: regulatory adjustments (B)	—		6,894		28
Common Equity Tier 1 capital (CET1)					
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	2,427,026		2,527,125		29
Additional Tier 1 capital: instruments					
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—		—		31a (30)
Rights to acquire new shares in relation to Additional Tier 1 instruments	—		—		31b (30)
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		—		32 (30)
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		—		(30)
Adjusted minority interests, etc. (amount allowed to be included in group Additional Tier 1)	5,426		7,495		34-35
Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	—		—		33+35
of which: instruments issued by banks and their special purpose vehicles	—		—		33
of which: instruments issued by subsidiaries (excluding banks’ special purpose vehicles)	—		—		35

(Millions of yen)

Items	March 31, 2013	Amounts excluded under transitional arrangements	March 31, 2014	Amounts excluded under transitional arrangements	Basel III Template No.
Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	(57)		567		
of which: foreign currency translation adjustments	(57)		567		
Additional Tier 1 capital: instruments (D)	5,368		8,063		36
Additional Tier 1 capital: regulatory adjustments					
Investments in own Additional Tier 1 instruments	—	—	—	—	37
Reciprocal cross-holdings in Additional Tier 1 instruments	—	—	—	—	38
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	—	—	—	—	39
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	—	1,059	204	816	40
Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	—		753		
of which: goodwill	—		753		
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		—		42
Additional Tier 1 capital: regulatory adjustments (E)	—		957		43
Additional Tier 1 capital (AT1)					
Additional Tier 1 capital ((D)-(E)) (F)	5,368		7,105		44
Tier 1 capital (T1 = CET1 + AT1)					
Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	2,432,395		2,534,231		45
Tier 2 capital: instruments and reserves					
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and its breakdown	—		—		46
Rights to acquire new shares in relation to Tier 2 instruments	—		—		
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		—		
Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		—		
Adjusted minority interests, etc. (amount allowed to be included in group Tier 2)	65		133		48-49
Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and reserves	—		—		47+49
of which: instruments issued by banks and their special purpose vehicles	—		—		47
of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—		—		49
Total of general allowance for loan losses and eligible reserves included in Tier 2	67,478		59,129		50
of which: general allowance for loan losses	67,478		59,129		50a
of which: eligible reserves	—		—		50b

(Millions of yen)

Items	March 31, 2013	Amounts excluded under transitional arrangements	March 31, 2014	Amounts excluded under transitional arrangements	Basel III Template No.
Total of items included in Tier 2 capital: instruments and reserves subject to transitional arrangements	23,144		21,953		
of which: items included in accumulated other comprehensive income, etc. subject to transitional arrangements	23,144		21,953		
Tier 2 capital: instruments and reserves (H)	90,688		81,216		51
Tier 2 capital: regulatory adjustments					
Investments in own Tier 2 instruments	—	—	—	—	52
Reciprocal cross-holdings in Tier 2 instruments	—	—	—	—	53
Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	—	—	—	—	54
Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	—	—	—	—	55
Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements	—		—		
Tier 2 capital: regulatory adjustments (I)	—		—		57
Tier 2 capital (T2)					
Tier 2 capital (T2) ((H)-(I)) (J)	90,688		81,216		58
Total capital (TC = T1 + T2)					
Total capital (TC = T1 + T2) ((G) + (J)) (K)	2,523,084		2,615,448		59
Risk weighted assets					
Total of items included in risk weighted assets subject to transitional arrangements	5,346		3,637		
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	4,287		2,820		
of which, significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	1,059		816		
Risk weighted assets (L)	16,255,349		16,516,658		60
Capital ratio (consolidated)					
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	14.93%		15.30%		61
Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	14.96%		15.34%		62
Total risk-weighted capital ratio (consolidated) ((K)/(L))	15.52%		15.83%		63
Regulatory adjustments					
Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	202,916		136,764		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	6,592		1,059		73
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—		—		74
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	9,325		2,075		75

(Millions of yen)

Items	March 31, 2013	Amounts excluded under transitional arrangements	March 31, 2014	Amounts excluded under transitional arrangements	Basel III Template No.
Reserves included in Tier 2 capital: instruments and reserves					
General allowance for loan losses	67,478		59,129		76
Cap on inclusion of general allowance for loan losses	200,088		202,584		77
Eligible reserves for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	—		—		78
Cap for inclusion of reserves in Tier 2 under internal ratings-based approach	—		—		79
Capital instruments subject to transitional arrangements					
Current cap on Additional Tier 1 instruments subject to transitional arrangements	—		—		82
Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	—		—		83
Current cap on Tier 2 instruments subject to transitional arrangements	—		—		84
Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	—		—		85

Note: Figures for deferred gains or losses on derivatives under hedge accounting (amount not included due to transitional arrangements) as of the previous fiscal year-end have been revised retroactively to reflect a revision in the tabulation standards.

Capital Structure Information (Non-Consolidated)

(Millions of yen)

Items	March 31, 2013	March 31, 2013: Amounts excluded under transitional arrangements	March 31, 2014	March 31, 2014: Amounts excluded under transitional arrangements	Basel III Template No.
Common Equity Tier 1 capital: instruments and reserves					
Directly issued qualifying common share capital plus related capital surplus and retained earnings	2,419,895		2,512,325		1a+2-1c-26
of which: common stock and capital surplus	2,267,419		2,267,419		1a
of which: retained earnings	187,730		275,716		2
of which: treasury stock	—		—		1c
of which: planned distribution of income	35,254		30,810		26
of which: other than the above	—		—		
Rights to acquire new common shares	—		—		1b
Valuation and translation adjustment and other disclosed reserves	—	61,511	13,389	53,557	3
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	—		—		
Common Equity Tier 1 capital: instruments and reserves (A)	2,419,895		2,525,714		6
Common Equity Tier 1 capital: regulatory adjustments					
Total intangible assets (excluding those relating to mortgage servicing rights)	—	4,257	698	2,793	8+9
of which: goodwill (including those equivalent)	—	—	—	—	8
of which: other intangible assets other than goodwill and mortgage servicing rights	—	4,257	698	2,793	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—	—	—	10
Deferred gains or losses on derivatives under hedge accounting	—	34,828	5,848	23,394	11
Shortfall of eligible reserves to expected losses	—	—	—	—	12
Capital increase due to securitization transactions	—	—	—	—	13
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	—	—	14
Prepaid pension cost	—	—	—	—	15
Investments in own shares (excluding those reported in the Equity section)	—	—	—	—	16
Reciprocal cross-holdings in common equity	—	—	—	—	17
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (“Other Financial Institutions”), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (“Non-significant Investment”) (amount above the 10% threshold)	—	—	—	—	18
Amount exceeding the 10% threshold on specified items	—	—	—	—	19+20+21
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	—	—	19
of which: mortgage servicing rights	—	—	—	—	20
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	21

(Millions of yen)

Items	March 31, 2013	March 31, 2013: Amounts excluded under transitional arrangements	March 31, 2014	March 31, 2014: Amounts excluded under transitional arrangements	Basel III Template No.
Amount exceeding the 15% threshold on specified items	—	—	—	—	22
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	—	—	23
of which: mortgage servicing rights	—	—	—	—	24
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	25
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	—		10		27
Common Equity Tier 1 capital: regulatory adjustments (B)	—		6,557		28
Common Equity Tier 1 capital (CET1)					
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	2,419,895		2,519,156		29
Additional Tier 1 capital: instruments					
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—		—		31a (30)
Rights to acquire new shares in relation to Additional Tier 1 instruments	—		—		31b (30)
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		—		32 (30)
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		—		30
Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	—		—		33+35
Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	—		—		
Additional Tier 1 capital: instruments (D)	—		—		36
Additional Tier 1 capital: regulatory adjustments					
Investments in own Additional Tier 1 instruments	—		—		37
Reciprocal cross-holdings in Additional Tier 1 instruments	—		—		38
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	—		—		39
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	—		10	43	40
Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	—		—		
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		—		42
Additional Tier 1 capital: regulatory adjustments (E)	—		10		43

(Millions of yen)

Items	March 31, 2013	Amounts excluded under transitional arrangements	March 31, 2014	Amounts excluded under transitional arrangements	Basel III Template No.
Additional Tier 1 capital (AT1)					
Additional Tier 1 capital ((D)-(E)) (F)	—		—		44
Tier 1 capital (T1 = CET1 + AT1)					
Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	2,419,895		2,519,156		45
Tier 2 capital: instruments and reserves					
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and its breakdown	—		—		46
Rights to acquire new shares in relation to Tier 2 instruments	—		—		
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		—		
Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		—		
Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and reserves	—		—		47+49
Total of general allowance for loan losses and eligible reserves included in Tier 2	68,074		59,449		50
of which: general allowance for loan losses	68,074		59,449		50a
of which: eligible reserves	—		—		50b
Total of items included in Tier 2 capital: instruments and reserves subject to transitional arrangements	12,468		20,088		
of which: items included valuation and translation adjustments, etc. subject to transitional arrangements	12,468		20,088		
Tier 2 capital: instruments and reserves (H)	80,543		79,537		51
Tier 2 capital: regulatory adjustments					
Investments in own Tier 2 instruments	—	—	—	—	52
Reciprocal cross-holdings in Tier 2 instruments	—	—	—	—	53
Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	—	—	—	—	54
Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	—	—	—	—	55
Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements	—		—		
Tier 2 capital: regulatory adjustments (I)	—		—		57
Tier 2 capital (T2)					
Tier 2 capital (T2) ((H)-(I)) (J)	80,543		79,537		58
Total capital (TC = T1 + T2)					
Total capital (TC = T1 + T2) ((G) + (J)) (K)	2,500,438		2,598,694		59

(Millions of yen)

Items	March 31, 2013	Amounts excluded under transitional arrangements	March 31, 2014	Amounts excluded under transitional arrangements	Basel III Template No.
Risk weighted assets					
Total of items included in risk weighted assets subject to transitional arrangements	4,257		2,836		
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	4,257		2,793		
of which: significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	—		43		
Risk weighted assets (L)	16,645,774		17,060,230		60
Capital ratio (non-consolidated)					
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	14.53%		14.76%		61
Tier 1 risk-weighted capital ratio (non-consolidated) ((G)/(L))	14.53%		14.76%		62
Total risk-weighted capital ratio (non-consolidated) ((K)/(L))	15.02%		15.23%		63
Regulatory adjustments					
Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	193,026		131,476		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	6,592		489		73
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—		—		74
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	9,250		1,933		75
Reserves included in Tier 2 capital: instruments and reserves					
General allowance for loan losses	68,074		59,449		76
Cap on inclusion of general allowance for loan losses	204,993		211,043		77
Eligible reserves for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	—		—		78
Cap for inclusion of reserves in Tier 2 under internal ratings-based approach	—		—		79
Capital instruments subject to transitional arrangements					
Current cap on Additional Tier 1 instruments subject to transitional arrangements	—		—		82
Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	—		—		83
Current cap on Tier 2 instruments subject to transitional arrangements	—		—		84
Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	—		—		85

Note: Figures for deferred gains or losses on derivatives under hedge accounting (amount not included due to transitional arrangements) as of the previous fiscal year-end have been revised retroactively to reflect a revision in the tabulation standards.

[2] Qualitative Disclosure

1. Scope of Consolidation

(1) Differences and the reasons for those differences at companies included in the scope of consolidation based on the regulation (Ministry of Finance Regulation No. 28, 1976) related to the companies belonging to the group of companies included in the scope of calculation of the consolidated capital adequacy ratio as provided in Article 3 of the Notification (hereinafter, the "Consolidated Group"), and the language, format and preparation method of their consolidated financial statements (hereinafter, the "Scope of Accounting Consolidation")

No differences.

(2) Within the Consolidated Group, the number of consolidated subsidiaries and the names and main businesses of principal consolidated subsidiaries.

The number of consolidated subsidiaries as of March 31, 2014 is 21.

Principal consolidated subsidiaries

Company	Principal Businesses
Japan Economic Research Institute Inc.	Research, consulting and advisory services
Value Management Institute, Inc.	Research, consulting and advisory services
DBJ Securities Co., Ltd.	Securities business
DBJ Business Investment Co., Ltd.	Investment consulting
DBJ Capital Co., Ltd.	Management of investment associations
DBJ Asset Management Co., Ltd.	Investment management, investment advisory and agency services
DBJ Singapore Limited	Investment and loan support and advisory services
DBJ Europe Limited	Investment and loan support and advisory
DBJ Investment Advisory Co., Ltd.	Investment advisory and agency services
DBJ Real Estate Co., Ltd.	Real estate leasing

(3) Number of affiliated companies that conduct financial business to which Article 9 of the Notification applies, the names of affiliated companies conducting such related financial business, the amount of total assets and net assets on their balance sheets, and their primary businesses

Not applicable.

(4) Names of companies that belong to the Consolidated Group but are not included in the Scope of Accounting Consolidation and companies that do not belong to the Consolidated Group but are included in the Scope of Accounting Consolidation, as well as the amount of total assets and net assets on their balance sheets, and their primary businesses

Not applicable.

(5) Overview of limitations related to the transfer of funds or capital within the Consolidated Group

Not applicable.

2. Overview of Methods for Evaluating the Degree of Capital Adequacy

Regarding the degree of capital adequacy, DBJ quantifies credit risk, investment 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 certain to be recovered based on a reasonable evaluation of the collateral. 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 Risk Characteristics** 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 and resecuritized transactions is typically that of an investor, and in principle the exposure acquired through such transactions continues until the instrument's maturity. **(b) Overview of status of implementation and operation of systems stipulated in Article 249, Paragraph 4, Items 3-6, of the Capital Adequacy Ratio Notification (including application with modifications in Capital Adequacy Ratio Notification Article 254, Paragraph 2, and Article 302-4, Item 1)** DBJ has created the systems necessary for operating within its credit risk management framework. Specifically, as one aspect of our credit risk management, our sales department endeavors to appropriately collect information related to comprehensive risk characteristics and performance, and DBJ monitors conditions to determine any changes in the borrower's creditworthiness. Related information is also provided to the credit analysis department, which may revise borrower ratings or make other adjustments on the basis of this related information as necessary. **(c) Methods Used to Calculate Credit Risk Asset Amount of Securitization Exposure** DBJ employs the standardized approach for these calculations. **(d) Method of Accounting for Securitized Transactions** DBJ's involvement in securitized transactions is that of an investor. DBJ adequately accounts for these transactions in accordance with the "Accounting Standard for Financial Instruments." **(e) 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	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, understanding risks and creating risk databases. In line with the increasing advancement and diversity of the financial business, DBJ addresses various operational risks by establishing or improving 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 this risk.
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. DBJ also employs the value at risk (VaR) and Basis Point Value (BPV) to compute various risks from the standpoint of their economic value. DBJ regularly compares VaR and 200 BPV against capital to ensure that interest rate risk remains within a specified range of capital. (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) 200 BPV: Use a 2% parallel shift in a standardized interest rate shock to measure the change in economic value

[3] Quantitative Disclosure

Quantitative Disclosure (Consolidated)

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, 2014	March 31, 2013
Loans	¥13,224,168	¥13,469,872
Equities, funds	347,112	289,337
Commitments and customers' liabilities for acceptances and guarantees	303,815	502,229
Bonds (JGBs and corporate bonds, etc.)	1,069,281	882,912
Reverse repurchase agreement/call loan	220,287	399,978
Other	670,388	492,361
Total	¥15,835,053	¥16,036,692

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

(1) By region

(Millions of yen)

	March 31, 2014	March 31, 2013
Domestic total	¥15,833,710	¥16,035,626
Overseas total	1,342	1,065

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

(2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2014	March 31, 2013
Manufacturing	¥ 3,548,818	¥ 3,697,647
Agriculture and forestry	996	1,238
Fisheries	500	—
Mining, quarrying and gravel extraction	61,874	57,637
Construction	56,410	105,982
Electrical, gas, heat supply and water	3,291,787	3,151,595
Information and communications	531,016	512,762
Transportation and postal	2,688,940	2,882,884
Wholesale and retail	1,073,824	1,123,637
Finance and insurance	1,683,748	1,622,001
Real estate and leasing of goods	1,846,720	1,918,664
Services	378,905	345,623
Municipal government	15,256	13,220
Other	656,252	603,797
Total	¥15,835,053	¥16,036,692

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2014	March 31, 2013
Five years or less	¥7,584,076	¥7,344,522
More than five years, up to 10	4,956,140	5,459,439
More than 10 years, up to 15	1,887,631	1,807,426
More than 15 years	866,787	797,721
No maturity date	540,417	627,582

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

(Millions of yen)

	March 31, 2014	March 31, 2013
Risk weight 0%	¥ 578,089	¥ 577,732
Risk weight 10%	19,038	56,378
Risk weight 20%	1,627,250	2,190,604
Risk weight 50%	6,800,392	6,340,198
Risk weight 100%	6,708,949	6,740,301
Risk weight 150%	1,760	20,313
Risk weight 250%	3,135	15,918
Risk weight 1,250%	3,145	388
Other	44,917	31,824

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, 2014	March 31, 2013
Structured finance	¥896,371	¥754,856
Of which, resecuritization exposure	—	—
Credit derivatives	37,100	56,673
Of which, resecuritization exposure	20,035	33,507
Funds*	222,706	200,342
Of which, resecuritization exposure	—	4,876

* 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, 2014	March 31, 2013
Risk weight	0%	Balance	¥ 51,369	¥ —
		Capital requirement	0	—
Risk weight	20%	Balance	84,487	127,726
		Capital requirement	1,351	2,043
Risk weight	50%	Balance	14,454	9,335
		Capital requirement	578	373
Risk weight	100%	Balance	583,202	435,358
		Capital requirement	46,656	34,828
Risk weight	350%	Balance	—	3,411
		Capital requirement	—	955
Risk weight	1,250%	Balance	396,278	387,342
		Capital requirement	396,278	387,342
Risk weight	Other*	Balance	6,348	10,313
		Capital requirement	4,333	5,955

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

Resecuritization exposure (Millions of yen)

			March 31, 2014	March 31, 2013
Risk weight	40%	Balance	¥20,035	¥33,507
		Capital requirement	641	1,072
Risk weight	100%	Balance	—	831
		Capital requirement	—	66
Risk weight	225%	Balance	—	1,602
		Capital requirement	—	288
Risk weight	650%	Balance	—	2,034
		Capital requirement	—	1,058
Risk weight	1,250%	Balance	—	407
		Capital requirement	—	407

(3) A 1,250% risk weight is applied to the breakdown of securitization exposure amounts in accordance with Article 247 of the Capital Adequacy Ratio Notification (Millions of yen)

	March 31, 2014	March 31, 2013
Structured finance	¥177,889	¥195,161
Funds*	218,388	192,589

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

(4) Breakdown of retained resecuritization exposure by application of techniques to mitigate credit risks and guarantors, or by risk weighting applied to guarantors.

Not applicable.

(5) 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, 2014	March 31, 2013
Credit risk assets	¥9,869	¥12,497

3. Interest Rate Risk in the Banking Book

	March 31, 2014	March 31, 2013
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: ¥7.3 billion	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥7.1 billion

Quantitative Disclosure (Non-Consolidated)

1. Items Related to Capital Adequacy Level

(Millions of yen)

	March 31, 2014	March 31, 2013
(a) Capital requirement to total credit risk	¥1,338,435	¥1,303,870
(1) Exposure by portfolio to which standardized method applied	853,084	842,275
(i) Japanese government and regional municipal bodies	—	—
(ii) Exposure to financial institutions	13,000	12,375
(iii) Exposure to corporations	791,333	789,191
(iv) Equity exposure	37,316	27,647
(v) Other exposure	11,433	13,060
(2) Securitization risk exposure	485,351	461,595
(b) Capital requirement to market risk	—	—
(c) Capital requirement to operational risk	19,627	19,703
(d) Non-consolidated total capital requirement ((a) + (b) + (c))	1,358,063	1,323,573

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, 2014	March 31, 2013
Loans	¥13,400,382	¥13,532,021
Equities, funds	394,773	350,949
Commitments and customers' liabilities for acceptances and guarantees	307,273	502,229
Bonds (JGBs and corporate bonds, etc.)	1,069,240	882,870
Reverse repurchase agreement/call loan	220,287	399,978
Other	525,792	404,489
Total	¥15,917,750	¥16,072,539

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

(1) By region

(Millions of yen)

	March 31, 2014	March 31, 2013
Domestic total	¥15,917,750	¥16,072,539
Overseas total	—	—

Note: DBJ has no overseas branches.

(2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2014	March 31, 2013
Manufacturing	¥ 3,548,818	¥ 3,697,647
Agriculture and forestry	996	1,238
Fisheries	500	—
Mining, quarrying and gravel extraction	61,874	57,637
Construction	56,410	105,982
Electrical, gas, heat supply and water	3,291,787	3,151,595
Information and communications	531,016	512,762
Transportation and postal	2,688,940	2,882,884
Wholesale and retail	1,073,824	1,123,637
Finance and insurance	1,857,527	1,748,163
Real estate and leasing of goods	1,923,384	1,989,172
Services	379,951	346,596
Municipal government	15,256	13,220
Other	487,459	442,001
Total	¥15,917,750	¥16,072,539

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2014	March 31, 2013
Five years or less	¥7,633,674	¥7,398,217
More than five years, up to 10	5,056,175	5,513,091
More than 10 years, up to 15	1,887,631	1,807,426
More than 15 years	873,243	797,721
No maturity date	467,025	556,083

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

(Millions of yen)

	March 31, 2014	March 31, 2013
Risk weight 0%	¥ 578,089	¥ 577,732
Risk weight 10%	19,038	56,378
Risk weight 20%	1,607,912	2,168,875
Risk weight 50%	6,800,392	6,340,198
Risk weight 100%	6,806,919	6,797,228
Risk weight 150%	1,760	20,313
Risk weight 250%	2,423	15,843
Risk weight 1,250%	3,145	388
Other	50,844	31,824

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, 2014	March 31, 2013
Eligible financial collaterals	¥ —	¥ 165,868
Guarantees or credit derivatives	1,071,025	1,210,719

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

(Millions of yen)

		March 31, 2014	March 31, 2013
Equivalent credit calculation method		Current exposure method	Current exposure method
Gross restructuring cost		¥160,219	¥153,842
Gross add-on, by transaction type		80,850	85,604
	Interest rate transactions	39,628	48,647
	Foreign exchange transactions	41,174	36,936
	Credit derivative transactions	—	—
	Other commodity transactions	48	20
Reducing credit equivalent amounts through netting		86,204	113,462
Net equivalent credit		154,865	125,984
	Net restructuring cost	96,976	74,325
Notional amounts of credit derivatives for calculated credit equivalent amount by type of credit derivative, by protection purchase or provision	Credit default swaps provision	31,035	61,673
	Credit default swaps purchase	—	—
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 customers’ liabilities for 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, 2014	March 31, 2013
Structured finance	¥898,818	¥733,263
Of which, resecuritization exposure	—	—
Credit derivatives	31,035	56,673
Of which, resecuritization exposure	20,035	33,507
Funds*	267,445	255,724
Of which, resecuritization exposure	—	2,158

* 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, 2014	March 31, 2013
Risk weight	0%	Balance	¥ 51,369	¥ —
		Capital requirement	—	—
Risk weight	20%	Balance	84,487	127,726
		Capital requirement	1,351	2,043
Risk weight	50%	Balance	14,454	9,335
		Capital requirement	578	373
Risk weight	100%	Balance	592,212	444,368
		Capital requirement	47,376	35,549
Risk weight	350%	Balance	—	3,411
		Capital requirement	—	955
Risk weight	1,250%	Balance	418,545	414,839
		Capital requirement	418,545	414,839
Risk weight	Other*	Balance	16,193	10,313
		Capital requirement	16,858	5,955

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

Resecuritization exposure

(Millions of yen)

			March 31, 2014	March 31, 2013
Risk weight	40%	Balance	¥20,035	¥33,507
		Capital requirement	641	1,072
Risk weight	100%	Balance	—	368
		Capital requirement	—	29
Risk weight	225%	Balance	—	709
		Capital requirement	—	127
Risk weight	650%	Balance	—	900
		Capital requirement	—	468
Risk weight	1,250%	Balance	—	180
		Capital requirement	—	180

(3) A 1,250% risk weight is applied to the breakdown of securitization exposure amounts in accordance with Article 247 of the Capital Adequacy Ratio Notification

(Millions of yen)

	March 31, 2014	March 31, 2013
Structured finance	¥165,262	¥169,027
Funds*	253,282	245,992

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

(4) Breakdown of retained resecuritization exposure by application of techniques to mitigate credit risks and guarantors, or by risk weighting applied to guarantors.

Not applicable.

(5) 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, 2014	March 31, 2013
Credit risk assets	¥9,869	¥12,497

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, 2014	March 31, 2013
(a) Market value of below-listed items as included within categories in the non-consolidated balance sheets		
Exposure to listed shares	¥ 52,109	¥ 50,115
Exposure to other equity investments and capital injections	353,764	287,131
(b) Gains or losses on the sale of equity investments or shares	2,353	18,336
Gain or loss on write-off of equity exposure	1,868	1,688
(c) Gains or losses from valuation recognized on the non-consolidated balance sheets but not recognized on the non-consolidated statement of income	37,703	27,707

Notes: 1. DBJ has no gains or losses from valuation unrecognized on the non-consolidated balance sheets or the non-consolidated statement of income.
2. DBJ 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

Not applicable.

9. Interest Rate Risk in the Banking Book

	March 31, 2014	March 31, 2013
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: ¥7.3 billion	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥7.1 billion