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Consolidated Balance Sheet

Development Bank of Japan Inc. and Consolidated Subsidiaries

As of March 31,	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
Assets			
Cash and due from banks (Notes 14 and 28)	¥ 154,564	¥ 175,618	\$ 1,643,432
Call loans and bills bought (Note 28)	84,000	89,500	893,142
Reverse repurchase agreements (Notes 3 and 28)	165,975	152,889	1,764,761
Money held in trust (Notes 28 and 30)	175,335	24,423	1,864,282
Securities (Notes 3, 14, 28 and 30)	1,357,058	1,176,622	14,429,115
Loans (Notes 4, 5, 14 and 28)	13,918,224	13,645,469	147,987,505
Other assets (Notes 6 and 14)	133,065	132,487	1,414,835
Tangible fixed assets (Notes 7 and 14)	237,988	180,962	2,530,445
Intangible fixed assets	7,927	7,057	84,294
Deferred tax assets (Note 24)	6,734	18,854	71,607
Customers' liabilities for acceptances and guarantees (Note 13)	155,753	128,518	1,656,068
Allowance for loan losses (Notes 8 and 28)	(147,414)	(151,448)	(1,567,401)
Allowance for investment losses	(501)	(1,072)	(5,335)
Total assets	¥16,248,712	¥15,579,881	\$172,766,749
Liabilities and equity			
Liabilities:			
Debentures (Notes 9, 14 and 28)	¥ 3,053,277	¥ 3,130,495	\$ 32,464,404
Borrowed money (Notes 10, 14 and 28)	9,448,398	9,170,553	100,461,439
Short-term corporate bonds (Notes 9 and 28)	43,997	50,999	467,815
Corporate bonds (Notes 9 and 28)	871,256	541,327	9,263,756
Other liabilities (Notes 11 and 12)	122,416	78,631	1,301,609
Accrued bonuses to employees	4,437	4,694	47,185
Accrued bonuses to directors and corporate auditors	12	12	129
Reserve for employees' retirement benefits (Note 23)	10,308	13,484	109,603
Reserve for directors' and corporate auditors' retirement benefits	64	55	687
Reserve for contingent losses	135	—	1,445
Deferred tax liabilities (Note 24)	78	43	832
Acceptances and guarantees (Note 13)	155,753	128,518	1,656,068
Total liabilities	13,710,136	13,118,816	145,774,972
Equity:			
Common stock authorized, 160,000 thousand shares in 2013 and 2012; issued, 43,632 thousand shares in 2013 and 2012 (Note 15)	1,206,953	1,187,788	12,833,099
Capital surplus (Note 15)	1,060,466	1,060,466	11,275,559
Retained earnings (Note 15)	193,595	159,606	2,058,428
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 30)	36,873	19,313	392,060
Deferred gain on derivatives under hedge accounting	33,987	27,711	361,373
Foreign currency translation adjustments	(57)	(149)	(610)
Total	2,531,817	2,454,736	26,919,910
Minority interests	6,759	6,329	71,868
Total equity	2,538,576	2,461,065	26,991,777
Total liabilities and equity	¥16,248,712	¥15,579,881	\$172,766,749

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		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
Income			
Interest income:	¥267,895	¥277,360	\$2,848,440
Interest on loans	242,088	253,849	2,574,043
Interest and dividends on securities	18,023	15,590	191,636
Interest on call loans and bills bought	44	115	473
Interest on reverse repurchase agreements	351	287	3,735
Interest on due from banks	56	105	597
Interest on swaps	7,053	7,287	74,997
Other interest income	278	123	2,959
Fees and commissions (Note 17)	10,293	9,461	109,450
Other operating income (Note 18)	7,880	5,522	83,794
Other income (Note 19)	55,039	37,868	585,211
Total income	341,109	330,213	3,626,896
Expenses			
Interest expense:	144,274	155,517	1,534,018
Interest on debentures	43,100	47,668	458,273
Interest on call money and bills sold	19	41	211
Interest on borrowed money	97,263	104,564	1,034,166
Interest on short-term corporate bonds	57	56	611
Interest on corporate bonds	3,827	3,182	40,694
Other interest expense	5	3	62
Fees and commissions (Note 20)	1,082	551	11,512
Other operating expenses (Note 21)	12,169	2,622	129,398
General and administrative expenses	44,877	37,870	477,167
Other expenses (Note 22)	22,480	23,447	239,023
Total expenses	224,884	220,009	2,391,118
Income before income taxes and minority interests	116,224	110,204	1,235,778
Income taxes (Note 24):			
Current	41,753	21,488	443,947
Deferred	2,838	10,444	30,186
Total income taxes	44,592	31,932	474,133
Net income before minority interests	71,632	78,271	761,645
Minority interests in net income	295	957	3,138
Net income	¥ 71,337	¥ 77,313	\$ 758,506
	Yen		U.S. Dollars (Note 1)
Per share of common stock (Note 16)			
Basic net income	¥1,634.96	¥1,772.27	\$ 17.38
Cash dividend applicable to the year	808	856	8.59

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		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
Net income before minority interests	¥71,632	¥78,271	\$ 761,645
Other comprehensive income (Note 26):			
Unrealized gain on available-for-sale securities	16,451	8,854	174,923
Deferred gain on derivatives under hedge accounting	6,260	10,288	66,563
Foreign currency translation adjustments	86	(49)	923
Share of other comprehensive income in affiliates accounted for by the equity method	39	17	423
Total other comprehensive income	22,838	19,110	242,833
Comprehensive income	¥94,471	¥97,382	\$1,004,477
Total comprehensive income attributable to:			
Owners of the parent	¥95,265	¥93,714	\$1,012,925
Minority interests	(794)	3,668	(8,448)

See notes to consolidated financial statements.

Consolidated Statement of Change in Equity

Development Bank of Japan Inc. and Consolidated Subsidiaries

For the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
Common stock:			
Balance at beginning of year	¥1,187,788	¥1,181,194	\$12,629,325
Capital increase due to redemption of government compensation bonds	19,165	6,170	203,775
Issuance of new shares of common stock	—	424	—
Balance at end of year	1,206,953	1,187,788	12,833,099
Capital surplus:			
Balance at beginning of year	1,060,466	1,060,466	11,275,559
Balance at end of year	1,060,466	1,060,466	11,275,559
Retained earnings:			
Balance at beginning of year	159,606	132,329	1,697,043
Cash dividends	(37,349)	(50,036)	(397,122)
Net income	71,337	77,313	758,506
Balance at end of year	193,595	159,606	2,058,428
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities:			
Balance at beginning of year	19,313	13,169	205,349
Net change during the year	17,560	6,143	186,711
Balance at end of year	36,873	19,313	392,060
Deferred gain on derivatives under hedge accounting:			
Balance at beginning of year	27,711	17,406	294,643
Net change during the year	6,276	10,304	66,731
Balance at end of year	33,987	27,711	361,373
Foreign currency translation adjustments:			
Balance at beginning of year	(149)	(101)	(1,588)
Net change during the year	91	(47)	977
Balance at end of year	(57)	(149)	(610)
Minority interests:			
Balance at beginning of year	6,329	5,530	67,295
Net change during the year	430	798	4,572
Balance at end of year	6,759	6,329	71,868
Total equity:			
Balance at beginning of year	2,461,065	2,409,995	26,167,627
Capital increase due to redemption of government compensation bonds	19,165	6,170	203,775
Issuance of new shares of common stock	—	424	—
Cash dividends	(37,349)	(50,036)	(397,122)
Net income	71,337	77,313	758,506
Net change during the year	24,358	17,198	258,991
Balance at end of year	¥2,538,576	¥2,461,065	\$26,991,777

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		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
Cash flows from operating activities:			
Income before income taxes and minority interests	¥116,224	¥110,204	\$1,235,778
Adjustments for:			
Depreciation	4,140	2,583	44,019
Amortization of goodwill	203	—	2,159
Gain on negative goodwill	(151)	(4)	(1,613)
Losses on impairment of long-lived assets	236	132	2,512
Equity in (gains) losses of affiliates	(2,870)	2,020	(30,525)
Interest income	(267,895)	(277,360)	(2,848,440)
Interest expense	144,274	155,517	1,534,018
Gain on securities—net	(31,529)	(3,166)	(335,238)
Gain on money held in trust—net	(906)	(1,132)	(9,634)
Foreign exchanges (gains) losses	(21,898)	1,482	(232,843)
(Gain) loss on sales of fixed assets—net	(547)	210	(5,817)
Changes in operating assets and liabilities:			
Allowance for loan losses	(1,566)	(10,158)	(16,658)
Allowance for investment losses	(570)	(85)	(6,069)
Accrued bonuses to employees	(257)	106	(2,734)
Accrued bonuses to directors and corporate auditors	(0)	(4)	(8)
Reserve for employees' retirement benefits	(3,176)	(12,401)	(33,769)
Reserve for contingent losses	135	(711)	1,445
Loans	(279,867)	(613,988)	(2,975,728)
Debentures	(77,218)	(182,217)	(821,034)
Borrowed money	242,844	594,071	2,582,080
Short-term corporate bonds	(7,001)	50,999	(74,441)
Corporate bonds	322,428	224,652	3,428,266
Due from banks	20,930	(17,871)	222,541
Call loans and bills bought	5,500	(27,648)	58,480
Reverse repurchase agreements	(13,085)	(152,889)	(139,138)
Interest received	273,810	280,304	2,911,330
Interest paid	(146,684)	(157,633)	(1,559,642)
Other—net	32,397	(17,179)	344,469
Sub-total	307,897	(52,170)	3,273,766
(Payments for) returns on income taxes	(31,511)	11,816	(335,056)
Net cash provided by (used in) operating activities	276,385	(40,354)	2,938,710
Cash flows from investing activities:			
Payments for purchases of securities	(512,262)	(621,860)	(5,446,709)
Proceeds from sales of securities	58,995	103,706	627,281
Proceeds from redemption of securities	358,806	530,838	3,815,063
Payments for increase of money held in trust	(150,115)	(110)	(1,596,119)
Proceeds from decrease of money held in trust	1,434	1,579	15,250
Payments for purchases of tangible fixed assets	(14,169)	(1,708)	(150,657)
Proceeds from sales of tangible fixed assets	1,840	1,234	19,567
Payments for purchases of intangible fixed assets	(2,410)	(2,630)	(25,628)
Proceeds from purchases of stocks of subsidiaries resulting in change in scope of consolidation	1,569	110	16,692
Net cash (used in) provided by investing activities	(256,310)	11,160	(2,725,261)
Cash flows from financing activities:			
Capital increase due to redemption of government compensation bonds	19,165	6,170	203,775
Proceeds from issuance of stock	—	424	—
Payments for cash dividends	(37,349)	(50,036)	(397,122)
Proceeds from issuance of securities to minority shareholders of subsidiaries	283	540	3,010
Dividends paid to minority shareholders of subsidiaries	(2,511)	(3,517)	(26,704)
Net cash used in financing activities	(20,412)	(46,418)	(217,041)
Foreign currency translation adjustments on cash and cash equivalents	213	61	2,274
Net change in cash and cash equivalents	(124)	(75,550)	(1,318)
Cash and cash equivalents at beginning of year	124,141	199,692	1,319,955
Cash and cash equivalents at end of year	¥124,017	¥124,141	\$1,318,637

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 2012 consolidated financial statements to conform to the classifications used in 2013.

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 ¥94.05=\$1.00, the effective exchange rate prevailing as of March 31, 2013, 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, 2013 is 21. The consolidated subsidiaries as of March 31, 2013 are as follows:

- DBJ Business Investment Co., Ltd.
- DBJ Corporate Mezzanine Partners Co., Ltd.
- UDS Corporate Mezzanine Limited Partnership
- UDS Corporate Mezzanine No. 3 Limited Partnership
- DBJ Credit Line, Ltd.
- New Business Investment Co., Ltd.
- DBJ Singapore Limited
- Japan Economic Research Institute Inc.
- Asuka DBJ Investment LPS
- DBJ Europe Limited
- DBJ Real Estate Co., Ltd.
- DBJ Investment Advisory Co., Ltd.
- DBJ Capital Co., Ltd.
- DBJ Capital Investment Fund No. 1
- DBJ New Business Investment Fund
- DBJ Capital Investment Fund No. 2
- DBJ Securities Co., Ltd.
- DBJ Asset Management Co., Ltd.
- Urban Redevelopment Private Fund
- Green Asset Investment TMK
- GREIS Corporation

In the year ended March 31, 2013, DBJ Asset Management Co., Ltd. was newly consolidated due to additional acquisition of its shares and Urban Redevelopment Private Fund was newly consolidated due to obtaining control over the investee. In addition, Green Asset Investment TMK and GREIS Corporation were newly consolidated due to incorporation.

(ii) Unconsolidated Subsidiaries

The number of unconsolidated subsidiaries as of March 31, 2013 is 26. The major unconsolidated subsidiary as of March 31, 2013 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, 2013 was 26. 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, 2013 was 17. The major affiliates accounted for by the equity method as of March 31, 2013 were as follows:

Makuhari Messe, Inc.

AIRDO Co., Ltd.

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

Since Mezzanine Solution II Limited Partnership was newly incorporated and the materiality of AD Capital Co., Ltd. and NIHONKAI EISEN Co., Ltd. increased during the year ended March 31, 2013, these companies were newly accounted for by the equity method as of March 31, 2013.

Urban Redevelopment Private Fund was excluded from the scope of affiliates accounted for by the equity method, since it has been consolidated due to obtaining control over the entity.

(iii) Affiliates not accounted for by the equity method

The number of affiliates not accounted for by the equity method as of March 31, 2013 was 88. One of the major affiliates as of March 31, 2013 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, 2013

Narumi Corporation

Shinwa Seiko Corporation

Mediclude Co., Ltd.

Advangen, Inc.

Nihon Shoryoku Kikai Co., Ltd.
 PRISM BioLab Corporation
 Izumi Products Company
 OPAL Co., Ltd.
 SKYROCKIT, Inc.
 Teibow Co., Ltd.
 TES HOLDINGS LIMITED

(3) Balance Sheet Dates of Consolidated Subsidiaries

Balance sheet dates of consolidated subsidiaries are as follows:

	Number of subsidiaries
	2013
December 31	11
March 31	10

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
	2013	2012	2013
Cash and due from banks	¥154,564	¥175,618	\$1,643,432
Time deposits with banks	(30,546)	(51,476)	(324,795)
Cash and cash equivalents	¥124,017	¥124,141	\$1,318,637

(c) Securities

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

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

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

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

(d) Valuation Method for Derivative Financial Instruments

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

(e) Hedge Accounting

(1) Hedge Accounting

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

(2) Hedging Instruments and Hedged Items

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

(3) Hedging Policy

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

(4) Evaluation of Hedge Effectiveness

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

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

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

- *1. If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.
- *2. In cases where foreign currency swaps are used as hedges and meet certain hedging criteria, foreign exchange forward contracts and hedged items are accounted for in the following manner;
 - (i) If a foreign currency swap is executed to hedge existing foreign currency assets or liabilities, a) the difference, if any, between the Japanese yen amount of the hedged foreign currency asset or liability translated using the spot rate at the inception date of the contract and the book value of the asset or liability is recognized in the statement of income in the period which includes the inception date, and b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.
 - (ii) If a foreign currency swap is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the foreign exchange forward contract are recognized.

(f) Fixed Assets

(1) Depreciation of Tangible Fixed Assets

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

Pursuant to the amendments to the Corporate Income Tax Act, DBJ Inc. and its domestic consolidated subsidiaries changed the depreciation method for tangible fixed assets acquired on or after April 1, 2012 to the depreciation method provided by the amended Corporate Income Tax Act from the fiscal year ended March 31, 2013. As a result, income before income taxes and minority interests for the year ended March 31, 2013 increased by ¥239 million (\$2,543 thousand) compared to the previous method.

(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 ¥50,187 million (\$533,622 thousand) and ¥59,113 million for the years ended March 31,

2013 and 2012, respectively. The consolidated subsidiaries calculate the general reserve for "normal" categories based on the specific actual historical loss ratio, and the specific reserve for the "possibly bankrupt," "effectively bankrupt" and "legally bankrupt" categories based on estimated losses, considering the recoverable value.

(k) Allowance for Investment Losses

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

(l) Accrued Bonuses to Employees, Directors and Corporate Auditors

"Accrued Bonuses to Employees, Directors and Corporate Auditors" are provided for in the amount of the estimated bonuses which are attributable to the years ended March 31, 2013 and 2012.

(m) Reserve for Employees' Retirement Benefits

DBJ Inc. has defined benefit pension plans, which consist of a defined-benefit corporate pension plan, which was transferred from the contributory funded defined benefit pension plan on November 1, 2011, and a lump-sum severance indemnity plan. "Reserve for Employees' Retirement Benefits" represents future payments for pension and retirement benefits to employees. It is accrued based on the projected benefit obligations and estimated pension plan assets at each fiscal year end. Prior service cost is amortized using the straight-line method over the period of ten years within the employees' average remaining service period at incurrence. Net actuarial gains and losses is amortized using the straight-line method over the period of ten years within the employees' average remaining service period commencing from the next fiscal year after incurrence.

DBJ Inc. has two types of pension plans for employees: a non-contributory and a contributory funded defined benefit pension plan.

DBJ Inc. applied for transfer of the substitutional portion of past pension obligations to the government and obtained approval by the Ministry of Health, Labor and Welfare on November 1, 2011. The actual transfer of the pension obligations and related assets to the government is to take place subsequently after the government's approval.

Based upon the above approval in November 2011, DBJ Inc. recognized a gain on transfer of the substitutional portion of the governmental pension program in the amount of ¥ 11,036 million for the year ended March 31, 2012.

(n) Reserve for Directors' and Corporate Auditors' Retirement Benefits

"Reserve for Directors' and Corporate Auditors' Retirement Benefits" is accrued based on the amount that would be required if all directors and corporate auditors retired at 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) Lease Transactions

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

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

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

(r) Consumption Taxes

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

(s) Income Taxes

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

(t) 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.

(u) 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, 2013 and 2012 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.

(v) New Accounting Pronouncements

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 past 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.

DBJ Inc. expects to apply the revised accounting standard from the end of the fiscal year ending March 31, 2014, and the revision of the calculation method for retirement benefit obligations and service costs will be adopted from April 1, 2014.

DBJ Inc. is currently in the process of measuring the effects of applying the revised accounting standard.

3. Securities

Securities as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Japanese government bonds	¥ 321,543	¥ 247,012	\$ 3,418,858
Corporate bonds	386,409	392,589	4,108,558
Equities	175,770	169,806	1,868,900
Other securities	473,334	367,214	5,032,799
Total	¥1,357,058	¥1,176,622	\$14,429,115

- *1. Investments in unconsolidated subsidiaries and affiliates included in "Equities" as of March 31, 2013 and 2012, are ¥27,245 million (\$289,689 thousand) and ¥24,066 million. Investments in unconsolidated subsidiaries and affiliates included in "Other securities" as of March 31, 2013 and 2012, are ¥38,404 million (\$408,344 thousand) and ¥44,288 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 ¥1,200 million (\$12,759 thousand) as of March 31, 2013.
- *3. There are no securities repledged as of March 31, 2013 and 2012. Securities accepted under repurchase agreements can be sold or repledged. Securities neither sold nor repledged are ¥165,975 million (\$1,764,761 thousand) and ¥152,889 million as of March 31, 2013 and 2012, 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, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Equities	¥130	¥64	\$1,385
Bonds	302	31	3,219
Other	—	0	—
Total	¥433	¥95	\$4,604

4. Non-Performing Loans

The amounts of non-performing loans included in "Loans" as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Loans to bankrupt debtors	¥ 4,927	¥ 10,686	\$ 52,396
Delinquent loans	118,360	136,477	1,258,485
Loans past due three months or more	271	—	2,888
Restructured loans	47,870	52,782	508,993
Total	¥171,430	¥199,946	\$1,822,762

- *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, 2013 and 2012, the amounts of unused commitments are ¥786,777 million (\$8,365,523 thousand) and ¥580,042 million. As of March 31, 2013 and 2012, the amounts of unused commitments whose remaining contract term are within one year are ¥134,389 million (\$1,428,910 thousand) and ¥455,229 million.

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

6. Other Assets

Other assets as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Prepaid expenses	¥ 6,137	¥ 8,597	\$ 65,257
Accrued income	41,652	44,382	442,872
Derivatives	64,718	62,528	688,132
Other	20,556	16,979	218,575
Total	¥133,065	¥132,487	\$1,414,835

7. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Buildings	¥ 21,947	¥ 8,682	\$ 233,358
Land	92,904	45,562	987,821
Leased assets	23	59	251
Construction in progress	10,368	124,802	110,244
Other	112,744	1,856	1,198,771
Total	¥237,988	¥180,962	\$2,530,445

Note: Accumulated depreciation of tangible fixed assets as of March 31, 2013 and 2012, is ¥4,238 million (\$45,064 thousand) and ¥2,538 million, respectively.

8. Allowance for Loan Losses

Allowance for loan losses as of March 31, 2013 and 2012 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
General allowance for loan losses	¥ 67,478	¥ 58,589	\$ 717,477
Specific allowance for loan losses	79,935	92,859	849,924
Total	¥147,414	¥151,448	\$1,567,401

9. Debentures and Corporate Bonds

Debentures and corporate bonds as of March 31, 2013 and 2012 are as follows:

				Millions of Yen		Thousands of U.S. Dollars
	Issue date	Interest rate (%)	Maturity date	2013	2012	2013
(Issuer: DBJ Inc.)						
Debentures						
Japanese government-guaranteed bonds 6-23*1	Mar. 2003– Aug. 2008	0.8– 2.2	Mar. 2013– Jun. 2023	¥ 582,718 [29,983]	¥ 632,606	\$ 6,195,841 [318,806]
Japanese government-guaranteed bonds 1-19	Nov. 2008– Mar. 2013	0.24– 2.1	Jul. 2016– Feb. 2024	688,401	528,178	7,319,529
Japanese government-guaranteed foreign bond 67*2	Sep. 1998	1.81	Sep. 2028	25,062	25,066	266,484
Japanese government-guaranteed foreign bonds 4-14*1	Jun. 2002– Nov. 2007	1.05– 5.125	Jun. 2012– Nov. 2027	703,077	777,920	7,475,567
Japanese government-guaranteed Euro MTN bonds 1-7*3	Dec. 2009– Jan. 2013	0.5171– 2.875	Dec. 2014– Sep. 2019	442,126	284,868	4,700,975
FILP agency domestic bonds 5, 7, 9, 11, 13, 16, 19, 20, 24, 27, 29-31, 33-51*4	Oct. 2002– Jul. 2008	0.78– 2.74	Sep. 2012– Mar. 2047	609,890 [169,996]	829,856	6,484,743 [1,807,517]
FILP agency foreign bond 1*4	Jun. 2007	1.65	Jun. 2012	—	49,997	—
Euro MTN bonds 2*4, 5	Sep. 2008	2.032	Sep. 2023	2,000	2,000	21,265
Short-term corporate bonds	Feb. 2012– Mar. 2013	0.1005– 0.124	Apr. 2012– May 2013	43,997 [43,997]	50,999	467,815 [467,815]
Corporate bonds						
Corporate bonds through public placement 2-33	Dec. 2008– Jan. 2013	0.166– 1.745	Jun. 2012– Sep. 2022	754,000 [84,000]	474,000	8,017,012 [893,142]
Corporate bonds through private placement 1-2	Aug. 2009– May 2011	0.48– 0.847	Sep. 2014– Jun. 2015	20,000	20,000	212,653
Corporate bonds Euro MTN 6-9, 13-15, 17-40*6	Mar. 2009– Feb. 2013	0.53857– 1.736	Apr. 2012– Apr. 2019	89,756 [13,464]	47,327	954,346 [143,163]
(Issuer: Green Asset Investment TMK)						
Specified corporate bonds 1	Dec. 2012	5.53	Nov. 2017	7,500	—	79,745
Total				¥3,968,531	¥3,722,822	\$42,195,974

*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, 2013 are as follows:

The fiscal year ending March 31, 2014	¥341,443 million	\$3,630,443 thousand
2015	444,286	4,723,937
2016	501,091	5,327,922
2017	632,920	6,729,617
2018	552,246	5,871,836

10. Borrowed Money

Borrowed money as of March 31, 2013 and 2012 is as follows:

	Average interest rate (%)	Due date of repayment	Millions of Yen		Thousands of U.S. Dollars
			2013	2012	2013
Borrowings	0.99	May 2013–Jan. 2033	¥9,448,398	¥9,170,553	\$100,461,439

Scheduled redemptions of borrowings for subsequent years as of March 31, 2013 are as follows:

The fiscal year ending March 31, 2014	¥1,356,147 million	\$14,419,429 thousand
2015	1,255,468	13,348,951
2016	1,211,948	12,886,214
2017	1,098,898	11,684,190
2018	952,287	10,125,333

11. Other Liabilities

Other liabilities as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Accrued expenses	¥ 26,037	¥28,621	\$ 276,848
Unearned income	940	562	10,005
Accrued income taxes	30,114	20,754	320,194
Derivatives	15,655	12,752	166,458
Lease obligations	25	87	276
Asset retirement obligations (Note 12)	2,821	1,047	30,002
Other	46,820	14,806	497,828
Total	¥122,416	¥78,631	\$1,301,609

12. 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, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Balance at beginning of year	¥1,047	¥1,046	\$11,135
Increase due to acquisition of tangible fixed assets	43	—	465
Reconciliation associated with passage of time	0	0	7
Decrease due to settlement of asset retirement obligations	(131)	—	(1,401)
Increase due to a change in estimates	1,859	—	19,767
Other	2	0	28
Balance at end of year	¥2,821	¥1,047	\$30,002

Change in estimates on asset retirement obligations and its effect:

DBJ Inc. has changed the estimates on asset retirement obligations in the fiscal year ended March 31, 2013, since it has become certain that the removal cost arising from contractual obligations on removal of the toxic substances related to pulling down the previous head office buildings due to the chain model redevelopment of Otemachi is expected to exceed the previously estimated amount along with the development of the related demolition works. Accordingly, DBJ Inc. has recorded an increase of ¥1,859 million (\$19,767 thousand) due to the estimation change under "General and administrative expenses" and added the same amount to "Asset retirement obligations" before the change.

As a result, income before income taxes and minority interests for the year ended March 31, 2013 decreased by ¥1,859 million (\$19,767 thousand).

13. Acceptances and Guarantees

Acceptances and guarantees as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Guarantees	¥155,753	¥128,518	\$1,656,068

14. Assets Pledged as Collateral

Cash and due from banks of ¥4,553 million (\$48,414 thousand) and tangible fixed assets of ¥46,657 million (\$496,088 thousand) are pledged as collateral for borrowed money of ¥32,000 million (\$340,245 thousand) as of March 31, 2013.

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥611,175 million (\$6,498,415 thousand) and ¥5,539 million (\$58,899 thousand) 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 (\$201,053 thousand) of securities are pledged as collateral for loans of companies which are investees of DBJ Inc. as of March 31, 2013. Additionally, ¥937 million (\$9,969 thousand) of margin deposits for futures transactions, ¥1,574 million (\$16,736 thousand) of cash collateral paid for financial instruments and ¥48 million (\$519 thousand) 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 (\$20,455,311 thousand) as of March 31, 2013.

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥697,263 million and ¥14,714 million as of March 31, 2012. In addition, they are deposited as replacement of margin money for future trading and collateral for transactions, including exchange settlements as of March 31, 2012. Also, in other assets, ¥937 million of margin deposits for futures transactions is included and ¥42 million of guarantee deposits are included as of March 31, 2012. 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 ¥2,318,822 million as of March 31, 2012.

15. Equity

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

(a) Dividends

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

(e) Common Stock Issued during the Year Ended March 31, 2012

DBJ Inc. executed a request for redemption of government compensation bonds equivalent to ¥6,170 million, ¥10,528 million (\$111,940 thousand) and ¥8,637 million (\$91,834 thousand) to the Finance Minister and accordingly, capital stock of DBJ Inc. increased by that amount on December 7, 2011, June 6, 2012 and December 6, 2012, respectively. And on March 23, 2012, DBJ Inc. issued 8,480 new shares of common stock by way of allocation of new stocks to the Finance Minister at ¥50,000 per share for ¥424 million. As a result, ¥25,759 million was included in Capital stock.

Furthermore, new shares of common stock have not been issued for the year ended March 31, 2013.

16. Per Share Information

Basic net income per common share ("EPS") for the years ended March 31, 2013 and 2012 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year ended March 31, 2013	Net income	Weighted average shares	EPS	EPS
Basic EPS				
Net income available to common shareholders	¥71,337	43,632	¥1,634.96	\$17.38
Year ended March 31, 2012				
Basic EPS				
Net income available to common shareholders	¥77,313	43,624	¥1,772.27	

Note: Diluted net income per share for the years ended March 31, 2013 and 2012 is not disclosed because there are no dilutive securities.

17. Fees and Commissions (Income)

Fees and commissions (income) for the years ended March 31, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Commissions	¥10,293	¥9,461	\$109,450

18. Other Operating Income

Other operating income for the years ended March 31, 2013 and 2012 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Foreign exchange gain	¥3,548	¥ —	\$37,731
Gains on sales of bonds	525	492	5,592
Gains on redemption of bonds	2,130	5,000	22,655
Other	1,675	30	17,816
Total	¥7,880	¥5,522	\$83,794

19. Other Income

Other income for the years ended March 31, 2013 and 2012 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Reversal of reserve for contingent losses	¥ —	¥ 711	\$ —
Gains on sales of equities and other securities	19,428	3,634	206,574
Gains on money held in trust	928	1,142	9,876
Equity in net income of affiliates	2,870	—	30,525
Gains on sales of fixed assets	719	104	7,648
Collection of written-off claims	7,129	10,120	75,807
Gain on transfer of the substitutional portion of the governmental pension program	—	11,036	—
Gains on investments in limited partnerships and other similar partnerships	20,520	7,750	218,190
Gain on negative goodwill	151	4	1,613
Other	3,289	3,364	34,978
Total	¥55,039	¥37,868	\$585,211

20. Fees and Commissions (Expenses)

Fees and commissions (expenses) for the years ended March 31, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Commissions	¥1,082	¥551	\$11,512

21. Other Operating Expenses

Other operating expenses for the years ended March 31, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Foreign exchange losses	¥ —	¥ 892	\$ —
Debentures issuance costs	642	686	6,834
Corporate bonds issuance costs	723	518	7,697
Write-off of bonds	302	31	3,219
Derivatives	10,495	486	111,599
Other	4	6	49
Total	¥12,169	¥2,622	\$129,398

22. Other Expenses

Other expenses for the years ended March 31, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Provision for allowance for loan losses	¥10,412	¥ 1,413	\$110,711
Write-off of loans	50	5,194	535
Losses on sales of equities and other securities	188	1,804	2,008
Write-off of equities	1,996	6,867	21,233
Losses on money held in trust	22	10	242
Losses on sales of fixed assets	172	314	1,830
Impairment losses	236	132	2,512
Losses on investments in limited partnerships and other similar partnerships	8,583	5,000	91,263
Other	817	2,708	8,688
Total	¥22,480	¥23,447	\$239,023

23. Employees' Retirement Benefits

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

Reserve for employees' retirement benefits as of March 31, 2013 and 2012 consisted of the following:

(a) The Funded Status of the Pension Plans

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Projected benefit obligation	¥(39,031)	¥(36,101)	\$(415,011)
Fair value of plan assets	26,465	21,466	281,396
Unfunded pension obligation	(12,566)	(14,635)	(133,616)
Unrecognized net actuarial losses	2,163	1,043	23,002
Unrecognized prior service cost	95	107	1,011
Reserve for employees' retirement benefits	¥(10,308)	¥(13,484)	\$(109,603)

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

(b) Components of Pension Cost

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Service cost	¥1,265	¥ 1,169	\$13,455
Interest cost	719	842	7,647
Expected return on plan assets	(107)	(96)	(1,141)
Amortization of prior service cost	12	(23)	135
Amortization of net actuarial losses	138	220	1,475
Other	1	1	20
Net pension cost	¥2,030	¥ 2,114	\$21,590
Gain on transfer of the substitutional portion of the governmental pension program	¥ —	¥(11,036)	\$ —

*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

	2013	2012
Discount rate	1.5%	2.0%
Expected rate of return on plan assets	0.5%	0.5%
Amortization period of prior service cost	10 Years	10 Years
Amortization period of actuarial gains/losses	10 Years	10 Years

24. Income Taxes

DBJ Inc. and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 38.01% and 40.69% for the years ended March 31, 2013 and 2012, respectively.

A reconciliation of the normal effective statutory tax rate with the actual effective tax rate for the year ended March 31, 2012 is as follows:

	2012
Normal effective statutory tax rate	40.69%
Increase (decrease) in taxes resulting from:	
Change in valuation allowance	(12.85)
Reduction of deferred tax assets due to changes of tax rate	3.16
Minority interests in net income of subsidiaries	0.75
Other	(2.77)
Actual effective tax rate	28.98%

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, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Deferred tax assets:			
Allowance for loan losses	¥ 52,638	¥ 57,367	\$ 559,689
Losses from revaluation of securities	25,945	27,394	275,865
Tax loss carryforwards	8,534	8,117	90,749
Excess of fair value over assets of consolidated subsidiaries	5,035	—	53,538
Reserve for retirement benefits	3,762	4,916	40,002
Other	9,339	6,700	99,308
Sub-total	105,256	104,497	1,119,151
Less—valuation allowance	(66,250)	(62,670)	(704,423)
Total	39,005	41,826	414,728
Deferred tax liabilities:			
Deferred gain on derivatives under hedge accounting	(19,195)	(15,795)	(204,103)
Unrealized gain on available-for-sale securities	(12,951)	(7,052)	(137,705)
Other	(201)	(168)	(2,144)
Total	(32,348)	(23,015)	(343,953)
Net deferred tax assets	¥ 6,656	¥ 18,810	\$ 70,775

25. Lease Transactions

(a) Finance leases

DBJ Inc. and its domestic consolidated subsidiaries lease certain equipment and others. Lease payments under finance leases for the years ended March 31, 2013 and 2012 amounted to ¥47 million (\$505 thousand) and ¥150 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense for finance leases that do not transfer ownership of the leased property to the lessee on an “as if capitalized” basis for the years ended March 31, 2013 and 2012 is as follows:

	Millions of Yen		
	2013		
	Tangible fixed assets	Intangible fixed assets	Total
Acquisition cost	¥ 21	¥—	¥ 21
Accumulated depreciation	(18)	—	(18)
Accumulated impairment losses	—	—	—
Net leased property	¥ 3	¥—	¥ 3
	Millions of Yen		
	2012		
	Tangible fixed assets	Intangible fixed assets	Total
Acquisition cost	¥ 81	¥ 204	¥ 286
Accumulated depreciation	(56)	(178)	(234)
Accumulated impairment losses	—	—	—
Net leased property	¥ 25	¥ 25	¥ 51
	Thousands of U.S. Dollars		
	2013		
	Tangible fixed assets	Intangible fixed assets	Total
Acquisition cost	\$ 228	\$—	\$ 228
Accumulated depreciation	(193)	—	(193)
Accumulated impairment losses	—	—	—
Net leased property	\$ 35	\$—	\$ 35

Pro forma amounts of obligations under finance leases as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within 1 year	¥ 3	¥42	\$37
Due after 1 year	—	10	—
Total	¥ 3	¥53	\$37

Pro forma amounts of depreciation expense and interest expense under finance leases for the years ended March 31, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Depreciation expense	¥37	¥144	\$401
Interest expense	0	2	8
Total	¥38	¥147	\$408

*1. Depreciation expense is calculated using the straight-line method, assuming that useful life is equal to the lease term and that the residual value at the end of the lease term is zero.

*2. The difference between total lease payments and the assumed acquisition cost of leased assets is charged to assumed interest expense and is allocated to each fiscal year using the interest method.

(b) Operating leases

(As lessee)

The minimum lease commitments under non-cancelable operating leases as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within 1 year	¥310	¥230	\$3,296
Due after 1 year	534	100	5,688
Total	¥844	¥331	\$8,984

(As lessor)

The minimum lease commitments under non-cancelable operating leases as of March 31, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within 1 year	¥ 875	¥—	\$ 9,307
Due after 1 year	4,860	—	51,675
Total	¥5,735	¥—	\$60,982

26. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2013 and 2012 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥30,439	¥15,948	\$323,656
Reclassification adjustments to profit or loss	(8,088)	(4,179)	(85,999)
Amount before income tax effect	22,351	11,769	237,656
Income tax effect	(5,900)	(2,915)	(62,734)
Total	16,451	8,854	174,923
Deferred gain on derivatives under hedge accounting:			
Gains arising during the year	17,097	22,440	181,796
Reclassification adjustments to profit or loss	(7,436)	(8,229)	(79,074)
Amount before income tax effect	9,660	14,210	102,721
Income tax effect	(3,400)	(3,922)	(36,158)
Total	6,260	10,288	66,563
Foreign currency translation adjustments:			
Losses arising during the year	86	(49)	923
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	86	(49)	923
Income tax effect	—	—	—
Total	86	(49)	923
Share of other comprehensive income in affiliates:			
Gains arising during the year	98	70	1,052
Reclassification adjustments to profit or loss	(59)	(53)	(629)
Amount before income tax effect	39	17	423
Income tax effect	—	—	—
Total	39	17	423
Total other comprehensive income	¥22,838	¥19,110	\$242,833

27. 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, 2013 and 2012 is following:

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

Year ended March 31, 2012	Millions of Yen			
	Loan business	Securities investment	Other	Total
Ordinary income from external customers	¥263,970	¥32,467	¥22,337	¥318,775

Year ended March 31, 2013	Thousands of U.S. Dollars			
	Loan business	Securities investment	Other	Total
Ordinary income from external customers	\$2,649,851	\$644,647	\$321,643	\$3,616,141

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

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

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

The financial assets of DBJ Inc. are mainly investments and loans in 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, 2013. 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. As for hedge accounting, DBJ Inc. applies the deferral hedge method or the accrual method to interest-rate swaps, and the assignment method to foreign currency swaps. Hedged items of interest-rate swaps are loans, securities, borrowings, debentures and corporate bonds. Hedged items of foreign currency swaps are foreign-currency denominated loans, debentures and corporate bonds. According to the risk management policy, DBJ Inc. evaluates the effectiveness of the hedges by testing whether the derivatives are effective in reducing the risks associated with the hedged items.

(3) Risk Management for Financial Instruments

(i) Credit Risk Management

In accordance with the internal guidelines, DBJ Inc. utilizes credit exposure management and portfolio management for 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, sets collateral and guarantee. The sales and credit analysis departments hold separate roles in the screening and administering of credit for individual loans and each department keeps the operations of the other in check. The Committee on Investment and Loan Decisions meets as needed to deliberate important 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 the securities. As for counterparty risk arising from derivative transactions, DBJ Inc. manages derivative transactions by continually monitoring the cost of restructuring its transactions and 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, 2013 and 2012 was ¥20,710 million (\$220,211 thousand) and ¥41,484 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, 2013 and 2012.

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

	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 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	¥ —

	Millions of Yen		
	2012		
	Carrying amount	Fair value	Difference
Cash and due from banks	¥ 175,618	¥ 175,618	¥ —
Call loans and bills bought	89,500	89,500	—
Reverse repurchase agreements	152,889	152,889	—
Securities			
Held-to-maturity debt securities	672,405	695,762	23,357
Available-for-sale securities	213,894	213,894	—
Loans	13,645,469		
Allowance for loan losses*1	(149,928)		
	13,495,540	14,113,871	618,330
Total assets	¥14,799,848	¥15,441,536	¥641,687
Debentures	3,130,495	3,260,653	130,158
Borrowed money	9,170,553	9,290,125	119,571
Short-term bonds	50,999	50,999	—
Corporate bonds	541,327	544,484	3,157
Total liabilities	¥12,893,376	¥13,146,263	¥252,887
Derivative transactions*2			
Derivative transactions not qualifying for hedge accounting	12,904	12,904	—
Derivative transactions qualifying for hedge accounting	36,871	36,871	—
Total derivative transactions	¥ 49,776	¥ 49,776	¥ —

	Thousands of U.S. Dollars		
	2013		
	Carrying amount	Fair value	Difference
Cash and due from banks	\$ 1,643,432	\$ 1,643,432	\$ —
Call loans and bills bought	893,142	893,142	—
Reverse repurchase agreements	1,764,761	1,764,761	—
Securities			
Held-to-maturity debt securities	8,093,274	8,376,574	283,300
Available-for-sale securities	3,114,835	3,114,835	—
Loans	147,987,505		
Allowance for loan losses* ¹	(1,549,841)		
	146,437,664	153,834,731	7,397,067
Total assets	\$161,947,108	\$169,627,475	\$7,680,367
Debentures	32,464,404	34,199,559	1,735,155
Borrowed money	99,398,174	101,178,489	1,780,315
Short-term bonds	467,815	467,815	—
Corporate bonds	9,263,756	9,321,921	58,165
Total liabilities	\$141,594,149	\$145,167,783	\$3,573,635
Derivative transactions* ²			
Derivative transactions not qualifying for hedge accounting	27,760	27,760	—
Derivative transactions qualifying for hedge accounting	493,914	493,914	—
Total derivative transactions	\$ 521,674	\$ 521,674	\$ —

*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 29.

(2) Following are the financial instruments whose fair value cannot be reliably determined as of March 31, 2013 and 2012:

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
	2013	2012	2013
Money held in trust* ¹	¥175,335	¥ 24,423	\$1,864,282
Unlisted equities* ^{2, 3}	127,873	127,999	1,359,634
Investments in limited partnerships and other similar partnerships* ^{1, 3}	124,053	126,977	1,319,018
Unlisted other securities* ^{2, 3}	51,008	35,346	542,355
Industrial investment borrowed money (Special Account for FILP)* ⁴	100,000	—	1,063,264
Total	¥578,271	¥314,746	\$6,148,553

*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, 2013 and 2012 was ¥1,866 million (\$19,848 thousand) and ¥6,803 million, respectively. The breakdown is: unlisted equities ¥272 million (\$2,898 thousand) and ¥6,685 million, unlisted other securities ¥1,594 million (\$16,950 thousand) and ¥117 million for the years ended March 31, 2013 and 2012, 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, 2013 are as follows:

	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*	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*	2,136,526	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					
	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	\$ 1,643,388	\$ —	\$ —	\$ —	\$ —	\$ —
Call loans and bills bought	893,142	—	—	—	—	—
Securities						
Held-to-maturity debt securities with market values	359,143	2,869,722	2,307,595	1,770,613	410,155	376,048
Japanese government bonds	—	—	876,635	430,644	163,477	376,048
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	303,156	1,350,346	1,066,188	421,940	140,351	—
Other	55,986	1,519,376	364,771	918,028	106,326	—
Available-for-sale securities with contractual maturities*	909,434	351,327	272,673	260,387	698,733	30,179
Japanese government bonds	850,526	—	—	22,794	698,733	—
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	10,689	305,681	272,615	237,592	—	—
Other	48,219	45,646	58	—	—	30,179
Loans*	22,716,927	42,457,647	32,642,792	22,849,045	17,763,377	8,246,836
Total	\$26,522,033	\$45,678,696	\$35,223,060	\$24,880,044	\$18,872,264	\$8,653,062

* Obligations to "Legally Bankrupt," "Effectively Bankrupt" and "Possibly Bankrupt" amount to ¥123,288 million (\$1,310,881 thousand) are not included as of March 31, 2013. The breakdown is: available-for-sale securities with contractual maturities ¥0 million (\$0 thousand) and loans ¥123,288 million (\$1,310,881 thousand).

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

	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					
	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	\$14,419,429	\$26,235,165	\$21,809,524	\$12,668,671	\$12,780,751	\$12,547,899
Short-term corporate bonds	467,815	—	—	—	—	—
Debentures and corporate bonds	3,162,628	10,051,859	12,601,453	5,491,940	5,580,114	4,840,165
Total	\$18,049,872	\$36,287,024	\$34,410,977	\$18,160,610	\$18,360,866	\$17,388,064

29. Derivative Transactions

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

(1) Interest Rate-related Transactions

	Millions of Yen			
	2013			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
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
	Millions of Yen			
	2012			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
Over-the-counter				
Swaps				
Receive fixed/ Pay float	¥590,096	¥507,934	¥ 17,267	¥ 17,267
Receive float/ Pay fixed	588,298	506,242	(13,908)	(13,908)
Total	—	—	¥ 3,358	¥ 3,358
	Thousands of U.S. Dollars			
	2013			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
Over-the-counter				
Swaps				
Receive fixed/ Pay float	\$7,910,993	\$7,141,578	\$ 230,286	\$ 230,286
Receive float/ Pay fixed	7,893,003	7,132,610	(179,300)	(179,300)
Total	—	—	\$ 50,986	\$ 50,986

*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			
	2013			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
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)
	Millions of Yen			
	2012			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
Over-the-counter				
Swaps	¥ 97,497	¥97,497	¥14,030	¥14,030
Forwards				
Sold	107,290	—	(3,437)	(3,437)
Bought	8	—	(0)	(0)
Total	—	—	¥10,592	¥10,592

	Thousands of U.S. Dollars			
	2013			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
Over-the-counter				
Swaps	\$1,036,656	\$1,036,656	\$ 20,971	\$ 20,971
Forwards				
Sold	1,988,505	—	(38,853)	(38,853)
Bought	59,511	—	(422)	(422)
Total	—	—	\$(18,304)	\$(18,304)

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

	Millions of Yen			
	2012			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
Over-the-counter				
Credit default options				
Sold	¥85,219	¥74,219	¥ (895)	¥ (895)
Bought	11,000	—	(150)	(150)
Total	—	—	¥(1,046)	¥(1,046)

	Thousands of U.S. Dollars			
	2013			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
Over-the-counter				
Credit default options				
Sold	\$655,755	\$602,592	\$(4,921)	\$(4,921)
Bought	—	—	—	—
Total	—	—	\$(4,921)	\$(4,921)

*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		
		2013		
		Contract amount		
	Hedged item	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

		Millions of Yen		
		2012		
		Contract amount		
	Hedged item	Total	Due after 1 year	Fair value
Deferral method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Securities and	¥485,498	¥479,741	¥39,656
Receive float/ Pay fixed	Loans	66,529	61,028	(2,784)
Accrual method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Corporate bonds and	566,400	547,724	*3
Receive float/ Pay fixed	Loans	444	325	
Total		—	—	¥36,871

		Thousands of U.S. Dollars		
		2013		
		Contract amount		
	Hedged item	Total	Due after 1 year	Fair value
Deferral method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Securities and	\$4,888,262	\$4,827,046	\$537,824
Receive float/ Pay fixed	Loans	1,106,094	1,043,336	(43,909)
Accrual method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Corporate bonds and	6,957,971	6,784,134	*3
Receive float/ Pay fixed	Loans	343,710	342,450	
Total		—	—	\$493,914

*1. DBJ Inc. applies the deferral method of hedge accounting primarily stipulated in "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).

*2. Fair values for the over-the-counter transactions are based primarily on discounted present values.

*3. The above interest rate swap contracts which qualify for the hedging requirements of the accrual method are not remeasured at fair value but the differential paid or received under the swap agreements are recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 28 "Financial Instruments and Related Disclosures" is included in that of hedged items such as debentures, borrowed money, corporate bonds and loans.

(2) Currency-related Transactions

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

		Millions of Yen		
		2012		
		Contract amount		
	Hedged item	Total	Due after 1 year	Fair value
Translated at contractual rates	Foreign-currency loans			
Swaps		¥5,427	¥—	*
Total		—	—	—

		Thousands of U.S. Dollars		
		2013		
		Contract amount		
	Hedged item	Total	Due after 1 year	Fair value
Translated at contractual rates	Foreign-currency debentures			
Swaps	and Corporate bonds	\$1,087,743	\$1,087,743	*
Total		—	—	—

Note: The above foreign currency swap contracts which qualify for the hedging requirements of assignment method are not subject to the disclosure of fair value information. In addition, the fair value of such foreign currency swaps in Note 28 "Financial Instruments and Related Disclosures" is included in that of hedged items such as foreign-currency debentures, corporate bonds and loans.

(3) Equity-related Transactions

Not applicable.

(4) Bond-related Transactions

Not applicable.

30. Fair Value of Securities and Money Held in Trust

Fair value of securities, money held in trust and negotiable certificate of deposit classified as "Cash and due from banks" as of March 31, 2013 and 2012 is summarized below.

(a) Securities

(1) Held-to-maturity Debt Securities as of March 31, 2013

		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		
		2013		
		Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	\$1,846,804	\$1,971,637	\$124,833
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	2,775,867	2,827,548	51,681
	Other	1,996,352	2,133,371	137,019
Sub-total		6,619,023	6,932,556	313,533
Fair value does not exceed carrying amount	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	506,114	503,272	(2,842)
	Other	968,137	940,745	(27,391)
Sub-total		1,474,250	1,444,018	(30,233)
Total		\$8,093,274	\$8,376,574	\$283,300

(2) Held-to-maturity Debt Securities as of March 31, 2012

		Millions of Yen		
		2012		
		Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	¥174,461	¥182,231	¥ 7,769
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	134,420	141,047	6,626
	Other	134,405	147,887	13,482
Sub-total		443,288	471,166	27,878
Fair value does not exceed carrying amount	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	169,250	166,282	(2,968)
	Other	59,866	58,312	(1,553)
Sub-total		229,116	224,595	(4,521)
Total		¥672,405	¥695,762	¥23,357

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

(3) Available-for-sale Securities as of March 31, 2013

		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		
		2013		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	\$ 480,564	\$ 248,110	\$232,454
	Bonds	1,846,920	1,794,324	52,596
	Japanese government bonds	1,040,474	1,016,022	24,453
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	806,446	778,303	28,143
	Other	203,989	49,338	154,651
Sub-total		2,531,473	2,091,772	439,700
Carrying amount does not exceed cost	Equities	28,702	30,554	(1,852)
	Bonds	551,711	552,292	(581)
	Japanese government bonds	531,579	531,592	(13)
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	20,132	20,700	(568)
	Other	321,928	324,221	(2,292)
Sub-total		902,342	907,067	(4,725)
Total		\$3,433,815	\$2,998,839	\$434,976

(4) Available-for-sale Securities as of March 31, 2012

		Millions of Yen		
		2012		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	¥ 36,467	¥ 19,193	¥17,273
	Bonds	109,333	103,156	6,176
	Japanese government bonds	22,572	22,241	330
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	86,761	80,914	5,846
	Other	10,376	4,716	5,659
Sub-total		156,177	127,067	29,109
Carrying amount does not exceed cost	Equities	5,339	6,411	(1,071)
	Bonds	52,134	52,141	(7)
	Japanese government bonds	49,978	49,980	(2)
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	2,156	2,160	(4)
	Other	50,242	50,242	—
Sub-total		107,717	108,796	(1,078)
Total		¥263,894	¥235,863	¥28,030

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

(5) Available-for-sale Securities sold during the year ended March 31, 2013 and 2012

		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

		Millions of Yen		
		2012		
		Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities		¥ 29,932	¥1,858	¥1,803
Bonds		91,584	492	—
Japanese government bonds		91,070	477	—
Japanese local government bonds		—	—	—
Short-term corporate bonds		—	—	—
Corporate bonds		514	15	—
Other		1,789	995	1
Total		¥123,307	¥3,346	¥1,804

	Thousands of U.S. Dollars		
	2013		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	\$462,772	\$191,459	\$ 978
Bonds	104,864	5,592	49
Japanese government bonds	—	—	—
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	104,864	5,592	49
Other	64,061	14,987	1,030
Total	\$631,697	\$212,038	\$2,057

(b) Money Held in Trust

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

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

	Millions of Yen	
	2012	
	Carrying amount	Net unrealized loss on the consolidated statement of income
Money held in trust for the purpose of investment	¥43	¥4

	Thousands of U.S. Dollars	
	2013	
	Carrying amount	Net unrealized gain on the consolidated statement of income
Money held in trust for the purpose of investment	\$750	\$130

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

	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	¥—

	Millions of Yen				
	2012				
	Unrealized gains (losses)				
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	¥24,379	¥21,470	¥2,909	¥2,909	¥—

	Thousands of U.S. Dollars				
	2013				
	Unrealized gains (losses)				
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	\$1,863,533	\$1,817,861	\$45,672	\$45,672	\$—

(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
	2013	2012	2013
Unrealized gain on			
available-for-sale securities	¥ 47,124	¥26,159	\$ 501,055
Other money held in trust	4,295	2,909	45,672
Deferred tax liabilities	(12,952)	(7,052)	(137,717)
Unrealized gain on available-for-sale securities before interest adjustments	38,467	22,015	409,011
Amount corresponding to minority interests	(1,606)	(2,695)	(17,076)
DBJ Inc.'s interest in net unrealized gain on available-for-sale securities held by affiliates accounted for by the equity method	11	(7)	125
Unrealized gain on available-for-sale securities, net of taxes	¥ 36,873	¥19,313	\$ 392,060

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

31. Related Party Transactions

Related party transactions for the years ended March 31, 2013 and 2012 are as follows:

Related party	Category	Description	Account item	Amounts of the transactions		Balance at March 31, 2013	
				Millions of Yen	Thousands of U.S. Dollars	Millions of Yen	Thousands of U.S. Dollars
Finance Minister	Shareholder	Subscription of capital increase*1	—	¥ 19,165	\$ 203,775	¥ —	\$ —
		Borrowings*2	Borrowed money	600,000	6,379,585	4,466,008	47,485,468
		Repayments		711,277	7,562,755		
		Payment for interest	Accrued expenses	59,235	629,829	15,633	166,227
		Guarantees*3	—	2,450,189	26,051,990	—	—

*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 (\$41,545,231 thousand) from Japan Finance Corporation relating to the crisis response business.

Related party	Category	Description	Account item	Amounts of the transactions	Balance at March 31, 2012
				Millions of Yen	Millions of Yen
Finance Minister	Shareholder	Subscription of capital increase*1	—	¥ 6,594	¥ —
		Borrowings*2	Borrowed money	500,000	4,577,285
		Repayments		789,299	
		Payment for interest	Accrued expenses	68,915	17,299
		Guarantees*3	—	2,257,667	—

- *1. It consists of subscription due to redemption of government compensation bonds in an amount of ¥6,170 million and subscription for third party allotment of capital increase (¥50,000 per share) in an amount of ¥424 million.
- *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, 2032 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 ¥3,711,361 million from Japan Finance Corporation relating to the crisis response business.

32. Subsequent Event

On June 27, 2013, 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, 2013

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends-Common stock (¥808-\$8.59 per share)	¥35,254	\$374,853



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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, 2013, 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, 2013, 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.

June 17, 2013
(June 27, 2013 as to Note 32)

Member of
Deloitte Touche Tohmatsu Limited

Non-Consolidated Balance Sheet (Unaudited)

Development Bank of Japan Inc.

As of March 31,	Millions of Yen		Thousands of U.S. Dollars (Note)
	2013	2012	2013
Assets			
Cash and due from banks	¥ 128,839	¥ 164,534	\$ 1,369,899
Call loans	84,000	89,500	893,142
Reverse repurchase agreements	165,975	152,889	1,764,761
Money held in trust	170,236	20,610	1,810,065
Securities	1,337,971	1,139,649	14,226,172
Loans	14,015,453	13,704,999	149,021,301
Other assets	134,469	133,473	1,429,768
Tangible fixed assets	122,363	154,673	1,301,044
Intangible fixed assets	6,848	7,045	72,817
Deferred tax assets	6,659	18,790	70,808
Customers' liabilities for acceptances and guarantees	155,753	128,518	1,656,068
Allowance for loan losses	(144,225)	(150,350)	(1,533,496)
Allowance for investment losses	(501)	(1,072)	(5,335)
Total assets	¥16,183,843	¥15,563,263	\$172,077,015
Liabilities and equity			
Liabilities:			
Debentures	¥ 3,053,277	¥ 3,130,495	\$ 32,464,404
Borrowed money	9,416,398	9,170,553	100,121,194
Short-term corporate bonds	43,997	50,999	467,815
Corporate bonds	863,756	541,327	9,184,011
Other liabilities	119,273	78,229	1,268,193
Accrued bonuses to employees	4,340	4,600	46,148
Accrued bonuses to directors and corporate auditors	12	12	129
Reserve for employees' retirement benefits	10,177	13,342	108,214
Reserve for directors' and corporate auditors' retirement benefits	59	52	633
Reserve for contingent losses	135	—	1,445
Acceptances and guarantees	155,753	128,518	1,656,068
Total liabilities	13,667,181	13,118,132	145,318,254
Equity:			
Common stock authorized, 160,000 thousand shares in 2013 and 2012; issued, 43,632 thousand shares in 2013 and 2012	1,206,953	1,187,788	12,833,099
Capital surplus	1,060,466	1,060,466	11,275,559
Retained earnings	187,730	154,539	1,996,073
Unrealized gain on available-for-sale securities	27,707	14,817	294,608
Deferred gain on derivatives under hedge accounting	33,803	27,519	359,422
Total equity	2,516,661	2,445,130	26,758,761
Total liabilities and equity	¥16,183,843	¥15,563,263	\$172,077,015

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥94.05=\$1.00, the effective exchange rate prevailing as of March 31, 2013, has been used in the conversion.

Non-Consolidated Statement of Income (Unaudited)

Development Bank of Japan Inc.

For the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars (Note)
	2013	2012	2013
Income			
Interest income:	¥268,638	¥277,128	\$2,856,339
Interest on loans	243,076	254,567	2,584,544
Interest and dividends on securities	17,782	14,650	189,074
Interest on call loans	44	115	473
Interest on reverse repurchase agreements	351	287	3,735
Interest on due from banks	52	95	558
Interest on swaps	7,053	7,287	74,997
Other interest income	278	123	2,959
Fees and commissions	9,669	9,232	102,816
Other operating income	7,857	5,522	83,542
Other income	48,673	37,862	517,525
Total income	334,838	329,746	3,560,222
Expenses			
Interest expense:	144,287	155,488	1,534,155
Interest on debentures	43,100	47,668	458,273
Interest on call money and bills sold	19	41	211
Interest on borrowed money	97,276	104,535	1,034,303
Interest on short-term corporate bonds	57	56	611
Interest on corporate bonds	3,827	3,182	40,694
Other interest expense	5	3	62
Fees and commissions	265	505	2,821
Other operating expenses	12,163	2,585	129,325
General and administrative expenses	42,431	36,581	451,164
Other expenses	20,728	28,016	220,404
Total expenses	219,876	223,176	2,337,869
Income before income taxes	114,962	106,569	1,222,353
Income taxes:			
Current	41,577	21,400	442,076
Deferred	2,844	10,449	30,247
Total income taxes	44,421	31,849	472,323
Net income	¥ 70,540	¥ 74,720	\$ 750,031
Per share of common stock	Yen		U.S. Dollars (Note)
	2013	2012	2013
Basic net income	¥1,616.69	¥1,712.81	\$ 17.19

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥94.05=\$1.00, the effective exchange rate prevailing as of March 31, 2013, 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)
	2013	2012	2013
Common stock:			
Balance at beginning of year	¥1,187,788	¥1,181,194	\$12,629,325
Capital increase due to redemption of government compensation bonds	19,165	6,170	203,775
Issuance of new shares of common stock	—	424	—
Balance at end of year	1,206,953	1,187,788	12,833,099
Capital surplus:			
Balance at beginning of year	1,060,466	1,060,466	11,275,559
Balance at end of year	1,060,466	1,060,466	11,275,559
Retained earnings:			
Balance at beginning of year	154,539	129,855	1,643,164
Cash dividends	(37,349)	(50,036)	(397,122)
Net income	70,540	74,720	750,031
Balance at end of year	187,730	154,539	1,996,073
Unrealized gain on available-for-sale securities:			
Balance at beginning of year	14,817	7,350	157,551
Net change during the year	12,890	7,467	137,057
Balance at end of year	27,707	14,817	294,608
Deferred gain on derivatives under hedge accounting:			
Balance at beginning of year	27,519	17,238	292,604
Net change during the year	6,284	10,281	66,818
Balance at end of year	33,803	27,519	359,422
Total equity:			
Balance at beginning of year	2,445,130	2,396,104	25,998,203
Capital increase due to redemption of government compensation bonds	19,165	6,170	203,775
Issuance of new shares of common stock	—	424	—
Cash dividends	(37,349)	(50,036)	(397,122)
Net income	70,540	74,720	750,031
Net change during the year	19,174	17,748	203,875
Balance at end of year	¥2,516,661	¥2,445,130	\$26,758,761

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥94.05=\$1.00, the effective exchange rate prevailing as of March 31, 2013, 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)

Basel III uniform international standards became applicable from March 31, 2013. DBJ has applied Basel III, and capital adequacy ratios in this Capital Adequacy Ratio Notification have been calculated to these standards, on both a consolidated and non-consolidated basis.

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. DBJ has not introduced procedures in line with market risk regulations.

Consolidated Capital Ratio (Basel 2, BIS standard)

(Millions of yen)

		March 31, 2012
Tier 1 capital	Common stock	1,187,788
	Non-cumulative perpetual preferred stock	—
	Advance payment for new shares	—
	Capital surplus	1,060,466
	Retained earnings	159,606
	Less: Treasury stock	—
	Advance payment for treasury stock	—
	Less: Planned distribution of income	37,349
	Less: Unrealized loss on available-for-sale securities	—
	Foreign currency translation adjustments	—
	Rights to acquire new shares	—
	Minority interests in consolidated subsidiaries	3,633
	Preferred securities issued by overseas SPCs	—
	Less: Business right	—
	Less: Goodwill	—
	Less: Intangible fixed assets recognized as a result of a merger	—
	Less: Capital increase due to securitization transactions	—
	Less: 50% of excess of expected losses relative to eligible reserves	—
Tier 2 capital	Total of Tier 1 capital before deduction of deferred tax assets	—
	Less: Deduction of deferred tax assets	—
	Subtotal (A)	2,374,145
	Preferred securities with a step-up interest rate reserve	—
	45% of deduction of book value from available-for-sale securities on consolidated balance sheet	13,077
	45% of revaluation reserve for land	—
	General reserve for possible loan losses	58,589
	Excess of eligible reserves relative to expected losses	—
	Hybrid debt capital instruments	—
	Perpetual subordinated debt	—
Tier 3 capital	Subordinated debt with maturity dates and preferred stocks with maturity dates	—
	Subtotal (B)	71,666
Deductions	Tier 2 capital included as qualifying capital (B)	71,666
	Short-term subordinated debt	—
Total qualifying capital	Tier 3 capital included as qualifying capital (C)	—
	Deductions for total risk-based capital* (D)	532,526
Risk-weighted assets	Total qualifying capital (A)+(B)+(C)-(D) (E)	1,913,285
	On-balance-sheet items	9,740,240
	Off-balance-sheet items	301,084
	Credit risk assets (F)	10,041,324
	Market risk equivalent assets (H)/8% (G)	—
	(For reference: Amount equivalent to market risk) (H)	—
	Operational risk equivalent assets (J)/8% (I)	263,296
	(For reference: Amount equivalent to operational risk) (J)	21,063
	Credit risk asset adjustments (K)	—
	Amount equivalent to operational risk adjustments (L)	—
Total (F)+(G)+(I)+(K)+(L) (M)		10,304,620
Consolidated capital ratio (Basel 2, BIS standard) (E)/(M) x 100 (%)		18.56
Consolidated Tier 1 capital ratio (A)/(M) x 100 (%)		23.03

* Includes equivalent amounts of capital-raising instruments of other financial institutions.

Capital Structure Information (Consolidated)

(Millions of yen)

Items	March 31, 2013		Basel III Template No.
		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		1a+2-1c-26
of which: common stock and capital surplus	2,267,419		1a
of which: retained earnings	193,595		2
of which: treasury stock	—		1c
of which: planned distribution of income	35,254		26
of which: other than the above	—		
Rights to acquire new common shares	—		1b
Accumulated other comprehensive income and other disclosed reserves	—	70,803	3
Adjusted minority interests, etc. (amount allowed to be included in group Common Equity Tier 1)	7		5
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	1,260		
Common Equity Tier 1 capital: instruments and reserves (A)	2,427,026		6
Common Equity Tier 1 capital: regulatory adjustments			
Total intangible assets (excluding those relating to mortgage servicing rights)	—	4,287	8+9
of which: goodwill (including those equivalent)	—	—	8
of which: other intangible assets other than goodwill and mortgage servicing rights	—	4,287	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—	10
Net deferred losses on hedges	—	274	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 Net assets 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
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)	—		28

(Millions of yen)

Items	March 31, 2013		Basel III Template No.
		Amounts excluded under transitional arrangements	
Common Equity Tier 1 capital (CET1)			
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	2,427,026		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
Rights to acquire new shares in relation to Additional Tier 1 instruments	—		31b
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		32
Qualifying Additional Tier 1 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 Additional Tier 1)	5,426		34-35
Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	—		33+35
of which: instrument issued by banks and their special purpose vehicles	—		33
of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—		35
Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	(57)		
Additional Tier 1 capital: instruments (D)	5,368		36
Additional Tier 1 capital: regulatory adjustments			
Investments in own Additional Tier 1 instruments	—	—	37
Reciprocal cross-holdings in Additional Tier 1 instruments	—	—	38
Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)	—	—	39
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	—	1,059	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)	—		43
Additional Tier 1 capital (AT1)			
Additional Tier 1 capital ((D)-(E)) (F)	5,368		44
Tier 1 capital (T1 = CET1 + AT1)			
Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	2,432,395		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	—		
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	—		46
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		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

(Millions of yen)

Items	March 31, 2013		Basel III Template No.
		Amounts excluded under transitional arrangements	
Total of general reserve for possible loan losses and eligible reserves included in Tier 2	67,478		50
of which: general reserve for possible loan losses	67,478		50a
of which: eligible reserves	—		50b
Total of items included in Tier 2 capital: instruments and reserves subject to transitional arrangements	23,144		
Tier 2 capital: instruments and reserves (H)	90,688		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		58
Total capital (TC = T1 + T2)			
Total capital (TC = T1 + T2) ((G) + (J)) (K)	2,523,084		59
Risk weighted assets			
Total of items included in risk weighted assets subject to transitional arrangements	5,346		
Risk weighted assets (L)	16,255,349		60
Capital ratio (consolidated)			
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	14.93%		61
Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	14.96%		62
Total risk-weighted capital ratio (consolidated) ((K)/(L))	15.52%		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		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	6,592		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		75
Reserves included in Tier 2 capital: instruments and reserves			
General reserve for possible loan losses	67,478		76
Cap on inclusion of general reserve for possible loan losses	200,088		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

Non-Consolidated Capital Ratio (Basel 2, BIS standard)

(Millions of yen)

		March 31, 2012
Tier 1 capital	Common stock	1,187,788
	Non-cumulative perpetual preferred stock	—
	Advance payment for new shares	—
	Capital surplus	1,060,466
	Other capital surplus	—
	Retained earnings	—
	Other retained earnings	154,539
	Others	—
	Less: Treasury stock	—
	Advance payment for treasury stock	—
	Less: Planned distribution of income	37,349
	Less: Unrealized loss on available-for-sale securities	—
	Rights to acquire new shares	—
	Less: Business right	—
	Less: Goodwill	—
	Less: Intangible fixed assets recognized as a result of a merger	—
	Less: Capital increase due to securitization transactions	—
	Less: 50% of excess of expected losses relative to eligible reserves	—
	Total of Tier 1 capital before deduction of deferred tax assets	—
	Less: Deduction of deferred tax assets	—
	Subtotal (A)	2,365,444
	Preferred securities with a step-up interest rate reserve	—
	Preferred securities issued by overseas SPCs	—
Tier 2 capital	45% of deduction of book value from available-for-sale securities on consolidated balance sheet	9,841
	45% of revaluation reserve for land	—
	General reserve for possible loan losses	58,991
	Excess of eligible reserves relative to expected losses	—
	Hybrid debt capital instruments	—
	Perpetual subordinated debt	—
	Subordinated debt with maturity dates and preferred stocks with maturity dates	—
	Subtotal	68,832
	Tier 2 capital included as qualifying capital (B)	68,832
Tier 3 capital	Short-term subordinated debt	—
	Tier 3 capital included as qualifying capital (C)	—
Deductions	Deductions for total risk-based capital* (D)	543,113
Total qualifying capital	(A)+(B)+(C)–(D) (E)	1,891,162
Risk-weighted assets	On-balance-sheet items	9,769,468
	Off-balance-sheet items	301,084
	Credit risk assets (F)	10,070,553
	Market risk equivalent assets (H)/8% (G)	—
	(For reference: Amount equivalent to market risk) (H)	—
	Operational risk equivalent assets (J)/8% (I)	260,041
	(For reference: Amount equivalent to operational risk) (J)	20,803
	Credit risk asset adjustments (K)	—
	Amount equivalent to operational risk adjustments (L)	—
	Total (F)+(G)+(I)+(K)+(L) (M)	10,330,594
Non-consolidated capital ratio (Basel 2, BIS standard) (E)/(M) x 100 (%)		18.30
Non-consolidated Tier 1 capital ratio (A)/(M) x 100 (%)		22.89

* Includes equivalent amounts of capital-raising instruments of other financial institutions.

Capital Structure Information (Non-Consolidated)

(Millions of yen)

Items	March 31, 2013	
	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	1a+2-1c-26
of which: common stock and capital surplus	2,267,419	1a
of which: retained earnings	187,730	2
of which: treasury stock	—	1c
of which: planned distribution of income	35,254	26
of which: other than the above	—	
Rights to acquire new common shares	—	1b
Valuation and translation adjustment and other disclosed reserves	61,511	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	6
Common Equity Tier 1 capital: regulatory adjustments		
Total intangible assets (excluding those relating to mortgage servicing rights)	4,257	8+9
of which: goodwill (including those equivalent)	—	8
of which: other intangible assets other than goodwill and mortgage servicing rights	4,257	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	10
Net deferred gains on hedges	90	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 Net assets 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
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)	—	28
Common Equity Tier 1 capital (CET1)		
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	2,419,895	29

(Millions of yen)

Items	March 31, 2013		Basel III Template No.	
		Amounts excluded under transitional arrangements		
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	
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		32	
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—			
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	
Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)	—		39	
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	—		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)	—		43	
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		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 reserve for possible loan losses and eligible reserves included in Tier 2	68,074		50	
of which: general reserve for possible loan losses	68,074		50a	
of which: eligible reserves	—		50b	
Total of items included in Tier 2 capital: instruments and reserves subject to transitional arrangements	12,468			
Tier 2 capital: instruments and reserves (H)	80,543		51	

(Millions of yen)

Items	March 31, 2013		Basel III Template No.
		Amounts excluded under transitional arrangements	
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		58
Total capital (TC = T1 + T2)			
Total capital (TC = T1 + T2) ((G) + (J)) (K)	2,500,438		59
Risk weighted assets			
Total of items included in risk weighted assets subject to transitional arrangements	4,257		
Risk weighted assets (L)	16,645,774		60
Capital ratio (consolidated)			
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	14.53%		61
Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	14.53%		62
Total risk-weighted capital ratio (consolidated) ((K)/(L))	15.02%		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		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	6,592		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		75
Reserves included in Tier 2 capital: instruments and reserves			
General reserve for possible loan losses	68,074		76
Cap on inclusion of general reserve for possible loan losses	204,993		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

Capital Adequacy Status

Capital adequacy ratios have been calculated in accordance with uniform international standards on both a consolidated and non-consolidated basis, based on the calculation methods prescribed in the Capital Adequacy Ratio Notification.

In accordance with Basel III standards, from March 31, 2013, calculations are based on a partially revised Capital Adequacy Ratio Notification.

As of this disclosure (as of July 2013), DBJ is not yet subject to Article 14-2 of the Banking Act of Japan, but for reference the capital adequacy ratio has been disclosed in accordance with the Capital Adequacy Ratio Notification.

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

[1] Capital Adequacy Ratio Status (Consolidated)

Quantitative Disclosure

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

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

(Millions of yen)

	March 31, 2013	March 31, 2012
Loans	¥13,469,872	¥13,147,987
Equities, funds	289,337	272,894
Commitments and customers' liabilities for acceptances and guarantees	502,229	293,406
Bonds (JGBs and corporate bonds, etc.)	882,912	769,702
Repurchase agreement/call loan	399,978	242,390
Other	492,361	497,046
Total	¥16,036,692	¥15,223,428

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

(1) By region

(Millions of yen)

	March 31, 2013	March 31, 2012
Domestic total	¥16,035,626	¥15,222,544
Overseas total	1,065	883

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

(2) (i) Breakdown by industry and transaction counterparty (former industry breakdown)

(Millions of yen)

	March 31, 2013	March 31, 2012
Manufacturing	¥—	¥3,774,990
Forestry and fisheries	—	1,401
Mining	—	54,714
Construction	—	68,098
Wholesale and retail	—	1,196,031
Finance and insurance	—	1,387,525
Real estate	—	1,334,769
Transportation and communications	—	3,429,722
Electrical, gas and water	—	2,475,942
Services	—	994,334
Other	—	505,898

(2) (ii) Breakdown by industry and transaction counterparty (new industry breakdown)

(Millions of yen)

	March 31, 2013	March 31, 2012
Manufacturing	¥3,697,647	¥—
Agriculture and forestry	1,238	—
Fisheries	—	—
Mining, quarrying and gravel extraction	57,637	—
Construction	105,982	—
Electrical, gas, heat supply and water	3,151,595	—
Information and communications	512,762	—
Transportation and postal	2,882,884	—
Wholesale and retail	1,123,637	—
Finance and insurance	1,622,001	—
Real estate and leasing of goods	1,918,664	—
Services	345,623	—
Municipal government	13,220	—
Other	603,797	—
Total	¥16,036,692	¥—

(Note) DBJ revised the breakdown of its corporate borrowers and status of borrowing in the fiscal year ended March 31, 2013.

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2013	March 31, 2012
Five years or less	¥7,344,522	¥6,704,444
More than five years, up to 10	5,459,439	5,230,813
More than 10 years, up to 15	1,807,426	1,954,710
More than 15 years	797,721	820,874
No maturity date	627,582	512,585

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

(Millions of yen)

	March 31, 2013	March 31, 2012
Risk weight 0%	¥ 577,732	¥ 485,398
Risk weight 10%	56,378	86,205
Risk weight 20%	2,190,604	2,903,066
Risk weight 50%	6,340,198	5,164,121
Risk weight 100%	6,740,301	6,377,135
Risk weight 150%	20,313	25,005
Risk weight 250%	15,918	—
Risk weight 1,250%	388	—
Other	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, 2013	March 31, 2012
Structured finance	¥754,856	¥715,430
Of which, resecuritization exposure	—	—
Credit derivatives	56,673	71,312
Of which, resecuritization exposure	33,507	41,763
Funds*	200,342	182,600
Of which, resecuritization exposure	4,876	3,499

* 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, 2013	March 31, 2012
Risk weight	20%	Balance	¥127,726	¥112,263
		Capital requirement	2,043	1,796
Risk weight	50%	Balance	9,335	8,403
		Capital requirement	373	336
Risk weight	100%	Balance	435,358	374,858
		Capital requirement	34,828	29,988
Risk weight	350%	Balance	3,411	3,412
		Capital requirement	955	955
Risk weight	1,250%	Balance	387,342	—
		Capital requirement	387,342	—
Risk weight	Other*	Balance	10,313	6,943
		Capital requirement	5,955	1,142

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

Resecuritization exposure

(Millions of yen)

			March 31, 2013	March 31, 2012
Risk weight	40%	Balance	¥33,507	¥41,763
		Capital requirement	1,072	1,336
Risk weight	100%	Balance	831	618
		Capital requirement	66	49
Risk weight	225%	Balance	1,602	1,133
		Capital requirement	288	204
Risk weight	650%	Balance	2,034	1,195
		Capital requirement	1,058	621
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, 2013	March 31, 2012
Structured finance	¥195,161	¥—
Funds*	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, 2013	March 31, 2012
Credit risk assets	¥12,497	¥14,286

3. Interest Rate Risk in the Banking Book

	March 31, 2013	March 31, 2012
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: ¥7.1 billion	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥19.5 billion

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

Qualitative Disclosure

1. Overview of Methods for Evaluating the Degree of Capital Adequacy of the Bank	Regarding the degree of capital adequacy, DBJ quantifies credit risk, interest rate risk and operational risk, compares the total risk amount with total capital and measures the capital surplus. This surplus enables DBJ to respond to unquantifiable risks and unforeseen events, decide whether to take new financing risks and establish the operating directions.
2. Credit Risk	<p>(a) Overview of Risk Management Policies and Procedures</p> <p>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.</p> <p>(b) Rating Agencies Eligible to Weight Risks</p> <p>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.</p> <p>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).</p>
3. Overview of Risk Management Policies and Procedures for Reducing Credit Risk	<p>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.</p> <p>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.</p>
4. Overview of Risk Management Policies and Procedures Related to Risk Involving Counterparties 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.
5. Securitization Exposure	<p>(a) Overview of Risk Management Policies and Risk Characteristics</p> <p>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.</p> <p>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.</p> <p>(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)</p> <p>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.</p> <p>(c) Methods Used to Calculate Credit Risk Asset Amount of Securitization Exposure</p> <p>DBJ employs the standardized approach for these calculations.</p>

	<p>(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."</p> <p>(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).</p>
6. Market Risk	Based on Article 16 of the Capital Adequacy Ratio Notification, DBJ includes in its calculation method no market risk equivalent amount.
7. Operational risk	<p>(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.</p> <p>(b) Method Used to Calculate Operational Risk Equivalent Amount DBJ uses the basic indicator approach to calculate this risk.</p>
8. 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.
9. Interest Rate Risk on the Banking Book	<p>(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 the Basel Accord standardized interest rate shock* method to compute various risks from the standpoint of their economic value. * Measurement methods are described in (ii) and (iii) of (b). DBJ regularly compares VaR and 200bpValue against capital to ensure that interest rate risk remains within a specified range of capital.</p> <p>(b) Overview of Methods for Calculating Interest Rate Risk Used by the Bank for Internal Control of the Banking Book DBJ calculates interest rate risk based on the following method. (i) VaR: Use a historical method of measurement with a one-year holding period, a five-year time horizon and a 99.9% confidence level (ii) Measure interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon (iii) 200bpValue: Use a 2% parallel shift in a standardized interest rate shock to measure the change in economic value ((ii) and (iii) are methods for measuring the standardized interest rate shock under the Basel Accord.)</p>

Quantitative Disclosure

1. Items Related to Capital Adequacy Level

(Millions of yen)

	March 31, 2013	March 31, 2012
(a) Capital requirement to total credit risk	¥1,303,870	¥805,644
(1) Exposure by portfolio to which standardized method applied	842,275	769,519
(i) Japanese government and regional municipal bodies	—	—
(ii) Exposure to financial institutions	12,375	8,867
(iii) Exposure to corporations	789,191	723,673
(iv) Equity exposure	27,647	21,306
(v) Other exposure	13,060	15,672
(2) Securitization risk exposure	461,595	36,124
(b) Capital requirement to market risk	—	—
(c) Capital requirement to operational risk	19,703	20,803
(d) Non-consolidated total capital requirement ((a) + (b) + (c))	1,323,573	826,447

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, 2013	March 31, 2012
Loans	¥13,532,021	¥13,192,835
Equities, funds	350,949	296,948
Commitments and customers' liabilities for acceptances and guarantees	502,229	293,406
Bonds (JGBs and corporate bonds, etc.)	882,870	769,702
Repurchase agreement/call loan	399,978	242,390
Other	404,489	456,927
Total	¥16,072,539	¥15,252,211

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

(1) By region

(Millions of yen)

	March 31, 2013	March 31, 2012
Domestic total	¥16,072,539	¥15,252,211
Overseas total	—	—

Note: DBJ has no overseas sales locations.

(2) (i) Breakdown by industry and transaction counterparty (former industry breakdown)

(Millions of yen)

	March 31, 2013	March 31, 2012
Manufacturing	¥—	¥3,774,990
Forestry and fisheries	—	1,401
Mining	—	54,714
Construction	—	68,098
Wholesale and retail	—	1,196,031
Finance and insurance	—	1,450,669
Real estate	—	1,362,796
Transportation and communications	—	3,429,722
Electrical, gas and water	—	2,475,942
Services	—	995,400
Other	—	442,443

(2) (ii) Breakdown by industry and transaction counterparty (new industry breakdown)

(Millions of yen)

	March 31, 2013	March 31, 2012
Manufacturing	¥3,697,647	¥—
Agriculture and forestry	1,238	—
Fisheries	—	—
Mining, quarrying and gravel extraction	57,637	—
Construction	105,982	—
Electrical, gas, heat supply and water	3,151,595	—
Information and communications	512,762	—
Transportation and postal	2,882,884	—
Wholesale and retail	1,123,637	—
Finance and insurance	1,748,163	—
Real estate and leasing of goods	1,989,172	—
Services	346,596	—
Municipal government	13,220	—
Other	442,001	—
Total	¥16,072,539	¥—

Note: DBJ revised the breakdown of its corporate borrowers and status of borrowing in the fiscal year ended March 31, 2013.

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2013	March 31, 2012
Five years or less	¥7,398,217	¥6,704,444
More than five years, up to 10	5,513,091	5,267,556
More than 10 years, up to 15	1,807,426	1,960,287
More than 15 years	797,721	820,874
No maturity date	556,083	499,049

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

(Millions of yen)

	March 31, 2013	March 31, 2012
Risk weight 0%	¥ 577,732	¥ 485,398
Risk weight 10%	56,378	86,205
Risk weight 20%	2,168,875	2,896,755
Risk weight 50%	6,340,198	5,164,121
Risk weight 100%	6,797,228	6,411,453
Risk weight 150%	20,313	25,005
Risk weight 250%	15,843	—
Risk weight 1,250%	388	—
Other	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, 2013	March 31, 2012
Eligible financial collaterals	¥ 165,868	¥ 152,830
Guarantees or credit derivatives	1,210,719	1,210,309

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

(Millions of yen)

	March 31, 2013	March 31, 2012
Equivalent credit calculation method	Current exposure method	Current exposure method
Gross restructuring cost	¥153,842	¥133,953
Gross add-on, by transaction type	85,604	80,789
Interest rate transactions	48,647	49,504
Foreign exchange transactions	36,936	30,734
Credit derivative transactions	—	550
Other commodity transactions	20	—
Reducing credit equivalent amounts through netting	113,462	115,667
Net equivalent credit	125,984	99,075
Net restructuring cost	74,325	54,916
Notional amounts of credit derivatives for calculated credit equivalent amount by type of credit derivative, by protection purchase or provision	Credit default swaps provision	85,219
Credit default swaps purchase	—	11,000
Notional amounts of credit derivatives taking into account credit risk mitigations	—	—

Notes: 1. Collateral is not used to reduce credit risk on derivative product transactions.

2. Credit derivatives used to compute the credit equivalent amount are included in securitization exposure; there is some data overlap with securitization exposure indicated elsewhere and what are known as single-name CDS offerings include the measurement of 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, 2013	March 31, 2012
Structured finance	¥733,263	¥692,945
Of which, resecuritization exposure	—	—
Credit derivatives	56,673	62,467
Of which, resecuritization exposure	33,507	41,763
Funds*	255,724	223,486
Of which, resecuritization exposure	2,158	2,274

* 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, 2013	March 31, 2012
Risk weight 20% Balance	¥127,726	¥112,263
Capital requirement	2,043	1,796
Risk weight 50% Balance	9,335	8,403
Capital requirement	373	336
Risk weight 100% Balance	444,368	374,858
Capital requirement	35,549	29,988
Risk weight 350% Balance	3,411	3,412
Capital requirement	955	955
Risk weight 1,250% Balance	414,839	—
Capital requirement	414,839	—
Risk weight Other* Balance	10,313	6,943
Capital requirement	5,955	1,142

* 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, 2013	March 31, 2012
Risk weight	40%	Balance	¥33,507	¥41,763
		Capital requirement	1,072	1,336
Risk weight	100%	Balance	368	402
		Capital requirement	29	32
Risk weight	225%	Balance	709	736
		Capital requirement	127	132
Risk weight	650%	Balance	900	777
		Capital requirement	468	404
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, 2013	March 31, 2012
Structured finance	¥169,027	¥—
Funds*	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, 2013	March 31, 2012
Credit risk assets	¥12,497	¥14,286

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, 2013	March 31, 2012
(a) Market value of below-listed items as included within categories in the non-consolidated balance sheets		
Exposure to listed shares	¥ 50,115	¥ 37,900
Exposure to other equity investments and capital injections	287,131	249,942
(b) Gains or losses on the sale of equity investments or shares	18,336	1,303
Gain or loss on write-off of equity exposure	1,688	6,402
(c) Gains or losses from valuation recognized on the non-consolidated balance sheets but not recognized on the non-consolidated statement of income	27,707	14,817

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, 2013	March 31, 2012
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: ¥7.1 billion	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥19.5 billion