

# Financial Condition

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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)
	2015	2014	2015
<b>Assets</b>			
Cash and due from banks (Notes 11, 15 and 27)	¥ 317,772	¥ 260,185	\$ 2,644,359
Call loans and bills bought (Note 27)	335,000	87,000	2,787,717
Reverse repurchase agreements (Notes 3 and 27)	5,299	—	44,103
Money held in trust (Notes 27 and 29)	54,853	134,215	456,467
Securities (Notes 3, 15, 27 and 29)	1,887,906	1,637,587	15,710,298
Loans (Notes 4, 5, 15 and 27)	13,261,343	13,838,410	110,354,861
Other assets (Notes 6 and 15)	140,943	115,423	1,172,872
Tangible fixed assets (Notes 7, 11 and 15)	266,196	237,610	2,215,163
Intangible fixed assets	6,180	6,409	51,428
Asset for retirement benefits (Note 22)	2,508	—	20,873
Deferred tax assets (Note 23)	363	153	3,027
Customers' liabilities for acceptances and guarantees (Note 14)	167,482	107,174	1,393,713
Allowance for loan losses (Notes 8 and 27)	(84,717)	(112,997)	(704,979)
Allowance for investment losses	(525)	(459)	(4,369)
<b>Total assets</b>	<b>¥16,360,608</b>	<b>¥16,310,711</b>	<b>\$136,145,534</b>
<b>Liabilities and equity</b>			
<b>Liabilities:</b>			
Debentures (Notes 9, 15 and 27)	¥ 3,220,206	¥ 3,085,674	\$ 26,797,089
Borrowed money (Notes 10, 11, 15 and 27)	8,598,219	9,182,603	71,550,470
Corporate bonds (Notes 9, 11 and 27)	1,349,102	1,151,746	11,226,614
Other liabilities (Notes 12 and 13)	225,816	131,094	1,879,138
Accrued bonuses to employees	4,658	4,682	38,763
Accrued bonuses to directors	11	11	97
Liability for retirement benefits (Note 22)	7,959	8,727	66,233
Reserve for directors' retirement benefits	72	73	600
Reserve for contingent losses	12	7	104
Deferred tax liabilities (Note 23)	39,793	11,202	331,146
Acceptances and guarantees (Note 14)	167,482	107,174	1,393,713
<b>Total liabilities</b>	<b>13,613,334</b>	<b>13,682,997</b>	<b>113,283,968</b>
<b>Equity:</b>			
Common stock authorized, 160,000 thousand shares in 2015 and 2014; issued, 43,632 thousand shares in 2015 and 2014 (Note 16)	1,206,953	1,206,953	10,043,713
Capital surplus (Note 16)	1,060,466	1,060,466	8,824,718
Retained earnings (Note 16)	344,728	282,733	2,868,674
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 29)	85,865	37,767	714,533
Deferred gain on derivatives under hedge accounting	33,311	30,006	277,205
Foreign currency translation adjustments	1,617	709	13,461
Accumulated adjustments for retirement benefits (Note 22)	(12)	(944)	(107)
<b>Total</b>	<b>2,732,929</b>	<b>2,617,691</b>	<b>22,742,198</b>
Minority interests	14,344	10,022	119,368
<b>Total equity</b>	<b>2,747,274</b>	<b>2,627,714</b>	<b>22,861,566</b>
<b>Total liabilities and equity</b>	<b>¥16,360,608</b>	<b>¥16,310,711</b>	<b>\$136,145,534</b>

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)
	2015	2014	2015
<b>Income</b>			
Interest income:	¥235,689	¥255,329	\$1,961,297
Interest on loans	204,905	228,301	1,705,127
Interest and dividends on securities	22,463	18,813	186,932
Interest on call loans and bills bought	149	98	1,245
Interest on reverse repurchase agreements	231	282	1,928
Interest on due from banks	51	41	425
Interest on swaps	7,720	7,680	64,246
Other interest income	167	110	1,394
Fees and commissions	8,696	13,952	72,368
Other operating income (Note 18)	13,084	15,687	108,879
Other income (Note 19)	82,445	77,228	686,077
<b>Total income</b>	<b>339,915</b>	<b>362,197</b>	<b>2,828,621</b>
<b>Expenses</b>			
Interest expense:	117,849	132,167	980,691
Interest on debentures	36,488	39,773	303,641
Interest on call money and bills sold	0	7	2
Interest on borrowed money	76,788	87,844	638,998
Interest on short-term corporate bonds	12	32	103
Interest on corporate bonds	4,497	4,488	37,429
Other interest expense	62	20	518
Fees and commissions	713	276	5,941
Other operating expenses (Note 20)	10,751	7,224	89,466
General and administrative expenses	43,562	47,436	362,503
Other expenses (Note 21)	13,376	9,077	111,311
<b>Total expenses</b>	<b>186,252</b>	<b>196,182</b>	<b>1,549,912</b>
<b>Income before income taxes and minority interests</b>	<b>153,662</b>	<b>166,014</b>	<b>1,278,710</b>
Income taxes (Note 23):			
Current	51,593	25,102	429,340
Deferred	7,381	15,765	61,422
<b>Total income taxes</b>	<b>58,974</b>	<b>40,868</b>	<b>490,762</b>
<b>Net income before minority interests</b>	<b>94,687</b>	<b>125,146</b>	<b>787,947</b>
<b>Minority interests in net income</b>	<b>1,928</b>	<b>843</b>	<b>16,050</b>
<b>Net income</b>	<b>¥ 92,758</b>	<b>¥124,303</b>	<b>\$ 771,897</b>
		Yen	U.S. Dollars (Note 1)
<b>Per share of common stock (Note 17)</b>			
Basic net income	¥2,125.91	¥2,848.87	\$ 17.69
Cash dividend applicable to the year	516	706	4.29

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)
	2015	2014	2015
<b>Net income before minority interests</b>	<b>¥ 94,687</b>	<b>¥125,146</b>	<b>\$ 787,947</b>
<b>Other comprehensive income (Note 25):</b>			
Unrealized gain on available-for-sale securities	51,094	4,355	425,183
Deferred gain on derivatives under hedge accounting	3,538	(3,944)	29,450
Foreign currency translation adjustments	692	389	5,764
Adjustments for retirement benefits	922	—	7,680
Share of other comprehensive income in affiliates accounted for by the equity method	(93)	385	(774)
<b>Total other comprehensive income</b>	<b>56,155</b>	<b>1,185</b>	<b>467,303</b>
<b>Comprehensive income</b>	<b>¥150,843</b>	<b>¥126,332</b>	<b>\$1,255,250</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	¥146,002	¥121,983	\$1,214,962
Minority interests	4,841	4,348	40,288

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)
	2015	2014	2015
<b>Common stock:</b>			
Balance at beginning of year	¥1,206,953	¥1,206,953	\$10,043,713
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	1,206,953	1,206,953	10,043,713
Balance at end of year	1,206,953	1,206,953	10,043,713
<b>Capital surplus:</b>			
Balance at beginning of year	1,060,466	1,060,466	8,824,718
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	1,060,466	1,060,466	8,824,718
Balance at end of year	1,060,466	1,060,466	8,824,718
<b>Retained earnings:</b>			
Balance at beginning of year	282,733	193,595	2,352,777
Cumulative effects of changes in accounting policies	41	—	342
Restated balance	282,774	193,595	2,353,118
Cash dividends	(30,804)	(35,254)	(256,341)
Net income	92,758	124,303	771,897
Change in scope of consolidation	—	89	—
Balance at end of year	344,728	282,733	2,868,674
<b>Accumulated other comprehensive income:</b>			
<b>Unrealized gain on available-for-sale securities:</b>			
Balance at beginning of year	37,767	36,873	314,284
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	37,767	36,873	314,284
Net change during the year	48,098	894	400,250
Balance at end of year	85,865	37,767	714,533
<b>Deferred gain on derivatives under hedge accounting:</b>			
Balance at beginning of year	30,006	33,987	249,699
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	30,006	33,987	249,699
Net change during the year	3,305	(3,980)	27,506
Balance at end of year	33,311	30,006	277,205
<b>Foreign currency translation adjustments:</b>			
Balance at beginning of year	709	(57)	5,908
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	709	(57)	5,908
Net change during the year	907	767	7,553
Balance at end of year	1,617	709	13,461
<b>Accumulated adjustments for retirement benefits:</b>			
Balance at beginning of year	(944)	—	(7,863)
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	(944)	—	(7,863)
Net change during the year	932	(944)	7,756
Balance at end of year	(12)	(944)	(107)
<b>Minority interests:</b>			
Balance at beginning of year	10,022	6,759	83,406
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	10,022	6,759	83,406
Net change during the year	4,321	3,263	35,962
Balance at end of year	14,344	10,022	119,368
<b>Total equity:</b>			
Balance at beginning of year	2,627,714	2,538,576	21,866,641
Cumulative effects of changes in accounting policies	41	—	342
Restated balance	2,627,755	2,538,576	21,866,982
Cash dividends	(30,804)	(35,254)	(256,341)
Net income	92,758	124,303	771,897
Change in scope of consolidation	—	89	—
Net change during the year	57,564	(0)	479,028
Balance at end of year	¥2,747,274	¥2,627,714	\$22,861,566

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)
	2015	2014	2015
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests	¥ 153,662	¥ 166,014	\$ 1,278,710
Adjustments for:			
Depreciation	5,012	5,707	41,713
Amortization of goodwill	111	107	929
Gain on negative goodwill	(223)	(559)	(1,857)
Losses on impairment of long-lived assets	120	103	1,005
Equity in gains of affiliates	(2,299)	(2,252)	(19,134)
Interest income	(235,689)	(255,329)	(1,961,297)
Interest expense	117,849	132,167	980,691
Gain on securities—net	(37,324)	(33,626)	(310,599)
Gain on money held in trust—net	(36)	(5,396)	(302)
Foreign exchanges gains	(21,006)	(18,385)	(174,805)
(Gain) loss on sales of fixed assets—net	(519)	219	(4,319)
Changes in operating assets and liabilities:			
Allowance for loan losses	(28,279)	(34,419)	(235,331)
Allowance for investment losses	65	(42)	546
Accrued bonuses to employees	(23)	105	(193)
Accrued bonuses to directors	(0)	(0)	(2)
Asset for retirement benefits	(2,808)	—	(23,374)
Liability for retirement benefits	(426)	(3,045)	(3,546)
Reserve for contingent losses	5	(128)	42
Loans	577,066	79,814	4,802,087
Debentures	134,532	32,396	1,119,515
Borrowed money	(584,383)	(265,823)	(4,862,976)
Short-term corporate bonds	—	(43,997)	—
Corporate bonds	197,355	280,490	1,642,300
Due from banks	(38,120)	(9,717)	(317,222)
Call loans and bills bought	(248,000)	(3,000)	(2,063,743)
Reverse repurchase agreements	(5,299)	165,975	(44,103)
Interest received	247,410	264,234	2,058,834
Interest paid	(118,959)	(133,370)	(989,926)
Other—net	35,399	68,208	294,575
Sub-total	145,191	386,449	1,208,215
Payments for income taxes	(23,112)	(41,463)	(192,335)
<b>Net cash provided by operating activities</b>	<b>122,078</b>	<b>344,986</b>	<b>1,015,880</b>
<b>Cash flows from investing activities:</b>			
Payments for purchases of securities	(755,432)	(1,317,120)	(6,286,365)
Proceeds from sales of securities	64,716	196,229	538,545
Proceeds from redemption of securities	575,039	860,725	4,785,220
Payments for increase of money held in trust	(1)	(140)	(8)
Proceeds from decrease of money held in trust	79,580	42,498	662,235
Payments for purchases of tangible fixed assets	(33,682)	(786)	(280,287)
Proceeds from sales of tangible fixed assets, etc.	1,793	5,443	14,922
Payments for purchases of intangible fixed assets	(1,715)	(1,057)	(14,274)
Proceeds from purchases of stocks of subsidiaries resulting in change in scope of consolidation	23	203	199
<b>Net cash used in investing activities</b>	<b>(69,676)</b>	<b>(214,004)</b>	<b>(579,814)</b>
<b>Cash flows from financing activities:</b>			
Payments for cash dividends	(30,804)	(35,254)	(256,341)
Proceeds from issuance of securities to minority shareholders of subsidiaries	1,034	33	8,606
Dividends paid to minority shareholders of subsidiaries	(3,632)	(1,118)	(30,227)
<b>Net cash used in financing activities</b>	<b>(33,402)</b>	<b>(36,339)</b>	<b>(277,962)</b>
<b>Foreign currency translation adjustments on cash and cash equivalents</b>	<b>467</b>	<b>687</b>	<b>3,890</b>
<b>Net change in cash and cash equivalents</b>	<b>19,466</b>	<b>95,330</b>	<b>161,994</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>219,805</b>	<b>124,017</b>	<b>1,829,120</b>
<b>Increase in cash and cash equivalents due to new consolidation</b>	<b>—</b>	<b>457</b>	<b>—</b>
<b>Cash and cash equivalents at end of year</b>	<b>¥ 239,272</b>	<b>¥ 219,805</b>	<b>\$ 1,991,113</b>

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 2014 consolidated financial statements to conform to the classifications used in 2015.

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 ¥120.17=\$1.00, the effective exchange rate prevailing as of March 31, 2015, 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, 2015 is 25. The major consolidated subsidiaries as of March 31, 2015 are as follows:

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

In the year ended March 31, 2015, DBJ Investment Consulting (Beijing) Co., Ltd. (renamed from the former name, DBJ-JAIC Investment Consulting (Beijing) Co., Ltd.) was newly consolidated due to additional acquisition of its shares and Venture Fund Investment Co., Ltd. and other three companies were newly consolidated due to new establishment, while DBJ Capital Investment Fund No. 1 was excluded from the scope of consolidation due to liquidation.

##### (ii) Unconsolidated Subsidiaries

The number of unconsolidated subsidiaries as of March 31, 2015 is 30. The major unconsolidated subsidiary as of March 31, 2015 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, 2015 was 30. 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, 2015 was 20. One of the major affiliates accounted for by the equity method as of March 31, 2015 was:

AIRDO Co., Ltd.

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

SANKO INC. and two companies including En Fund L.P. were newly accounted for by the equity method due to an increase in its materiality and new incorporation, respectively, as of March 31, 2015.

Tohoku Electric Power Co., Inc. was excluded from the scope of affiliates accounted for by the equity method due to sales of shares. DBJ-JAIC Investment Consulting (Beijing) Co., Ltd. was excluded from the scope of affiliates accounted for by the equity method, since it was included in the scope of consolidation due to additional acquisition of shares in the year ended March 31, 2015.

- (iii) Affiliates not accounted for by the equity method

The number of affiliates not accounted for by the equity method as of March 31, 2015 was 93. One of the major affiliates as of March 31, 2015 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, 2015

Shinwa Seiko Corporation

Mediclude Co., Ltd.

Nihon Shoryoku Kikai Co., Ltd.

PRISM Pharma Corporation

Izumi Products Company

OPAL Co., Ltd.

TES HOLDINGS LIMITED

THUNIP HOLDINGS

Grace A Co., Ltd.

Socionext Inc.

NAM HOA TRADING & PRODUCTION CORPORATION

Sartorius Mechatronics T&H GmbH



**(3) Balance Sheet Dates of Consolidated Subsidiaries**

Balance sheet dates of consolidated subsidiaries are as follows:

	Number of subsidiaries
	2015
December 31	16
February 28 or 29	1
March 31	8

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
	2015	2014	2015
Cash and due from banks	¥317,772	¥260,185	\$2,644,359
Time deposits with banks	(78,500)	(40,380)	(653,246)
Cash and cash equivalents	¥239,272	¥219,805	\$1,991,113

**(c) Securities**

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

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

Unrealized gains and losses on available-for-sale securities are included in equity, net of income taxes, except for the amounts reflected in profit or loss by application of fair value hedges.

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

**(d) Valuation Method for Derivative Financial Instruments**

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

## (e) Hedge Accounting

### (1) Hedge Accounting

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

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

### (2) Hedging Instruments and Hedged Items

- Hedging Instruments : Interest rate swaps  
Hedged Items : Debentures, Borrowed money, Corporate bonds, Securities and Loans
- Hedging Instruments : Foreign currency swaps  
Hedged Items : Foreign currency denominated loans, Debentures and Corporate bonds
- Hedging Instruments : Forward liability denominated in foreign currency  
Hedged Items : Foreign currency denominated investments in subsidiaries and affiliates and foreign currency denominated available-or-sale securities (other than foreign currency denominated bonds)

### (3) Hedging Policy

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

### (4) Evaluation of Hedge Effectiveness

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

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

With respect to hedging activities against foreign exchange risk of foreign currency denominated investments in subsidiaries and affiliates and foreign currency denominated available-for-sale securities (other than foreign currency denominated bonds), the effectiveness of the hedge is assessed by confirming the amount of foreign currency payables of spot and forward foreign exchange contracts exceeding the amount of acquisition cost of the hedged foreign securities in foreign currency.

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

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

**(f) Fixed Assets****(1) Depreciation of Tangible Fixed Assets**

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

The estimated useful lives are principally as follows:

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

**(2) Amortization of Intangible Fixed Assets**

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

**(3) Lease Assets**

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

**(g) Long-lived Assets**

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

**(h) Debentures and Corporate Bonds Issuance Costs**

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

**(i) Foreign Currency Translation and Revaluation Method**

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

**(j) Allowance for Loan Losses**

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

With respect to the claims on debtors who are legally or substantially bankrupt with collateral or guarantees, the amount of claims exceeding the estimated market values of collateral or guarantees which are deemed uncollectible were written-off, and totaled ¥34,371 million (\$286,022 thousand) and ¥39,715 million for the years ended March 31, 2015 and 2014, respectively. The consolidated subsidiaries calculate the general reserve for “normal” categories based on the specific actual historical loss ratio, and the specific reserve for the “possibly bankrupt,” “effectively bankrupt” and “legally bankrupt” categories based on estimated losses, considering the recoverable value.

**(k) Allowance for Investment Losses**

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

**(l) Accrued Bonuses to Employees and Directors**

“Accrued Bonuses to Employees and Directors” are provided for in the amount of the estimated bonuses which are attributable to the years ended March 31, 2015 and 2014.

**(m) Employees’ Retirement Benefits**

DBJ Inc. has defined benefit pension plans, which consist of a defined-benefit corporate pension plan and a lump-sum severance indemnity plan, as well as a defined contribution pension plan. Some domestic consolidated subsidiaries have a lump-sum severance indemnity plan, and defined contribution plans and some overseas consolidated subsidiaries have retirement benefit plans which are typically defined contribution plans. The projected benefit obligations are attributed to periods on a straight-line basis. Net actuarial gains and losses are amortized using the straight-line method over the period of ten years within the employees’ average remaining service period commencing from the following fiscal year after incurrence. Prior service cost is amortized using the straight-line method over the period of ten years within the employees’ average remaining service period at incurrence.

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

- (1) Under the revised accounting standard, actuarial gains and losses and prior service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).
- (2) The revised accounting standard does not change how to recognize actuarial gains and losses and prior service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and prior service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and prior service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period, are treated as reclassification adjustments (see Note 2 (u)).
- (3) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods, the discount rate, and expected future salary increases.

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

DBJ Inc. applied the revised accounting standard and guidance for retirement benefits for (1) and (2) above, effective March 31, 2014, and for (3) above, effective April 1, 2014.

With respect to (3) above, DBJ Inc. changed the method of attributing the expected benefit to periods from a straight-line basis to a benefit formula basis, the method of determining the discount rate from using the period which approximates the expected average remaining service period to using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment, and recorded the effect of (3) above as of April 1, 2014, in retained earnings. As a result, liability for retirement benefits decreased by ¥41 million (\$343 thousand) and retained earnings increased by ¥41 million (\$342 thousand) at the beginning of the year ended March 31, 2015. In addition, income before income taxes and minority interests decreased by ¥27 million (\$232 thousand).

The effect on per share information is described in Note 17.

**(n) Reserve for Directors' Retirement Benefits**

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

**(o) Reserve for Contingent Losses**

Reserve for contingent losses is provided for possible contingent losses on loan commitment limits based on individually estimated losses.

**(p) Asset Retirement Obligations**

In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

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

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

**(q) Consumption Taxes**

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

**(r) Income Taxes**

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

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

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

**(t) Per Share Information**

Basic net income per share is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits. Diluted net income per share for the years ended March 31, 2015 and 2014 is not disclosed because there are no dilutive securities.

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

(u) New Accounting Pronouncements

***Accounting Standards for Business Combinations and Consolidated Financial Statements***

In September 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements." Major accounting changes are as follows:

- (1) Transactions with noncontrolling interest—A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.
- (2) Presentation of the consolidated balance sheet—In the consolidated balance sheet, "minority interest" under the current accounting standard will be changed to "noncontrolling interest" under the revised accounting standard.
- (3) Presentation of the consolidated statement of income—In the consolidated statement of income, "income before minority interest" under the current accounting standard will be changed to "net income" under the revised accounting standard, and "net income" under the current accounting standard will be changed to "net income attributable to owners of the parent" under the revised accounting standard.
- (4) Provisional accounting treatments for a business combination—If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.
- (5) Acquisition-related costs—Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (1) transactions with noncontrolling interest, (2) presentation of the consolidated balance sheet, (3) presentation of the consolidated statement of income, and (5) acquisition-related costs are effective for the beginning of fiscal years beginning on or after April 1, 2015. Earlier application is permitted from the beginning of fiscal years beginning on or after April 1, 2014, except for (2) presentation of the consolidated balance sheet and (3) presentation of the consolidated statement of income. In the case of earlier application, all accounting standards and guidance above, except for (2) presentation of the consolidated balance sheet and (3) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (1) transactions with noncontrolling interest and (5) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (1) transactions with noncontrolling interest and (5) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (2) presentation of the consolidated balance sheet and (3) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (4) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of fiscal years beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of fiscal years beginning on or after April 1, 2014.

DBJ Inc. expects to apply the revised accounting standards and guidance for (1), (2), (3) and (5) above from April 1, 2015, and for (4) above for a business combination which will occur on or after April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

### 3. Securities

Securities as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Japanese government bonds	¥ 253,498	¥ 349,039	\$ 2,109,503
Corporate bonds	592,797	505,993	4,932,994
Equities	436,112	227,036	3,629,133
Other securities	605,496	555,516	5,038,667
Total	¥1,887,906	¥1,637,587	\$15,710,298

- \*1. Investments in unconsolidated subsidiaries and affiliates included in "Equities" as of March 31, 2015 and 2014, are ¥30,307 million (\$252,203 thousand) and ¥27,630 million, respectively. Investments in unconsolidated subsidiaries and affiliates included in "Other securities" as of March 31, 2015 and 2014, are ¥44,846 million (\$373,188 thousand) and ¥40,248 million, respectively.
- \*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 ¥2,616 million (\$21,769 thousand) and ¥1,800 million as of March 31, 2015 and 2014, respectively.
- \*3. There are no securities repurchased as of March 31, 2015 and 2014. Securities accepted under repurchase agreements can be sold or repledged. Securities neither sold nor repurchased are ¥5,299 million (\$44,103 thousand) and zero as of March 31, 2015 and 2014, 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, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Equities	¥ —	¥ 45	\$ —
Bonds	—	—	—
Other	108	355	900
Total	¥108	¥401	\$900

### 4. Non-Performing Loans

The amounts of non-performing loans included in "Loans" as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Loans to bankrupt debtors	¥ —	¥ 2,710	\$ —
Delinquent loans	80,537	95,269	670,196
Loans past due three months or more	—	—	—
Restructured loans	21,741	39,362	180,922
Total	¥102,278	¥137,343	\$851,119



- \*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, 2015 and 2014, the amounts of unused commitments are ¥598,519 million (\$4,980,610 thousand) and ¥496,222 million. As of March 31, 2015 and 2014, the amounts of unused commitments whose remaining contract term are within one year are ¥157,423 million (\$1,310,003 thousand) and ¥159,850 million.

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

## 6. Other Assets

Other assets as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Prepaid expenses	¥ 4,199	¥ 4,930	\$ 34,945
Accrued income	31,647	35,683	263,354
Derivatives	60,840	54,854	506,286
Other	44,257	19,955	368,287
Total	¥140,943	¥115,423	\$1,172,872

## 7. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Buildings	¥ 20,362	¥ 21,088	\$ 169,450
Land	91,788	92,617	763,824
Leased assets	9	12	83
Construction in progress	2,353	2,257	19,586
Other	151,681	121,634	1,262,221
Total	¥266,196	¥237,610	\$2,215,163

Note: Accumulated depreciation of tangible fixed assets as of March 31, 2015 and 2014, is ¥10,513 million (\$87,488 thousand) and ¥7,433 million, respectively.



## 8. Allowance for Loan Losses

Allowance for loan losses as of March 31, 2015 and 2014 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
General allowance for loan losses	¥46,580	¥ 59,129	\$387,618
Specific allowance for loan losses	38,137	53,867	317,361
Total	¥84,717	¥112,997	\$704,979

## 9. Debentures and Corporate Bonds

Debentures and corporate bonds as of March 31, 2015 and 2014 are as follows:

				Millions of Yen		Thousands of U.S. Dollars
	Issue date	Interest rate (%)	Maturity date	2015	2014	2015
(Issuer: DBJ Inc.)						
Debentures						
Japanese government-guaranteed bonds 8-23*1, 7	Aug. 2004– Aug. 2008	1.3– 2.2	Aug. 2014– Jun. 2023	¥ 502,901 [42,998]	¥ 552,827 [49,981]	\$ 4,184,921 [357,810]
Japanese government-guaranteed bonds 1-28	Nov. 2008– Mar. 2015	0.11– 2.1	Jul. 2016– Mar. 2025	998,847	798,624	8,311,957
Japanese government-guaranteed foreign bond 67*2, 7	Sep. 1998	1.81	Sep. 2028	25,054	25,058	208,494
Japanese government-guaranteed foreign bonds 5-14*1, 7	Dec. 2002– Nov. 2007	1.05– 5.125	Jun. 2014– Nov. 2027	628,362 [75,763]	703,230 [74,995]	5,228,949 [630,469]
Japanese government-guaranteed Euro MTN bonds 1-11*3	Dec. 2009– Jan. 2015	0.4636– 2.875	Dec. 2014– Sep. 2024	733,109 [153,058]	564,020 [36,022]	6,100,601 [1,273,682]
FILP agency domestic bonds 11, 16, 19, 20, 24, 27, 29-31, 33-37, 39, 41, 42, 44, 46, 49, 51*4, 7	Dec. 2003– Jul. 2008	1.4– 2.74	Jun. 2014– Mar. 2047	329,929 [39,999]	439,912 [109,997]	2,745,525 [332,856]
Euro MTN FILP agency bonds 2*4, 5, 7	Sep. 2008	2.032	Sep. 2023	2,000	2,000	16,643
Corporate bonds						
Corporate bonds through public placement 4, 5, 7, 9, 11-13, 15-21, 23-52	Apr. 2009– Jan. 2015	0.101– 1.745	Jun. 2014– Sep. 2029	1,095,000 [185,000]	980,000 [150,000]	9,112,091 [1,539,486]
Corporate bonds through private placement 1-4	Aug. 2009– Feb. 2015	0.253– 0.847	Sep. 2014– Feb. 2024	25,000 [10,000]	20,000 [10,000]	208,039 [83,215]
Corporate bonds Euro MTN 17, 20-53*6	Jan. 2010– Oct. 2014	0.235– 2.868	May. 2014– Oct. 2023	221,602 [33,601]	144,246 [24,006]	1,844,072 [279,615]
(Issuer: Green Asset Investment TMK)						
Specified corporate bonds 1	Dec. 2012	5.53	Nov. 2017	7,500	7,500	62,412
Total				¥4,569,308	¥4,237,421	\$38,023,703

\*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 unsecured 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. General mortgage under the DBJ Inc. Act (17 of the Supplementary Provisions) and the DBJ Act (Article 43)

\*8. Figures indicated in brackets [ ] indicate the amounts to be redeemed within one year.

Scheduled redemptions of above debentures and corporate bonds for the following 5 years subsequent to March 31, 2015 are as follows:

The fiscal year ending March 31, 2016	¥540,420 million	\$4,497,133 thousand
2017	845,396	7,035,003
2018	717,998	5,974,853
2019	554,678	4,615,781
2020	463,431	3,856,468

## 10. Borrowed Money

Borrowed money as of March 31, 2015 and 2014 is as follows:

	Average interest rate (%)	Due date of repayment	Millions of Yen		Thousands of U.S. Dollars
			2015	2014	2015
Borrowings	0.84	Apr. 2015–Oct. 2034	¥8,598,219	¥9,182,603	\$71,550,470

Scheduled redemptions of borrowings for the following 5 years subsequent to March 31, 2015 are as follows:

The fiscal year ending March 31, 2016	¥1,412,658 million	\$11,755,502 thousand
2017	1,192,335	9,922,076
2018	1,103,933	9,186,431
2019	999,698	8,319,039
2020	812,221	6,758,936

## 11. Non-Recourse Debts

Non-recourse debts in consolidated special purpose companies as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Non-recourse debts:			
Borrowed money	¥32,000	¥32,000	\$266,289
Corporate bonds	7,500	7,500	62,412
Assets corresponding to non-recourse debts:			
Cash and due from banks	6,586	8,117	54,806
Tangible fixed assets	48,640	47,475	404,760

## 12. Other Liabilities

Other liabilities as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Accrued expenses	¥ 24,164	¥ 25,198	\$ 201,082
Unearned income	635	614	5,285
Accrued income taxes	39,444	12,620	328,237
Derivatives	31,939	17,328	265,786
Lease obligations	11	14	98
Asset retirement obligations (Note 13)	1,470	1,722	12,237
Other	128,150	73,596	1,066,413
Total	¥225,816	¥131,094	\$1,879,138

### 13. Asset Retirement Obligations

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

The asset retirement obligation is calculated based on the sum of the discounted cash flows using discount rates from 0.1% to 1.1% with the estimated useful lives of 4 to 8 years.

The changes in asset retirement obligations for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥1,722	¥ 2,821	\$14,334
Increase due to acquisition of tangible fixed assets	1	—	13
Reconciliation associated with passage of time	0	0	6
Decrease due to settlement of asset retirement obligations	(347)	(1,902)	(2,894)
Increase due to a change in estimates	94	799	783
Other	(0)	3	(3)
Balance at end of year	¥1,470	¥ 1,722	\$12,237

### 14. Acceptances and Guarantees

Acceptances and guarantees as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Guarantees	¥167,482	¥107,174	\$1,393,713

### 15. Assets Pledged as Collateral

Cash and due from banks of ¥3,110 million (\$25,888 thousand) and ¥3,614 million and tangible fixed assets of ¥48,640 million (\$404,760 thousand) and ¥47,475 million are pledged as collateral for borrowed money of ¥32,000 million (\$266,289 thousand) and ¥32,000 million as of March 31, 2015 and 2014, respectively.

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥562,189 million (\$4,678,284 thousand) and ¥113,580 million (\$945,164 thousand) as of March 31, 2015. In addition, they are deposited as replacement of margin money for future trading and collateral for transactions, including exchange settlements as of March 31, 2015. Additionally, ¥937 million (\$7,802 thousand) of margin deposits for futures transactions, ¥10,255 million (\$85,340 thousand) of margin deposits with the central clearing house and ¥63 million (\$528 thousand) of guarantee deposits are included in other assets as of March 31, 2015. 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 are secured by a statutory preferential right over the property of DBJ Inc. The denomination value of these debentures amounts to ¥1,488,822 million (\$12,389,298 thousand) as of March 31, 2015.

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

## 16. Equity

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

### (a) Dividends

Under the Companies Act, companies can distribute dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term in its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year, prescribed that the Board of Directors can declare dividends in its articles of incorporation. DBJ Inc., however, shall not distribute such dividends based on resolution of the Board of Directors, since its articles of incorporation are not prescribed that the Board of Directors can do such an action. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. Article 20 of the DBJ Inc. Act provides that the timing and amounts for dividends shall be authorized by the Finance Minister.

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

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

### (c) Treasury Stock and Treasury Stock Acquisition Rights

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

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

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

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

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

## 17. Per Share Information

Basic net income per common share ("EPS") for the years ended March 31, 2015 and 2014 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year ended March 31, 2015	Net income	Weighted average shares	EPS	EPS
Basic EPS				
Net income available to common shareholders	¥92,758	43,632	¥2,125.91	\$17.69
Year ended March 31, 2014				
Basic EPS				
Net income available to common shareholders	¥124,303	43,632	¥2,848.87	

Note: Diluted net income per share for the years ended March 31, 2015 and 2014 is not disclosed because there are no dilutive securities.

As noted in Note 2 (m), DBJ Inc. applied the main clause of Paragraph 35 of “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, revised on May 17, 2012) and Paragraph 67 of “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, revised on March 26, 2015) and followed the transitional treatments prescribed in Paragraph 37 of ASBJ Statement No. 26.

As a result, total equity per share as of April 1, 2014 increased by ¥0.94 (\$0.01) and net income per share for the year ended March 31, 2015 decreased by ¥0.42 (\$0.00).

## 18. Other Operating Income

Other operating income for the years ended March 31, 2015 and 2014 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Foreign exchange gain	¥ 6,930	¥ 4,716	\$ 57,671
Gains on sales of bonds	94	2,373	789
Gains on redemption of bonds	5,047	7,385	41,999
Other	1,011	1,211	8,421
Total	¥13,084	¥15,687	\$108,879

## 19. Other Income

Other income for the years ended March 31, 2015 and 2014 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Reversal of allowance for investment losses	¥ —	¥ 42	\$ —
Reversal of allowance for loan losses	25,601	26,168	213,046
Reversal of reserve for contingent losses	—	128	—
Gains on sales of equities and other securities	21,189	5,363	176,326
Gains on money held in trust	36	5,408	302
Equity in net income of affiliates	2,299	2,252	19,134
Gains on sales of fixed assets	649	25	5,402
Collection of written-off claims	3,009	4,636	25,045
Gains on investments in limited partnerships and other similar partnerships	22,301	26,218	185,580
Gain on negative goodwill	223	559	1,857
Rental income on land and buildings	3,468	2,523	28,860
Other	3,668	3,900	30,525
Total	¥82,445	¥77,228	\$686,077

## 20. Other Operating Expenses

Other operating expenses for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Losses on sales of bonds	¥ 1	¥1,036	\$ 12
Debentures issuance costs	708	469	5,897
Corporate bonds issuance costs	758	655	6,314
Derivatives	9,280	5,062	77,229
Other	1	0	13
Total	¥10,751	¥7,224	\$89,466

## 21. Other Expenses

Other expenses for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Write-off of loans	¥ 327	¥ 321	\$ 2,724
Losses on sales of equities and other securities	1	661	11
Write-off of equities	4,871	2,135	40,539
Losses on money held in trust	—	12	—
Losses on sales of fixed assets	130	245	1,083
Impairment losses	120	103	1,005
Losses on investments in limited partnerships and other similar partnerships	6,432	3,881	53,531
Other	1,492	1,717	12,417
<b>Total</b>	<b>¥13,376</b>	<b>¥9,077</b>	<b>\$111,311</b>

## 22. Employees' Retirement Benefits

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

### (a) Defined Benefit Pension Plan

(1) The changes in retirement benefit obligation for the years ended March 31, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥31,888	¥39,036	\$265,365
Cumulative effects of changes in accounting policies	(41)	—	(343)
Restated balance	31,847	39,036	265,022
Service cost	1,524	1,381	12,687
Interest cost	347	581	2,891
Actuarial losses	282	310	2,354
Benefits paid	(1,759)	(1,911)	(14,639)
Extinction of retirement benefit obligation due to the return of substitutional portion of welfare pension fund	—	(7,509)	—
<b>Balance at end of year</b>	<b>¥32,243</b>	<b>¥31,888</b>	<b>\$268,316</b>

(2) The changes in plan assets for the years ended March 31, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥23,161	¥26,465	\$192,742
Expected return on plan assets	115	132	964
Actuarial gains	1,493	831	12,425
Contributions from the employer	2,795	4,134	23,262
Benefits paid	(773)	(918)	(6,436)
Extinction of plan assets due to the return of substitutional portion of welfare pension fund	—	(7,483)	—
<b>Balance at end of year</b>	<b>¥26,792</b>	<b>¥23,161</b>	<b>\$222,956</b>

- (3) Reconciliation between the liability for retirement benefits recorded in the consolidated balance sheet and the balances of retirement benefit obligations and plan assets for the years ended March 31, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Funded retirement benefit obligations	¥ 24,284	¥ 23,535	\$ 202,083
Plan assets	(26,792)	(23,161)	(222,956)
	(2,508)	373	(20,873)
Unfunded retirement benefit obligations	7,959	8,353	66,233
Net liability for retirement benefits recorded in the consolidated balance sheet	¥ 5,450	¥ 8,727	\$ 45,360
Liability for retirement benefits	¥ 7,959	¥ 8,727	\$ 66,233
Asset for retirement benefits	(2,508)	—	(20,873)
Net liability for retirement benefits recorded in the consolidated balance sheet	¥ 5,450	¥ 8,727	\$ 45,360

- (4) The components of net periodic benefit costs for the years ended March 31, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Service cost	¥1,524	¥1,381	\$12,687
Interest cost	347	581	2,891
Expected return on plan assets	(115)	(132)	(964)
Amortization of net actuarial losses	212	264	1,767
Amortization of prior service cost	12	12	105
Net periodic benefit costs	¥1,981	¥2,107	\$16,488

- (5) Amounts recognized in other comprehensive income (before income tax effect) in respect of adjustments for retirement benefit for the years ended March 31, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Prior service cost	¥ 12	¥—	\$ 105
Actuarial (gains) losses	1,422	—	11,838
Total	¥1,435	¥—	\$11,943

- (6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of adjustment for accumulated retirement benefit as of March 31, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrecognized prior service cost	¥(69)	¥ (82)	\$(580)
Unrecognized actuarial (gains) losses	45	(1,377)	376
Total	¥(24)	¥(1,459)	\$(204)

(7) Plan assets

(i) Components of plan assets

Plan assets as of March 31, 2015 and 2014, consisted of the following:

	2015	2014
Debentures	85%	86%
Equity	12%	11%
Cash and due from banks	—	—
Others	3%	3%
Total	100%	100%

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

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

(8) Assumptions used for the year ended March 31, 2015 and 2014, were set forth as follows:

	2015	2014
Discount rate	1.1%	1.5%
Expected salary increase rate	2.0%-5.5%	2.2%-6.2%
Expected rate of return on plan assets	0.5%	0.5%

**(b) Defined Contribution Plans**

The amounts of the required contribution to the defined contribution plans of DBJ Inc. and its consolidated subsidiaries for the years ended March 31, 2015 and 2014 are ¥206 million (\$1,714 thousand) and ¥203 million, respectively.

**23. Income Taxes**

DBJ Inc. and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 35.64% and 38.01% for the years ended March 31, 2015 and 2014, respectively.

A reconciliation of the normal effective statutory tax rate with the actual effective tax rate for the years ended March 31, 2015 and 2014 is as follows:

	2015	2014
Normal effective statutory tax rate	35.64%	38.01%
Increase (decrease) in taxes resulting from:		
Change in valuation allowance	4.09	(12.70)
Other	(1.35)	(0.69)
Actual effective tax rate	38.38%	24.62%



The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred tax assets:			
Allowance for loan losses	¥ 35,282	¥ 40,428	\$ 293,606
Losses from revaluation of securities	14,511	14,747	120,756
Excess of fair value over assets of consolidated subsidiaries	4,200	4,397	34,953
Liability for retirement benefits	2,166	2,563	18,029
Tax loss carryforwards	1,367	1,503	11,384
Other	9,055	6,892	75,357
Sub-total	66,584	70,532	554,086
Less-valuation allowance	(46,834)	(44,978)	(389,739)
Total	19,749	25,553	164,347
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(39,093)	(18,103)	(325,316)
Deferred gain on derivatives under hedge accounting	(16,068)	(16,562)	(133,714)
Other	(4,018)	(1,936)	(33,436)
Total	(59,179)	(36,602)	(492,466)
Net deferred tax assets	¥(39,430)	¥(11,048)	\$(328,119)

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2015. Due to this change, the normal effective statutory tax rate to be used to calculate deferred tax assets and deferred tax liabilities has been changed from 35.64% to 33.10% for the temporary differences expected to be settled in the fiscal year beginning on April 1, 2015 and to 32.34% for the temporary differences expected to be settled in the fiscal years beginning on and after April 1, 2016. The effect of this change was to decrease deferred tax assets and deferred tax liabilities in the consolidated balance sheet as of March 31, 2015 by ¥5 million (\$42 thousand) and ¥4,192 million (\$34,886 thousand), respectively and to increase unrealized gain on available-for-sale securities, deferred gain on derivatives under hedge accounting, accumulated adjustments for retirement benefits and deferred income taxes increased by ¥3,926 million (\$32,673 thousand), ¥1,519 million (\$12,643 thousand), ¥0 million (\$7 thousand) and ¥1,259 million (\$10,479 thousand), respectively.

In addition, as the tax loss carryforwards which are available to be offset against taxable income will be limited to 65% of the taxable income before deducting tax losses from the fiscal year beginning on or after April 1, 2015, deferred tax assets decreased by ¥46 million (\$386 thousand) and deferred income taxes increased by ¥46 million (\$386 thousand).

## 24. Lease Transactions

### (a) Finance leases

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

### (b) Operating leases

(As lessee)

The minimum lease commitments under non-cancelable operating leases as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Due within 1 year	¥365	¥378	\$3,044
Due after 1 year	176	482	1,471
Total	¥542	¥860	\$4,514

(As lessor)

The minimum lease commitments under non-cancelable operating leases as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Due within 1 year	¥ 3,811	¥ 2,863	\$ 31,717
Due after 1 year	13,169	10,397	109,587
Total	¥16,980	¥13,261	\$141,304

## 25. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 90,884	¥ 33,531	\$ 756,303
Reclassification adjustments to profit or loss	(18,751)	(24,025)	(156,044)
Amount before income tax effect	72,133	9,506	600,258
Income tax effect	(21,038)	(5,151)	(175,076)
Total	51,094	4,355	425,183
Deferred gain on derivatives under hedge accounting:			
Gains arising during the year	11,336	1,499	94,336
Reclassification adjustments to profit or loss	(8,291)	(8,077)	(68,999)
Amount before income tax effect	3,044	(6,578)	25,337
Income tax effect	494	2,633	4,113
Total	3,538	(3,944)	29,450
Foreign currency translation adjustments:			
Adjustments arising during the year	692	389	5,764
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	692	389	5,764
Income tax effect	—	—	—
Total	692	389	5,764
Adjustments for retirement benefits			
Adjustments arising during the year	1,210	—	10,071
Reclassification adjustments to profit or loss	225	—	1,873
Amount before income tax effect	1,435	—	11,943
Income tax effect	(512)	—	(4,263)
Total	922	—	7,680
Share of other comprehensive income in affiliates:			
Gains arising during the year	(146)	631	(1,217)
Reclassification adjustments to profit or loss	53	(246)	443
Amount before income tax effect	(93)	385	(774)
Income tax effect	—	—	—
Total	(93)	385	(774)
Total other comprehensive income	¥ 56,155	¥ 1,185	\$ 467,303

## 26. Segment Information

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

**Related information:**

Segment information by service for the years ended March 31, 2015 and 2014 is following:

Year ended March 31, 2015	Millions of Yen			
	Loan business	Securities investment	Other	Total
Ordinary income from external customers	¥233,516	¥71,095	¥34,430	¥339,043

  

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

  

Year ended March 31, 2015	Thousands of U.S. Dollars			
	Loan business	Securities investment	Other	Total
Ordinary income from external customers	\$1,943,218	\$591,625	\$286,518	\$2,821,362

**27. Financial Instruments and Related Disclosures****(a) The Situation of Financial Instruments****(1) Policy for Financial Instruments**

DBJ Inc. provides investment and loan services that are aimed to provide long-term stable funding. As 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 electricity, gas, thermal supply, water supply, manufacturing and others as of March 31, 2015. The changes of economic circumstances surrounding these industries may influence on the fulfillment of their obligations. DBJ Inc. holds securities such as bonds, equities and investments in limited partnerships and other similar partnerships, which are exposed to issuer's credit risk, interest rate risk, price volatility risk and other risks. DBJ Inc. does not have any trading-related risk because it does not engage in trading (specified transactions).

Although corporate bonds and borrowings are exposed to cash liquidity risk and interest rate risk, these risks are hedged or controlled by matching of financing and investing, interest-rate swap agreements and other transactions.

Foreign currency denominated loans, debentures and corporate bonds are exposed to exchange rate risk. DBJ Inc. mitigates this risk by matching foreign currency investments and loans with foreign currency corporate bonds and currency-related transactions.

DBJ Inc. utilizes derivative financial transactions such as interest-rate swap agreements and currency swap agreements in order to hedge or control the risks related to interest and currency. DBJ applies hedge accounting as necessary. As for hedging instruments, hedged items, hedging policy and assessment of effectiveness of the hedges, the details are described in Note 2 (e) "Hedge Accounting."

**(3) Risk Management for Financial Instruments****(i) Credit Risk Management**

In accordance with the internal guidelines, DBJ Inc. utilizes credit exposure management and portfolio management for investments and loans. When making an investment or loan, DBJ Inc. examines the entity's viability and the entity's project's profitability. After that, DBJ Inc. sets ratings along with an internal rating system, grants credit amount, 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, 2015 and 2014 was ¥25,415 million (\$211,493 thousand) and ¥19,212 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, 2015 and 2014.

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

	Millions of Yen		
	2015		
	Carrying amount	Fair value	Difference
Cash and due from banks	¥ 317,772	¥ 317,776	¥ 3
Call loans and bills bought	335,000	335,000	—
Reverse repurchase agreements	5,299	5,299	—
Securities			
Held-to-maturity debt securities	915,689	937,274	21,584
Available-for-sale securities	418,171	418,171	—
Loans	13,261,343		
Allowance for loan losses*1	(83,765)		
	13,177,578	13,743,661	566,083
Total assets	¥15,169,511	¥15,757,183	¥587,671
Debentures	3,220,206	3,358,048	137,841
Borrowed money	8,498,219	8,606,481	108,261
Corporate bonds	1,349,102	1,353,954	4,852
Total liabilities	¥13,067,528	¥13,318,484	¥250,956
Derivative transactions*2			
Derivative transactions not qualifying for hedge accounting	(10,929)	(10,929)	—
Derivative transactions qualifying for hedge accounting	39,830	39,830	—
Total derivative transactions	¥ 28,900	¥ 28,900	¥ —

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

	Thousands of U.S. Dollars		
	2015		
	Carrying amount	Fair value	Difference
Cash and due from banks	\$ 2,644,359	\$ 2,644,389	\$ 30
Call loans and bills bought	2,787,717	2,787,717	—
Reverse repurchase agreements	44,103	44,103	—
Securities			
Held-to-maturity debt securities	7,619,949	7,799,569	179,620
Available-for-sale securities	3,479,833	3,479,833	—
Loans	110,354,861		
Allowance for loan losses*1	(697,055)		
	109,657,806	114,368,491	4,710,685
Total assets	\$126,233,768	\$131,124,103	\$4,890,335
Debentures	26,797,089	27,944,147	1,147,058
Borrowed money	70,718,316	71,619,221	900,905
Corporate bonds	11,226,614	11,266,995	40,381
Total liabilities	\$108,742,018	\$110,830,363	\$2,088,345
Derivative transactions*2			
Derivative transactions not qualifying for hedge accounting	(90,953)	(90,953)	—
Derivative transactions qualifying for hedge accounting	331,453	331,453	—
Total derivative transactions	\$ 240,500	\$ 240,500	\$ —

\*1. General and specific allowances for loan losses are deducted.

\*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) 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

Derivatives consist of interest rate related derivatives (interest rate swaps), currency related derivatives (currency swaps, forward foreign exchange contracts) and credit derivatives. Fair value of these derivatives is determined based on the discounted present value, quoted prices presented by the financial institutions, etc.



(2) Following are the financial instruments whose fair value cannot be reliably determined as of March 31, 2015 and 2014:

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
	2015	2014	2015
Money held in trust* <sup>1</sup>	¥ 54,853	¥134,215	\$ 456,467
Unlisted equities* <sup>2, 3</sup>	326,875	176,406	2,720,109
Investments in limited partnerships and other similar partnerships* <sup>1</sup>	169,296	135,578	1,408,811
Unlisted other securities* <sup>2, 3</sup>	57,873	54,545	481,595
Industrial investment borrowed money (Special Account for FILP)* <sup>4</sup>	100,000	100,000	832,154
Total	¥708,899	¥600,745	\$5,899,137

\*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, 2015 and 2014 was ¥4,763 million (\$39,639 thousand) and ¥1,731 million, respectively. The breakdown is: unlisted equities ¥984 million (\$8,194 thousand) and ¥1,269 million, unlisted other securities ¥3,778 million (\$31,445 thousand) and ¥462 million for the years ended March 31, 2015 and 2014, 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, 2015 and 2014 are as follows:

	Millions of Yen					
	2015					
	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	¥ 317,765	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	335,000	—	—	—	—	—
Securities						
Held-to-maturity debt securities with market values	276,551	276,137	224,772	66,324	36,724	35,179
Japanese government bonds	—	81,224	40,328	10,295	15,124	25,179
Japanese local government bonds	—	—	—	—	—	—
Corporate bonds	106,934	119,189	100,205	23,796	11,600	10,000
Other	169,617	75,723	84,239	32,232	10,000	—
Available-for-sale securities with contractual maturities	6,477	67,641	93,412	90,135	39,991	8,116
Japanese government bonds	—	—	—	42,488	30,743	8,116
Japanese local government bonds	—	—	—	—	—	—
Corporate bonds	6,477	67,641	93,412	47,647	5,894	—
Other	—	—	—	—	3,354	—
Loans* <sup>1</sup>	2,132,424	4,076,764	3,010,127	1,840,382	1,419,033	702,074
Total	¥3,068,218	¥4,420,542	¥3,328,312	¥1,996,842	¥1,495,749	¥745,369



	Millions of Yen					
	2014					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	¥ 260,179	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	87,000	—	—	—	—	—
Securities						
Held-to-maturity debt securities with market values	72,579	406,911	198,855	120,976	49,970	30,283
Japanese government bonds	—	35,783	66,321	20,145	20,387	30,283
Japanese local government bonds	—	—	—	—	—	—
Corporate bonds	29,784	199,205	81,976	29,980	12,500	—
Other	42,795	171,923	50,557	70,851	17,082	—
Available-for-sale securities with contractual maturities	179,074	39,993	49,295	43,567	21,699	3,062
Japanese government bonds	149,994	—	—	5,323	20,801	—
Japanese local government bonds	—	—	—	—	—	—
Corporate bonds	24,115	39,993	49,295	38,244	898	—
Other	4,965	—	—	—	—	3,062
Loans* <sup>1</sup>	2,173,896	4,203,074	2,901,652	2,209,503	1,512,472	739,830
Total	¥2,772,730	¥4,649,980	¥3,149,803	¥2,374,048	¥1,584,141	¥773,175

	Thousands of U.S. Dollars					
	2015					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	\$ 2,644,302	\$ —	\$ —	\$ —	\$ —	\$ —
Call loans and bills bought	2,787,717	—	—	—	—	—
Securities						
Held-to-maturity debt securities with market values	2,301,338	2,297,888	1,870,454	551,920	305,601	292,748
Japanese government bonds	—	675,913	335,592	85,677	125,856	209,533
Japanese local government bonds	—	—	—	—	—	—
Corporate bonds	889,856	991,840	833,864	198,019	96,530	83,215
Other	1,411,482	630,135	700,999	268,223	83,215	—
Available-for-sale securities with contractual maturities	53,902	562,878	777,338	750,065	332,792	67,538
Japanese government bonds	—	—	—	353,566	255,829	67,538
Japanese local government bonds	—	—	—	—	—	—
Corporate bonds	53,902	562,878	777,338	396,499	49,052	—
Other	—	—	—	—	27,910	—
Loans* <sup>1</sup>	17,745,061	33,924,976	25,048,906	15,314,828	11,808,552	5,842,342
Total	\$25,532,320	\$36,785,742	\$27,696,698	\$16,616,812	\$12,446,946	\$6,202,627

\*1. Obligations to "Legally Bankrupt," "Effectively Bankrupt" and "Possibly Bankrupt" amount to ¥80,537 million (\$670,196 thousand) are not included as of March 31, 2015.

\*2. Obligations to "Legally Bankrupt," "Effectively Bankrupt" and "Possibly Bankrupt" amount to ¥97,980 million are not included as of March 31, 2014.

(4) Maturity analysis for Debentures, Borrowed money and Other Liability with Interest as of March 31, 2015 and 2014 are as follows:

	Millions of Yen					
	2015					
	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	¥1,412,658	¥2,296,269	¥1,811,920	¥1,042,815	¥1,110,694	¥ 923,862
Debentures and Corporate bonds	540,420	1,563,394	1,018,110	428,803	719,934	298,645
Total	¥1,953,079	¥3,859,663	¥2,830,030	¥1,471,619	¥1,830,628	¥1,222,507

  

	Millions of Yen					
	2014					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Borrowed money	¥1,409,305	¥2,452,745	¥2,010,249	¥1,086,772	¥1,237,236	¥ 986,294
Debentures and Corporate bonds	455,003	1,343,913	1,097,112	348,951	703,846	288,592
Total	¥1,864,309	¥3,796,658	¥3,107,362	¥1,435,724	¥1,941,082	¥1,274,887

  

	Thousands of U.S. Dollars					
	2015					
	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	\$11,755,502	\$19,108,507	\$15,077,975	\$ 8,677,835	\$ 9,242,690	\$ 7,687,961
Debentures and Corporate bonds	4,497,133	13,009,856	8,472,249	3,568,309	5,990,966	2,485,189
Total	\$16,252,635	\$32,118,363	\$23,550,225	\$12,246,145	\$15,233,656	\$10,173,150

## 28. Derivative Transactions

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

#### (1) Interest Rate-related Transactions

	Millions of Yen			
	2015			
	Contract amount			Unrealized gains (losses)
	Total	Due after 1 year	Fair value	
Over-the-counter				
Swaps				
Receive fixed/ Pay float	¥852,007	¥787,406	¥ 22,068	¥ 22,068
Receive float/ Pay fixed	845,243	782,892	(16,259)	(16,259)
Total	—	—	¥ 5,808	¥ 5,808

  

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

	Thousands of U.S. Dollars			
	2015			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
Over-the-counter				
Swaps				
Receive fixed/ Pay float	\$7,090,021	\$6,552,440	\$ 183,643	\$ 183,643
Receive float/ Pay fixed	7,033,735	6,514,877	(135,303)	(135,303)
Total	—	—	\$ 48,340	\$ 48,340

\*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			
	2015			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
Over-the-counter				
Swaps	¥ 73,147	¥73,147	¥(17,921)	¥(17,921)
Forwards				
Sold	256,929	—	1,297	1,297
Bought	1,256	—	(1)	(1)
Total	—	—	¥(16,626)	¥(16,626)

	Millions of Yen			
	2014			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
Over-the-counter				
Swaps	¥ 97,497	¥97,497	¥(7,331)	¥(7,331)
Forwards				
Sold	263,016	—	(141)	(141)
Bought	2,223	—	41	41
Total	—	—	¥(7,431)	¥(7,431)

	Thousands of U.S. Dollars			
	2015			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
Over-the-counter				
Swaps	\$ 608,700	\$608,700	\$(149,136)	\$(149,136)
Forwards				
Sold	2,138,051	—	10,794	10,794
Bought	10,452	—	(12)	(12)
Total	—	—	\$(138,355)	\$(138,355)

\*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			
		2015			
		Contract amount		Fair value	Unrealized gains (losses)
		Total	Due after 1 year		
Over-the-counter					
	Credit default options				
	Sold	¥20,404	¥20,404	¥ 0	¥ 0
	Bought	3,500	3,500	(113)	(113)
Total		—	—	¥(112)	¥(112)

  

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

  

		Thousands of U.S. Dollars			
		2015			
		Contract amount		Fair value	Unrealized gains (losses)
		Total	Due after 1 year		
Over-the-counter					
	Credit default options				
	Sold	\$169,795	\$169,795	\$ 2	\$ 2
	Bought	29,125	29,125	(940)	(940)
Total		—	—	\$(938)	\$(938)

\*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		
			2015		
			Contract amount		Fair value
Hedged item			Total	Due after 1 year	
Deferral method					
Swaps	Debentures, Borrowed money, Securities and Loans				
Receive fixed/ Pay float			¥ 309,247	¥308,664	¥39,603
Receive float/ Pay fixed			35,195	30,347	(1,560)
Accrual method					
Swaps	Debentures, Borrowed money, Corporate bonds and Loans				
Receive fixed/ Pay float			1,011,685	843,262	*3
Receive float/ Pay fixed			57,311	32,355	
Total			—	—	¥38,043

		Millions of Yen		
		2014		
		Contract amount		
	Hedged item	Total	Due after 1 year	Fair value
Deferral method				
Swaps	Debentures,			
Receive fixed/ Pay float	Borrowed money and	¥404,830	¥389,247	¥42,239
Receive float/ Pay fixed	Loans	32,600	27,195	(1,861)
Accrual method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Corporate bonds and	798,819	753,295	*3
Receive float/ Pay fixed	Loans	57,074	56,956	
Total		—	—	¥40,377
		Thousands of U.S. Dollars		
		2015		
		Contract amount		
	Hedged item	Total	Due after 1 year	Fair value
Deferral method				
Swaps	Debentures,			
Receive fixed/ Pay float	Borrowed money,	\$2,573,415	\$2,568,561	\$329,563
Receive float/ Pay fixed	Securities and Loans	292,881	252,535	(12,984)
Accrual method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Corporate bonds and	8,418,788	7,017,248	*3
Receive float/ Pay fixed	Loans	476,923	269,247	
Total		—	—	\$316,579

\*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 27 "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		
		2015		
		Contract amount		
	Hedged item	Total	Due after 1 year	Fair value
Translated at contractual rates	Foreign-currency debentures			
Currency swaps	and Corporate bonds	¥155,782	¥151,855	*2
Forward foreign exchange contracts	Available-for-sale securities			
Sold		51,065	—	¥1,787
Bought		—	—	—
Total		—	—	¥1,787

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

  

		Thousands of U.S. Dollars		
		2015		
		Contract amount		
Hedged item		Total	Due after 1 year	Fair value
Translated at contractual rates	Foreign-currency debentures			
Currency swaps	and Corporate bonds	\$1,296,354	\$1,263,676	*2
Forward foreign exchange contracts	Available-for-sale securities			
Sold		424,948	—	\$14,875
Bought		—	—	—
Total		—	—	\$14,875

\*1. Fair values are based primarily on discounted present values.

\*2. The above currency swaps which qualify for the hedging requirements of assignment method are not subject to the disclosure of fair value information. In addition, the fair value of such foreign currency swaps in Note 27 "Financial Instruments and Related Disclosures" is included in that of hedged items such as foreign-currency debentures and corporate bonds.

### (3) Equity-related Transactions

Not applicable.

### (4) Bond-related Transactions

Not applicable.

## 29. Fair Value of Securities and Money Held in Trust

Fair value of securities, money held in trust and negotiable certificate of deposit classified as "Cash and due from banks" as of March 31, 2015 and 2014 is summarized below.

## (a) Securities

## (1) Held-to-maturity Debt Securities as of March 31, 2015 and 2014, are as follows:

		Millions of Yen		
		2015		
		Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	¥172,151	¥182,880	¥10,728
	Japanese local government bonds	—	—	—
	Corporate bonds	308,070	313,567	5,496
	Other	306,557	312,569	6,012
Sub-total		786,779	809,017	22,237
Fair value does not exceed carrying amount	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Corporate bonds	63,654	63,350	(303)
	Other	65,255	64,906	(349)
Sub-total		128,909	128,256	(652)
Total		¥915,689	¥937,274	¥21,584

  

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

  

		Thousands of U.S. Dollars		
		2015		
		Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	\$1,432,570	\$1,521,848	\$ 89,278
	Japanese local government bonds	—	—	—
	Corporate bonds	2,563,626	2,609,366	45,740
	Other	2,551,029	2,601,064	50,035
Sub-total		6,547,225	6,732,279	185,054
Fair value does not exceed carrying amount	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Corporate bonds	529,700	527,172	(2,528)
	Other	543,025	540,119	(2,906)
Sub-total		1,072,724	1,067,291	(5,434)
Total		\$7,619,949	\$7,799,569	\$179,620

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

(2) Available-for-sale Securities as of March 31, 2015 and 2014, are as follows:

		Millions of Yen		
		2015		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	¥106,846	¥ 33,475	¥ 73,371
	Bonds	271,942	238,259	33,682
	Japanese government bonds	81,347	80,160	1,186
	Japanese local government bonds	—	—	—
	Corporate bonds	190,595	158,099	32,496
	Other	6,485	3,810	2,674
Sub-total		385,273	275,545	109,728
Carrying amount does not exceed cost	Equities	2,390	2,419	(29)
	Bonds	30,477	30,755	(278)
	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Corporate bonds	30,477	30,755	(278)
	Other	72,028	72,028	—
Sub-total		104,897	105,204	(307)
Total		¥490,171	¥380,750	¥109,421

  

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



		Thousands of U.S. Dollars		
		2015		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	\$ 889,130	\$ 278,565	\$610,565
	Bonds	2,262,978	1,982,689	280,289
	Japanese government bonds	676,933	667,060	9,872
	Japanese local government bonds	—	—	—
	Corporate bonds	1,586,045	1,315,628	270,417
	Other	53,966	31,710	22,256
Sub-total		3,206,074	2,292,963	913,111
Carrying amount does not exceed cost	Equities	19,895	20,137	(243)
	Bonds	253,624	255,937	(2,313)
	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Corporate bonds	253,624	255,937	(2,313)
	Other	599,392	599,392	—
Sub-total		872,911	875,467	(2,556)
Total		\$4,078,985	\$3,168,430	\$910,555

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

(3) Available-for-sale Securities sold during the year ended March 31, 2015 and 2014, are as follows:

		Millions of Yen		
		2015		
		Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities		¥36,599	¥18,226	¥ 1
Bonds		20,203	94	1
Japanese government bonds		—	—	—
Japanese local government bonds		—	—	—
Corporate bonds		20,203	94	1
Other		2,579	1,354	—
Total		¥59,382	¥19,675	¥ 2

  

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

	Thousands of U.S. Dollars		
	2015		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	\$304,566	\$151,674	\$11
Bonds	168,122	789	12
Japanese government bonds	—	—	—
Japanese local government bonds	—	—	—
Corporate bonds	168,122	789	12
Other	21,462	11,271	—
Total	\$494,150	\$163,734	\$23

**(b) Money Held in Trust**

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

Not applicable.

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

	Millions of Yen				
	2015				
	Unrealized gains (losses)				
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	¥54,853	¥54,451	¥401	¥401	¥—

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

	Thousands of U.S. Dollars				
	2015				
	Unrealized gains (losses)				
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	\$456,467	\$453,125	\$3,343	\$3,343	\$—

**(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
	2015	2014	2015
Unrealized gain on			
Available-for-sale securities	¥132,657	¥ 60,668	\$1,103,917
Other money held in trust	401	258	3,343
Deferred tax liabilities	(39,142)	(18,103)	(325,725)
Unrealized gain on available-for-sale securities before interest adjustments	93,917	42,822	781,535
Amount corresponding to minority interests	(8,023)	(5,110)	(66,768)
DBJ Inc.'s interest in net unrealized gain on available-for-sale securities held by affiliates accounted for by the equity method	(28)	55	(233)
Unrealized gain on available-for-sale securities, net of taxes	¥ 85,865	¥ 37,767	\$ 714,533

- \*1. The profit of ¥5,170 million (\$43,023 thousand) and ¥4,496 million recognized by applying the fair value hedge accounting, which was reflected in profit or loss, is deducted from above unrealized gain on available-for-sale securities, net of taxes, as of March 31, 2015 and 2014, respectively.
- \*2. Unrealized gain includes foreign currency translation adjustments on available-for-sale securities denominated in foreign currency whose fair value cannot be reliably determined as of March 31, 2015 and 2014.

### 30. Related Party Transactions

Related party transactions for the years ended March 31, 2015 and 2014 are as follows:

Related party	Category	Description	Account item	2015			
				Amounts of the transactions		Balance at March 31, 2015	
				Millions of Yen	Thousands of U.S. Dollars	Millions of Yen	Thousands of U.S. Dollars
Finance Minister	Shareholder	Borrowings* <sup>1</sup>	Borrowed	¥ 300,000	\$ 2,496,463	¥4,066,419	\$33,838,891
		Repayments	money	447,275	3,722,021		
		Payment for interest	Accrued expenses	44,822	372,995	13,687	113,897
		Guarantees* <sup>2</sup>	—	2,895,482	24,094,889	—	—

According to Article 2, item 5 of the Japan Finance Corporation Act, DBJ Inc. has borrowed ¥3,286,500 million (\$27,348,756 thousand) from Japan Finance Corporation relating to the crisis response business.

- \*1. DBJ Inc. has borrowed from the fiscal investment and loan program funds, and applied interest rates for fiscal investment and loan. The last redemption period is October 20, 2034 without putting up collateral.
- \*2. The guarantees are for debentures issued by DBJ Inc. free of guarantee charge.

Related party	Category	Description	Account item	2014	
				Amounts of the transactions	
				Millions of Yen	Balance at March 31, 2014
Finance Minister	Shareholder	Borrowings* <sup>1</sup>	Borrowed	¥ 300,000	¥4,213,694
		Repayments	money	552,313	
		Payment for interest	Accrued expenses	51,734	14,456
		Guarantees* <sup>2</sup>	—	2,652,005	—

According to Article 2, item 5 of the Japan Finance Corporation Act, DBJ Inc. has borrowed ¥3,764,887 million from Japan Finance Corporation relating to the crisis response business.

- \*1. DBJ Inc. has borrowed from the fiscal investment and loan program funds, and applied interest rates for fiscal investment and loan. The last redemption period is October 20, 2033 without putting up collateral.
- \*2. The guarantees are for debentures issued by DBJ Inc. free of guarantee charge.

### 31. SUBSEQUENT EVENT

On June 26, 2015, 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 June 29, 2015:

Appropriations of Retained earnings as of March 31, 2015

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends-Common stock (¥516-\$4.29 per share)	¥22,514	\$187,354



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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, 2015, 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, 2015, 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 4 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

*Deloitte Touche Tohmatsu LLC*

June 15, 2015  
(June 26, 2015 as to Note 31)

Member of  
Deloitte Touche Tohmatsu Limited

## Non-Consolidated Balance Sheet (Unaudited)

Development Bank of Japan Inc.

As of March 31,	Millions of Yen		Thousands of U.S. Dollars (Note)
	2015	2014	2015
<b>Assets</b>			
Cash and due from banks	¥ 287,698	¥ 240,522	\$ 2,394,092
Call loans	335,000	87,000	2,787,717
Reverse repurchase agreements	5,299	—	44,103
Money held in trust	53,742	134,215	447,225
Securities	1,848,890	1,592,461	15,385,627
Loans	13,409,078	13,963,046	111,584,243
Other assets	138,722	113,707	1,154,388
Tangible fixed assets	114,863	116,585	955,841
Intangible fixed assets	5,279	5,424	43,936
Prepaid pension costs	1,326	—	11,035
Customers' liabilities for acceptances and guarantees	167,482	107,174	1,393,713
Allowance for loan losses	(83,460)	(111,716)	(694,519)
Allowance for investment losses	(525)	(459)	(4,369)
<b>Total assets</b>	<b>¥16,283,399</b>	<b>¥16,247,962</b>	<b>\$135,503,033</b>
<b>Liabilities and equity</b>			
<b>Liabilities:</b>			
Debentures	¥ 3,220,206	¥ 3,085,674	\$ 26,797,089
Borrowed money	8,566,219	9,150,398	71,284,181
Corporate bonds	1,341,602	1,144,246	11,164,202
Other liabilities	218,200	127,069	1,815,767
Accrued bonuses to employees	4,415	4,415	36,740
Accrued bonuses to directors	11	11	97
Reserve for employees' retirement benefits	6,601	7,118	54,938
Reserve for directors' retirement benefits	66	69	552
Reserve for contingent losses	12	7	104
Deferred tax liabilities	39,175	11,695	326,002
Acceptances and guarantees	167,482	107,174	1,393,713
<b>Total liabilities</b>	<b>13,563,994</b>	<b>13,637,880</b>	<b>112,873,384</b>
<b>Equity:</b>			
Common stock authorized, 160,000 thousand shares in 2015 and 2014; issued, 43,632 thousand shares in 2015 and 2014	1,206,953	1,206,953	10,043,713
Capital surplus	1,060,466	1,060,466	8,824,718
Retained earnings	335,018	275,716	2,787,874
Unrealized gain on available-for-sale securities	84,749	37,703	705,247
Deferred gain on derivatives under hedge accounting	32,217	29,243	268,096
<b>Total equity</b>	<b>2,719,404</b>	<b>2,610,081</b>	<b>22,629,649</b>
<b>Total liabilities and equity</b>	<b>¥16,283,399</b>	<b>¥16,247,962</b>	<b>\$135,503,033</b>

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥120.17=\$1.00, the effective exchange rate prevailing as of March 31, 2015, 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)
	2015	2014	2015
<b>Income</b>			
Interest income:	¥236,107	¥255,448	\$1,964,776
Interest on loans	207,042	229,860	1,722,913
Interest and dividends on securities	20,748	17,378	172,661
Interest on call loans	149	98	1,245
Interest on reverse repurchase agreements	231	282	1,928
Interest on due from banks	46	36	390
Interest on swaps	7,720	7,680	64,246
Other interest income	167	110	1,394
Fees and commissions	8,091	13,087	67,337
Other operating income	14,015	10,899	116,633
Other income	70,575	70,957	587,296
<b>Total income</b>	<b>328,790</b>	<b>350,392</b>	<b>2,736,042</b>
<b>Expenses</b>			
Interest expense:	117,846	132,090	980,667
Interest on debentures	36,488	39,773	303,641
Interest on call money and bills sold	0	7	2
Interest on borrowed money	76,785	87,766	638,975
Interest on short-term corporate bonds	12	32	103
Interest on corporate bonds	4,497	4,488	37,429
Other interest expense	62	20	518
Fees and commissions	662	235	5,514
Other operating expenses	10,751	7,224	89,466
General and administrative expenses	40,352	40,323	335,799
Other expenses	10,974	6,536	91,327
<b>Total expenses</b>	<b>180,588</b>	<b>186,410</b>	<b>1,502,772</b>
<b>Income before income taxes</b>	<b>148,202</b>	<b>163,982</b>	<b>1,233,270</b>
Income taxes:			
Current	50,322	24,588	418,762
Deferred	7,798	16,153	64,898
<b>Total income taxes</b>	<b>58,121</b>	<b>40,741</b>	<b>483,660</b>
<b>Net income</b>	<b>¥ 90,080</b>	<b>¥123,240</b>	<b>\$ 749,610</b>

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥120.17=\$1.00, the effective exchange rate prevailing as of March 31, 2015, 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)
	2015	2014	2015
<b>Common stock:</b>			
Balance at beginning of year	¥1,206,953	¥1,206,953	\$10,043,713
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	1,206,953	1,206,953	10,043,713
Balance at end of year	1,206,953	1,206,953	10,043,713
<b>Capital surplus:</b>			
Balance at beginning of year	1,060,466	1,060,466	8,824,718
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	1,060,466	1,060,466	8,824,718
Balance at end of year	1,060,466	1,060,466	8,824,718
<b>Retained earnings:</b>			
Balance at beginning of year	275,716	187,730	2,294,384
Cumulative effects of changes in accounting policies	26	—	221
Restated balance	275,742	187,730	2,294,605
Cash dividends	(30,804)	(35,254)	(256,341)
Net income	90,080	123,240	749,610
Balance at end of year	335,018	275,716	2,787,874
<b>Unrealized gain on available-for-sale securities:</b>			
Balance at beginning of year	37,703	27,707	313,747
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	37,703	27,707	313,747
Net change during the year	47,046	9,995	391,500
Balance at end of year	84,749	37,703	705,247
<b>Deferred gain on derivatives under hedge accounting:</b>			
Balance at beginning of year	29,243	33,803	243,351
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	29,243	33,803	243,351
Net change during the year	2,973	(4,560)	24,745
Balance at end of year	32,217	29,243	268,096
<b>Total equity:</b>			
Balance at beginning of year	2,610,081	2,516,661	21,719,913
Cumulative effects of changes in accounting policies	26	—	221
Restated balance	2,610,108	2,516,661	21,720,134
Cash dividends	(30,804)	(35,254)	(256,341)
Net income	90,080	123,240	749,610
Net change during the year	50,020	5,435	416,245
Balance at end of year	¥2,719,404	¥2,610,081	\$22,629,649

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥120.17=\$1.00, the effective exchange rate prevailing as of March 31, 2015, has been used in the conversion.



## Capital Adequacy Ratio

Although DBJ is not yet subject to Article 14-2 of the Banking Act of Japan, capital adequacy ratios have been calculated in accordance with "Criteria for Judging Whether a Financial Institution's Own Capital Is Sufficient in Light of the Assets Held, etc. under the Provision of Article 14-2 of the Banking Act" (2006, Financial Services Agency Notification No. 19, hereinafter, the "Capital Adequacy Ratio Notification"), and therefore effectively conform to this act.  
(Reference)

In addition to the application of uniform international standards, credit risk assets were calculated using the standardized approach, and equivalent operational risk was calculated using the basic indicator approach. The DBJ Group has not introduced procedures in line with market risk regulations.

### [1] Capital Structure Information

#### Capital Structure Information (Consolidated)

(Millions of yen)

Items	March 31, 2015		March 31, 2014		Basel III Template No.
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
<b>Common Equity Tier 1 capital: instruments and reserves</b>					
Directly issued qualifying common share capital plus related capital surplus and retained earnings	2,589,627		2,519,342		1a+2-1c-26
of which: common stock and capital surplus	2,267,419		2,267,419		1a
of which: retained earnings	344,728		282,733		2
of which: treasury stock	—		—		1c
of which: planned distribution of income	22,520		30,810		26
of which: other than the above	—		—		
Rights to acquire new common shares	—		—		1b
Accumulated other comprehensive income and other disclosed reserves	48,312	72,469	13,507	54,031	3
Adjusted minority interests, etc. (amount allowed to be included in group Common Equity Tier 1)	24		19		5
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	1,838		1,150		
of which: items included in minority interests, etc. subject to transitional arrangements	1,838		1,150		
Common Equity Tier 1 capital: instruments and reserves (A)	2,639,803		2,534,020		6
<b>Common Equity Tier 1 capital: regulatory adjustments</b>					
Total intangible assets (excluding those relating to mortgage servicing rights)	1,781	2,671	893	3,574	8+9
of which: goodwill (including those equivalent)	333	500	188	753	8
of which: other intangible assets other than goodwill and mortgage servicing rights	1,447	2,171	705	2,820	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	80	120	—	—	10
Deferred gains or losses on derivatives under hedge accounting	13,324	19,987	6,001	24,005	11
Shortfall of eligible reserves to expected losses	—	—	—	—	12
Capital increase due to securitization transactions	—	—	—	—	13
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	—	—	14
Assets for retirement benefits	676	1,014	—	—	15
Investments in own shares (excluding those reported in the Equity section)	—	—	—	—	16
Reciprocal cross-holdings in common equity	—	—	—	—	17



(Millions of yen)

Items	March 31, 2015		March 31, 2014		Basel III Template No.
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—	—	—	18
Amount exceeding the 10% threshold on specified items	—	—	—	—	19+20+21
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	—	—	19
of which: mortgage servicing rights	—	—	—	—	20
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	21
Amount exceeding the 15% threshold on specified items	—	—	—	—	22
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	—	—	23
of which: mortgage servicing rights	—	—	—	—	24
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	25
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	—		—		27
Common Equity Tier 1 capital: regulatory adjustments (B)	15,862		6,894		28
<b>Common Equity Tier 1 capital (CET1)</b>					
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	2,623,941		2,527,125		29
<b>Additional Tier 1 capital: instruments</b>					
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)	10,599		7,495		34-35
Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	—		—		33+35
of which: instruments issued by banks and their special purpose vehicles	—		—		33
of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—		—		35

(Millions of yen)

Items	March 31, 2015		March 31, 2014		Basel III Template No.
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
Total of items included in Additional Tier 1 capital:					
items subject to transitional arrangements	1,269		567		
of which: foreign currency translation adjustments	970		567		
of which: items included in minority interests, etc. subject to transitional arrangements	299		—		
Additional Tier 1 capital: instruments (D)	11,869		8,063		36
<b>Additional Tier 1 capital: regulatory adjustments</b>					
Investments in own Additional Tier 1 instruments	—	—	—	—	37
Reciprocal cross-holdings in Additional Tier 1 instruments	—	—	—	—	38
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	—	—	—	—	39
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	24	37	204	816	40
Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	500		753		
of which: goodwill	500		753		
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		—		42
Additional Tier 1 capital: regulatory adjustments (E)	525		957		43
<b>Additional Tier 1 capital (AT1)</b>					
Additional Tier 1 capital ((D)-(E)) (F)	11,343		7,105		44
<b>Tier 1 capital (T1 = CET1 + AT1)</b>					
Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	2,635,285		2,534,231		45
<b>Tier 2 capital: instruments and reserves</b>					
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	—		—		46
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		—		
Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		—		
Adjusted minority interests, etc. (amount allowed to be included in group Tier 2)	157		133		48-49
Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and reserves	—		—		47+49
of which: instruments issued by banks and their special purpose vehicles	—		—		47
of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—		—		49
Total of general allowance for loan losses and eligible reserves included in Tier 2	46,580		59,129		50
of which: general allowance for loan losses	46,580		59,129		50a
of which: eligible reserves	—		—		50b

(Millions of yen)

Items	March 31, 2015		March 31, 2014		Basel III Template No.
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
Total of items included in Tier 2 capital: instruments and reserves subject to transitional arrangements	35,905		21,953		
of which: items included in accumulated other comprehensive income, etc. subject to transitional arrangements	35,905		21,953		
Tier 2 capital: instruments and reserves (H)	82,642		81,216		51
<b>Tier 2 capital: regulatory adjustments</b>					
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
<b>Tier 2 capital (T2)</b>					
Tier 2 capital (T2) ((H)-(I)) (J)	82,642		81,216		58
<b>Total capital (TC = T1 + T2)</b>					
Total capital (TC = T1 + T2) ((G) + (J)) (K)	2,717,927		2,615,448		59
<b>Risk weighted assets</b>					
Total of items included in risk weighted assets subject to transitional arrangements	3,343		3,637		
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	2,171		2,820		
of which, significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	37		816		
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	120		—		
of which: net defined benefit assets	1,014		—		
Risk weighted assets (L)	16,173,097		16,516,658		60
<b>Capital ratio (consolidated)</b>					
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	16.22%		15.30%		61
Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	16.29%		15.34%		62
Total risk-weighted capital ratio (consolidated) ((K)/(L))	16.80%		15.83%		63
<b>Regulatory adjustments</b>					
Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	82,005		136,764		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	966		1,059		73
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—		—		74
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	1,890		2,075		75

(Millions of yen)

Items	March 31, 2015		March 31, 2014		Basel III Template No.
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
<b>Reserves included in Tier 2 capital: instruments and reserves</b>					
General allowance for loan losses	46,580		59,129		76
Cap on inclusion of general allowance for loan losses	199,133		202,584		77
Eligible reserves for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	—		—		78
Cap for inclusion of reserves in Tier 2 under internal ratings-based approach	—		—		79
<b>Capital instruments subject to transitional arrangements</b>					
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 Structure Information (Non-Consolidated)

(Millions of yen)

Items	March 31, 2015		March 31, 2014		Basel III Template No.
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
<b>Common Equity Tier 1 capital: instruments and reserves</b>					
Directly issued qualifying common share capital plus related capital surplus and retained earnings	2,579,918		2,512,325		1a+2-1c-26
of which: common stock and capital surplus	2,267,419		2,267,419		1a
of which: retained earnings	335,018		275,716		2
of which: treasury stock	—		—		1c
of which: planned distribution of income	22,520		30,810		26
of which: other than the above	—		—		
Rights to acquire new common shares	—		—		1b
Valuation and translation adjustment and other disclosed reserves	46,786	70,179	13,389	53,557	3
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	—		—		
Common Equity Tier 1 capital: instruments and reserves (A)	2,626,704		2,525,714		6
<b>Common Equity Tier 1 capital: regulatory adjustments</b>					
Total intangible assets (excluding those relating to mortgage servicing rights)	1,428	2,143	698	2,793	8+9
of which: goodwill (including those equivalent)	—	—	—	—	8
of which: other intangible assets other than goodwill and mortgage servicing rights	1,428	2,143	698	2,793	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—	—	—	10
Deferred gains or losses on derivatives under hedge accounting	12,886	19,330	5,848	23,394	11
Shortfall of eligible reserves to expected losses	—	—	—	—	12
Capital increase due to securitization transactions	—	—	—	—	13
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	—	—	14
Prepaid pension cost	356	534	—	—	15
Investments in own shares (excluding those reported in the Equity section)	—	—	—	—	16
Reciprocal cross-holdings in common equity	—	—	—	—	17
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)	—	—	—	—	18
Amount exceeding the 10% threshold on specified items	—	—	—	—	19+20+21
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	—	—	19
of which: mortgage servicing rights	—	—	—	—	20
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	21

(Millions of yen)

Items	March 31, 2015		March 31, 2014		Basel III Template No.
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
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	24		10		27
Common Equity Tier 1 capital: regulatory adjustments (B)	14,697		6,557		28
<b>Common Equity Tier 1 capital (CET1)</b>					
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	2,612,007		2,519,156		29
<b>Additional Tier 1 capital: instruments</b>					
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	—		—		
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
<b>Additional Tier 1 capital: regulatory adjustments</b>					
Investments in own Additional Tier 1 instruments	—		—		37
Reciprocal cross-holdings in Additional Tier 1 instruments	—		—		38
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	—		—		39
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	24	37	10	43	40
Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	—		—		
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		—		42
Additional Tier 1 capital: regulatory adjustments (E)	24		10		43

(Millions of yen)

Items	March 31, 2015		March 31, 2014		Basel III Template No.
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
<b>Additional Tier 1 capital (AT1)</b>					
Additional Tier 1 capital ((D)-(E)) (F)	—		—		44
<b>Tier 1 capital (T1 = CET1 + AT1)</b>					
Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	2,612,007		2,519,156		45
<b>Tier 2 capital: instruments and reserves</b>					
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	—		—		46
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		—		
Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		—		
Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and reserves	—		—		47+49
Total of general allowance for loan losses and eligible reserves included in Tier 2	46,923		59,449		50
of which: general allowance for loan losses	46,923		59,449		50a
of which: eligible reserves	—		—		50b
Total of items included in Tier 2 capital: instruments and reserves subject to transitional arrangements	33,271		20,088		
of which: items included valuation and translation adjustments, etc. subject to transitional arrangements	33,271		20,088		
Tier 2 capital: instruments and reserves (H)	80,194		79,537		51
<b>Tier 2 capital: regulatory adjustments</b>					
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
<b>Tier 2 capital (T2)</b>					
Tier 2 capital (T2) ((H)-(I)) (J)	80,194		79,537		58
<b>Total capital (TC = T1 + T2)</b>					
Total capital (TC = T1 + T2) ((G) + (J)) (K)	2,692,202		2,598,694		59

(Millions of yen)

Items	March 31, 2015		March 31, 2014		Basel III Template No.
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
<b>Risk weighted assets</b>					
Total of items included in risk weighted assets subject to transitional arrangements	2,715		2,836		
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	2,143		2,793		
of which: significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	37		43		
of which: prepaid pension cost	534		—		
Risk weighted assets (L)	16,431,381		17,060,230		60
<b>Capital ratio (non-consolidated)</b>					
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	15.89%		14.76%		61
Tier 1 risk-weighted capital ratio (non-consolidated) ((G)/(L))	15.89%		14.76%		62
Total risk-weighted capital ratio (non-consolidated) ((K)/(L))	16.38%		15.23%		63
<b>Regulatory adjustments</b>					
Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	79,434		131,476		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	348		131,476		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)	1,707		1,933		75
<b>Reserves included in Tier 2 capital: instruments and reserves</b>					
General allowance for loan losses	46,923		59,449		76
Cap on inclusion of general allowance for loan losses	202,355		211,043		77
Eligible reserves for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	—		—		78
Cap for inclusion of reserves in Tier 2 under internal ratings-based approach	—		—		79
Capital instruments subject to transitional arrangements					
Current cap on Additional Tier 1 instruments subject to transitional arrangements	—		—		82
Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	—		—		83
Current cap on Tier 2 instruments subject to transitional arrangements	—		—		84
Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	—		—		85



## [2] Qualitative Disclosure

### 1. Scope of Consolidation

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

- (2) Within the Consolidated Group, the number of consolidated subsidiaries and the names and main businesses of principal consolidated subsidiaries.
- The number of consolidated subsidiaries as of March 31, 2015 is 25.

#### Principal consolidated subsidiaries

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

- (3) Number of affiliated companies that conduct financial business to which Article 9 of the Notification applies, the names of affiliated companies conducting such related financial business and their primary businesses
- Not applicable.
- (4) Companies that belong to the Consolidated Group but are not included in the Scope of Accounting Consolidation and companies that do not belong to the Consolidated Group but are included in the Scope of Accounting Consolidation, as well as the amount of total assets and net assets on their balance sheets, and their primary businesses
- Not applicable.
- (5) Overview of limitations related to the transfer of funds or capital within the Consolidated Group
- Not applicable.

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

Regarding the degree of capital adequacy, DBJ quantifies credit risk, investment risk, interest rate risk and operational risk, compares the total risk amount with total capital and measures the capital surplus. This surplus enables DBJ to respond to unquantifiable risks and unforeseen events, decide whether to take new financing risks and establish the operating directions.

### 3. Credit Risk

#### (a) Overview of Risk Management Policies and Procedures

Credit risk refers to the risk of loss to DBJ resulting from the decline in or disappearance of the value of credit assets, owing to the worsening credit standing of clients for loans or debt guarantees. These risks include expected losses (EL), or losses that on average can be expected to occur within a certain measurement period; and unexpected losses (UL), which go extend beyond the boundaries of losses that, on average, are expected within a period of time. DBJ periodically compares UL and capital to measure the amount of capital in surplus.

#### (b) Rating Agencies Eligible to Weight Risks

The rating agencies that DBJ uses for weighting risk are among the four that the FSA has named eligible to perform such weighting. Eligible rating agencies are not selected according to type of exposure.

The rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), and Standard & Poor's Corp. (S&P).

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**4. Overview of Risk Management Policies and Procedures for Reducing Credit Risk**

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DBJ obtains collateral or guarantees as necessary based on changes in the borrower's creditworthiness. If required, the effectiveness of collateral is determined from the perspective of the amount certain to be recovered based on a reasonable evaluation of the collateral.

In principal, collateral valuation is performed by the Credit Analysis Department, based on the request of investment and loan departments/offices. Investment and loan departments/offices and the Credit Analysis Department manage credit risk based on valuation results. In principle, the valuation of all collateral property is reviewed once or twice each year to ensure DBJ is aware of the current status of its collateral property.

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**5. Overview of Risk Management Policies and Procedures Related to Risk Involving Counterparties in Derivative Product Transactions and Transactions with Long Settlement Periods**

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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.

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**6. Securitization Exposure**

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**(a) Overview of Risk Management Policies and Risk Characteristics**

Excluding credit derivatives, the majority of DBJ's securitization exposure falls into the category of specialised lending (Item 47, Article 1, of the Capital Adequacy Ratio Notification) employing internal rating methods. Different from the internal ratings that are applied to standard corporate credit, this exposure is given a rating by using a grading system applied to match the characteristics of specialised lending. DBJ conducts risk management in line with changes in rating level. In addition to rating its exposure when making new acquisitions, DBJ reviews these ratings periodically.

DBJ's involvement in securitized and res securitized transactions is typically that of an investor, and in principle the exposure acquired through such transactions continues until the instrument's maturity.

**(b) Overview of status of implementation and operation of systems stipulated in Article 249, Paragraph 4, Items 3-6, of the Capital Adequacy Ratio Notification (including application with modifications in Capital Adequacy Ratio Notification Article 254, Paragraph 2, and Article 302-4, Item 1)**

DBJ has created the systems necessary for operating within its credit risk management framework. Specifically, as one aspect of our credit risk management, our sales department endeavors to appropriately collect information related to comprehensive risk characteristics and performance, and DBJ monitors conditions to determine any changes in the borrower's creditworthiness. Related information is also provided to the credit analysis department, which may revise borrower ratings or make other adjustments on the basis of this related information as necessary.

**(c) Methods Used to Calculate Credit Risk Asset Amount of Securitization Exposure**

DBJ employs the standardized approach for these calculations.

**(d) Method of Accounting for Securitized Transactions**

DBJ's involvement in securitized transactions is that of an investor. DBJ adequately accounts for these transactions in accordance with the "Accounting Standard for Financial Instruments."

**(e) Rating Agencies Eligible to Weight Risks by Type of Securitization Exposure**

The rating agencies that DBJ uses for weighting risk are among the four that the FSA has named eligible to perform such weighting. Eligible rating agencies are not selected according to type of securitization exposure.

The rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), and Standard & Poor's Corp. (S&P).

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7. Market Risk	DBJ includes in its calculation method no market risk equivalent amount.
8. Operational risk	<p><b>(a) Overview of Risk Management Policies and Procedures</b></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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>(b) Method Used to Calculate Operational Risk Equivalent Amount</b></p> <p>DBJ uses the basic indicator approach to calculate this risk.</p>
9. Overview of Risk Management Policies and Procedures Regarding Exposure to Shares and Other Equity Investments and Capital Injections into the Banking Book	<p>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.</p>
10. Interest Rate Risk on the Banking Book	<p><b>(a) Overview of Risk Management Policies and Procedures</b></p> <p>Long-term, fixed-rate loans make up the majority of the DBJ's lending, and DBJ seeks to reduce its interest rate risk by raising funds featuring similarly long-term, fixed rates. DBJ also employs the value at risk (VaR) and Basis Point Value (BPV) to compute various risks from the standpoint of their economic value.</p> <p>DBJ regularly compares VaR and 200 BPV against capital to ensure that interest rate risk remains within a specified range of capital.</p> <p><b>(b) Overview of Methods for Calculating Interest Rate Risk Used by the Bank for Internal Control of the Banking Book</b></p> <p>DBJ calculates interest rate risk based on the following method.</p> <ul style="list-style-type: none"> <li>(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</li> <li>(ii) Measure interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon</li> <li>(iii) 200 BPV: Use a 2% parallel shift in a standardized interest rate shock to measure the change in economic value</li> </ul>

### [3] Quantitative Disclosure

#### Quantitative Disclosure (Consolidated)

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

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

	March 31, 2015	March 31, 2014
Loans	¥12,513,935	¥13,224,168
Equities, funds	584,878	347,112
Central counterparty clearing house	12,808	—
Commitments and customers' liabilities for acceptances and guarantees	518,192	303,815
Bonds (JGBs and corporate bonds, etc.)	1,071,870	1,069,281
Reverse repurchase agreement/call loan	394,043	220,287
Other	935,649	670,388
Total	¥16,031,378	¥15,835,053

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

(1) By region (Millions of yen)

	March 31, 2015	March 31, 2014
Domestic total	¥16,024,252	¥15,833,710
Overseas total	7,126	1,342

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

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

	March 31, 2015	March 31, 2014
Manufacturing	¥ 3,414,170	¥ 3,548,818
Agriculture and forestry	1,014	996
Fisheries	500	500
Mining, quarrying and gravel extraction	68,710	61,874
Construction	60,527	56,410
Electrical, gas, heat supply and water	3,507,215	3,291,787
Information and communications	468,917	531,016
Transportation and postal	2,589,470	2,688,940
Wholesale and retail	1,048,632	1,073,824
Finance and insurance	2,024,675	1,683,748
Real estate and leasing of goods	1,892,500	1,846,720
Services	322,315	378,905
Municipal government	16,405	15,256
Other	616,320	656,252
Total	¥16,031,378	¥15,835,053

## (3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2015	March 31, 2014
Five years or less	¥7,972,828	¥7,584,076
More than five years, up to 10	4,536,950	4,956,140
More than 10 years, up to 15	1,751,721	1,887,631
More than 15 years	855,797	866,787
No maturity date	914,080	540,417

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

(Millions of yen)

	March 31, 2015	March 31, 2014
Risk weight 0%	¥ 532,466	¥ 578,089
Risk weight 10%	11,411	19,038
Risk weight 20%	1,845,956	1,627,250
Risk weight 50%	6,569,284	6,800,392
Risk weight 100%	6,946,420	6,708,949
Risk weight 150%	13,836	1,760
Risk weight 250%	6,439	3,135
Risk weight 1,250%	1,888	3,145
Other	68,294	44,917

## 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, 2015	March 31, 2014
Structured finance	¥957,747	¥896,371
Of which, resecuritization exposure	—	—
Credit derivatives	16,904	37,100
Of which, resecuritization exposure	10,514	20,035
Funds*	223,706	222,706
Of which, resecuritization exposure	—	—

\* 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, 2015	March 31, 2014
Risk weight	0%	Balance	¥ 70,576	¥ 51,369
		Capital requirement	0	0
Risk weight	20%	Balance	69,875	84,487
		Capital requirement	1,118	1,351
Risk weight	50%	Balance	29,243	14,454
		Capital requirement	1,169	578
Risk weight	100%	Balance	670,599	583,202
		Capital requirement	53,647	46,656
Risk weight	1,250%	Balance	347,169	396,278
		Capital requirement	347,169	396,278
Risk weight	Other*	Balance	378	6,348
		Capital requirement	63	4,333

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

Resecuritization exposure			(Millions of yen)	
			March 31, 2015	March 31, 2014
Risk weight	40%	Balance	¥10,514	¥20,035
Capital requirement			336	641

(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, 2015	March 31, 2014
Structured finance		¥123,850	¥177,889
Funds*		223,328	218,388

\* 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, 2015	March 31, 2014
Credit risk assets		¥—	¥9,869

### 3. Interest Rate Risk in the Banking Book

	March 31, 2015	March 31, 2014
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: ¥13.9 billion	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥7.3 billion

## Composition of Leverage Ratio Disclosure (Consolidated)

(Millions of yen)

Item	March 31, 2015	March 31, 2014	Corresponding Line No. on Basel III Disclosure Template	
			Table 2	Table 1
<b>On-balance sheet exposures (1)</b>				
On-balance sheet exposures before deducting adjustments items	16,126,048		1	
Total assets reported in the consolidated balance sheet	16,360,608		1a	1
The amount of assets of subsidiaries that are not included in the scope of the leverage ratio on a consolidated basis (-)	—		1b	2
The amount of assets of subsidiaries that are included in the scope of the leverage ratio on a consolidated basis (except those included in the total assets reported in the consolidated balance sheet)	—		1c	7
The amount of assets that are deducted from the total assets reported in the consolidated balance sheet (except adjustment items) (-)	234,560		1d	3
The amount of adjustment items pertaining to Tier1 capital (-)	3,063		2	7
Total on-balance sheet exposures (a)	16,122,985		3	
<b>Exposures related to derivatives transactions (2)</b>				
Replacement cost associated with derivatives transactions, etc.	181,079		4	
Add-on amount associated with derivatives transactions, etc.	60,645		5	
The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	937			
The amount of receivables arising from providing cash margin, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework	—		6	
The amount of deductions of receivables (out of those arising from providing cash variation margin) (-)	—		7	
The amount of client-cleared trade exposures for which a bank or bank holding company acting as clearing member is not obliged to make any indemnification (-)	—		8	
Adjusted effective notional amount of written credit derivatives	20,404		9	
The amount of deductions from effective notional amount of written credit derivatives (-)	—		10	
Total exposures related to derivative transactions (b)	263,067		11	4
<b>Exposures related to repo transactions (3)</b>				
The amount of assets related to repo transactions, etc.	5,299		12	
The amount of deductions from the assets above (line 12) (-)	—		13	
The exposures for counterparty credit risk for repo transactions, etc.	0		14	
The exposures for agent repo transactions	—		15	
Total exposures related to repo transactions, etc. (c)	5,300		16	5
<b>Exposures related to off-balance sheet transactions (4)</b>				
Notional amount of off-balance sheet transactions	1,041,229		17	
The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	290,874		18	
Total exposures related to off-balance sheet transactions (d)	750,354		19	6
<b>Leverage ratio on a consolidated basis (5)</b>				
The amount of capital (Tier1 capital) (e)	2,635,285		20	
Total exposures ((a)+(b)+(c)+(d)) (f)	17,141,706		21	8
Leverage ratio on a consolidated basis ((e)/(f))	15.37%		22	

## Quantitative Disclosure (Non-Consolidated)

### 1. Items Related to Capital Adequacy Level

(Millions of yen)

	March 31, 2015	March 31, 2014
(a) Capital requirement to total credit risk	¥1,295,076	¥1,345,190
(1) Exposure by portfolio to which standardized method applied	868,388	852,374
(i) Japanese government and regional municipal bodies	—	—
(ii) Exposure to financial institutions	21,198	13,000
(iii) Exposure to corporations	778,030	791,333
(iv) Equity exposure	57,445	37,305
(v) Other exposure	11,713	10,735
(2) Securitization risk exposure	416,047	485,351
(3) Central counterparty clearing house	20	—
(4) Capital requirement to credit valuation adjustment (CVA) risk	10,620	7,463
(b) Capital requirement to market risk	—	—
(c) Capital requirement to operational risk	19,434	19,627
(d) Non-consolidated total capital requirement ((a) + (b) + (c))	1,314,510	1,364,818

Note: Figures as of the previous fiscal year-end have been revised retroactively to reflect a revision in the disclosure classification.

### 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, 2015	March 31, 2014
Loans	¥12,715,642	¥13,400,382
Equities, funds	654,084	394,773
Central counterparty clearing house	12,808	—
Commitments and customers' liabilities for acceptances and guarantees	521,833	307,273
Bonds (JGBs and corporate bonds, etc.)	1,071,828	1,069,240
Reverse repurchase agreement/call loan	394,043	220,287
Other	747,151	525,792
Total	¥16,117,392	¥15,917,750

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

##### (1) By region

(Millions of yen)

	March 31, 2015	March 31, 2014
Domestic total	¥16,117,392	¥15,917,750
Overseas total	—	—

Note: DBJ has no overseas branches.

##### (2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2015	March 31, 2014
Manufacturing	¥ 3,414,170	¥ 3,548,818
Agriculture and forestry	1,014	996
Fisheries	500	500
Mining, quarrying and gravel extraction	68,710	61,874
Construction	60,527	56,410
Electrical, gas, heat supply and water	3,507,215	3,291,787
Information and communications	468,917	531,016
Transportation and postal	2,589,470	2,688,940
Wholesale and retail	1,048,632	1,073,824
Finance and insurance	2,242,843	1,857,527
Real estate and leasing of goods	1,969,613	1,923,384
Services	323,428	379,951
Municipal government	16,405	15,256
Other	405,940	487,459
Total	¥16,117,392	¥15,917,750



## (3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2015	March 31, 2014
Five years or less	¥8,066,411	¥7,633,674
More than five years, up to 10	4,614,243	5,056,175
More than 10 years, up to 15	1,751,721	1,887,631
More than 15 years	864,197	873,243
No maturity date	820,817	467,025

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

(Millions of yen)

	March 31, 2015	March 31, 2014
Risk weight 0%	¥ 532,466	¥ 578,089
Risk weight 10%	11,411	19,038
Risk weight 20%	1,815,834	1,607,912
Risk weight 50%	6,569,284	6,800,392
Risk weight 100%	7,051,069	6,806,919
Risk weight 150%	13,836	1,760
Risk weight 250%	5,638	2,423
Risk weight 1,250%	1,888	3,145
Other	69,429	50,844

## 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, 2015	March 31, 2014
Eligible financial collaterals	¥ 5,299	¥ —
Guarantees or credit derivatives	1,016,328	1,071,025

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

(Millions of yen)

	March 31, 2015	March 31, 2014
Equivalent credit calculation method	Current exposure method	Current exposure method
Gross restructuring cost	¥246,921	¥160,219
Gross add-on, by transaction type	72,790	80,850
Interest rate transactions	35,496	39,628
Foreign exchange transactions	37,071	41,174
Credit derivative transactions	175	—
Other commodity transactions	48	48
Reducing credit equivalent amounts through netting	80,322	86,204
Net equivalent credit	239,389	154,865
Net restructuring cost	180,678	96,976
Notional amounts of credit derivatives for calculated credit equivalent amount by type of credit derivative, by protection purchase or provision		
Credit default swaps provision	20,404	31,035
Credit default swaps purchase	3,500	—
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, 2015	March 31, 2014
Structured finance	¥1,011,991	¥898,818
Of which, resecuritization exposure	—	—
Credit derivatives	16,904	31,035
Of which, resecuritization exposure	10,514	20,035
Funds*	201,028	267,445
Of which, resecuritization exposure	—	—

\* 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, 2015	March 31, 2014
Risk weight	0%	Balance	¥ 70,576	¥ 51,369
		Capital requirement	—	—
Risk weight	20%	Balance	69,875	84,487
		Capital requirement	1,118	1,351
Risk weight	50%	Balance	29,243	14,454
		Capital requirement	1,169	578
Risk weight	100%	Balance	694,066	592,212
		Capital requirement	55,525	47,376
Risk weight	1,250%	Balance	341,992	418,545
		Capital requirement	341,992	418,545
Risk weight	Other*	Balance	13,654	16,193
		Capital requirement	15,905	16,858

\* 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, 2015	March 31, 2014
Risk weight	40%	Balance	¥10,514	¥20,035
		Capital requirement	336	641

(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, 2015	March 31, 2014
Structured finance	¥154,641	¥165,262
Funds*	187,373	253,282

\* 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, 2015	March 31, 2014
Credit risk assets	¥—	¥9,869

## 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, 2015	March 31, 2014
(a) Market value of below-listed items as included within categories in the non-consolidated balance sheets		
Exposure to listed shares	¥109,519	¥ 52,109
Exposure to other equity investments and capital injections	547,155	353,764
(b) Gains or losses on the sale of equity investments or shares	12,353	2,353
Gain or loss on write-off of equity exposure	4,776	1,868
(c) Gains or losses from valuation recognized on the non-consolidated balance sheets but not recognized on the non-consolidated statement of income	84,749	37,703

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, 2015	March 31, 2014
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: ¥13.9 billion	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥7.3 billion

