DBJ

Applying Financial Expertise to Design the Future

Annual Report & CSR Report

2009

Development Bank of Japan Inc.

Profile (As of September 1, 2009)

Established:	October 1, 2008 (The Japan Development Bank (1951) and the Hokkaido-Tohoku Development Finance Public Corporation (1956) were merged to form the Development Bank of Japan in 1999.)
President:	Minoru Murofushi
Number of employees:	1,064 (as of March 31, 2009)
Capital:	¥1,103,232 million (100% owned by the Japanese government) (as of September 24, 2009)
Address:	9-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan
URL:	http://www.dbj.jp/en
Number of offices:	Branch offices, 10; representative offices, 8; overseas representative offices, 2; and overseas subsidiary, 1
Total assets:	¥14,017.4 billion (as of March 31, 2009)
Loans:	¥12,026.6 billion (as of March 31, 2009)
Capital adequacy ratio:	18.70% (as of March 31, 2009)
Issuer ratings:	Aa2 (Moody's Investors Service, Inc.), AA– (Standard & Poor's Corp.), AA (Rating and Investment Information, Inc.), AAA (Japan Credit Rating Agency, Ltd.)

Note: Total assets, loans and the capital adequacy ratio are calculated on a non-consolidated basis.

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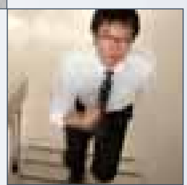



Note:
The total of each column of figures may not equal the total of the individual figures due to rounding. In this report, "0" indicates figures of less than the indicated unit. A "—" indicates the absence of an amount.

Message from the President

Founded on relationships of trust built with clients over the past half-century, the Development Bank of Japan (DBJ) incorporated as a stock company in October 2008.

Expanding on the expertise and experience we have cultivated in enhancing corporate value for our clients, we will retain our public-mindedness and seek to become even more client-focused. In addition, we will continue striving to provide integrated investment and loan services as a unique financial institution.

Aiming to Be a Unique Financial Institution

Development Bank of Japan Inc. took its first step on the path toward privatization in October 2008. Until that time, we were a comprehensive policy-based financial institution that contributed to the development of the Japanese economy, acting in accordance with the changing times. We thank our clients for their understanding and support of our activities during this period.

In our current incarnation, we have established the corporate philosophy of "applying financial expertise to design the future." We will keep this objective firmly in mind as we strive to build on, and remain deserving of, the trust we have earned from our clients and work to help them realize a prosperous future.

We believe that our business model is distinctive in that it seeks to raise corporate value for clients in a balanced manner through the provision of integrated investment and loan services. We aim to be unique in our approach to listening carefully and respectfully to clients' needs, and then delivering appropriate solutions.

In October 2008, we formulated our first medium-term management plan, Challenge 2010. Its core tenets are developing our overseas operations, diversifying our funding sources and applying full-fledged growth strategies.

Responding to the Financial Crisis

Applying its expertise and experience in policy-based financing to the financial crisis that has propagated outward from its epicenter in the United States in 2008, DBJ has vigorously taken part in financial crisis response business. Taking full advantage of our long-held spirit of public-mindedness and neutrality, we maintained open lines of communication with other financial institutions as we worked to promptly meet a host of client needs.

Fundamental Stance on CSR

Through our crisis response business, we aim to realize our corporate philosophy through our investment and loan businesses. These activities illustrate our fundamental stance on corporate social responsibility (CSR) initiatives.

We can fulfill our corporate social responsibilities and work toward the realization of a sustainable society by linking our corporate activities directly to society, the environment and the economy; by performing each of our duties in an appropriate manner; and by striving to enhance the mutual values of DBJ and its clients.

Shift to Autonomous Management

To ensure our ability to smoothly conduct financial crisis response business, the Japanese Diet passed the "Law for Partial Amendment of the Development Bank of Japan Inc. Law." According to this revision, the Japanese government may undertake various measures, such as reconsidering the status of its holdings in DBJ, to ensure the soundness of its finances.

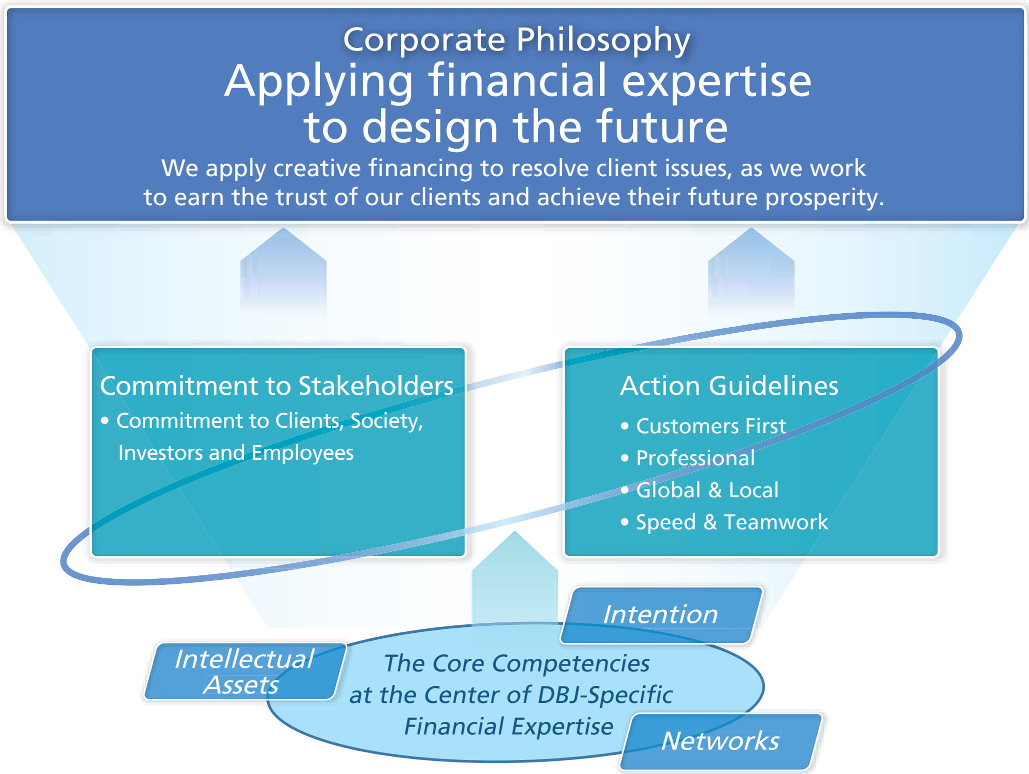
Particularly in these turbulent times, we are redoubling our efforts to provide financial services that enhance corporate value for our clients. We aim to fill the classic role of financing through the universal quality of being able to withstand change. We are striving to grow as a financial institution and earn the trust of its stakeholders by participating more actively in domestic and overseas financial markets. DBJ's executives and employees are working together and pursuing their duties vigorously to achieve autonomous management.

I ask for your ongoing support of our endeavors.

July 2009

Minoru Murofushi
President & CEO
Development Bank of Japan Inc.

Corporate Philosophy



Commitment to Stakeholders, Action Guidelines and Core Competencies

Commitment to Stakeholders

Commitment to Clients
Using creative finance, DBJ will resolve its clients' challenges and help them enhance their economic and social value.

Commitment to Society
All business will be based on harmony among the three factors of society, the environment and the economy in order to contribute to a sustainable, affluent society.

Commitment to Investors
DBJ will maintain transparency while raising corporate value over the long term.

Commitment to Employees
Seeking out and training employees who share its corporate philosophy and possess high ethical standards, DBJ will strive to create an open and creative work environment.

Action Guidelines

Customers First
DBJ will operate from our clients' viewpoints, addressing their challenges and sharing pleasure in their success.

Professional
With discernment and creative skill, DBJ will be a one-stop financial platform providing integrated investment and loans both in Japan and abroad.

Global & Local
DBJ will maintain a long-term viewpoint, considering the needs of the times, the world and the region.

Speed & Teamwork
Relying on skilled teamwork, DBJ will act rapidly and in good faith, building strong foundations for clients' trust.

Core Competencies

Intention	The fundamental stance at the core of our corporate values: long-term perspective, neutrality, public-mindedness and reliability.
Intellectual Assets	Expertise in fields including industry research, credit analysis, financial technology and R&D, based on skills gathered over many years of experience.
Networks	Networks created with clients, local governments and other financial institutions.

A Fresh Start for DBJ

Logo and Corporate Color

Our “Earth” logo consists of four colors that represent four themes and embodies our corporate philosophy of working with clients to realize their goals.

Each Color Represents Two Aspects of DBJ

Corporate Values:

- Long-Term Perspective
- Neutrality
- Public-Mindedness
- Reliability

Action Guidelines:

- Customers First
- Professional
- Global & Local
- Speed & Teamwork

The shade of blue in “DBJ” represents a prosperous future, youthfulness and growth potential.

Launch Ceremony and Reception

Development Bank of Japan Inc. Launch Ceremony was held on October 1, 2008. The Development Bank of Japan Inc. Privatization Banquet Reception was held on October 30, 2008.

Among the seven people cutting the ribbon at the launch ceremony were Shoichi Nakagawa, then Minister of Finance; Tokio Kano, Senior Vice-Minister of Land, Infrastructure, Transport and Tourism; and Minoru Murofushi, President of DBJ.

The reception was attended by numerous members of the government and financial communities. Attendees offered DBJ many warm words of encouragement.

Cutting the ribbon at the launch ceremony

President Murofushi delivering the reception speech

History of DBJ

Here, we introduce DBJ's history of supporting the reconstruction of post-war Japan

October 1, 2008: Privatization (conversion to a joint-stock company)

Development Bank of Japan Inc. established

From 2001 — Structural reform toward sustainable development

Financial solutions that support community, the environment and technology

In 1999, the Japan Development Bank and the Hokkaido-Tohoku Development Finance Public Corporation were dissolved and the Development Bank of Japan (DBJ) was established. DBJ focused its operations in three areas: community development, environmental conservation and sustainable societies and the creation of new technologies and industries. In these ways, DBJ contributes to the sustainable development of Japan's economy.

1994–2000 — Post-bubble

Creation of a vibrant and affluent society and stable economy

The Japan Development Bank focused on such important areas as ongoing improvements to social capital, environmental and other measures, and support for venture businesses. In addition, we swiftly implemented reconstruction loans in the wake of the Great Hanshin-Awaji Earthquake and loans in response to the financial environment to stabilize the financial system by functioning as a safety net.

1985–1995 — Economic bubble

Development of lifestyle and social infrastructure and a smooth industrial transformation

Pressing needs arose for increased domestic demand and an industrial structural shift, against a background of aggravating trade friction with other countries. The Japan Development Bank focused on support for social capital improvement, creative technological development, an industrial transformation and other issues. In the 1990s, we stressed environmental and energy measures and regional economic stimulation with the aim of making Japan a lifestyle superpower.

1972–1984 — Stable growth

Improvements to quality of life and stable supply of energy

As corrections to the imbalance of economic growth and standards of living, we began to focus on antipollution measures, regional and urban development and other social areas in addition to industrial development. Against the backdrop of the first oil shock, we provided investment and loans for energy alternatives to fossil fuels, as well as efforts to conserve energy, to ensure stable energy supplies. We also supported efforts to develop land into large-scale commercial sites.

1966–1971

Development of international competitiveness and social development loans

Expanding and reinforcing the industrial base

Aiming to hone international competitiveness in accord with the transition to an open economic system, the Japan Development Bank focused on support for industrial system improvements and independent technological development.

We also emphasized social development through regional development, urban redevelopment, logistics modernization, pollution prevention and other measures in a bid to relieve the problems of high-level growth.

1956–1965 — Rapid growth

High-growth infrastructure development

Extending and reinforcing the industrial base

To expand and reinforce the energy and transportation activities that underpin the industrial infrastructure, the Japan Development Bank served as the driving force that powered new economic expansion. In addition, we provided loans for local development to correct regional disparities.

Established in 1956, the Hokkaido Development Finance Public Corporation was restructured in 1957 to form the Hokkaido-Tohoku Development Finance Public Corporation and began providing investment and loan to promote industry in these two regions of northern Japan.

1951–1955 — Economic recovery

Reconstruction and independence of the economy

Rebuilding the industrial infrastructure and key industries

In 1951, the Japan Development Bank was established. The Japan Development Bank commenced accommodation loans to facilitate the development of the power supply, which forms the basis of the economy and industry, and the rationalization, modernization and cultivation of coal, steel, marine transportation and other major industries.

Overview of Operations

Overview of Operations in the Six-Month Period Ended March 31, 2009

Operating Conditions

Economic Environment

During the six months ended March 31, 2009, the Japanese economy was affected by the mid-September 2008 collapse of Lehman Brothers, a U.S. investment bank, which sparked a financial crisis with effects that rippled outward rapidly into the real economy throughout the rest of the world, culminating in the worst economic recession since World War II. Exports, which had served as a driver of growth for the Japanese economy, shrunk with unprecedented speed, and industrial production fell by more than 30%. These downturns rapidly affected corporate earnings and profits, as well as income and employment levels. Furthermore, the downward trend in capital investment became more pronounced, and personal consumption decreased.

Review of the Six-Month Period Ended March 31, 2009

Since its establishment on October 1, 2008, the core of DBJ's business has remained that same as those conducted by its predecessor, prior to privatization. As a highly specialized financial institution, we seek to resolve clients' issues through the provision of integrated investment and loan services.

Below is an overview of these activities during the six-month period ended March 31, 2009. The figures provided for the loans, investment and consulting/advisory services described below are for DBJ on a nonconsolidated basis.

Loans

We provide senior financing through traditional corporate loans, nonrecourse loans and other types of structured financing as well as a variety of other loans that employ advanced financial methods. During the six-month period ended March 31, 2009, we provided ¥1,670.3 billion in loans, including loans for financial crisis response business.

For details regarding business loans in response to the financial crisis, please refer to the section on page 13 entitled "Financial Crisis Response Business."

Investment

We work to resolve client issues involving business expansion and support strategies and the formation of financial infrastructures. We achieve these activities by supporting the creation of funds, as well as mezzanine, equity and other financing methods, providing appropriate financing based on a long-term perspective. During the six-month period, ¥63.1 billion was allocated to investing activities.

Consulting/Advisory Services

Consulting and advisory services utilize the networks created by the DBJ's predecessor. Through these services, we help clients of all sizes grow more competitive in a host of industries. We perform consulting on projects that help invigorate regional communities, and provide advisors to support these activities. During the six-month period, investment and loan commissions, and fees from M&A and other advisory services amounted to ¥3.8 billion.

Subsidiaries

In December 2008, our Singapore Representative Office was incorporated, becoming the wholly owned DBJ subsidiary DBJ Singapore Limited.

Situated in the middle of Southeast Asia, which has enjoyed rapid growth in recent years, Singapore has grown as a result of the role it serves as the region's financial center. DBJ Singapore should serve as a springboard for other DBJ Group companies to provide loans and investment and conduct M&A and advisory services to meet the broad-ranging needs of clients in the area.

Overview of Consolidated Operating Performance

Consolidated Financial Highlights

(Billions of yen)

	For the Six-Month Period Ended March 31, 2009
Total income	154.8
Net loss	(128.3)
Total assets	14,028.0
Loans	12,008.8
Securities	1,246.5
Total liabilities	11,941.6
Borrowed money	8,067.8
Debentures and corporate bonds	3,513.0
Total equity	2,086.4
Common stock	1,000.0
Capital adequacy ratio (BIS standard)	18.88%
Ratio of risk-monitored loans (Banking Law base)	1.60%
Return on equity	(6.06)%
Return on assets	(0.92)%
Number of employees	1,096

The period under review is the six months from October 1, 2008, through March 31, 2009. As DBJ was established on October 1, 2008, no previous figures are available for comparison.

Consolidated Income and Expenses

During the period, DBJ posted total income of ¥154.8 billion. Of this amount, interest income generated ¥135.7 billion, and fees and commissions ¥4.6 billion. Other operating income came to ¥719 million, and other income was ¥13.6 billion.

Total expenses were ¥272.9 billion. This amount included interest expenses of ¥84.1 billion, expenses on fees and commissions of ¥0.1 billion, other operating expenses of ¥11.0 billion and general and administrative expenses of ¥17.8 billion, as well as other expenses of ¥159.7 billion.

Net interest income was ¥51.5 billion and net fees and commissions ¥4.5 billion. However, as a direct result of confusion in the credit transaction market, DBJ posted valuation losses on credit default swaps and expenses on other financial derivatives, resulting in net other operating losses of ¥10.3 billion. In addition, the sudden downturn in the economic environment resulted in an increase in expenses associated with loan losses and losses on shares, prompting net other losses of ¥149.6 billion. As a result, the loss before income taxes and minority interests, excluding operating expenses, was ¥121.6 billion.

After declaring an extraordinary loss of ¥3.5 billion, the loss before income taxes and minority interests came to ¥118.1 billion.

In line with DBJ's privatization (conversion to a joint-stock company), DBJ must pay taxes in the same manner as other general corporations. During the year, current income taxes—including corporate, resident and other taxes—came to ¥20.0 billion, and DBJ posted deferred income taxes of ¥6.4 billion.

As a result, during the period, DBJ posted a net loss of ¥128.3 billion.

Consolidated Assets, Liabilities and Equity

As of March 31, 2009, total assets amounted to ¥14,028.0 billion. Of that amount, loans were ¥12,008.8 billion, and securities came to ¥1,246.5 billion. These amounts include new financing for the provision of loans in response to the financial crisis, as well as short-term corporate bonds issued to fund DBJ's entry into the commercial paper purchasing business.

Call loans and bills bought amounted to ¥145.0 billion at the end of the term, and reverse repurchase agreements came to ¥375.9 billion. These assets represent the investment of excess cash on hand.

Total liabilities as of March 31, 2009, stood at ¥11,941.6 billion, of which debentures and corporate bonds amounted to ¥3,513.0 billion and borrowed money ¥8,067.8 billion. Also, during the period DBJ floated its first corporate bond issue following privatization (conversion to a joint-stock company). These bonds, issued under the registration statement method, were floated on December 2008 and generated ¥57.0 billion. Also, acceptances and guarantees came to ¥157.2 billion.

Total equity at the end of the period was ¥2,086.4 billion. DBJ's unrealized loss on available-for-sale securities came to ¥1.6 billion. This amount includes valuation losses on securities that DBJ holds independently, as well as shares in listed companies that DBJ owns through funds.

Privatizing DBJ

Development Bank of Japan Inc. was established on October 1, 2008. Under the terms of the Development Bank of Japan Inc. Law (Law No. 85, 2007; the "New DBJ Law") approved by the Japanese Diet on June 6, 2007 as part of the Law on the Promotion of Administrative Reform to Bring About a Simple and Efficient Government (Law No. 47, 2006; the "Administrative Reform Promotion Law") and the fundamental reform of policy-based finance, DBJ, upon its establishment, took over all assets of the Development Bank of Japan (the "predecessor") as investment in kind, with the exception of assets transferred to the government under the provisions of Article 15, Paragraph 2, of the Appendix to the New DBJ Law. Under Article 15, Paragraph 1, of the same law, DBJ also assumed all rights and obligations of the predecessor, with the exception of assets transferred to the government under Article 15, Paragraph 2, of the Appendix to the New DBJ Law.

DBJ has instituted emergency measures to deal with the global financial and economic crisis which began in the autumn of 2008. On June 26, 2009, the Diet passed the Law for Partial Amendment of the Development Bank of Japan Inc. Law ("Revised DBJ Law"), which, by extending the government's investment period to the end of March 2012, enables DBJ to strengthen its financial base in line with the economic crisis measures announced in April 2009.

Under the New DBJ Law, DBJ was to have achieved full privatization within five to seven years after its establishment. With the law's revision, the target date has been extended to five to seven years after the end of the investment period mentioned above. At the end of fiscal year 2011, the government plans a review of DBJ's organization which will include the future of government-held shares. The government will continue to hold its shares until then.

Note: Please refer to pages 86–92 for details of the New DBJ Law and Law for Partial Amendment of the Development Bank of Japan Inc. Law.

Law Passed for Partial Revision of the Development Bank of Japan Inc. Law

The Law for Partial Amendment of the Development Bank of Japan Inc. Law was passed today at an Upper House plenary session of the ongoing 171st ordinary session of the Diet.

The law introduced a number of amendments designed to help Japan's medium-sized and large corporations deal with funding problems arising from the global financial crisis which began in the United States last fall.

- The law provides for the strengthening of DBJ's finances by enabling the government to make additional investments in DBJ until the end of March 2012. Investments may now be made by means of delivery bonds.
- The law extends the disposal period for government-held shares in DBJ. Whereas existing provisions stipulated a target of "approximately five to seven years after October 1, 2008," the revised law states that the government must dispose of all of its shares in DBJ by "approximately five to seven years after April 2012."
- In view of the certain level of government involvement in DBJ required to ensure that crisis response business are implemented properly—government shares are in excess of the one-third of all outstanding shares it would normally hold, for example—a government review of DBJ's crisis response business, including the future of government-held shares, will be held in or around the end of fiscal year 2011, followed by necessary actions based on the findings. Until these steps are taken, the government will not dispose of any of its shares in DBJ.

(Unofficial translation)

Reference 1: New DBJ Law (after the amendment pursuant to the Law for Partial Amendment of the Development Bank of Japan Inc. Law)

Disposition of Government-Owned Shares

Article 2

1. Pursuant to Article 6, Paragraph 2 of the Law Concerning Promotion of Administrative Reform for Realizing the Simple and Effective Government (Law No. 47 of 2006, as amended), the Government shall make efforts to reduce the number of shares held by it in the Corporation (hereinafter in the following Paragraph and the immediately following Article referred to as "Government-Owned Shares"), taking into account the market situation, and shall dispose all of them in approximately five to seven years from April 1, 2012.

Government Investment

Article 2-2

During the period ending March 31, 2012, the Government may invest in the Corporation as it deems necessary within the limits set by its budget.

Delivery of Government Bonds

Article 2-3

1 During the period ending March 31, 2012, the Government, in implementing the crisis response business specified in Article 2, item 5 of the Japan Finance Corporation Law (Law No. 57 of 2007; hereinafter "Crisis Response Business") may issue government bonds in order to secure the capital required to ensure the soundness of the Corporation's finances.

Supplementary Provisions of the Law for Partial Amendment of the Development Bank of Japan Inc. Law

Deliberation

Article 2

1 By the end of fiscal year 2011, the Government shall review the organization of the Corporation, taking into account the status of investments in Development Bank of Japan Inc. (hereinafter "the Corporation") under the provisions of Article 2-2 of the Supplementary Provisions to the Development Bank of Japan Inc. Law as amended by this Law; the redemption of Government bonds under the provisions of Article 2-4, Paragraph 2 of the same Supplementary Provisions; the conduct of crisis response Business by the Corporation (this refers to Crisis Response Business conducted under the provisions of Article 2, Item 5 of the Japan Finance Corporation Law (Law No. 57 of 2007); same hereinafter); and changes in socioeconomic and other circumstances. This review, from a point of view of the Government's practice of maintaining a certain level of involvement in the Corporation, such as by consistently holding more than one-third of the Corporation's issued shares, is meant to ensure that the Corporation's Crisis Response Business are properly implemented; it shall include a consideration of the Corporation's Crisis Response Business and, based on that, of the Government's holding of stock in the Corporation. The Government shall take necessary measures based on its findings.

2 Notwithstanding the provisions of Article 6, Paragraph 2 of the Law on Promotion of Administrative Reform for Realizing Simple and Efficient Government (Law No. 47 of 2006) as amended under the provisions of the following Article (the "Administrative Reform Promotion Law") and of Article 2, Paragraph 1 of the Supplementary Provisions to the Development Bank of Japan Inc. Law as amended by this Law, the Government shall not dispose of its shares in the Corporation prior to taking the measures described in the preceding paragraph.

Reference 2. The Law Concerning Promotion of Administrative Reform for Realizing the Simple and Effective Government (after the amendment pursuant to the Law for Partial Amendment of the Development Bank of Japan Inc. Law)

Status of the Shoko Chukin Bank Limited and the Development Bank of Japan Inc.

Article 6

Full-scale privatization is prescribed for the Shoko Chukin Bank and Development Bank of Japan Inc. and measures to this effect shall be taken in fiscal year 2008 to minimize Government involvement while maintaining the autonomy of management.

2 The Government shall invest in the Shoko Chukin Bank and Development Bank of Japan, Inc. taking into account the market situation, and shall dispose all such investments in approximately five to seven years from April 1, 2012.

3 The Government shall, with regard to full-scale privatization as provided in Paragraph 1, take measures to ensure the financial bases that are necessary to the smooth operations of the Shoko Chukin Bank and Development Bank of Japan Inc. At the same time, necessary measures shall be taken to ensure maintenance of the foundations of the financial functions for members of small and medium-sized enterprise cooperatives and other organizations composed of small and medium-sized corporate members that belong to the Shoko Chukin Bank and investment and financing functions of Development Bank of Japan Inc. for long-term business funds.

Reference 3: Supplementary Resolutions

Supplementary Resolutions on the Bill for Partial Amendment of the Development Bank of Japan Inc. Law

House of Councilors Committee on Financial Affairs
June 25, 2009

The following matters should receive the Government's careful consideration.

- In implementing Crisis Response Business based on the recent measures for additional investment, Development Bank of Japan Inc. shall ensure the measures result in a smooth supply of funds on the basis of appropriate analysis by drawing upon its accumulated knowledge and skills.
- With the global monetary crisis having serious economic and financial impacts, and the balance of loans to small and medium enterprises falling steadily, efforts must be made to further facilitate loans by the Japan Finance Corporation to small and medium-sized businesses. In implementing Crisis Response Business for large and midscale enterprises, Development Bank of Japan Inc. must be certain to expedite loans to associated small and medium enterprises as well.
- The Government should review its holding of shares in Development Bank of Japan Inc. and take necessary measures based on its findings. Any such deliberations should take into account the need to ensure that the Corporation acts for the good of the community, that it has a stable source of the funds required to fulfill its functions as a provider of long-term investment and loans, and that it has systems in place to secure competitive officers and employees. The Government should take appropriate measures to prevent any damage to the Corporation's long-term value.
- The Government should reassess the future provision of policy-based finance by Development Bank of Japan Inc. and the Japan Finance Corporation, reaffirming the importance of their roles and functions and paying attention to their relationships not only with private financial institutions but also with the Japanese financial sector as a whole, including affiliated organizations and the Japan Post Bank.

Resolutions passed.

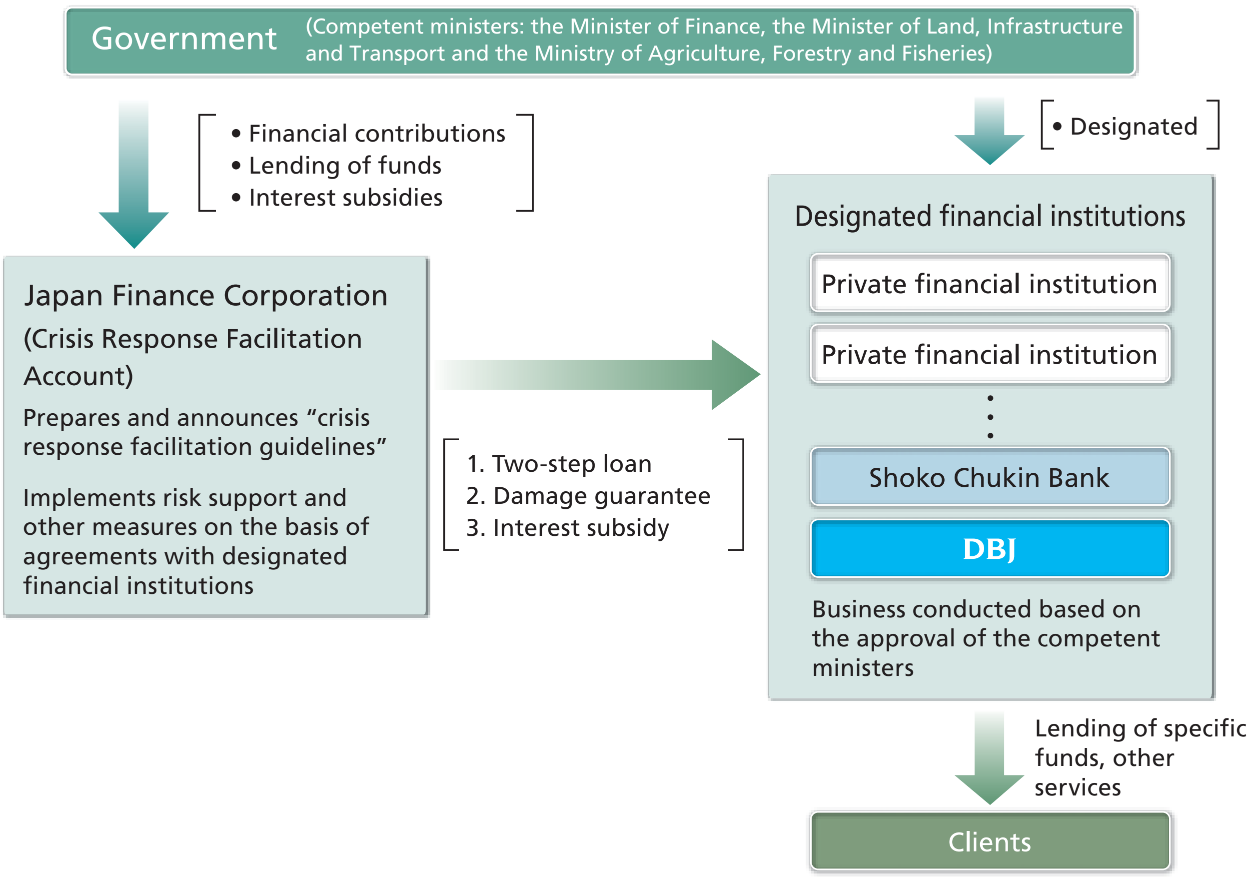
Crisis Response Business

Crisis Response Business

Through the Japan Finance Corporation (JFC), the Japanese government sets aside specific funds that are earmarked for use in the event of crisis, such as disruptions in the domestic or overseas financial markets, large-scale disasters, terrorism and epidemics of communicable diseases. Upon the receipt of such credit (e.g. for two-step loans, financial indeminity or interest subsidies), institutions designated to provide such funds do so quickly and flexibly.

At the time of its establishment, DBJ was designated as such a financial institution, as was Shoko Chukin Bank Limited.

■ Crisis Response Business Scheme



Financial Crisis Response Business

DBJ began conducting crisis response business on October 1, 2008. These services consist of providing necessary funds during such crises as disruptions in domestic or overseas financial markets or a large-scale disaster. These funds are provided by the Japanese government via designated financial institutions under the Japan Finance Corporation Law (Law 57 of 2007, later updated). Funds provided under this law receive a risk subsidy from JFC.

On October 30, Shoko Chukin and DBJ established "lifestyle measures" in response to the worsening corporate cashflow conditions resulting from the global financial and economic crisis that commenced in the autumn of 2008. On December 11, these measures were granted crisis designation under the category of "incidents related to confusion in the international financial order." On December 19, these measures were augmented with economic measures, or "emergency lifestyle defense measures," funded through an expanded budget and the commencement of the commercial paper acquisition business, and labeled Cashflow Countermeasures for Medium-Sized and Large Companies Employing the Crisis Response Business of the Japan Finance Corporation. On January 27, 2009, government regulations were amended, incorporating these items into the second supplementary budget for fiscal 2008, supplemented with funds generated by DBJ's commercial paper acquisition business.

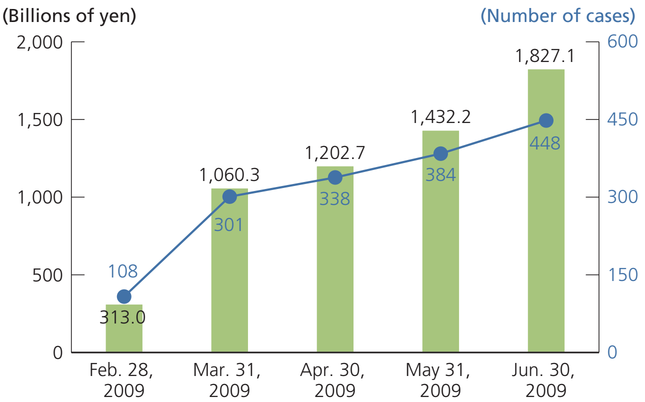
Additional economic crisis countermeasures were announced on April 10, 2009, outlining specific measures for large-scale crisis response business and earmarking a total of ¥15 trillion for crisis response for medium-sized and large companies. In line with these measures, approval of a supplementary budget for fiscal 2009 was announced on May 29, 2009. This budget received Diet approval on June 26, and the revised New DBJ Law went into force and was promulgated on July 3, 2009. These measures paved the way to reinforce DBJ's financial structure and execute crisis response business smoothly.

As part of the danger of loss related to the introduction of loans for medium-sized and large companies, as well as commercial paper acquisition, DBJ has drawn up with JFC a framework for reimbursement on loss guarantee transactions, and DBJ appropriately employs this framework for reimbursement of loss guarantee transactions.

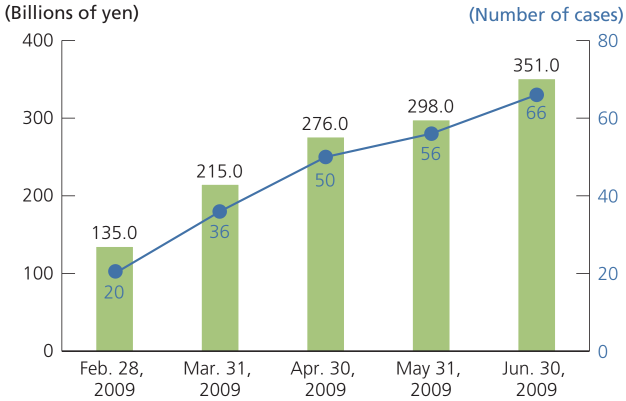
As of June 30, 2009, DBJ's loan performance and commercial paper acquisition of financial crisis countermeasure loans in response to the financial crisis was as follows.

- Cumulative loans: ¥1,827.1 billion (448 cases)
- Cumulative loans executed with loss guarantee agreements: ¥163.1 billion (10 cases, including those slated for application to JFC)
- Cumulative commercial paper acquisition: ¥351.0 billion (66 cases)

■ Loans as Financial Crisis Countermeasures (Cumulative, at Month-End)



■ Commercial Paper Acquisition as Financial Crisis Countermeasures (Cumulative, at Month-End)



Activities to Enhance Financial Expertise

DBJ conducts its business activities according to the corporate philosophy of "applying financial expertise to design the future."

DBJ considers financial expertise to involve its core competencies of intention, intellectual assets and networks, and the ability to leverage its accumulated financial infrastructure to resolve clients' issues.

To enhance its financial expertise, during the six months ended March 31, 2009, we established the DBJ Financial Expertise Research Group and made theoretical adjustments. We also opened the DBJ Financial Academy with the aim of raising the level of financial expertise among our general personnel.

DBJ Financial Expertise Research Group

Between May and September 2008, the DBJ Financial Expertise Research Group met a total of eight times to make theoretical adjustments.

This research group invited financial academics and other outside experts in an attempt to learn the realities of the financial crisis, as well as to participate in deliberations from the standpoint of how DBJ's future operations should address the situation. One outcome of this research was a report entitled *The Investment Banking Model and DBJ's Future Stance*, which was published in October 2008.

The Investment Banking Model and DBJ's Future Stance

DBJ Financial Academy

Since May 2008, the DBJ Financial Academy has held weekly courses with the objective of raising the level of financial expertise of general employees by strengthening the knowledge and understanding that is essential to the advanced corporate financial business that lies at the heart of DBJ's business model. During the year ended March 31, 2009, courses covered statistics, an overview of technical financial theory and financial legislation.

The DBJ Financial Academy accepts students from outside, such as employees of regional financial institutions. We look forward to expanding the fields in which DBJ's financial expertise is applied.

■ DBJ Financial Academy Curriculum

2008 Course

(May 2008 through February 2009)

- Statistics
- Bond actuarial studies
- Corporate finance
- Overview of technical financial theory
- Business management and M&A
- International finance
- Financial legislation
- Japanese corporate finance

2009 Course

(Expected to run from June 2009 through February 2010)

Core courses

- Basic financial theory
- Corporate finance
- Valuation/case studies
- International finance
- Financial system theory
- Financial policy

Elective courses

- Financial Instruments and Exchange Law
- Crystal ball practice
- Real estate finance
- Investments (investment theory)
- M&A finance

Overseas Business

Since its conversion to a joint-stock company in October 2008, DBJ has made a full-fledged entry into international business. This business is positioned as one of DBJ's growth strategies in its first medium-term management plan. (See page 19.)

To achieve the targets set in the first medium-term management plan, we are creating an overseas risk management structure, preparing operating bases, training personnel and moving forward with core infrastructure. At the same time, we are working to expand our network with trustworthy partners and domestic and overseas financial institutions.

On June 1, 2009, we reconfigured our Department for International Affairs into the International Strategy & Coordination Department as part of our move to commence full-scale overseas investment and loan activities. This department is charged with gathering information and fostering integrated risk management, which will contribute to building structures to support overseas business.

Operations at Overseas Locations

New York Representative Office

The New York Representative Office is responsible for North America, Canada, and Central and South America. This office monitors financial, industrial and economic trends and economic policies. The office provides information to Japanese companies and other entities that are planning to commence operations in North and South America, as well as client companies that are considering entry into the Japanese market.

London Representative Office

The London Representative Office is responsible for Europe (including those countries in Eastern Europe and countries that were once part of the Soviet Union), the Middle East and Africa. This office monitors international financial markets, as well as economic trends and policies. The office provides information to Japanese companies that are planning to commence operations in Europe, as well as overseas companies that are interested in venturing into Japan.

DBJ Singapore Limited

DBJ converted its Singapore Representative Office into a wholly owned subsidiary, DBJ Singapore Limited, on December 16, 2008.

By establishing our operational hub in Singapore, which is located in the rapidly growing Southeast Asian region and increasing its influence as a financial center, we hope to respond to various needs of our clients, such as loans, investments and M&A advisory services.

DBJ Singapore's principal activities spanning Asia and Oceania include:

1. Supporting Japanese companies that are commencing or expanding operations in Asia and Oceania
2. Supporting overseas companies that are interested in venturing into Japan or forging business tie-ups with Japanese companies

Outline of DBJ Singapore Limited (As of July 1, 2009)

Established:	December 16, 2008
Capital:	S$1,000,000
Business:	Loans, investment and M&A advisory services
Address:	9 Raffles Place, #30-03 Republic Plaza, Singapore 048619
CEO & Managing Director:	Masamitsu Kawasumi

Business Tie-ups with Overseas Institutions

DBJ leverages its business alliances with the following overseas institutions, according to specific objectives.

China International Investment Company (the CITIC Group)

- Corporate group with a wide-ranging financial service network throughout Asia, including China

IE Singapore

- Government institution that supports internationalization and provides overseas investment for Singaporean companies

DBJ Singapore Limited opening ceremony

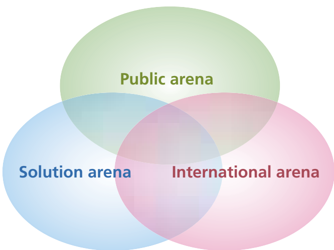
Group Companies

The DBJ Group, including DBJ, its subsidiaries and affiliates, provides a variety of service to meet its clients' needs.

Japan Economic Research Institute Inc.

Japan Economic Research Institute, which is wholly capitalized by DBJ, is a research institution that primarily conducts surveys and provides consulting services. In April 2009, the institute made a fresh start, taking over the research and related activities conducted by its predecessor.

Operating with a long-term perspective and from a standpoint of fairness and neutrality, the institute generates synergies from its three fields of research—the public, solutions and international arenas—targeting the public and private sectors. The company meets clients' research and consulting needs from a comprehensive viewpoint.



Outline of Japan Economic Research Institute Inc. (As of July 1, 2009)

Established :	December 1989
Capital:	¥480 million
Business:	Research, consulting and advisory services
Address:	3-4, Kanda-surugadai 3-chome, Chiyoda-ku, Tokyo 101-0062, Japan
President:	Kazuyuki Mori

New Business Investment Co., Ltd

New Business Investment, which promotes Japanese industry and finance by encouraging venture companies to launch diverse new businesses, was established in 1990 using venture capital provided by the Japanese government. In 2004, the company made a fresh start by becoming a venture capitalist with joint investment from DBJ and 126 other companies.

Since its establishment, New Business Investment has invested in nearly 200 venture businesses, contributing to companies' new business creation efforts and expanding their fields and scales of operation. New Business Investment has helped companies holding sophisticated and proprietary technical and service expertise and knowledge invest in venture companies in fields expected to grow rapidly.

Outline of New Business Investment Co., Ltd (As of July 1, 2009)

Established :	June 1990
Capital:	¥6 billion
Business:	Research, consulting and advisory services
Address:	6-2, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-0004, Japan
President:	Shinya Matsuno

IPO Information

Recently the market for companies seeking to make initial public offerings has withered, but in 2009 New Business Investment helped take public two companies in which it is an investor.

Ubiquitous Energy, Inc.
Stock exchange listing: JASDAQ

Ubiquitous Energy is primarily an energy consultant that works with small and medium-sized manufacturers on ways to reduce their electric power expenditures.

In addition to its energy cost solution business, Ubiquitous Energy helps other companies market energy-saving products, such as *Eco Cute* heat pumps and stoves that cook through induction heating, thereby reducing CO_2 emissions and lowering the environmental impact of companies' operations.

tella, Inc.
Stock exchange listing: NEO (JASDAQ)

Concentrating on dendritic cell (DC) vaccine therapy*, tella uses a combination of chemotherapy and radiation therapy to fight cancer effectively. The company provides its proprietary cancer treatment technology and expertise to in immune maximizing therapies for cancer to contracted medical institutions.

* Dendritic cell (DC) vaccine therapy is a cancer therapy method that uses dendritic cells to recognize and record cancer antigens in lymphocytes. This approach supports a targeted attack on cancer cells, minimizing the damage to healthy cells and virtually eliminating side effects.

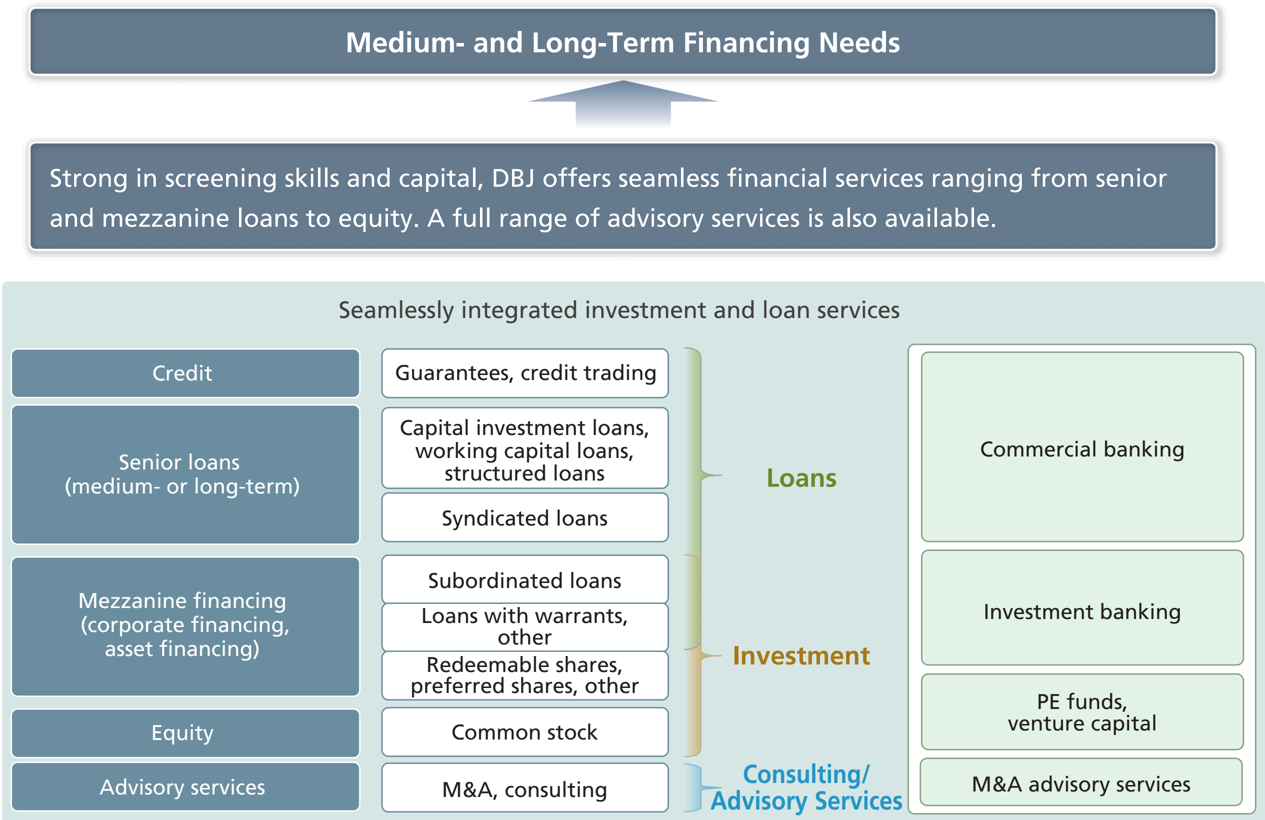
Management Policy

DBJ's Target Business Model

We work to resolve the issues clients face by providing specialized financial services involving integrated investments and loans.

Businesses

DBJ combines the functions mentioned below with the long-term financing it provides to present clients through integrated investment and loan services.



Overview of DBJ's First Medium-Term Management Plan
(Announced October 2, 2008)

DBJ is a unique financial institution in terms of the integrated investment and loan services that it provides. We aim to take advantage of our position and earn the trust of our clients. As part of this process, we have formulated our First Medium-Term Management Plan, "Challenge 2010: Establishing Integrated Financial Services for Investments and Loans," through the fiscal year ending March 31, 2011.

The period of the First Medium-Term Management Plan will be dedicated to establishing integrated investment and loan services and building a foundation of core strengths. As specific long-term strategies, we have determined engagement policies for establishing integrated investment and loan services, measures for full-scale expansion into overseas markets and plans for diversified funding.

Growth Strategies of Challenge 2010, Our First Medium-Term Management Plan
(Through March 31, 2011)

◆Provide integrated investment and loan services to meet needs in a range of industries and regions

- Expanded services will address a diversity of client needs.
- Integrated investment and loan services will be used to forge broad alliances with other financial institutions.

◆Enhance financial services to take advantage of DBJ's strengths in the fields of environment and technology and social infrastructure

- With its broad client base and wealth of industrial data, DBJ will offer sophisticated financial services and take advantage of its strengths in the environment and technology and social infrastructure.

◆Go global

- A network of reliable partners, including financial institutions in Japan and overseas, will support our full-scale move into global markets.
- Preparations are under way for a planned exposure of approximately ¥500 billion in the year ending March 31, 2011.

◆Build intellectual assets

- Stronger skills in industrial research, credit analysis, financial expertise, R&D and network creation will help to raise our clients' value.
- Our growth strategy will be supported by careful employee training.

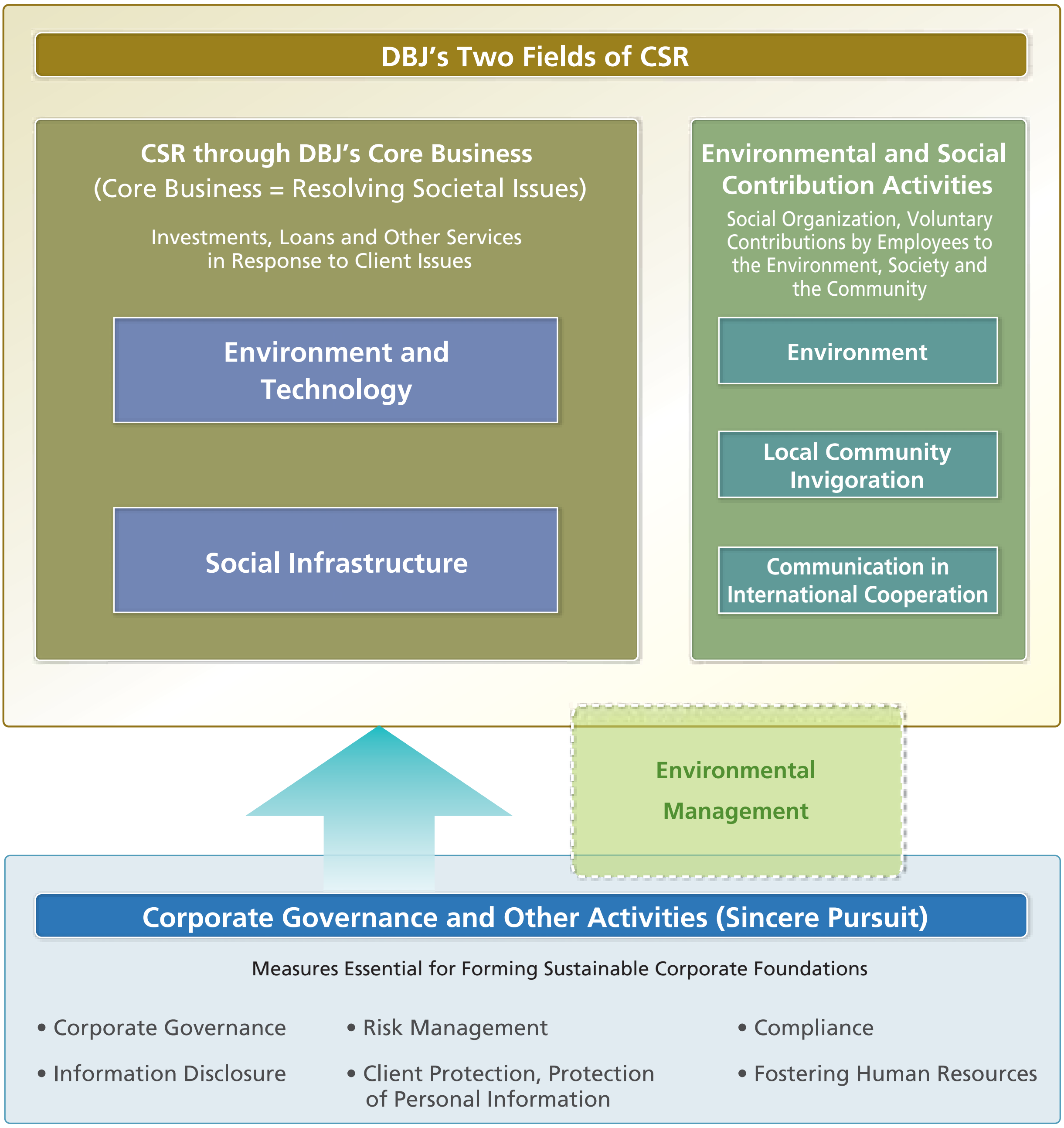
◆Diversify fund-raising

- Initiatives will be taken to keep sound financial standing and diversify sources of funds.

Implementing CSR Management

With corporate governance as its cornerstone, DBJ separates into two fields the scope of the CSR activities through which it addresses the problems society faces: (1) the CSR it fulfills by conducting its core business and (2) the environmental and social contribution activities it undertakes. The combination of the two fields enhances corporate value.

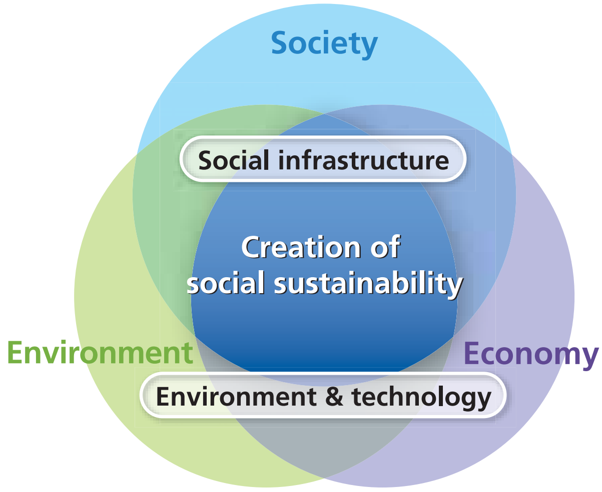
Fields of CSR Implementation at DBJ



Triple Bottom Line

"Triple bottom line" refers to evaluating corporate activity from the three vital perspectives of the environment, society and the economy. It is not simply evaluating a company's financial performance, but rather assessing sustainable development by incorporating environmental, social and economic aspects.

Tied to DBJ's investments and loans are economic issues involving the environment, technology and social infrastructure. DBJ's considerations include region-specific and environmentally time-specific concerns, in addition to the economic issues that a company faces, thus spanning the three elements that make up triple bottom line evaluation. Accordingly, in "CSR through DBJ's Core Business" DBJ carries out activities based on triple bottom line evaluations to help build a sustainable society.



Social Effectiveness

During its time as a comprehensive policy-based financial institution, evaluations of DBJ's annual operations raised DBJ's business effectiveness and results, thereby improving its responses to socioeconomic changes facing Japan. These responses were a way to evaluate CSR in its mainstay business.

Following its privatization, DBJ aims to continue contributing to building an affluent future by solving problems through creative financial activities. We determine from our own perspective those businesses that are truly useful to society and work to promote the realization of a sustainable society.

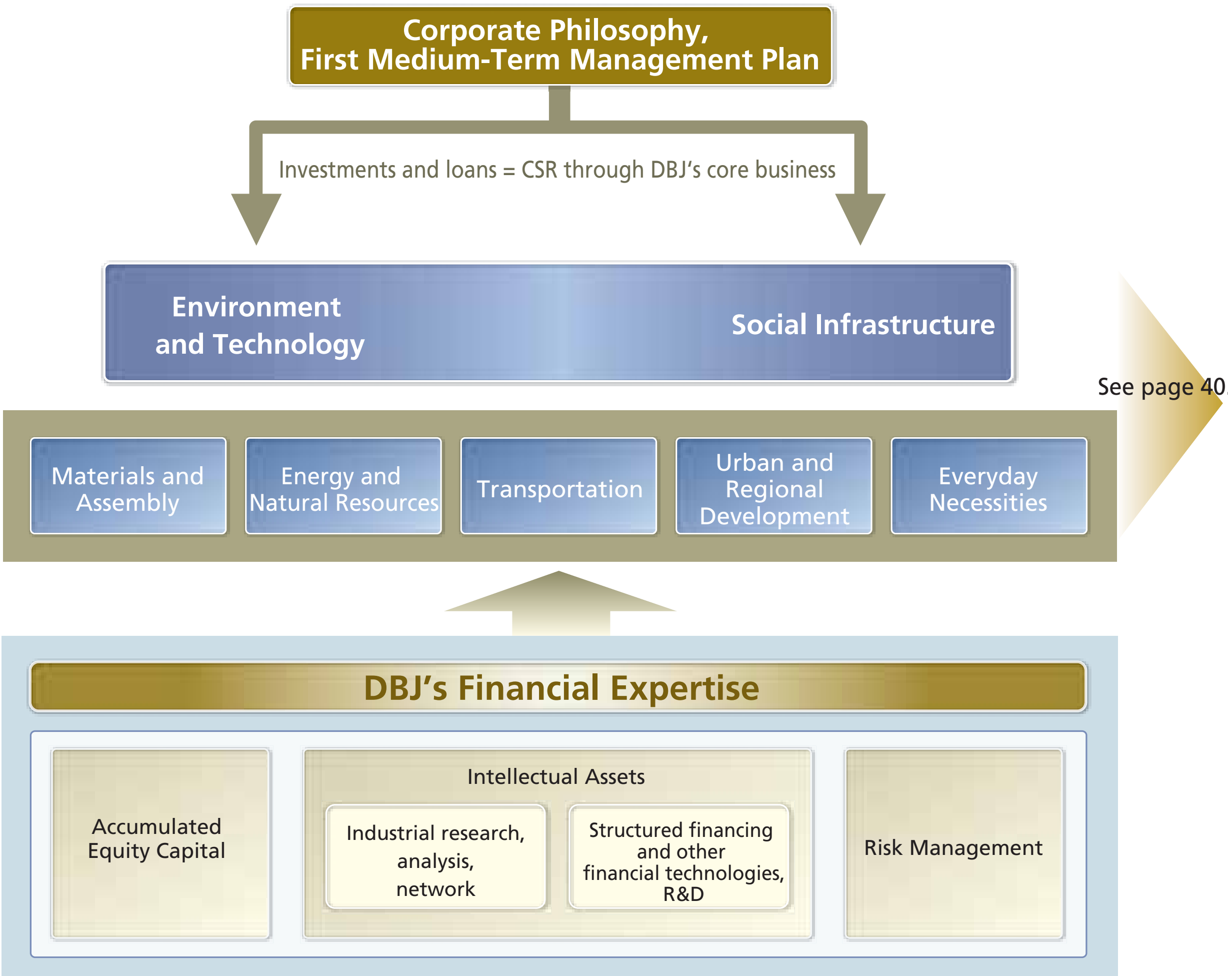
CSR through DBJ's Core Business

Due consideration of compliance is a prerequisite for the sustainable development of enterprises. Accordingly, it is important that a corporation's mainstay business brings new value to, contributes to problem-solving in, and gains the trust of society.

Financial institutions can play a specific role in building a harmonious society over the long term by identifying truly meaningful projects for the economy and society and providing quality financing and financial solutions.

We believe that DBJ can gain the trust of society through CSR in its core business, such as the provision of services that lead to client satisfaction, increases in corporate value, coexistence with regional societies and the creation of employee-friendly workplaces. Accordingly, DBJ considers the application of its intellectual assets and financial platforms for investments and loans to be of vital importance.

We are working to provide additional sophisticated financial services by leveraging our strengths related to the environment and technology and to social infrastructure and by taking advantage of our broad client base and accumulated industry knowledge. We undertake these activities in line with our corporate philosophy and our First Medium-Term Management Plan.



See page 40.

Environmental and Social Contribution Activities

DBJ recognizes that today's social and environmental problems can best be resolved by communication and the exchange of opinions. Accordingly, DBJ strives to communicate with as many people as possible through seminars, symposiums, lectures and the Internet.

Communication Focused on the Environment

Environmental problems such as global warming must be resolved, starting with individual awareness of the severity of the issues.

DBJ promotes understanding of the relationship between the environment and financial and business activities by participating in the Eco-Products Exhibit—Japan's largest environmental event—and holding seminars and symposiums in conjunction with relevant organizations.

DBJ has had a booth at the Eco-Products Exhibit every year since the fiscal year ended March 31, 2001. Through descriptive panels, we introduce various DBJ activities, such as the Program for Promoting Environmentally Responsible Management, our tie-up with the UNEP Finance Initiative and emissions credit trading. During the year ended March 31, 2009, we distributed reports introducing the DBJ Environmental Rating System, attracting numerous visitors to our booth.

We also took part in the June 2008 Integrated Exhibition of the Environment in celebration of the G8 Hokkaido Toyako Summit and at New Earth 2008, which was held in Osaka in November. As at the Eco-Products Exhibit, we introduced DBJ's initiatives and communicated with many visitors to promote a deeper understanding of the interplay between the environment and financing.

"Eco Presentation Stage" (Eco Products 2008)

Communication to Revitalize Local Communities

DBJ considers working with local citizens to build communities that suit their unique regions an important part of supporting independent community development. To this end, DBJ holds seminars and symposiums in collaboration with local authorities and regional branches of the Japan Chambers of Commerce and Industry and other economic organizations.

In our Regional Health Checks, we incorporate objective indicators and original analytical methods in our discussions with residents and help them identify their community's issues and potential. DBJ employees interview community stakeholders in advance, study the region's resources and on the final day hold a participatory workshop with residents. (See page 39.)


Interaction with community members

Communication in International Cooperation

In cooperation with Japan Economic Research Institute Inc., DBJ discusses its experience in applying policy-based financing to support the industrial economy of post-war Japan with developing countries, primarily in Asia. We also offer the expertise we have accumulated in recent policy issues, such as energy conservation, environmental measures and private infrastructure. The Developmental Finance Course, for example, is a seminar that has attracted 346 people from more than 30 countries since it was inaugurated by DBJ in 1967.

During the year ended March 31, 2009, we held the course for the 40th time. Examples of our activities for individual development finance institutions include our cooperation with Japanese and other institutions to provide technical assistance to the China Development Bank and the Development Bank of Malaysia. In 2007, we entered into an agreement with the Vietnam Development Bank on operational cooperation, and in 2009 we cooperated in such areas as training in Tokyo and Hanoi for bank executives and employees.

In these ways, DBJ is using the experience and expertise it has gained over the years to offer intellectual support to development finance institutions overseas. At the same time, DBJ is strengthening its channels of communication with these institutions.

Training at Vietnam Development Bank

Other Communication Efforts

Providing Information

Issuing Corporate Social Responsibility (CSR) Reports

To expand communication with all stakeholders, in 2003 DBJ issued *Environmental Report 2003 for a Sustainable Society*. This was followed by similar reports in 2004 and 2005. In 2006, DBJ published the *CSR Report*.

DBJ combines its annual report and CSR report under the concept of “disclosure from a CSR perspective.” DBJ will continue publishing CSR information introducing DBJ’s initiatives to help realize a sustainable society.

Participating in Local Community Activities

Uchimizu Project

DBJ participates in the Uchimizu Project, a campaign hosted by the Otemachi, Marunouchi and Yurakucho Uchimizu Project District Executive Committee.

Uchimizu, literally “sprinkling water,” refers to the Japanese practice of sprinkling the pavement outside buildings to cool the vicinity and mitigate the heat island phenomenon. As its name suggests, the project is based in Tokyo’s Otemachi, Marunouchi and Yurakucho districts.

Participating in the Uchimizu Project

Support for the Operation of the Environmentally Friendly Marunouchi Shuttle Bus

Since the year ended March 31, 2004, DBJ has co-sponsored the operation of environmentally friendly buses carrying passengers free of charge on a route in the Otemachi, Marunouchi and Yurakucho area of Tokyo’s business district. These buses help raise awareness about environmental issues. Not only do the buses reduce environmental impact and noise but also they are barrier-free with a low-floor design, ensuring easy access for disabled users.

Marunouchi shuttle bus

Intellectual Asset Management

Corporate Value and Intellectual Asset Management

Intellectual Assets

Companies ensure ongoing prosperity and profit by consistently differentiating themselves from competitors. Differentiating the products and services they offer is a large part of the process. To enhance their operations, companies must identify their important management resources and sources of competitiveness. Specific technologies, expertise, human resources and business models are some factors that lead to differentiation but are invisible to the casual observer. Determining an entity's true corporate value requires the evaluation of these company-specific strengths. DBJ's activities related to intellectual assets are designed to foster the application of these intangible sources of corporate value that underpin a company's future economic performance.

Intellectual Asset Management Essential to Enhancing Corporate Value

Although intellectual assets are intangible in the sense that they are not recorded on a company's financial statements, they are a core component of corporate value. Managing intellectual assets effectively promotes clarity in terms of the corporation's key competencies and creates opportunities to increase corporate value.

Listed companies are finding that aggressively disclosing intellectual asset information helps markets value them more appropriately. For this reason, the introduction of regulatory frameworks to encourage or require listed companies to disclose nonfinancial information has grown into a global trend, beginning in Europe.

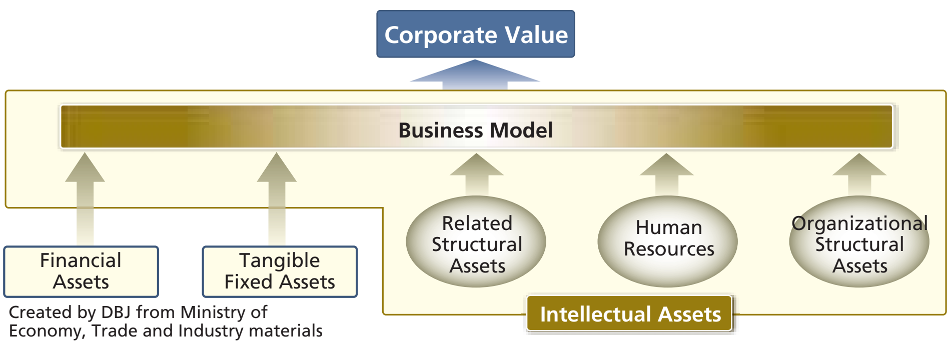
DBJ's View on Intellectual Assets

Dating back to the time of our predecessor, maintaining the trust of our clients and society at large has been our most important objective. From this standpoint, we have created a wide variety of networks spanning both the public and private sectors.

Based on our core values, our executives and regular employees have continued working to enhance their ability to evaluate companies and projects. We have accumulated a wealth of expertise in the screening and evaluation of long-term projects and a keen ability to identify and address issues that are unique in terms of the times or the local communities that face them. In the process, we have become a repository of intellectual assets, which when combined represent an extraordinary DBJ asset: our expertise in resolving issues through the application of new financial methods, the widespread use of our financial platform and our economic and social contributions. This asset has led to our development of the financial methods described below. It enables us to respond quickly to changing policy requirements and plays a major role in our ability to continue adding economic and social value.

Since privatization, we have aimed to maintain our economic and social contributions. We believe that our ability to clearly identify and make use of intellectual assets will be an increasingly important factor in achieving this goal.

■ **Relationships among Intellectual Assets, Business Models and Corporate Value**



Created by DBJ from Ministry of Economy, Trade and Industry materials

DBJ's Utilization of Intellectual Assets

One school of thought defines intellectual assets as the understanding of and reporting on an entity's networks and client bases (related structural assets), management team and employees (human resources) and intellectual assets and business processes (organizational structural assets). Below, we introduce DBJ's intellectual assets and activities according to this segmentation.

Related Structural Assets

As our mission prior to privatization was to support projects that had policy significance, our system of planning and making investments and extending loans involved cooperation with central government agencies and regional government bodies. Now we take advantage of this network to disseminate information about our interest rate subsidy system based on environmental ratings, as well as other interest subsidy systems put in place by national and regional government bodies. Also, we continue to assist with crisis support.

DBJ also works to create and develop financial platforms. To construct these platforms, we collaborate with public- and private-sector financial institutions in Japan and overseas and maximize our networks of university professors, attorneys, certified public accountants and other professionals. This multifaceted combination of networks consisting of professionals in a host of fields in industry, academia and the government constitutes DBJ-related structural assets.

Human Resources

Appropriately judging medium- to long-term investments and loans requires all of DBJ's executives and regular employees to maintain a long-term perspective and make financial decisions from a neutral standpoint. In an era characterized by increasingly complex economic and social issues and more sophisticated business skills, this long-term perspective has a major impact on DBJ's ability to contribute to business formation and the financial structure. Our ability to provide solutions that are appropriate for companies, as well as for the economy and society in a broader sense, depends on the ability of our human resources—executives and regular employees who are professionals in various fields—as they consider such issues. All DBJ executives and regular employees work to maintain a long-term and neutral perspective, approaching new business with a spirit of innovation and challenge.

To impart various financial skills, DBJ maintains training menus that include a 2.5-month corporate finance training program. This program, for all new employees, helps develop screening expertise. Our menus, combined with on-the-job training, raise the level of specialist expertise among DBJ executives and regular employees. We maintain a number of personnel exchange and dispatch programs with domestic and overseas universities and research institutions, as well as with other international institutions, that help form our networks. These programs help DBJ develop and introduce new financial methods, as well as strengthen network ties. DBJ has also established the Research Institute of Capital Formation, which carries out financial research, as well as research on global warming countermeasures and other efforts to create a sustainable society. The research that the center produces from a neutral and long-term perspective is highly regarded by the community and other experts.

Organizational Structural Assets

Unlike manufacturing companies, DBJ has no explicit intellectual assets, such as patent rights. However, our introduction of new financial methods to Japan, our work with other financial institutions to create financial platforms and our many other contributions to the Japanese economy and society rely on our organizational adeptness, that is, our ability to quickly ascertain emerging issues and deploy appropriate personnel. This ability, combined with the long-term financial data we have accumulated over 50 years of investment and loan operations and a corporate culture of always considering projects in an economically rational manner, as well as in terms of their broader economic and social significance, constitute DBJ's organizational structural assets, as does the smooth and rapid communication process resulting from the common knowledge that has evolved through corporate financing training and other channels.

Advanced Initiatives Involving New Financial Methods that Utilize Intellectual Assets

We are a leader in leveraging our intellectual assets to introduce new financial methods to Japan. Our pioneering efforts come from maximization of our intellectual assets, cooperation with local communities and extensive cultivation of in-house human resources and expertise. Operating within complex financial markets, DBJ will maintain these activities while continuing to control and distribute risk as effectively as possible.

The United Kingdom introduced the Private Finance Initiative (PFI) scheme in 1992 to encourage private companies to fund or manage projects that are typically operated by the public sector. As a leader in absorbing and accumulating such expertise, DBJ has participated in numerous PFI projects in Japan. By shifting to the private sector the responsibility for constructing, maintaining and operating public facilities, the country benefits from private-sector management expertise and technical capabilities. By appropriately allocating risks among the private and public sectors, PFI is an efficient and effective way to provide public services. With PFI, project financing is the method generally used to raise funds, as project roles are allocated appropriately and long-term business is assured.

DBJ provides a full range of financing options in the area of business revitalization. After filing applications according to Civil Rehabilitation Law or Corporate Rehabilitation Law procedures, companies typically require working capital during the period when the viability of their plans is being reviewed. To meet this need, DBJ provides debtor-in-possession (DIP) financing as temporary working capital to enable such companies to continue operating and maintain value in the best portions of their businesses. In addition, DBJ creates business revitalization funds to help companies normalize their operations through a process of operational selection and focus, and reduce their debt levels.

In recent years, we have become actively involved in mezzanine financing. (“Mezzanine” literally refers to the partial story between two main stories of a building.) In the repayment hierarchy, mezzanine financing is lower than the senior financing* typically provided by financial institutions, so it is a higher investment risk. In the United States and other markets with a broad range of investors, mezzanine financing plays an important role in diversifying the types of funding that are provided. Mezzanine financing can be used in a number of situations, such as business or capital restructuring. Taking a long-term perspective, DBJ provides mezzanine financing as one of its tailor-made financing solutions.

*Senior financing involves relatively low risk. In Japan, most corporate bond issues and funds provided by financial institutions are senior financing.

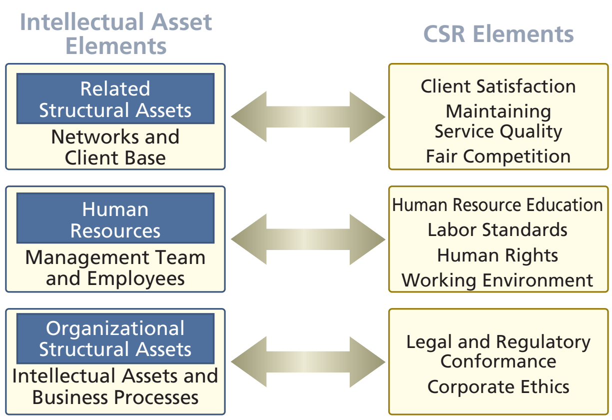
Relationship between Intellectual Assets and CSR at DBJ

The figure contrasts intellectual assets as viewed by DBJ and DBJ’s role as seen by society. Evaluated in this sense, intellectual assets and CSR are two sides of the same coin.

For example, DBJ’s Environmental Rating System and Disaster Preparedness Program—fully mobilized through intellectual asset networks with central government agencies and regional government bodies, experts and clients; our human resources comprising executives and regular employees; and our accumulation of experience and expertise—serve a vital CSR role. At the same time, our loan systems provide a strong backup to the CSR activities of our business partners.

Companies that access our loans based on the DBJ Environmental Rating System or the DBJ Disaster Preparedness Ratings have cause to reconsider their conformance with various laws

■ **Relationship between Intellectual Assets and CSR**



Created by DBJ from Ministry of Economy, Trade and Industry materials and regulations, ensure safe and secure workplace working and surrounding environments and provide quality products and services through fair competition. These activities reinforce a company's client base and raise corporate value by fulfilling social responsibilities.

By employing our intellectual assets in these ways, we go beyond merely providing financing. We also play a role in promoting increasingly sophisticated corporate CSR management.

The various financial services described beginning on page 29 leverage the intellectual assets DBJ has accumulated over the years.

Financial Platform that Enables DBJ to Meet the Needs of the Times

Defining "Financial Platform"

In DBJ's definition, "financial platform" refers to the amount and quality of funds to which corporate and other clients have access, the systematic formulation of bases that affect the diversity of fund-raising methods, financial expertise and practices, market transparency and the degree of market participation.

The more complete the financial platforms, which are indispensable to financial system soundness and macroeconomic vigor, the greater is their effectiveness at promoting the revitalization of businesses and urban and local communities and the creation of new industries. However, financial platforms, which are an institutional, general-access capital good, are not formed overnight. Creating the framework of systems and laws that support corporate economic activity involves the application of experienced and real-world expertise of financial institutions and businesses, as well as an accumulated body of results that can be used for future reference (transaction cases, precedents and the like). Furthermore, as financial platforms function inadequately if they are used by only a minority of participants, a catalyst is needed to encourage participation from a broad range of players. Owing to our neutral position and advanced-player status, we are perfectly suited to serve as the catalyst for developing and maintaining financial platforms in cooperation with other financial institutions.

Activities Involving Financial Platforms

DBJ promotes and helps develop financial platforms for structured financing, venture company support, business restructuring support, financing related to environmental and disaster policies, M&A advisory services, safety nets and other functions.

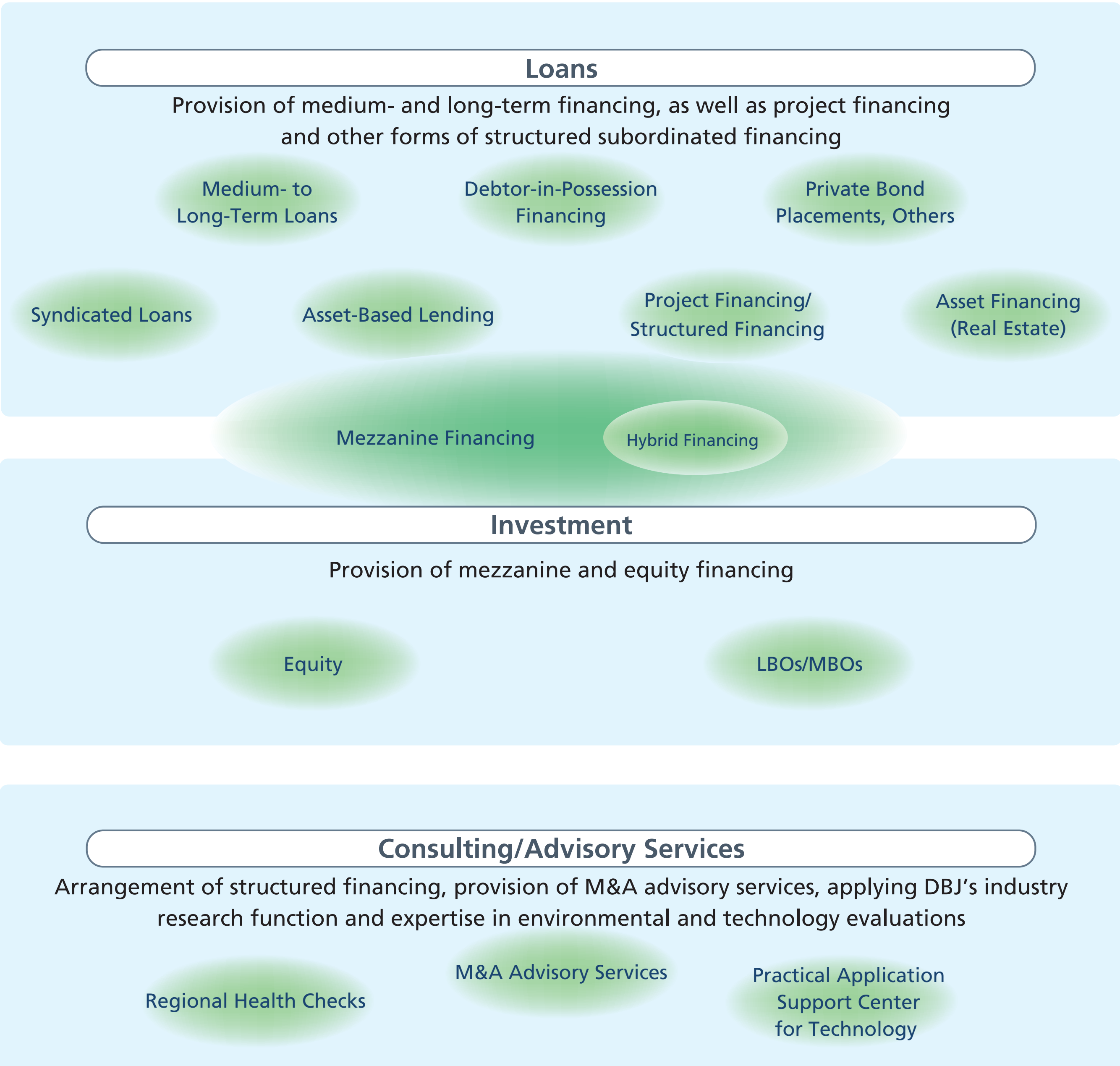
The "Financial Services" section beginning on page 29 provides an overview on DBJ's activities involving financial platforms.

Financial Services

Integrated Investment and Loan Services

DBJ provides seamlessly integrated investment and loan services. We assist clients with their financing needs by taking a position of neutrality and a long-term perspective that extends over all their activities, and by employing leading-edge financial methods.

- We offer integrated investment and loan solutions that range from senior loans to mezzanine and equity financing.
- DBJ also provides a host of services (e.g., M&A advisory and CSR support services) that help raise corporate value.
- In collaboration with its Group companies, DBJ provides finely tuned services to meet individual clients' needs.

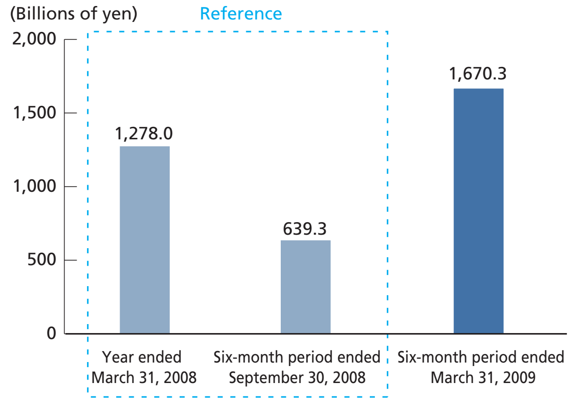


Loans

DBJ provides financing to meet the diverse needs of its clients.

- Provide medium- and long-term loans
- Offer unique high-value-added financial services (environmentally and socially responsible investment, disaster countermeasures and safety measures and rating-linked financing for technology commercialization)
- Respond to diverse needs by offering nonrecourse loans and develop and provide financing offering collateral and structural flexibility (debtor-in-possession financing, inventory collateral, intellectual property rights as collateral, etc.)

■ Loan Amounts Provided (Non-consolidated)



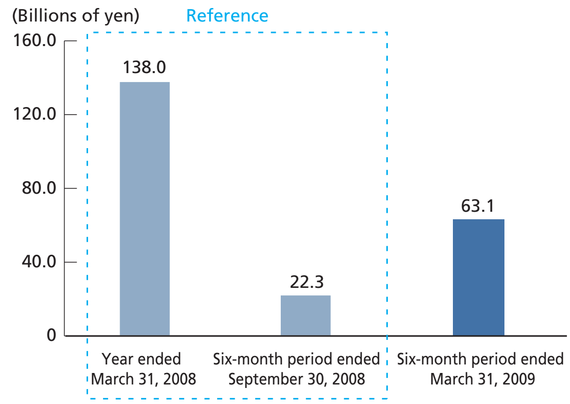
Notes:
1. Figures for the year ended March 31, 2008, and the six-month period ended September 30, 2008, are for DBJ's predecessor.
2. Figures, including those for corporate bonds, are on a management accounting basis.

Investment

DBJ provides investment funding, based on a long-term perspective, to meet specific needs and address a host of issues that clients face.

- We provide investment to assist businesses in terms of their revitalization, restructuring, growth strategies, international competitiveness and infrastructure operations. We provide such funding through mezzanine financing, as well as through equity and other funding.

■ Investment Amount Provided (Non-consolidated)



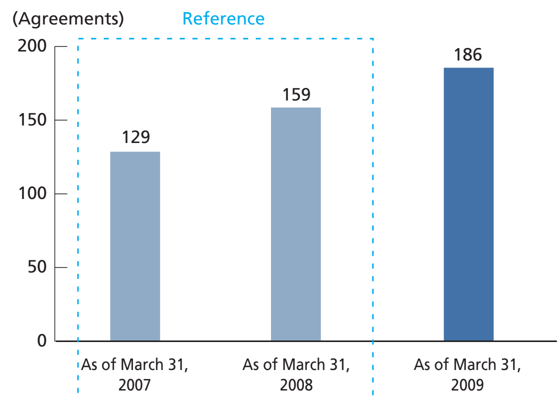
Notes:
1. Figures for the year ended March 31, 2008, and the six-month period ended September 30, 2008, are for DBJ's predecessor.
2. Figures, including those for securities, money held in trust and other assets (funds), are on a management accounting basis.

Consulting/Advisory Services

Through our advisory support services, we help clients become more competitive and invigorate regional economies.

- Provide M&A advisory services
- Make proposals that apply our expertise in industry research and ability to develop new financial technologies
- Arrange structured and other types of financing

■ M&A Advisory and Consulting Agreements (Cumulative)



Notes:
1. Figures as of March 31, 2007, and March 31, 2008, are for DBJ's predecessor.
2. Figures as of March 31, 2009, include those of DBJ's predecessor (from April 1, 2008, through September 30, 2008).

Loans

DBJ provides medium- and long-term loans, answering a range of funding requirements. In addition to senior financing through traditional corporate loans, we offer project financing, nonrecourse loans and other types of structured financing, as well as a variety of other loans that employ advanced financial methods.

Medium- to Long-Term Loans

DBJ primarily provides funding via medium- to long-term loans.

When providing funds, DBJ first looks at the profitability of the business that requires funding, and then proposes a medium- to long-term repayment plan. As part of our effort to meet varied needs, a deferment period may be implemented.

When extending loans, we consider taking advantage of other interest subsidy systems offered by national and regional government bodies.

We provide a broad range of information to our clients.

Through our long history of operations, we have accumulated substantial expertise and experience that we apply when offering advice to address the issues our clients face.

DBJ puts its wide-ranging networks to use to help clients expand their operations.

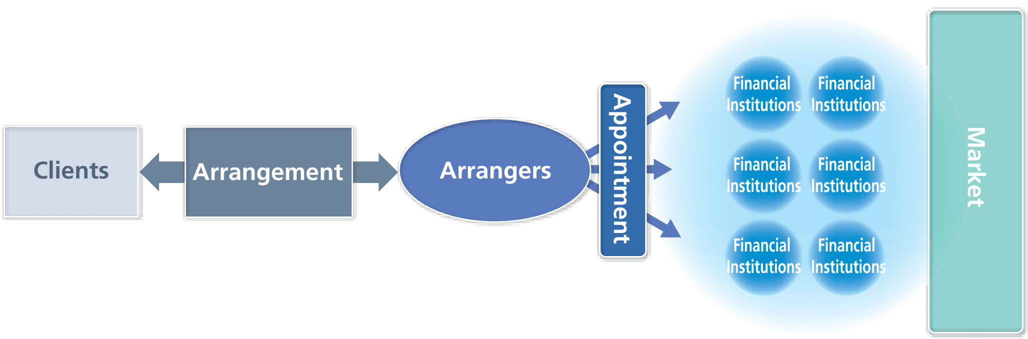
We provide information generated through our various studies and research activities, as well as reports, publications and other information from overseas.

Syndicated Loans

This type of loan involves multiple lead-managing financial institutions (arrangers) that are combined into a syndicate. The agreement with the client is based on a single contractual document, and financing is provided cooperatively according to a single set of terms.

Having a single arranger in the point negotiating position reduces the administrative burden. Conducting settlement operations through an agent reduces the administrative burden. Large amounts can be raised expeditiously. Appointing an arranger allows the number of financial institutions involved in the transaction to be increased, and clarity of borrowing terms is ensured.

As part of its services, DBJ actively structures loans, centering on term loans. DBJ invites a wide range of financial institutions to participate, making use of its neutral standpoint. Structuring loans to include some items from its own lending menu, such as DBJ financing based on environmental responsibility ratings, helps raise the value-added level of services it provides.

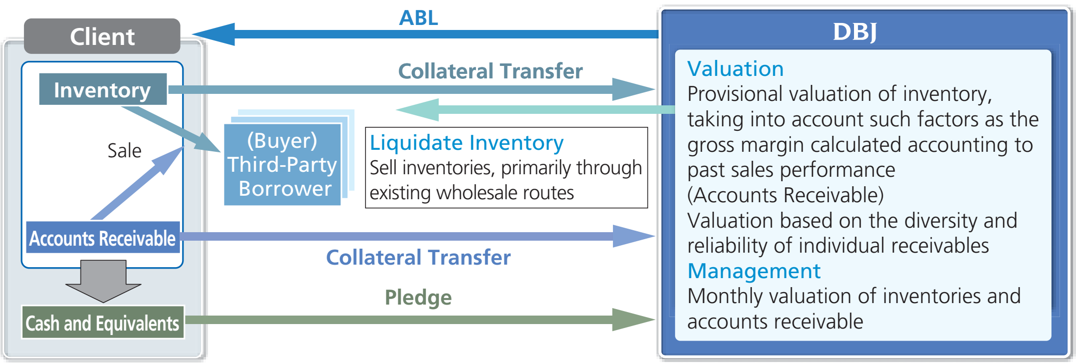


Asset-Based Lending

Asset-based lending (ABL) is a method of financing that uses as collateral a company's liquid assets, such as aggregate movable property, inventory collateral and receivables.

As financing methods become more diverse, expeditious fund-raising, debt restructuring and the sale of surplus inventories also enhance the robustness of internal control systems.

As a frontrunner in corporate revitalization financing, DBJ has gained abundant experience in the area of developing ABL schemes to support companies, while at the same time securing their debt. Going forward, we plan to apply this expertise to develop ABL schemes that provide companies with growth capital.



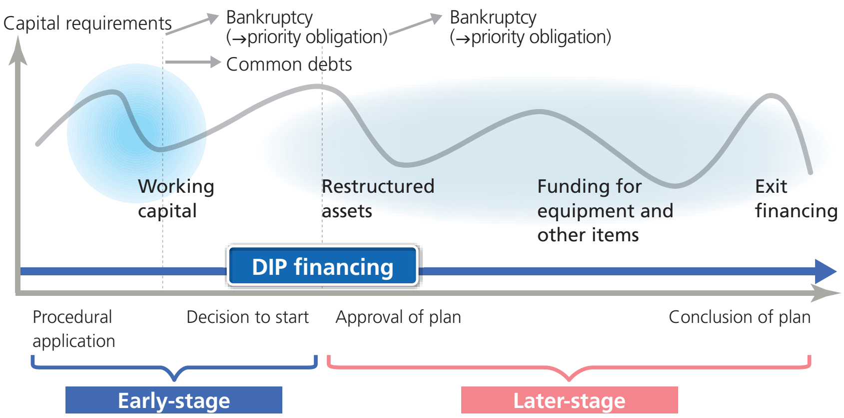
Debtor-in-Possession Financing

Nonperforming loans emerged as a major problem beleaguering the Japanese financial system in the late 1990s. Against this backdrop, DBJ has developed a host of tools to help underperforming companies sustain or develop profitable areas of operation.

One method of which DBJ is a proponent is early debtor-in-possession (DIP) financing. This temporary financing method provides working capital that allows a company in bankruptcy to continue operations during the period between a request for the application the Civil Rehabilitation Law and the approval of rehabilitation plans, thereby sustaining the valuable parts of its operations.

Later-stage DIP financing provides the funding that is needed to implement restructuring plans. By providing medium- to long-term financing to fund capital investment under different conditions than those for revitalization plans that are being implemented, an organization that is under rehabilitation can refinance its debt, providing exit financing more quickly than is possible via the legal liquidation process.

In 2001, DBJ provided the first DIP financing in Japan. Since that time, DBJ has worked to broaden the range of entities eligible for this financing and the methods of employing it in response to varied needs.



Project Financing/Structured Financing

In 1998, DBJ pioneered project financing in Japan. From these beginnings, our accumulated expertise in this area, centering on energy and infrastructure projects, has propelled us to our current position as one of Japan's leaders in project financing.

Applying our accumulated expertise, we act as a financial advisor, providing clients with support and advice. We act as a lead arranger in putting together project financing packages, offer senior and mezzanine loans and participate in projects through equity investment, meeting clients' needs and addressing the various issues they face in a host of ways.

Project Financing

We have a wealth of expertise in helping companies in the energy and infrastructure sectors find project financing that they can repay through operating revenues and working cash flow, without relying on specific corporate creditworthiness or collateral value.

Object Financing

DBJ helps clients raise funds that take advantage of the revenue-generating characteristics of assets with special characteristics, such as ships and airplanes.

Securitization

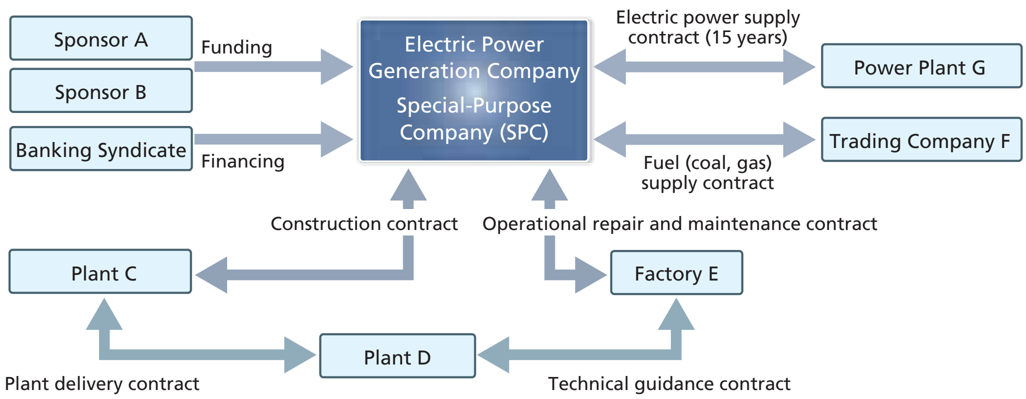
Securitization allows companies to convert their rights to monetary interests into salable form. Securitized monetary claims, which are backed by the revenues and cash flows that are generated by the underlying claims, can be used to generate funding through financial liquiditization. A method known as whole business securitization enables certain businesses to securitize their entire operations, backed by future cash flows. This method can be employed to restructure a client's balance sheet and procure financing under favorable conditions. DBJ uses various methods, including nonrecourse loans, to help clients raise funds.

Private Finance Initiative (PFI)

Since the creation of the Private Finance Initiative (PFI)* in 1999, DBJ has accumulated PFI expertise to the point where it is now an industry leader in PFI. Taking advantage of this store of knowledge, as well as strong relations with public-sector entities, DBJ supports the efforts of clients who are considering PFIs.

* Law concerning Facilitation of the Improvement, Etc. of Public Facilities, Etc. by Private Fund, Etc.

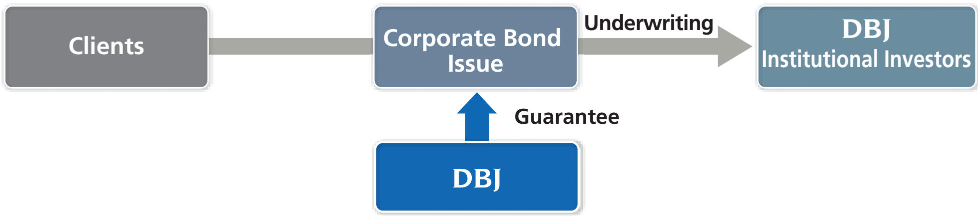
■ **Project Financing Example: Electric Power Generation Project**



Private Bond Placement

Private bond placements involve selling bonds directly to a small number of qualified investors instead of to a large group of general investors through a public offering involving a securities company.

DBJ provides ways for clients to diversify their funding sources and methods. By underwriting and guaranteeing private bond placements, DBJ helps clients raise funds directly (direct financing) and indirectly in the marketplace.



Asset Financing (Real Estate)

DBJ's involvement in the long-term financing of real estate operations began in the 1960s. We have participated in Japan's real estate securitization market from its early beginnings and continue striving to invigorate this market. Our track record, expertise and networks in this arena enable us to provide non-recourse loans and a host of other solutions.

Liquidization Financing

Example 1: Sell rental real estate that a client owns to a special-purpose company, raising capital efficiency.

Example 2: After selling owned real estate that a client is using to a special-purpose company, conclude new rental agreements and continue using the property in this manner.

1. Allows diversification of financing methods
   - Enables funds to be raised based on the property's capacity to generate revenue and cash flow
   - Preserves the credit availability of the originator (the original owner of the asset)
2. Moves property off the balance sheet for better financial efficiency
   - Improves ROA
   - Allows planned recognition of unrealized gains or losses
   - Improves financial picture by reducing interest-bearing debt
   - Eliminates risk of variations in real estate values

Development Financing

Example: Use investor financing to develop idle owned real estate into income property.

1. Realizes profits from development
   - Enables funds to be raised for real estate development, which might be difficult for the company to do on its own
   - By securing required additional funding, helps in terms of diversity and the control of the risk of construction delays and cost overruns
2. Controls risk by moving property off the balance sheet
   - Maintains the company's financial soundness
   - Eliminates risk of fluctuations in real estate values

DBJ's Distinguishing Features in Asset Financing

- Has extensive arrangement expertise on numerous projects, as well as a strong performance record in investment and loans
- Retains a network of leading investors and financial institutions in Japan and overseas to help realize projects and arrange financing
- Creates project-tailored solutions to meet clients' needs, such as providing senior, mezzanine and equity financing
- Maintains a neutral standpoint, enabling projects to progress smoothly by appropriately diversifying risk and helping involved parties realize profits

Investment

We provide investment funding to meet specific needs, based on a long-term perspective, to resolve the myriad issues that clients face. For example, DBJ provides investment to help clients expand their operational bases, meet long-term growth strategies and shore up their financial bases. We offer funding support, mezzanine financing and financing that employs equity and other methods.

Equity

In an environment characterized by growing needs for the operational selection and focus of group businesses, the formulation of growth strategies and heightened corporate governance demands, equity has become more important than ever before.

Through equity investment, DBJ helps clients address the issues they face and promotes their long-term development.

After making equity investments, DBJ provides total solutions involving its networks and strengths in information, research, and financing technologies, helping clients maximize their long-term corporate value. DBJ shares the benefits of clients' growth, while at the same time helping them achieve future prosperity.

Client Needs

- Growing needs for operational selection and focus
- Formulation of growth strategies for globalization
- Growth strategies making use of the capital markets (mergers and acquisitions, initial public offerings, etc.)

DBJ's Solutions

- Inject growth capital
  Capital injections into individual companies, SPCs, various funds, etc.
- Globalization measures
  Encourage companies from overseas to take part in the Japanese market, support Japanese companies' efforts to expand overseas
- Provide solutions after making investment
  Provide total solutions involving DBJ's networks and strengths in information, research, and financing technologies

Results

- Resolve clients' issues
- Help clients grow over the long term and maximize corporate value

LBOs/MBOs

An LBO is a method of acquiring a company or business using borrowed money. If the business or company that is being acquired generates fixed cash flows, the acquirer (typically, the sponsor providing equity) can purchase the business or company for relatively little cash. For this reason, the borrowed funds are considered the "lever" that multiplies the return on the purchaser's funds, which are constrained.

Management buyouts (MBOs) involve the acquisition by existing corporate management of a company's shares or operations. As the existing management team typically has a limited amount of cash available, MBOs generally require that funds be raised to acquire an operation. For this reason, an MBO may take the form of an LBO. In the event that borrowed funds alone are insufficient, the management team may offer equity to a collaborative sponsor, such as a buyout fund or partner.

In recent years, this method has been used more frequently by listed companies that are delisting and to enable the succession of owner-operated companies.

As a financial advisor, DBJ ties together all MBO-related details, arranges investment and mezzanine financing, and works out joint equity financing with sponsors. The ability to handle this range of activities allows DBJ to offer LBO/MBO solutions.

Mezzanine Financing

Mezzanine financing is a method that typically involves a greater degree of investment risk than the senior loans employed by financial institutions.

Mezzanine financing is lower in the repayment hierarchy, so risk is higher than for senior loans. In markets such as the United States, which have a broad range of investors, mezzanine financing plays an important role in diversifying the types of funding that are provided. As mezzanine financing is riskier than senior financing, it bears a correspondingly higher interest premium, making it an economically rational choice of investment funds.

Depending on financing plans and capital policies, flexible mezzanine financing can be introduced and set to have diverse characteristics corresponding to both equity and debt. In recent years, demand for this type of financing has grown in association with business acquisitions, spinoffs of subsidiaries and business units, business succession, and by listed companies that are delisting.

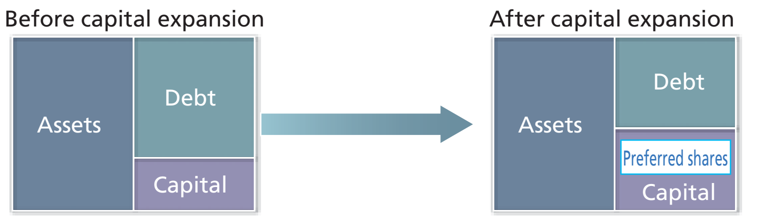
Mezzanine financing has the benefit of providing funding that may be difficult to obtain through senior loans. Such financing also prevents dilution of the voting rights of existing shareholders. Redemption schedules can be set to be rigid or flexible.

From a long-term perspective, DBJ helps clients resolve problems with their balance sheets through total solutions that range from the arrangement of financing to the provision of funding.

Types of mezzanine financing
- Subordinated loans, subordinate corporate bonds
- Preferred shares, classified shares
- Hybrid securities, hybrid loans, etc.

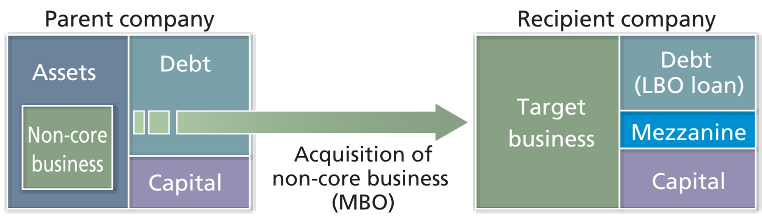
■ Case Study: Mezzanine Financing

Case 1: Resolving an Undercapitalization Issue



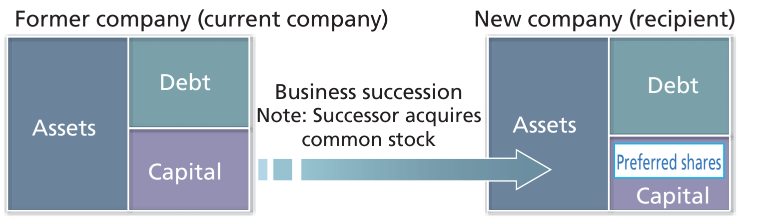
Objective: Conventional restructuring methods involve posting extraordinary losses, which is problematic for companies that are undercapitalized. This issue was resolved by raising capital through the issuance of preferred stock.

Case 2: Supplementary Method of Financing a Business Acquisition



Objective: Provide supplementary financing to overcome a shortfall between the purchase price and the amount available through equity funding and loans.

Case 3: Avoiding Dilution of Voting Rights during Business Succession



Objective: Prevent the dilution of successor's voting rights when financing is provided for business succession

Consulting/Advisory Services

We offer consulting and advisory services and make use of networks with allied financial institutions. Through our consulting and advisory support services, we help clients become more competitive and contribute to the vigor of regional economies.

Our consulting and advisory services are backed by the know-how we have built up through our structured and other types of financing, our M&A advisory services and our provision of expertise on industry research and environmental and technical evaluations. We apply this accumulated expertise to help clients resolve the issues they face.

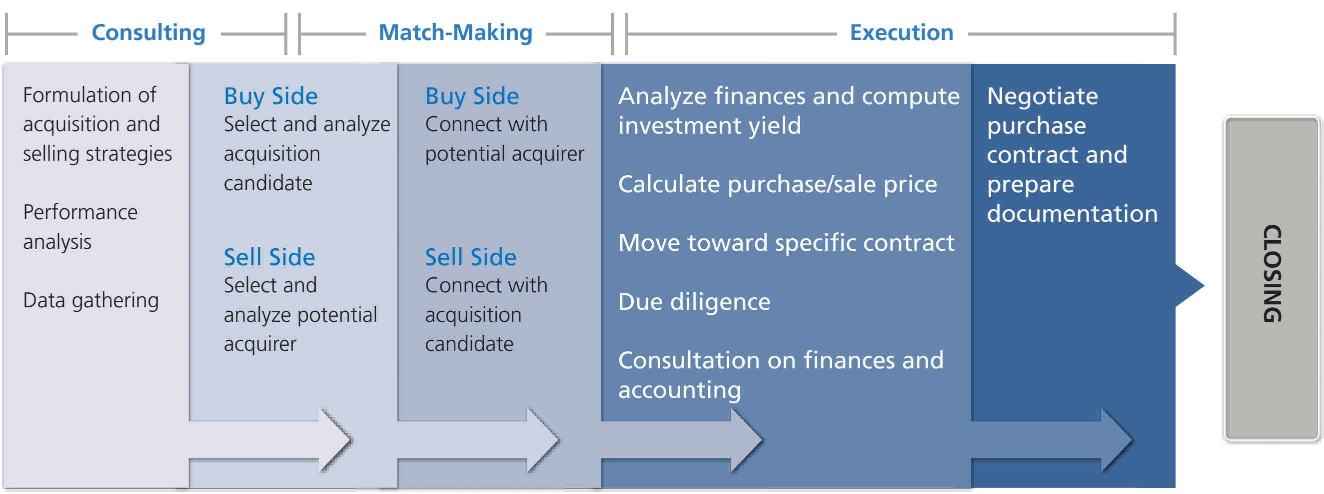
M&A Advisory Services

Even as corporate development options diversify, M&A activity is growing more prevalent, both for businesses restructuring operationally and for industry restructuring overall. Mergers and acquisitions can be a method for achieving better employment stability and a stronger competitive position. Amid growing interest in M&A activities in Japan and overseas, DBJ provides advisory services through its own networks. We offer comprehensive M&A solutions that match clients' varied needs and management strategies.

Strategic Consulting

- **Comprehensive Business Strategies**
  We create operating and management strategies that draw on the knowledge we have cultivated through many years of providing investment, loan and project support from a medium- to long-term perspective.
- **Information on a Wide Range of Business Partners**
  DBJ is involved in business entities in a broad range of industries, and its business partners in Japan number more than 3,500. Since 1984, we have provided loans for more than 700 foreign-capitalized companies, enabling us to also provide a wide variety of information on overseas companies as well.
- **Cohesive Domestic and Overseas Information Network**
  DBJ maintains close relationships with regional financial institutions, which have excellent insight into the companies that operate in their regions, as well as with Japanese and overseas financial institutions and accounting and legal firms. Such relationships enable us to build information networks to accumulate accurate information. We have created a banking M&A network that links information on 80 financial institutions (regional banks and trust banks) with information on corporate M&A activities.
- **M&A Activities**
  DBJ provides fundamental advisory services at every stage of a merger or acquisition, from planning through to implementation.

■ **M&A Advisory Services**

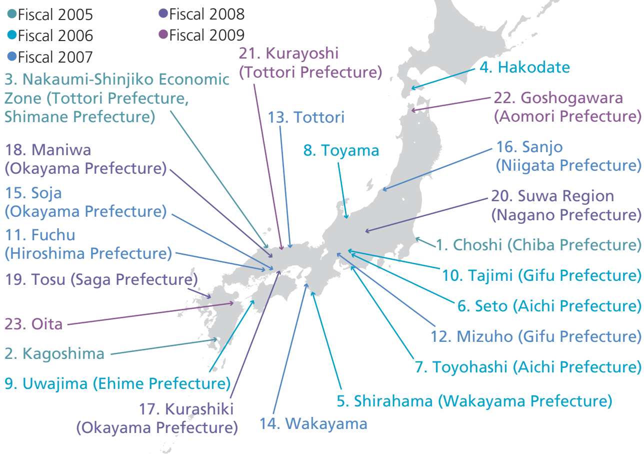


Regional Health Checks

When diagnosing the health of local community-building activities, DBJ begins by analyzing communities based on publicly available data. We augment this trove of information by conducting on-site surveys and local interviews, and then make an independent diagnosis of the region's health. We discuss our findings (issues and possibilities) with the region's constituents, including those that we have uncovered through our interaction with members of their community.

Mutual awareness of regional issues and possibilities provides an opportunity for taking action, such as by formulating a project.

■ Performance to Date



Practical Application Support Center for Technology

DBJ established the Practical Application Support Center for Technology in February 2004 to help medium-sized companies realize their potential for the commercialization of successfully developed technologies. The role of this center is to diagnose whether companies have the management strength (technology management expertise) to turn their technologies into products. We also provide mentoring, business planning and other advice and technology management training, and support medium-sized manufacturing companies in the development of new value. DBJ works with regional financial institutions, local government bodies, universities, economic organizations and industrial support bodies to aggressively promote the expertise offered by the Practical Application Support Center for Technology, helping to raise regional industrial competitiveness.

In addition to evaluating companies' abilities to manage technologies and products, we support the development of appropriate long-term strategies based on objective information obtained via our extensive networks.

We provide additional evaluations based on our expertise in operational screening, and through consultation on financial strategies help clients consider optimal long-term strategies.

From the perspective of providing neutral and specialized business plans, we aim to be a partner that client management can consult on any topic related to manufacturing management. By providing integrated expertise in this way, we help clients raise their corporate value and contribute to the development of the Japanese manufacturing industry.

Changes in the Operating Environment for Manufacturers

	Past	Present
The background of the times	Period of rapid economic growth Mass production	Increasingly diverse client needs Global competition Multiproduct, small-lot manufacturing
Manufacturers' main points of emphasis	How can we make products?	What should we make?
Important management elements	Technology, production, equipment	Technology, production, equipment + Marketing Research and development Human resource training

DBJ's Strengths

DBJ's networks
- Independent network with technology advisors
- Network with business partners throughout Japan
- National, regional and university networks

DBJ's expertise
- Screening
- Industrial research
- Finance, M&A, MBOs, business revitalization, equity, other areas

Manufacturing Companies
Need to enhance technology management skills

DBJ Practical Application Support Center for Technology
Formulate business strategies and help train and develop managerial level human resources

Achieve increases in corporate value

Investment and Loan Business Practices (CSR through DBJ's Core Business)

DBJ promotes CSR through its core business to solve social problems. Specifically, DBJ draws on its broad client base and knowledge of industry to develop sophisticated financial services in two of its strongest areas: environment and technology, and social infrastructure.

Projects to Serve the Needs of Each Client Base

CSR through DBJ's Core Business

Environment and Technology

Social Infrastructure

Materials and Assembly	• Resource- and energy-saving initiatives • Restructuring of businesses and industries on a global scale
Energy and Natural Resources	• Renewable energy (power generation at home and abroad) • Carbon funds, CDMs • Precious metals and other natural resources
Transportation	• Improvement and redevelopment of railroad environs • Financing for airport-related business and airplane materials • Shipping financing
Urban and Regional Development	• High-quality infrastructure building through urban development • Asset mobilization • Business restructuring and succession through alliances with local financial institutions
Everyday Necessities	• Development of commercial and distribution infrastructure • Upgrading and restructuring of telecommunications industry • Health and social welfare measures

Case Studies

DBJ Environmental Ratings	Environmental Club Syndicated Loan *Eco-no-Wa* Financing Employing Environmental Ratings Kansai CSR Financing
Emissions Credits	Developing a Greenhouse Gas Emissions Credit Transfer Scheme
Sustainable Energy	Financing Wind Power Generation Business with a Private Bond Placement
Promoting the 3Rs (Reduce, Reuse, Recycle)	Mezzanine Financing of Recycled Product Manufacturer Financing Promotion of the Effective Use of Resources with Interest Subsidies
Corporate and Business Revitalization	Preferred Stock Issue for Regional Corporations Conducting Business Assistance Activities
Transportation Infrastructure	Syndicated Loan for New Rapid Railway Development Project
Urban Development	Hybrid Financing for Urban Redevelopment Project
DBJ Disaster Preparedness Ratings	Financing Employing Disaster Preparedness Ratings
Private Finance Initiatives	Project Financing of PFI Projects
Community Revitalization	Financing Businesses Targeted in Regional Revitalization Plans
Healthcare	Investing in Business Revitalization and Restructuring Funds for Healthcare Providers Nonrecourse Loan for Private Placement Real Estate Fund Project Financing for Hospital SPCs
M&A and Business Alliances	M&A Advisory Service for the Acquisition of Overseas Companies

DBJ Environmental Ratings

The environment is a matter of global concern, and corporations are responsible for conducting business in an environmentally responsible manner. Financial institutions are no exception, being tasked with the mission of contributing to a sustainable economy in an environmentally responsible manner.

DBJ Initiatives

Beginning with the antipollution measures implemented in the late 1960s and early 1970s, DBJ has provided more than ¥3 trillion in investments and loans for environmental measures over the past 40 years.

In the year ended March 31, 2006, DBJ began employing environmental ratings in its financing based on knowledge cultivated for over five decades. DBJ developed a screening (rating) system that scores companies on the level of their environmental management and then applies one of three different interest rates reflecting that effort. This was the world's first incorporation of environmental ratings in financing menus. In the year ended March 31, 2009, we launched an interest rate subsidy system[1] based on environmental ratings to advance global warming countermeasures. In recognition of these efforts, DBJ received an Outstanding Development Project Award[2] in the Environmental Development category from the Manila-based Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) at its annual meeting in April 2009.

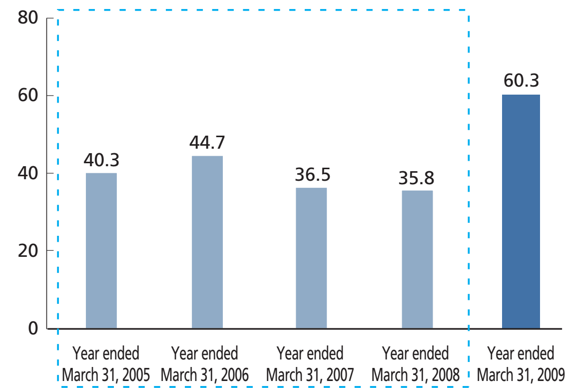
ADFIAP Awards Ceremony

The graph below shows the amount of financing employing DBJ Environmental Ratings for the past five years. Compared to the previous year, financing in the year ended March 31, 2009, increased 70% and was ¥200 billion more than the amount in the year ended March 31, 2006.

In the year ended March 31, 2009, DBJ furnished syndicated loans to Sumitomo Metal Industries, Ltd., Nankai Electric Railway Co., Ltd., Kirin Holdings Company, Limited, and Sekisui Chemical Co., Ltd. The number of collaborative financing projects with other banking institutions, including syndicated loans, grew significantly in the Kansai region, more than doubling from four projects in the previous fiscal year to a total of nine projects in the year under review, with the amount of collaborative banking institution financing increasing sixfold to approximately ¥37 billion.

In October 2008, banking institutions also selected the Financing for Tokyo Small and Medium Enterprises that Support Environmental Initiatives system. This system aims to accelerate environmental initiatives by providing low-interest financing to small and medium-sized enterprises with business offices in Tokyo. DBJ employed its proprietary screening system for small and medium-sized enterprises to determine the environmental rating of companies including Bespack Inc. and Trillion Co., Ltd.

■ **Financing Employing DBJ Environmental Ratings**



Notes:
1. Figures for years ended March 31, 2005 to 2008, are for DBJ's predecessor.
2. Figures for the year ended March 31, 2009, include those for DBJ's predecessor (from April 1, to September 30, 2008).

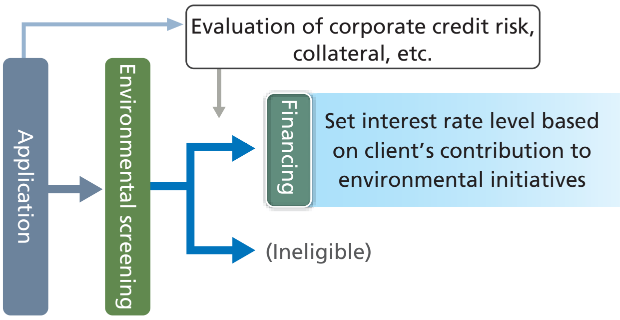
*1 Under the Ministry of Environment's interest rate subsidy system, companies that acquire a DBJ environmental rating and pledge to reduce per unit CO_2 emission volumes by more than 5% within five years receive a 1% reduction on loan interest rates in an effort to provide capital as a means of addressing global warming issues.

*2 Awarded to Asian-Pacific development finance organizations that have attained excellence in the objectives of offering highly superior and enlightened deals and sharing financing techniques and technology in the Asia-Pacific region.

DBJ環境格付

DBJ environmental logo

■ **Outline of Financing Employing DBJ Environmental Ratings**



Features

- Varying interest rate levels based on environmental rating
- Screening sheet contains approximately 120 questions derived from the United Nations Environment Programme Finance Initiative (UNEP FI) evaluation of fair and neutral global environmental trends and an exchange of information with the Ministry of the Environment
- Ratings determined through interview with client
- Corresponds to a wide range of clients from manufacturers to such nonmanufacturers as retailers, railway operators and leasing companies

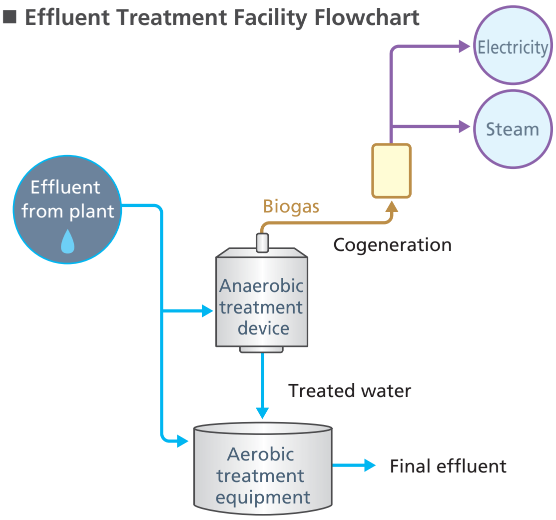
Investment and Loan Case Study: Kirin Holdings Company, Limited, Environmental Club Syndicated Loan *Eco-no-Wa*

Kirin Holdings Company, Limited (head office: Chuo-ku, Tokyo) is the holding company for the Kirin Group, the largest domestic maker of alcoholic beverages centered on Kirin Beer. In addition to significantly reducing CO_2 emissions through measures such as the installation of photovoltaic devices, the treatment of anaerobic effluent using biogas and boiler fuel conversion, the Kirin Group completely recycles byproducts and waste at its beer breweries and is engaged in the practice of high-level global warming prevention and recycling measures.

DBJ gave Kirin Holdings its highest rating, with special acknowledgement as a model corporation, furnishing them with an *Eco-no-Wa** environmental club syndicated loan for ¥20 billion with the participation of 11 regional financial institutions. *Eco-no-Wa* is a syndicated loan furnished by financial institutions with a high environmental awareness whose funds are used solely for the purpose of environmental investments and expenses. Financing was provided primarily by regional financial institutions whose operating bases are the areas where Kirin Group plants are located to promote eco-friendly activities in regional areas.

* *Eco-no-Wa* is an environmental club-type syndicated loan whose name is currently under application for trademark registration. The name is derived from the English word "ecology" and the Japanese word "*wa*," which connotes harmony, cycles and rings.

■ **Effluent Treatment Facility Flowchart**



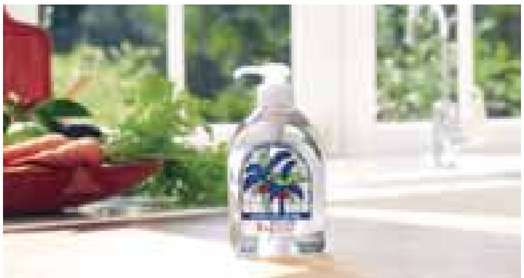
Photovoltaic generation panels at Kirin Beer Park Fukuoka

Investment and Loan Case Study: Saraya Co., Ltd., Financing Employing Environmental Ratings

Osaka-based Saraya created *Yashinomi*, a natural, 99% biodegradable dish soap in 1971 and is aggressively engaged in the development and sales of products that improve sanitation, the environment and health. Saraya's strength is its cooperation with environmental groups and other stakeholders to proactively procure raw materials that contribute to biodiversity, including the sustainable procurement of palm oil, the main ingredient in soaps and detergents.

Saraya established the Borneo Conservation Trust, and for the past few years the company has donated some of the proceeds from the products it sells to support conservation in Borneo. Deepening its commitment to the environment, in May 2008 Saraya signed the Business and Biodiversity Leadership Initiative endorsed by the U.N. Biodiversity Treaty.

In recognition of these efforts, DBJ gave Saraya its highest rating, and provided financing that reflected this environmental rating.



Yashinomi dish soap

Topics: Kansai CSR Financing

In 2007, DBJ's Kansai Branch created CSR Financing, a unique regional financing system to support the environmental contribution, disaster prevention and welfare initiatives conducted by companies with headquarters located in Osaka. This system evaluates the CSR initiatives of companies with headquarters in Osaka in terms of social contribution activities, compliance efforts, transparency, safety, quality and consideration for employees, and provides a preferential low fixed interest rate to companies recognized as leaders of these initiatives.

Companies engaged in these initiatives are evaluated not only on their activities, but from the perspective of the potential tangible and intangible impacts of those initiatives on the creation and development of regional communities.

Investment and Loan Case Study: Mitsuboshi Belting Ltd., Kansai CSR Financing

Established in 1919, Mitsuboshi Belting (Kobe, Hyogo Prefecture) makes power transmission belts used primarily in automobiles and office automation equipment. In addition to initiatives reducing environmental burdens, Mitsuboshi Belting is proactively involved in regional contribution activities and highly regarded for its efforts as applied to Kansai CSR Financing.

(1) Mitsuboshi employees have created over 80 ponds since 1996 at Kobe schools and public facilities to heal children who were victims of the Great Hanshin-Awaji Earthquake in accordance with its corporate philosophy of giving attentive consideration to both humanity and nature.

(2) Mitsuboshi employees volunteered their time and efforts via a volunteer holiday system the company established to encourage employees to get involved and create the ponds.

(3) Disaster prevention practices were conducted by Mitsuboshi employees in collaboration with local residents, and extension of the actual firefighting activities Mitsuboshi employees engaged in after the Great Hanshin-Awaji Earthquake to stop the spread of fire in the city.

Environmentally friendly rubber timing belts that are halogen substance-free

Supporting the creation of ponds at schools and public facilities

Emissions Credits

Some predict that climate change caused by global warming will significantly impact the environment in such areas as ecology, agriculture, human health and social order. International initiatives are thus underway to devise international frameworks to reduce greenhouse gases. The Kyoto Protocol, adopted in December 1997, set a target for Japan to reduce its greenhouse gases by an average of 6% compared with 1990 levels by 2012. Japan's greenhouse gas emissions in the year ended March 31, 2008, however, actually exceeded the 1990 baseline by some 9.0%. Excluding the effects of the Japanese government's purchase of emissions credits and the measures to offset emissions through afforestation, Japan must reduce greenhouse gas emissions by an annual average of approximately 2.3%.

Industry accounts for one-third of Japan's total carbon dioxide emissions. Tireless efforts during the year managed to move this level down around 9.6% against the baseline for the year ended March 31, 2007. However, as Japanese industry is already among the world's most energy-efficient, there is little room to reduce emissions further.

The Kyoto Mechanisms, as Defined by the Kyoto Protocol

The Kyoto mechanisms—the clean development mechanism (CDM) and joint implementation (JI)—are supplementary means by which countries can meet their targets under the Kyoto Protocol. The core CDM/JI mechanisms allow developed nations to use technology support or loans to reduce greenhouse gas emissions and count the amount of such reductions as credits toward meeting their reduction goals. Given the circumstances mentioned above, the Kyoto mechanisms are increasingly seen as highly cost-effective means for developed countries to meet their goals, while contributing to sustained growth by developing countries. For all of its advantages in meeting greenhouse gas emissions, the CDM/JI business is still new, and all of the uncertainties about the potential risks of doing business in the developing world (e.g., sovereign risk and construction risk) are likely to apply. Hence, individual corporations are still uneasy about engaging in such operations on their own.

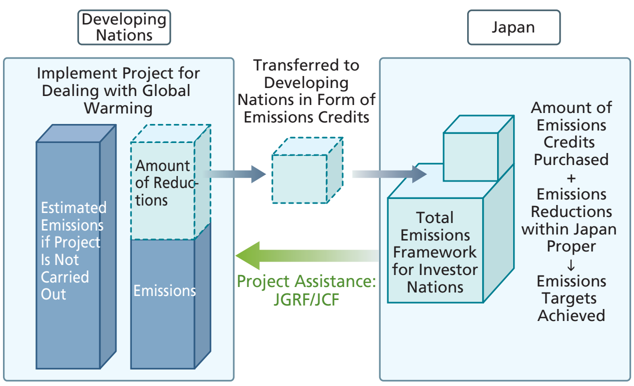
DBJ Initiatives

With reductions in greenhouse gas emissions a matter of paramount concern for Japanese corporations, DBJ has put forth two possible structures for obtaining large quantities of adequate and reliable emissions credits: the Japan Greenhouse Gas Reduction Fund (JGRF) and Japan Carbon Finance, Ltd. (JCF). The fund framework identifies the most efficient projects and distributes risk by investing in dozens of projects at a time.

Investment and Loan Case Study: JGRF and JCF Develop Greenhouse Gas Emissions Credit Transfer Scheme

In the more than four years since their inauguration in late 2004 as a collaboration between the public and private sectors, JGRF and JCF have leveraged to the fullest DBJ's knowledge and experience of fund operations, as well as its knowledge and experience of private-sector businesses in reducing greenhouse gases. To date, these organizations have assembled an extensive portfolio in China, India and elsewhere in Asia, Latin America and Africa, where they continue to regularly purchase emissions credits, manage projects and conduct monitoring. In August 2007, JGRF acquired its first emissions credits on the order of 100,000 tons through the Antonio Moran wind power generation project in Argentina.

■ Emissions Credit Transfer Scheme




Antonio Moran Wind Power Plant Project in Argentina


Hydro Power Project Kanfeng in China

Sustainable Energy

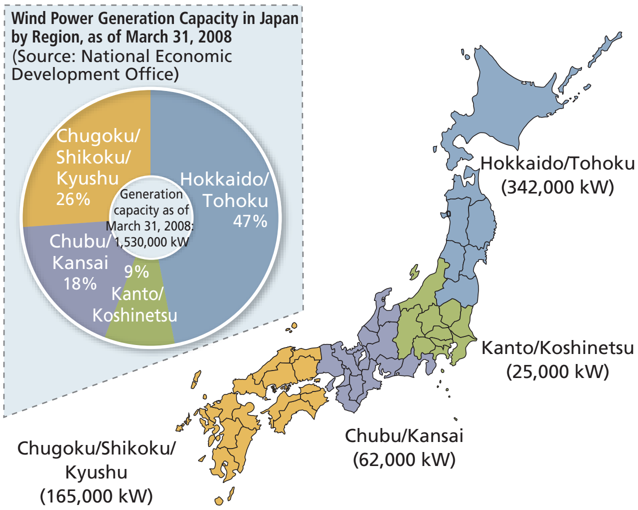
International interest in wind power as a sustainable alternative to carbon-based generation is mounting amid ongoing concerns about global warming. However, Japan has lagged Europe and the United States in aggressively developing wind power generation, ranking only 13th in the world in terms of domestic generation capacity (1,530,000 kW as of December 31, 2007). A steady stream of funding is needed to accelerate wind power generation initiatives, help developers accumulate technical expertise and meet the needs of projects of different scales and at varying stages of development.

DBJ Initiatives

In 1999, DBJ became the first entity in Japan to create a project financing scheme for extending funds for a wind power generation plant. Active in financing wind power generation facilities since that time, we now provide financing for some 38.6% (as of March 31, 2008) of Japan's wind power generation, in terms of generation output.

The pie chart to the right indicates Japan's total wind power generation capacity. The figure above the map of Japan shows how many wind power generation facilities are financed by DBJ.

■ **Loans Provided by DBJ for Wind-Power Generation Plants**
(Projects Completed as of March 31, 2008)



Investment and Loan Case Study: Japan Wind Development Generation Facility Financed with a Private Bond Placement

Japan Wind Development, with its headquarters in Minato-ku, Tokyo, is an active developer of wind power generation facilities, primarily in Japan. Drawing on this expertise, the company constructed a wind power generation plant using a system of sodium-sulfur (NaS) storage batteries to store electricity—the world's first such system. In addition to being a safe way to store electricity, this system allows wind power generation plants to be situated in locations off the electricity grid, such as remote islands and other outlying areas. These advantages increase the autonomy of such regions, as well as help to ensure stable sources of renewable energy. DBJ conducted a private bond placement to provide long-term, stable funding for this project.


Battery storage system for wind power generation plant


Wind farm

Promoting the 3Rs (Reduce, Reuse, Recycle)

Since the oil shocks of the 1970s, Japanese corporations have promoted the development of energy-saving products. At present, Japan leads the world in energy-saving technology, but there is still much to be done. The promotion of the 3Rs (Reduce, Reuse, Recycle) is necessary to further the formation of a sustainable resource-saving society.

DBJ Initiatives

Dating back to the time of our predecessor, beginning with waste treatment and recycling facilities using new technologies, DBJ has supported projects aimed at increasing the resource efficiency of product manufacturing and usage and the improvement of facilities linked to the suppression of waste creation (reduce), the improvement of facilities necessary to perform processes appropriate for the collection and reuse of used products (reuse) and the improvement of facilities necessary to collect used products to reuse as raw materials (recycle) through medium- and long-term financing.

Investment and Loan Case Study: Mezzanine Financing of Recycled Product Manufacturer Eco Research Institute Ltd.

Eco Research Institute Ltd. (Head office: Shibuya-ku, Tokyo) utilizes proprietary technology to recycle industrial waste paper to create paper powder pellets as plastic alternatives, buffering materials for product packaging, heat-insulating materials and foam food trays as well as products for daily use including combs and chopsticks.

One of ERI's main products is MAPKA. MAPKA is a plastic alternative created from the combination of resin and paper powder made from recycled paper with the same properties as plastic, a highly generic and eco-friendly alternative to existing plastic and paper products.

While demonstrating a potential for high growth, ERI had equity financing needs, requiring comparatively large-scale financing with a margin of surplus capital in the start-up phase.

In response to the additional capital investment required to increase MAPKA production capacity, DBJ provided mezzanine financing via preferred stock issuance to enable ERI to increase the stability of its financial structure and strengthen its fund procurement capability.

Products made from MAPKA

Investment and Loan Case Study: Kashima Senko Co., Ltd., Financing Promotion of the Effective Use of Resources with Interest Subsidies

Kashima Senko, headquartered in Kashima, Ibaraki Prefecture, and a wholly owned subsidiary of Konoike Transport, located in the Kashima Steel Works of Sumitomo Metal Industries, Ltd., recycles steel dust as well as the waste of steel- and zinc-smelting processes. At its sole plant, Metal Circle Kashima, where high-quality iron and zinc ore products with no impurities are manufactured, Kashima Senko has established a perfect recycling system through strict materials selection and expertise cultivated over its long history—that is, it completely eliminates secondary waste, thus mitigating the company's environmental burden.

DBJ provided ¥2.4 billion in financing to Kashima Senko's investment in increasing plant capabilities. This was the first project by a steel dust recycler to be authorized under the Ministry of Economy, Trade and Industry 2008 initiative Financing Promotion of the Effective Use of Resources with Interest Subsidies.*

Recycling plant

*Financing Promotion of the Effective Use of Resources with Interest Subsidies aims to contribute to the health and development of the Japanese economy by promoting the rationalization and appropriate use of resources and energy by providing interest subsidies on the financing provided by financial institutions for capital expenditure promoting the effective use of resources.

Corporate and Business Revitalization

Following the emergence of nonperforming loans as a major problem in Japan in the late 1990s, many efforts have been made to revitalize corporations and business. In recent years, the disarray in the international financial order and economic globalization has accelerated the rate of change in the corporate operating environment. Smooth rehabilitation is an important issue for the distressed companies themselves, the entities supporting their revitalization and financial institutions.

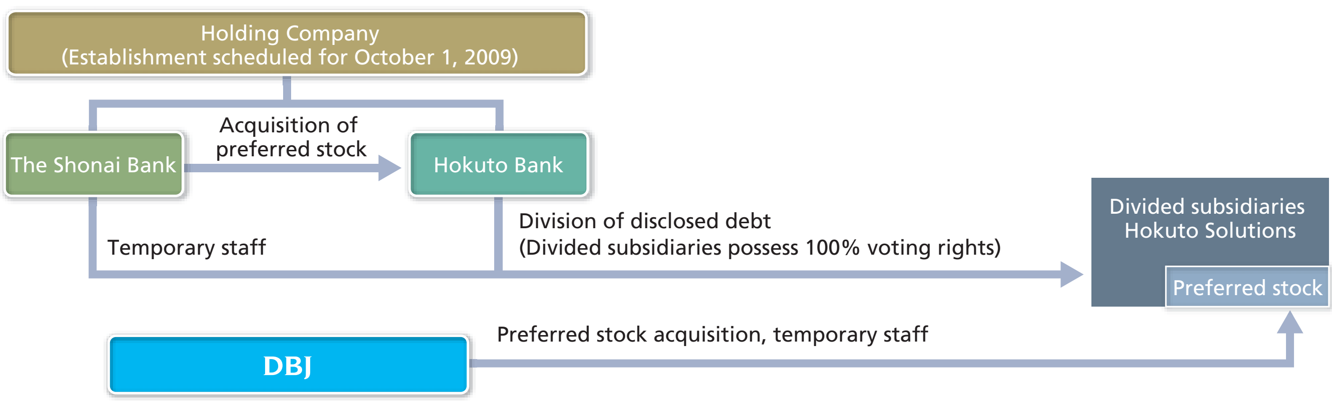
DBJ Initiatives

DBJ believes it is necessary to construct a mechanism to support the preservation and development of distressed corporations that possess business value, and is a pioneer in the support of corporate and business revitalization employing a diverse range of tools. These methods primarily include early debtor-in-possession financing, which involves the allocation of funds for formulating revitalization plans to corporations that have applied for legal arrangements, business revitalization funds that support capital reconstruction through stock acquisitions of distressed corporations, the allocation of capital though exit financing, the refinancing of existing debt, the provision of medium- to long-term funding and M&A support to enable the normal corporate activities of reconstructed firms.

Investment and Loan Case Study: Hokuto Solutions Preferred Stock Issue for Regional Corporations Conducting Business Assistance Activities

Hokuto Solutions, a wholly owned subsidiary of Hokuto Bank, both headquartered in Akita Prefecture, was established in an attempt to improve its parent's financial health by reducing disclosed debt and providing management support to trading partners. DBJ commenced a business alliance with Hokuto Bank and The Shonai Bank, Ltd., which has headquarters in Tsuruoka, Yamagata Prefecture.

Hokuto Solutions inherited ¥16.2 billion in disclosed debt from Hokuto Bank and is engaged in debt management and the support of business revitalization activities for Hokuto Bank. The business alliance combines the expertise of DBJ, Hokuto Bank and The Shonai Bank in an attempt to achieve the business aims of Hokuto Solutions. DBJ provides temporary staff to Hokuto Solutions and invested approximately ¥1 billion in the form of nonvoting preferred stock.



Transportation Infrastructure

Transportation infrastructure supports economic activity and is the foundation of a rich and abundant lifestyle. The promotion of investment is necessary for the maintenance and renovation of the transportation infrastructure in accordance with aging and requirements of increased transport capacity and efficiency, as well as in response to an aging population and environmental issues. As the amount of investment needed grows larger and investment horizons grow longer, projects requiring a longer period of time to realize a return on investment have increased, and as a result, the procurement of long-term funding has become an increasingly important issue.

DBJ Initiatives

Since the days of post-war reconstruction, DBJ has been engaged in the development of the Japanese economy and industry and the construction of a social infrastructure contributing to the improved quality of people's lifestyles. As a result, DBJ has been able to use this expertise to support the activities of its clients through the construction and improvement of the transportation infrastructure.

Specifically, we are engaged a wide range of activities including the stable provision of long-term financing, project financing repaid solely by cash flows generated by the project, projects formulated with a long-term perspective and the support of business alliances between multiple companies making use of our neutral position.

Investment and Loan Case Study: Narita Rapid Railway Access Co., Ltd., Syndicated Loan for New Rapid Railway Development Project

Narita Rapid Railway Access Co., Ltd., of Funabashi, Chiba Prefecture, is a class-three railway operator established in April 2002 to create a new high-speed access route connecting central Tokyo and Narita Airport by extending the Hokuso and Chiba New Town Lines to Narita Airport (scheduled for completion in 2010).

Construction of the Narita New Rapid Railway was approved as a national urban renewal project by the Cabinet Secretariat Urban Renewal Headquarters. This project will reduce the time required to travel from Narita Airport to central Tokyo from 51 minutes to 36 minutes, increasing convenience and bringing Narita Airport access to a level on par with other major airports around the world. In addition to increasing transport capacity, this project will have the added effect of supporting the increase in international airport facilities demand expected from the government-sponsored Visit Japan Campaign*, anticipated to greatly increase the number of overseas visitors to Japan.

In conjunction with Mizuho Corporate Bank, DBJ provided Narita Rapid Railway Access with a syndicated loan. Both banks provided Narita International Airport Corporation, the parent company of Narita Rapid Railway Access, with partial means to complement creditworthiness while constructing a creative financing scheme that ensures profitability through the establishment of rational covenants, providing both companies with the financing necessary to proceed towards completion of the project.

*A collaborative campaign involving the development and introduction of attractive travel products to Japan that communicate the attractive qualities of sightseeing in Japan overseas with the objective of attracting 10 million foreign visitors to Japan by 2010.

Narita Rapid Railway exterior construction at the Matsumushi River Bridge

Narita Rapid Railway construction at the Yoshitakahigashi Bridge

Urban Development

Efforts to develop and upgrade urban infrastructure and functions in response to the information age, a decreasing birth rate and an aging population, and the creation of urban culture and a comfortable environment for the lifestyles of working people through urban development are the driving forces behind the revitalization of economies and communities at the regional and national levels.

In recent years, there has been an increasing demand for urban development and renewal that takes environmental conservation and disaster prevention into consideration in an attempt to realize a sustainable society.

DBJ Initiatives

DBJ is actively involved in urban development through the establishment of an urban renewal fund that provides mezzanine financing for urban development projects in collaboration with multiple financial institutions.

DBJ will continue to support urban development by providing financing to developers employing various financing schemes including securitization and other methods.

Investment and Loan Case Study: Tobu Railway Co., Ltd., Hybrid Financing of Urban Redevelopment Project

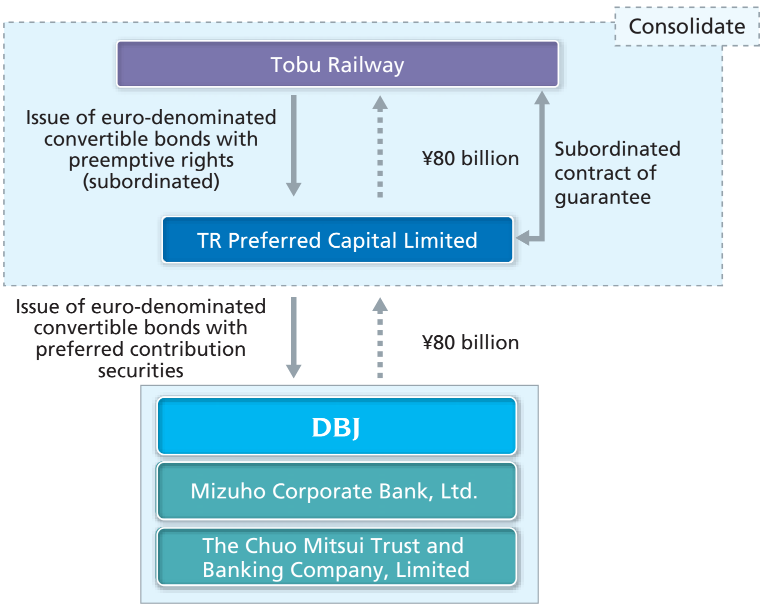
To maintain a robust capital structure, in October 2008, Tobu Railway, with its headquarters in Sumida-ku, Tokyo, abstained from direct participation in a massive commercial development project focused on the Narihirabashi and Oshiage areas. Project highlights include construction of the Tokyo Sky Tree, a broadcasting tower for terrestrial digital television content.

Tobu Railway's wholly owned special purpose company, TR Preferred Capital Limited (TR), issued ¥80 billion in euro-denominated convertible bonds with preemptive rights (subordinated), procuring funds through euro-denominated convertible bonds with preferred contribution securities.

Preferred contribution securities are hybrid securities comprising capital and debt. These securities possess special debt provision measures, and are recognized by major rating agencies Rating and Investment Information, Inc., and Japan Credit Rating Agency, Ltd., as being 70% or more capital. Issuing such securities is a fund-raising method that substantially improves the financial distribution ratio while increasing financial stability.

Assuming that this large-scale project would affect Tobu Railway's financial structure, DBJ suggested mezzanine financing and undertook TR's issuance of the preferred contribution securities (hybrid securities) in conjunction with Mizuho Corporate Bank, Ltd., and The Chuo Mitsui Trust and Banking Corporation, Limited. This fund procurement through the issue of securities contributed to the strengthening of Tobu Railway's financial structure while effortlessly procuring funds necessary for the creation of social infrastructure.

■ **Overview of Fund Procurement Scheme**



Conceptual illustration of completed Tokyo Sky Tree

DBJ Disaster Preparedness Ratings

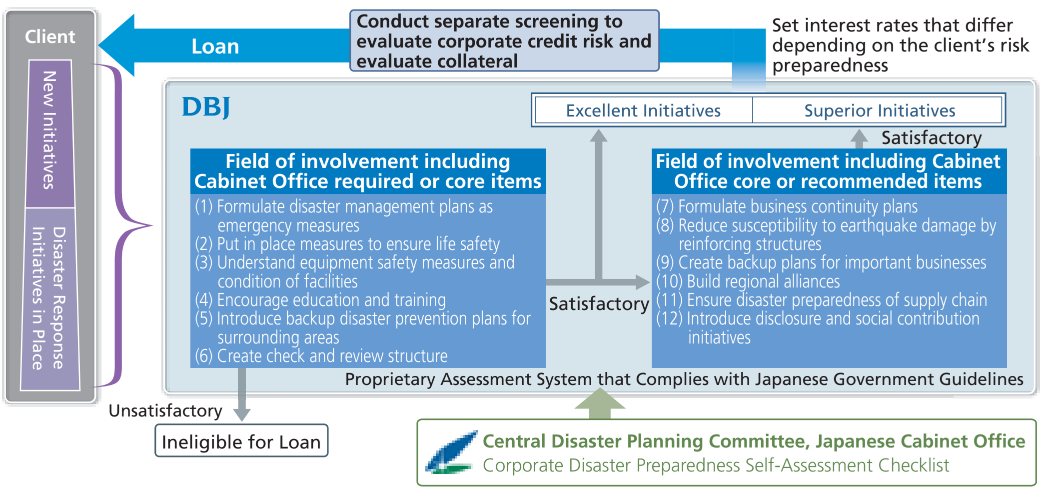
Such recent disasters as the Great Hanshin-Awaji Earthquake, the Chuetsu Offshore Earthquake and the Iwate-Miyagi Inland Earthquake caused tremendous damage to the economy, with many organizations forced to suspend operations for extended periods. In addition to plans for protecting personnel and property, companies face the need to draft business continuity plans (BCPs) to hedge themselves against lost revenue and protect their clients in the event of disaster. Protecting their operations from disaster and reinforcing their operations with continuity in mind have increasingly become important issues for companies.

DBJ Initiatives

In addition to helping businesses create countermeasures to hedge against disaster and provide contingency financing to help recover their operations in the event that they are affected by disaster, DBJ assists companies from a continuing business standpoint. We help with a full range of disaster preparedness, from the formulation of business continuity plans to the earthquake-proofing of facilities and preparation of IT backup systems. At the same time, DBJ provides new financing methods to assist the recovery of disaster-struck businesses.

In the year ended March 31, 2007, DBJ inaugurated a financing method employing a comprehensive method of rating disaster preparedness. The DBJ Disaster Preparedness Ratings is a unique evaluation system based on the Corporate Initiatives for Disaster Preparedness Self-Evaluation Inventory created by the Central Disaster Prevention Committee (Cabinet Office, Government of Japan) that evaluates and selects companies engaged in high-level initiatives and provides them with low interest rate financing as a reward for their excellent disaster preparedness measures, introducing the world's first disaster preparedness-based financing method.

■ Overview of DBJ Disaster Preparedness Ratings



Investment and Loan Case Study: Wellthy Corporation Financing Employing Disaster Preparedness Ratings

Wellthy, which has its headquarters in Chiyoda-ku, Tokyo, is engaged in the development and sales of drinkable groundwater used at a wide range of facilities including hospitals, supermarkets, department stores, hotels, train stations, food processing plants and schools.

DBJ gave Wellthy its highest disaster preparedness ratings and provided financing that reflected this achievement. This financing provided capital to Wellthy's groundwater purification plant, which has the collateral function of providing drinking water, is expected to enhance the disaster preparedness structure by ensuring the stable supply of water in times of emergency.

Through financing and business introductions, DBJ is encouraging the proliferation of groundwater purification plants.

Diffusion example: A hospital in Kanagawa Prefecture

Private Finance Initiatives

Private finance initiatives (PFIs) draw on private-sector capital and managerial competence, as well as technology, to build, operate and maintain social infrastructure that has traditionally been the province of municipal and regional public-sector administrative bodies. PFIs were first introduced in the United Kingdom, and the Act on Promotion of Private Finance Initiative was enacted in Japan in 1999. Their use has grown since then. Advantages include reduced operating costs on the part of local governments, while taking advantage of private-sector knowledge to receive high-quality public services, and business opportunities created for private-sector enterprises. Problems confronting PFIs include such practical operating concerns as distributing responsibility and accountability across multiple vendors. Numerous financing problems arise as well, and the ability to negotiate with, and manage, the various participants is also important.

DBJ Initiatives

Using its expertise in structured financing with financial institutions and its wide public/private network, DBJ has introduced PFIs in Japan since before the establishment of the PFI Law to support a wide range of project types, from water supply and residential housing businesses to school and lodging facilities.

Investment and Loan Case Study: Project Financing of Shinjo PFI

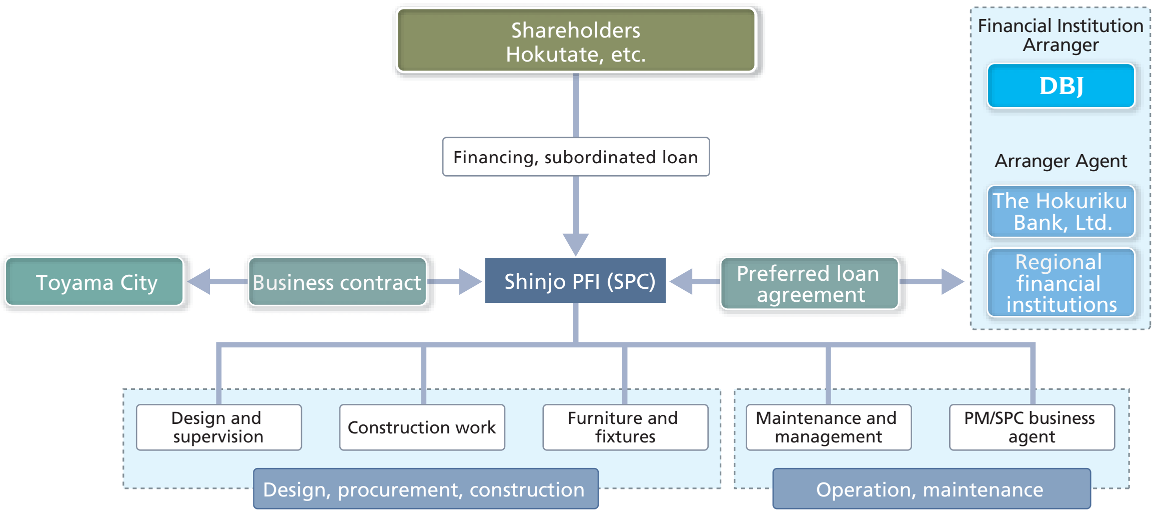
Shinjo PFI, based in Toyama Prefecture, is a special-purpose company established by project bid-winner Hokutate Group Co., Ltd., headquartered in Toyama Prefecture, to conduct the design, construction, maintenance and management of a community center and the establishment of a detached facility at Shinjo Elementary School in Toyama City.

Playing an important role in the regional community, every resource involved in the construction, maintenance and management of the elementary school and community center facilities, from the developers to the financial institutions that provided the financing, was drawn from the local community, the realization of what can be called a locally completed PFI project.

Acting as the arranger, DBJ and The Hokuriku Bank, Ltd., provided Shinjo PFI with ¥1.85 billion in project financing, which included financing provided by other financial institutions based in Toyama Prefecture.

Conceptual illustration of the completed elementary school and community center facilities

■ **Shinjo PFI Business Scheme**



Community Revitalization

Revitalization of the country as a whole begins with balanced regional development and building upon the qualities that make each region unique. Circumstances differ by region, however, starting with declining birth rates and increasing growth of elderly populations, as well as economic differences. Hence, a uniform plan for economic recovery has only limited applicability.

For this reason, the Regional Reconstruction Center was established within the Japanese Cabinet in October 2003 to revitalize local regions. (In October 2007, the center became part of the Regional Revitalization Bureau.) The government's purpose in founding the center was to revitalize the country's local regions by authorizing and assisting in the regional reconstruction plans that various regional administrative bodies devise.

DBJ Initiatives

Dating back to the time of its predecessor, DBJ has provided medium- to long-term funding in support of regional revitalization, one of our key investment and loan areas, based on local revitalization projects.

Even after privatizing, DBJ will continue to support projects that contribute to regional revitalization by making use of interest subsidies in support of regional revitalization* created through the partial revision of the Local Revitalization Act in May 2008.

*This is a support measure independently created by regional public organizations based on regional revitalization plans authorized by the Japanese government. When the implementers of regional revitalization projects fund their projects with money necessary for the project that is borrowed from financial institutions, the Japanese government grants the selected financial institution interest subsidies within the limit of the established budget. This low-interest fund procurement is expected to facilitate the smooth implementation of regional revitalization projects.

Investment and Loan Case Study: Nitto Medic Co., Ltd., Financing Businesses Targeted in Regional Revitalization Plans

DBJ provided financing to Nitto Medic, headquartered in Toyama Prefecture, for the construction of a Third Preparation Building used to produce eye medicine. This was the first project in Japan that took advantage of interest subsidies in support of regional revitalization.

Since its establishment in 1994, Nitto Medic has devoted itself to eye medicine more than any other pharmaceutical company, with the construction of the Third Preparation Building as an attempt to respond to increased demand as well as to strengthen production capacity.

In addition, by completely separating their production areas for steroids from those for generic preparations, Nitto Medic improved its production practices to conform to both Japanese GMP and U.S. FDA standards, enhancing its technological competitiveness.

This funding strengthened the operational foundation of manufacturers involved in the production of medical supplies as defined by the Toyama Prefecture's regional revitalization plan, "Genki Toyama Manufacturing Industry Activation Plan," and is expected to increase employment in the region.

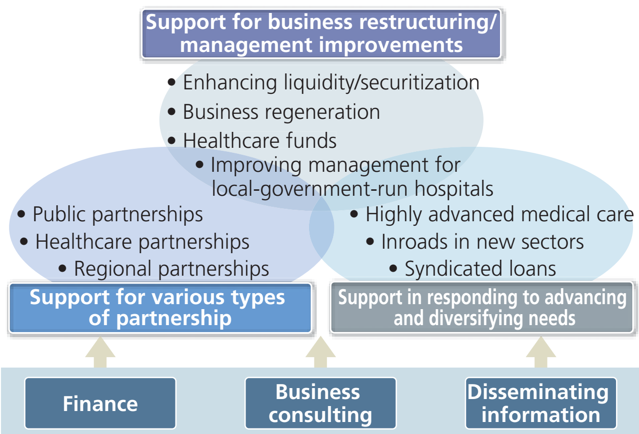
Nitto Medic's Third Preparation Building

Healthcare

Society faces a wide range of issues on the healthcare front, including an increasingly elderly population, advances in medical procedures, mergers and acquisitions by medical corporations, and a need to rebuild aging facilities. Offering uninterrupted medical services involves solving fiscal and administrative problems and improving the skills of medical and other personnel and the quality of related facilities and medical equipment.

DBJ Initiatives

DBJ is engaged in the mission of maintaining and improving the quality (including access, cost and technological standards) of each area of healthcare in Japan through financial and project consulting and the dissemination of information.



DBJ is aggressively engaged in healthcare industry consulting in conjunction with DBJ Group think tank Japan Economic Research Institute Inc. (JERI). In the treatment and hospital areas, JERI is involved in hospital PFI–related advisory and consulting in support of management plan formulation for public hospitals, and in April 2008 we established a medical welfare department to enhance our involvement in this area. Consulting activities in this department include the formulation of a hospital reform plan based on the analysis of public hospital management and the formulation of a hospital basic plan for planning activities, as well as a management consulting business for the improved management and creation of business plans for private hospitals. JERI also conducts investigations and research into a variety of medical treatment issues.

Hospital Industry Conditions Handbook 2009

Published by DBJ in cooperation with JERI at the end of May 2009.

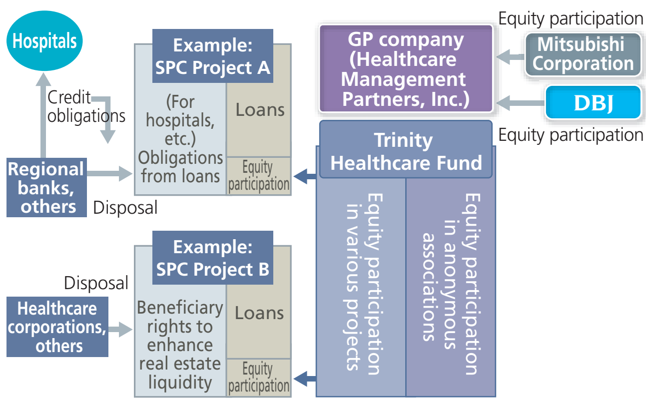
Focused on supporting hospital management reform, the handbook provides a compact and comprehensive overview of essential information.

Investment and Loan Case Study: Trinity Healthcare Fund Investment in Business Revitalization and Restructuring Funds for Healthcare Providers

In cooperation with Mitsubishi Corporation, DBJ established the Trinity Healthcare Fund, providing equity to support business regeneration/restructuring for healthcare operators.

We cooperate with the management of medical and nursing facilities owned by financial institutions over the formulation of management improvement plans and other initiatives to bolster financial standing and management frameworks, improve profits and stabilize sustainable management.

■ **Overview of the Trinity Healthcare Fund**

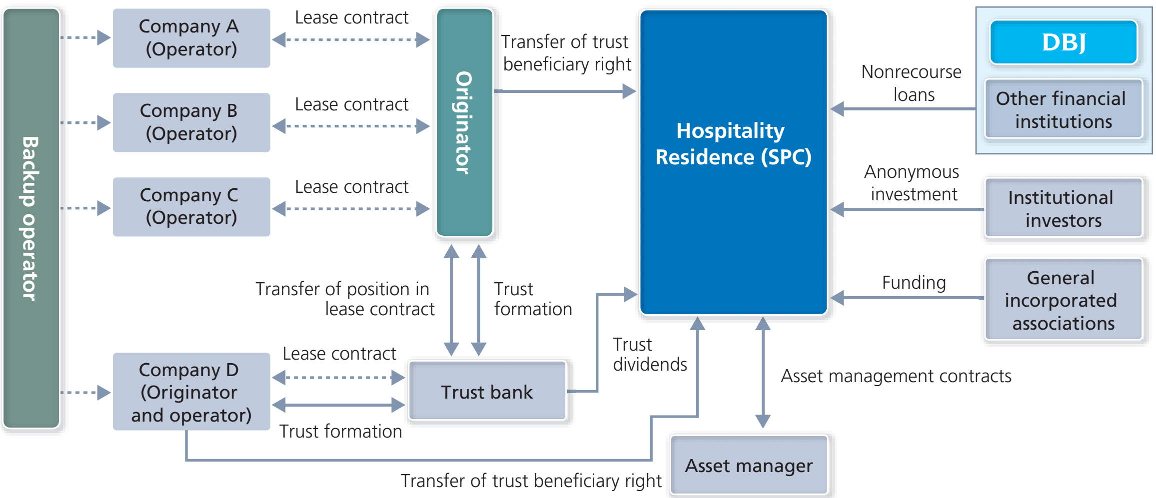


Investment and Loan Case Study: Nonrecourse Loan to the Hospitality Residence Fund, Private Placement Real Estate Fund

DBJ collaborated with other financial institutions to put together a private placement real estate fund and provide a nonrecourse loan to finance senior housing, such as fee-based senior care homes with caregivers, through a fund structured by the Mitsui Fudosan Group.

The senior care facility fund was structured differently from typical real estate investments in terms of viability, and its type was uncommon in Japan. The institutions participating in this project first evaluated its viability against other opportunities and ensured the appointment of a backup operator to ensure a stable level of ongoing service to facility residents. We believe that the popularization of such funds will make facility operation easier for operators who provide high levels of service on the part of the originator.

■ **Overview of the Hospitality Residence Fund**



Investment and Loan Case Study: JR Sapporo Railway Hospital

JR Sapporo Railway Hospital is a general hospital owned and operated by the JR Sapporo Railway. The hospital provides primary care to the Sapporo area, with particular competencies in internal medicine; respiratory and circulatory medicine; and ear, nose and throat medicine.

Owing to the increasing age of the building, Lifetime Partners, Inc., and other members of the Mitsubishi Group have partnered with the hospital to rebuild the facility with funding provided through a project financing method that uses an SPC to convert the financing to cash. DBJ was a joint arranger on the loan. The robust scheme involved the construction of a mezzanine loan that involved senior loans from community financial institutions. The SPC provides external management resources, such as the consulting services for Lifetime Partners.

An illustration of the reconstruction of JR Sapporo Railway Hospital

M&A and Business Alliances

Amid an increasingly diverse range of corporate development options, business restructuring that involves operational selection and focus, as well as industry restructuring, M&A activity is increasingly prevalent. Mergers and acquisitions are considered effective and essential for aggressive business restructuring and real estate renovation and revitalization, as they allow restructuring to be conducted quickly, while retaining the human resources and physical and intellectual assets of a business.

DBJ Initiatives

In 1999, DBJ established an M&A advisory business that makes use of its unique network with regional banks (80 participating institutions including banks and credit unions cooperating to create a regional corporate M&A framework) as well as business cultivated up to now through this extensive network. DBJ has created an information infrastructure network among legal and accounting offices with the cooperation of regional financial institutions. DBJ uses this network to provide funding and services to a diverse range of industries and clients, including strategic consulting and M&A advisory services for purchasers and sellers.

Investment and Loan Case Study: Toppan Printing Co., Ltd., M&A Advisory Services for the Acquisition of Overseas Companies

Toppan Printing, which has its headquarters in Chiyoda-ku, Tokyo, is involved in developing business in a wide range of areas including information and communication, living environment and electronics.

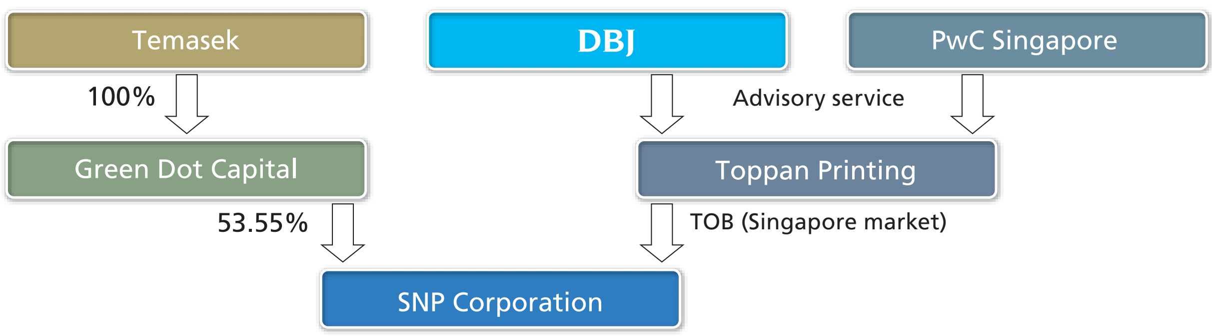
DBJ was informed that investment company Temasek, owned by the Singapore government, intended to purchase the SNP Corporation, a Singapore-based printing company. Originally Singapore National Printers Pte Ltd., a government printing office, SNP is now a major player in the printing industry and develops business domestically and in China, Hong Kong, Southeast Asia and the U.S. and European markets, with particular activity in China in recent years.

After careful analysis of SNP's corporate value and overseas business development, DBJ proposed the acquisition of SNP to Toppan, and as a result DBJ, in conjunction with PricewaterhouseCoopers Singapore,* became the M&A advisor in support of Toppan's purchase of SNP. Temasek quickly embarked on the sales process, entering a competitive bid while DBJ conducted due diligence and acquired exclusive negotiating rights and a share purchase agreement, creating a final agreement between Toppan and Temasek that switched to a takeover bid resulting in the completion of the acquisition process in September 2008.

The combination of Toppan's advanced technology and SNP's production and sales network promises to enhance Toppan's business in overseas markets.

*PwC Singapore is a member of New York–based PricewaterhouseCoopers, the world's largest professional services firm.

■ SNP Acquisition Scheme



Providing a Safety Net

DBJ acts as a social safety net by providing investments and loans to support the rehabilitation and rebuilding of areas affected by earthquakes, typhoons or other large-scale natural disasters, the outbreak of severe acute respiratory syndrome (SARS), bovine spongiform encephalopathy (BSE) and other illnesses, as well as terrorist attacks and other emergency situations that cause widespread anxiety about the financial system. In this way, we act as an emergency response unit to fill the gap that emerges when peacetime financial platforms fail to function.

Disaster Recovery

Societal Concerns

Required responses to natural disaster are to (1) ensure that people who provide information to local communities beset by a natural disaster have sufficient knowledge about those communities and take that knowledge into consideration and (2) provide rapid responses to help rebuild important infrastructure that was destroyed. What is required is an entity that through its everyday business relationships has accumulated know-how on the industries and businesses that provide this core infrastructure. This entity also must have a wealth of expertise in supplying long-term funds.

DBJ Initiatives

DBJ has provided assistance in response to such disasters as the Great Hanshin-Awaji Earthquake in January 1995 and the Chuetsu Offshore Earthquake in October 2004. In addition to the electricity, gas, rail, communications, broadcasting, urban development and other infrastructure industries, DBJ assisted providers of everyday necessities such as foodstuffs and other retail items. These efforts played a major role in revitalizing the employment and economic situations of local communities, prompting a revival in many fields.

Note: DBJ's cumulative financing for recovery from two earthquakes

Great Hanshin-Awaji Earthquake: ¥184.8 billion
(Year ended March 31, 1995, to year ended March 31, 2003)

Chuetsu Offshore Earthquake: ¥20.3 billion
(Year ended March 31, 2005, to year ended March 31, 2007)

Emergency Financing

Societal Concerns

Society requires institutions whose day-to-day operations provide a solid foundation for financing in response to terrorist attacks, natural disasters and other emergency situations. These institutions must also have the working capital and funding expertise to respond quickly to these situations.

DBJ Initiatives

In the year ended March 31, 2002, DBJ established an emergency response support system that provided financing to the Japanese airline industry, which was immediately affected by a downturn in business following the September 11, 2001, terrorist attacks on the United States and the SARS outbreak.

Note: DBJ's cumulative emergency financing provided during terrorism and SARS outbreaks: ¥437.0 billion
(Year ended March 31, 2002, to year ended March 31, 2005)

Making Use of Information Functions

Through its varied activities, DBJ comes into contact with many aspects of society. In addition to companies, DBJ's information channels and human networks include domestic and overseas governments, international institutions, regional government bodies and universities. Through these contacts, DBJ extracts a variety of information on economic and societal issues, boosting its ability to supply quality information from a neutral standpoint.

Economic and Industrial Research

In a broad range of industrial circles, DBJ researches conditions in various sectors and among different types of businesses, conducting surveys and performing research on such topics as international competitiveness. DBJ also prepares reports on conditions in individual industries, technical development trends and new industries and innovation. We provide feedback on these reports to our clients, as well as other parties.

Survey Examples

DBJ Monthly Overview

This report provides brief commentary on domestic and overseas economic and industrial trends and monthly business indicators.

This report explains domestic and overseas economic trends through analysis of economic and financial indices published each month. Recent years have witnessed increased cooperation on the global economic and financial fronts and integrated market perspectives. This report aims to further that integration by introducing overseas fiscal and monetary policy.

In terms of industry trends, this report also comments on current topics.

"Transformation in the Automotive Industry—A New Future Powered by Batteries"

(*DBJ Monthly Overview*, No.135, May 2009)

Sharp declines in global automotive industry performance spurred by the financial crisis have focused attention on the expected increase in demand for the eco-car and the current status and issues surrounding hybrid vehicles and secondary batteries for automobiles. Sorting out and analyzing the trend toward alliances and restructuring in the auto and battery makers, we investigate the possibility of a recovery from a medium- to long-term perspective.

"Retail Market Trends Amid a Declining Birthrate and the Graying of Society"

(*DBJ Monthly Overview*, No.136, June 2009)

As the domestic retail market continues to steadily decline, we look at how declining birthrates and the graying of society are changing the composition of households and affecting the retail market. Our analysis covers current changes in market scale, by industry, and the characteristics of companies with favorable performance, providing our outlook for the future of the retail market and medium-term strategies for retailers.

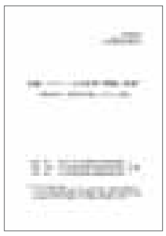
DBJ Long-Term Interest Rate Weekly Outlook

DBJ provides its clients with weekly long-term interest rate movement information on the first business day of each week. Focused on Japan and the United States, we offer a brief summary of market trends during the previous week and introduce key economic indicators, treasury auctions and other events scheduled in the current week. DBJ economists comment on the effects of important economic indicators and monetary policy announced during the week, providing an outlook for market trends based on the analysis of economic fundamentals.

"Challenges and Prospects for the Financial System and Public Policy"—abstract from a 2008 symposium jointly sponsored by Tokyo University and DBJ

(*Economic Management Research*, Vol. 30, No.1, April 2009)

The Center for Advanced Research in Finance (CARF) at Tokyo University and DBJ's Research Institute of Capital Formation jointly sponsored a symposium titled Challenges and Prospects for the Financial System and Public Policy, which was held on November 21, 2008. This summary of the symposium includes reports on the eight information sessions as well as minutes from the panel discussion Direction of the U.S. Financial Crisis and Financial Industry.



"Status and Challenges of Emergency Medical Treatment 3: Emergency Transport"
(*Medical Treatment Report*, March 2009)
With the anxiety surrounding emergency medical treatment, responding to the ever-increasing demand for emergency services has become a serious and urgent issue. This report analyzes the status and challenges surrounding emergency transport systems and the demand for emergency services and introduces specific examples addressing those challenges.

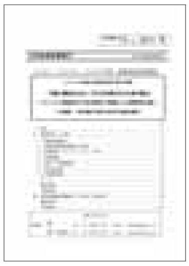
"Global Warming and Economic Development—In Consideration of Sustainable Growth"
(*Economic Affairs*, Vol. 9, University of Tokyo Press, March 2009)
This collection of 12 essays focuses on the results of research conducted by DBJ's Research Institute of Capital Formation. The essays were written by prominent researchers in the field of environmental economics, including Hirofumi Uzawa, Professor Emeritus at the University of Tokyo and Senior Advisor to the Research Institute of Capital Formation. Addressing current trends in global warming, these essays propose policy and social systems for sustainable economic development considered from the perspective of shared social capital.

Capital Investment Planning Survey

One of DBJ's main businesses is the provision of funds for long-term capital investment. With a history of more than 50 years (from 1956), the questionnaire-based *Capital Investment Planning Survey* looks at community-specific investing trends and provides analyses of raw corporate information. This information is tapped for many purposes, including investigation of, and policy formation for, the Japanese economy, planning by corporate management and research and training activities at institutions and universities.

Survey Example

"Report on June 2008 Survey of Capital Investment Plans for Years to March 31, 2008, 2009 and 2010," *Surveys*, No. 98, September 2008
After completing our questionnaire-based survey on corporate capital investment activity, *the Survey of Capital Investment Plans*, we publicized the results, as well as our analysis.



Combining Surveys, Research and Investment and Loan Activities

In addition to publicizing the results of its surveys, research and other activities, DBJ introduces its information at speaking engagements and seminars. In addition, by reflecting the results of its investment and loan functions, DBJ provides new financial solutions for corporate CSR activities and commercial technologies.

Environmental

DBJ conducts survey reports on various environmental activities in Japan and overseas, under such themes as global warming prevention measures, promotion of a recycling-oriented society and sustainable corporate management. DBJ also conducts and contributes to specialty journals, newspapers and magazines. In the year ended March 31, 2005, these activities culminated in the DBJ Environmental Rating System promoting loans and financing for environmentally conscious management. We also developed a financing menu for global warming countermeasures that many companies employ.

Disaster Response

In the event of an earthquake or other natural disaster, responding to the situation and continuing operations is a common theme for every company. Companies need to put disaster response measures in place. DBJ conducts surveys covering corporate business continuity plans. In the year ended March 31, 2008, we incorporated the survey results into the Disaster Preparedness Promotion Loan Program (now, financing employing DBJ Disaster Prevention Ratings).

Technology

DBJ's activities in technology-related fields include conducting trend surveys on bioethanol and other topics. DBJ's Practical Application Support Center for Technology provides technical evaluations and conducts other activities to help companies realize their potential for technological commercialization.

Providing Information to Local Communities

Supplying Information to Help Local Community Development

Local communities are experiencing increasingly difficult environmental circumstances, such as a declining birthrate; an aging population; the amalgamation of towns, cities and villages; and financial difficulties. These issues require a greater degree of expertise and more ingenuity than ever. DBJ addresses these issues by analyzing the information it accumulates through its network of 19 domestic locations (headquarters, branches and offices) and three overseas locations (representative offices and subsidiary) and communiqués from the economic agencies of regional governments and local communities and advisories from companies in Japan and abroad. DBJ uses this information to encourage public/private partnerships, promote tourism, build up local communities, and contribute to local government financing by sharing its analysis results through reports, publications, lectures and various other formats.

Building Local Communities

One way DBJ puts its expertise to work in building up local communities is by conducting "local community-building diagnostics." In this process, a DBJ local-community diagnosis team analyzes publicly available data to determine the current state of a local community, and then conducts interviews in that community before preparing an independent diagnosis that interprets its results. We then discuss the diagnosis results with people in the local community, which helps them to understand what issues they may be able to address on their own and provides an opportunity to consider future directions. (See page 39.)

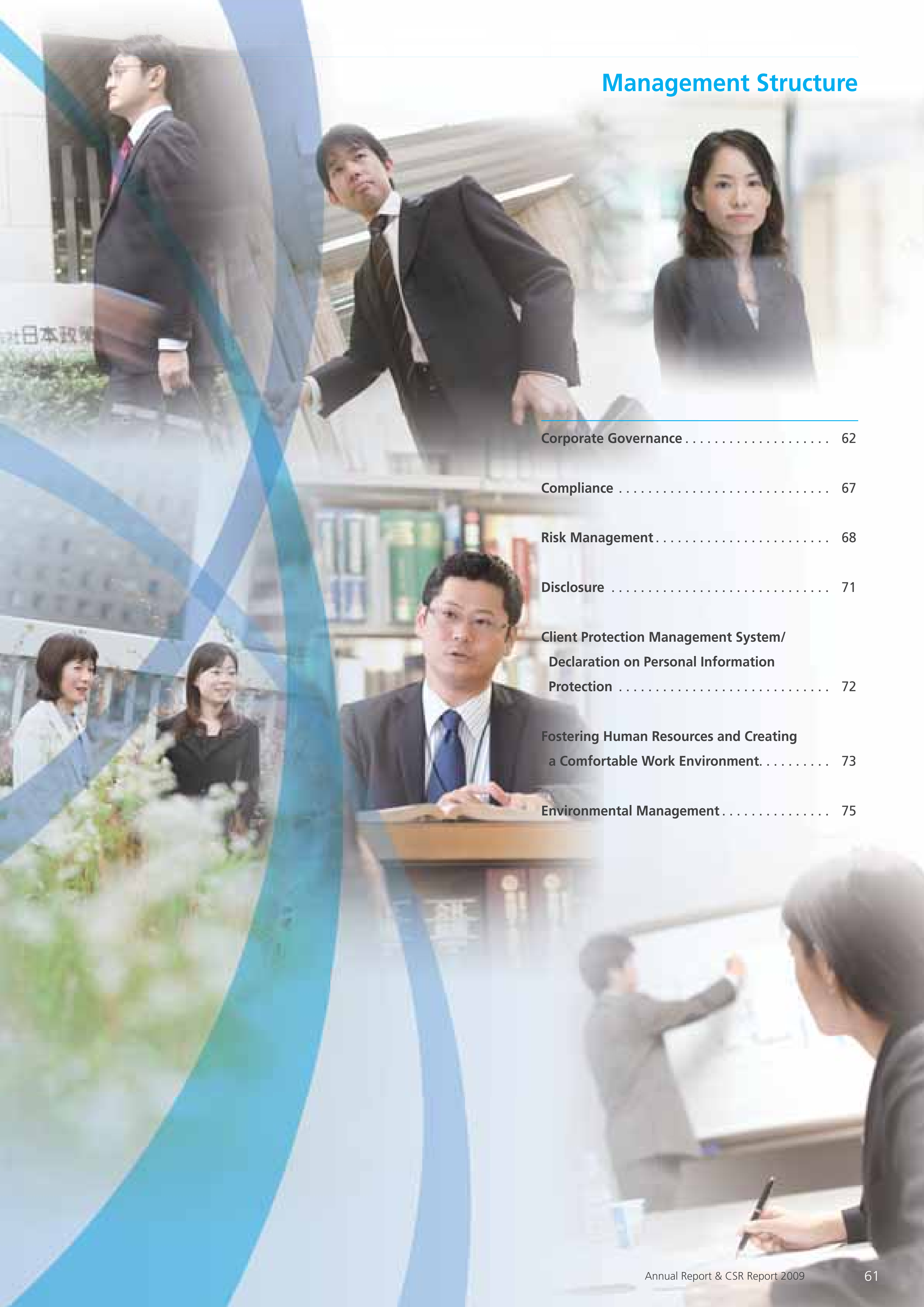
Memorandum on the Issue of the Invigoration of Regional Economies—Concepts, Negotiations and Main Initiatives for Invigorating Regional Economies Case Study (*Regional Survey Research*, Vol. 4, January 2009)
As material for the basis of a meaningful discussion of the urgent issue of invigorating regional economies, this publication organizes the debate over the invigoration of regional economies and provides examples of specific initiatives.

Fiscal 2009 Regional Handbook
This handbook is a collection of data that includes fundamental economic, industrial, lifestyle and policy indicators for regional blocks, administrative regions and principal cities, as well as a compilation of individual regional policies and projects to facilitate an overall understanding of regional policies, economies, societies and the current status of regional projects.

The Japan Economic Research Institute

The Japan Economic Research Institute (JERI) is a foundation established for the purpose of contributing to the improvement of welfare and further development of the Japanese economy through investigative research into important economic problems in Japan as well as overseas and funding the promotion of scholarship. JERI's investigation into issues that impact the Japanese economic structure in the areas of urban and regional development, social capital infrastructure, energy, economy and industry are supported by a broad network that includes DBJ's investigative research department, universities, research institutions and other experts, as well as national and regional government bodies and the patronage of approximately 500 companies. DBJ works in conjunction with JERI to disseminate the results of its research.

Management Structure



Corporate Governance

Basic Position on Corporate Governance

DBJ has formulated a corporate philosophy to encapsulate management's position regarding DBJ's integrated investment and loan services. We consider this philosophy the core of our corporate activities.

Corporate Philosophy
Applying financial expertise to design the future
We apply creative financing to resolve client issues, as we work to earn the trust of our clients and achieve their future prosperity.

Core Competencies

The core competencies described below support DBJ's efforts to realize its corporate philosophy.

Intention
DBJ's fundamental stance is based on sharing with its clients a long-term perspective, neutrality, public-mindedness and reliability.

Intellectual Assets
Intellectual assets refers to the abilities to think ahead, make discerning judgments and introduce new financial technologies that we have built through our experience in applying our industry, analytic and R&D expertise.

Networks
DBJ enjoys trust-based networks with clients, as well as partners among regional governments and financial institutions.

We conduct our business in accordance with the action guidelines described below as we strive to realize our corporate philosophy.

Customers First
DBJ will operate from our clients' viewpoints, addressing their challenges and sharing pleasure in their success.

Professional
With discernment and creative skill, DBJ will be a one-stop financial platform providing integrated investment and loans both in Japan and abroad.

Global & Local
DBJ will maintain a long-term viewpoint, considering the needs of the times, the world and the region.

Speed & Teamwork
Relying on skilled teamwork, DBJ will act rapidly and in good faith, building strong foundations for clients' trust.

Corporate Governance Measures and Their Implementation Status

Internal Organizations

DBJ elects outside directors from the standpoint of ensuring management transparency and enhancing corporate governance.

The Advisory Board has been established as a Management Committee advisory body. This board provides advice on overall management issues, including DBJ's management strategies, from a neutral standpoint.

The Compensation Committee, which includes outside directors, has been created to deliberate on director compensation and advise the Board of Directors in this regard.

Board of Directors

The Board of Directors comprises nine members. To ensure management transparency, two Board members are outside directors. During the six-month period ended March 31, 2009, the Board of Directors met seven times.

The following two members are outside directors:
Akio Mimura, Chairman, Nippon Steel Corporation and
Kazuo Ueda, Professor, Faculty of Economics, the University of Tokyo.

Corporate Auditors, Auditing Committee

The Auditing Committee comprises five auditors. This committee convened seven times during the six months ended March 31, 2009.

As prescribed by the Companies Act, a majority of the five Auditing Committee members are outside corporate auditors. DBJ has three full-time corporate auditors, one of whom is an outside corporate auditor. The Office of Corporate Auditors has been created to assist corporate auditors (including outside auditors) in performing their duties. Specialized staff members are assigned to the Office of Corporate Auditors, which is directed by the Auditing Committee.

The three outside corporate auditors are as follows:

Hiroshi Saito, former Executive Vice President and Director, Japan Securities Finance Co., Ltd. (Full-Time Corporate Auditor (Outside));

Makoto Ito, Attorney and Visiting Legal Research Professor, Graduate School of Waseda University;

Shinji Hatta, Professor of Graduate School of Professional Accountancy, Aoyama Gakuin University.

Operations Audit Committee

The Board of Directors has established the Operations Audit Committee, delegating to this body the authority to deliberate important matters related to internal audits. This committee met once during the six-month period ended March 31, 2009.

Compensation Committee

The Compensation Committee, whose members include outside directors, has been established as an advisory body to the Board of Directors from the standpoint of ensuring transparency and objectivity. The committee considers the type of executive compensation structure that befits DBJ.

Management Committee

The Board of Directors has vested in the Management Committee decision-making authority regarding the execution of business.

Accordingly, the Management Committee makes important management decisions. The committee met 25 times during the six-month period ended March 31, 2009.

Committees under the Management Committee

Various committees have been established under the Management Committee assigned specific decision-making tasks, excluding decisions made by the Board of Directors or the Management Committee within each field of specialization.

ALM & Risk Management Committee

This committee deliberates and makes decisions pertaining to portfolio risk management and asset/liability management.

General Risk Management Committee

This committee deliberates and makes decisions on important items related to legal compliance, client protection management, operational risk management and system risk management.

Committee on Investment and Loan Decisions

This committee handles deliberates and makes decisions related to investments and loans, as well as the investment and loan management.

New Product Screening Committee

This committee deliberates and makes decisions on the handling of new products and the commencement of initiatives involving new businesses.

Advisory Panel on Investments and Loans

This panel handles the advance deliberation on and monitoring of investments and loans.

Committee on International Operations

This committee deliberates items related to the overseas business strategies, operations and management conditions.

Advisory Board

The Advisory Board has been created as a body to advise the Management Committee, providing advice on DBJ's overall management.

The Advisory Board is composed of the following outside experts and outside directors.

Outside Experts

Tadashi Ogawa, President of the Regional Banks Association of Japan and Head of the Bank of Yokohama

Kiyofumi Kamijo, Chairman, Tokyu Corporation

Sakie Fukushima-Tachibana, Regional Managing Director of Japan, Korn/Ferry International

Fujio Cho, Chairman of Toyota Motor Corporation

Toru Hashimoto, former Chairman of Deutsche Securities Inc., and Honorary Advisor to Mizuho Financial Group

Outside Directors

Akio Mimura, Chairman, Nippon Steel Corporation

Kazuo Ueda, Professor, Faculty of Economics, the University of Tokyo

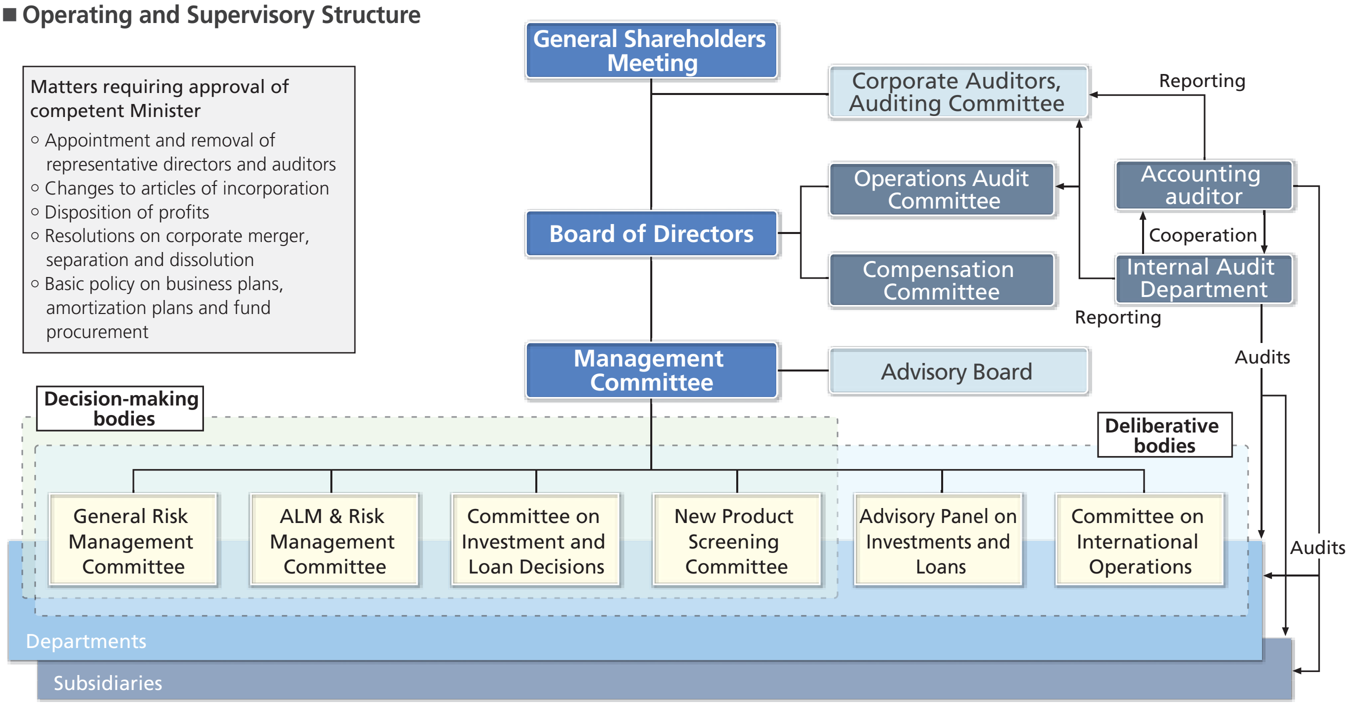
Matters Requiring Approval of Competent Minister

The New DBJ Law prescribes matters for which DBJ requires the permission by the Minister of Finance. Major items requiring such permission are as follows:

- Appointment and removal of representative directors and auditors
- Concurrently holding the position of director in another organization
- Changes to the Articles of Incorporation
- Disposition of retained earnings
- Resolutions on corporate merger, separation and dissolution
- Basic policy on business plans, amortization plans and fund procurement

The organization outlined below has been put in place to execute and supervise the abovementioned activities.

■ **Operating and Supervisory Structure**



Executive Officer System

DBJ has an executive officer system to clarify responsibility for the execution of duties and accelerate decision-making. The Board of Directors has designated eight managing executive officers, excluding officers who are concurrently directors, and five executive officers.

Status of Internal Control System

To ensure operational soundness and in accordance with the Companies Act, the Board of Directors has established an internal control system under the Internal Control System Basic Policy.

Specifically, this system is designed to determine the status of legal compliance, risk management and internal audits, as well as other items of management importance. The internal control system is designed to confirm the formulation of various regulations and the status of their implementation in various departments.

Internal Control System Basic Policy

Purpose

Article 1. This basic policy has been established in accordance with Item 6, Paragraphs 4 and 5, Article 362, of the Companies Act (hereinafter, the "Act"), and Item 1 and 3, Article 100, of the Act's Enforcement Regulations (hereinafter, "Enforcement Regulations") to create a system (internal control system) to ensure Development Bank of Japan Inc. (hereinafter, "DBJ") conducts operations in an appropriate manner.

System to Ensure Compliance with Laws and the Articles of Incorporation in the Execution of Duties by Directors and Employees

Article 2. The directors and the Board of Directors recognize legal compliance as one of DBJ's most important management issues. Accordingly, DBJ has formulated a basic policy to ensure that the execution of duties by executives complies with laws and the Articles of Incorporation and establishes the corporate philosophy and a basic policy on legal compliance.

2. A Compliance Manual, compliance program and internal regulations shall be created in preparation to ensure compliance by executives with laws and regulations.
3. A committee shall be formed to promote and manage legal compliance, and an executive and a control division shall be placed in charge of legal compliance.
4. A compliance hotline system shall be established to enable to acts that contravene laws and regulations and acts of potential concern from the perspective of legal compliance.
5. Preparations shall be made to ensure that DBJ has absolutely no connection with antisocial forces that threaten social order or safety.
6. The Board of Directors shall formulate an Internal Audit Basic Policy pertaining to the status of internal control, including legal compliance. This policy shall establish internal audit departments that are independent of departments responsible for the execution of business and that report audit results promptly and appropriately.

System for the Storage and Management of Information Related to the Execution of Duties by Directors

Article 3. Information pertaining to the execution of duties by directors shall be stored and managed appropriately, and this information shall be accessible, as necessary.

Regulations and Other Systems Related to Managing the Risk of Loss

Article 4. To ensure the soundness of management and manage risk properly, a risk management process that defines, evaluates, monitors and controls risks with various characteristics encountered in the course of business shall be put in place.

2. A comprehensive risk management process shall be created. Also, a committee for risk management shall be created, and an executive and a department shall be assigned to take charge of risk management.
3. Risks shall be segmented into the following categories, and risk management policies shall be established for each:
   1) credit risk, 2) investment risk, 3) country risk, 4) market credit risk, 5) market risk, 6) market liquidity risk, 7) financial liquidity risk, 8) settlement risk, 9) operational risk.
4. To the extent possible, the abovementioned risks shall be measured using a consistent system, risk guidelines shall be established and the risks shall be managed.
5. The necessary systems shall be put in place to minimize the effects of economic loss and credit collapse in the event of disaster, to ensure business continuity in crisis situations and to ensure a prompt return to normal functioning.
6. The Board of Directors shall establish an Internal Audit Basic Policy to determine the status of internal control, including risk management. The board shall receive prompt and appropriate reports of the results of internal audits from internal audit departments.

Systems to Ensure the Efficient Execution of Duties by Directors

Article 5. The Board of Directors shall formulate management plans and perform appropriate management control.

2. The Board of Directors shall establish a Management Committee and delegate decision-making on specific items to this council. In addition to making decisions on the items with which it has been entrusted, to contribute to expeditious decision-making the Management Committee shall deliberate in advance matters for resolution by the Board of Directors. Furthermore, the Management Committee shall establish various committees as advisory institutions or as bodies to which to delegate decision-making on specific items.
3. To ensure the efficient execution of business based on decisions made by the Board of Directors, regulations shall be established regarding the organizational structure and the execution of tasks shall be allocated appropriately.
4. To enable swift decision-making, an executive officer system shall be established. Executive Officer Regulations shall be formulated to define executive officers' roles and responsibilities.

System to Ensure the Adequacy of Operations of the Corporate Group, Comprising DBJ and Its Subsidiaries and Affiliated Companies

Article 6. The Board of Directors shall ensure the adequacy of operations of the DBJ Group in accordance with the corporate philosophy.

2. The Board of Directors shall manage operations appropriately, in accordance with the scope and characteristics of operations of its subsidiaries and affiliated companies. Furthermore, the Board shall introduce appropriate measures from the perspective of legal compliance, client protection and risk management.
3. The Board of Directors shall create reporting, guidance, management process and other systems related to operations management between DBJ and its subsidiaries and affiliated companies.
4. In accordance with the necessary scope of legal regulations, the Internal Audit Department shall conduct internal audits of subsidiaries and affiliated companies and report the results of these audits promptly and appropriately to the Board of Directors.

System Related to Employees Assisting the Auditors in Their Duties

Article 7. As a specialized organization to assist auditors with their duties, if so requested by the auditors, an Office of Corporate Auditors shall be established under the direction of the Auditing Committee.

Matters Concerning Employees Supporting the Auditors in Their Duties and the Independence of Such Personnel from Directors

Article 8. Personnel issues related to the employees supporting the duties of auditors and matters related to the independence of such personnel shall be left in the control of the Auditing Committee.

System for Reporting by Directors and Employees to Auditors and Other Systems for Reporting to Auditors

Article 9. Directors and employees shall report to auditors on the status of execution of DBJ's business and other necessary information.

2. If directors or employees become aware of any major potential damage to DBJ's credibility or operating performance, they shall immediately report such information to the auditors.
3. If auditors find that they require certain information to perform their duties, they may request reports from directors and employees as needed, and the party to whom the request is addressed shall report appropriately.

Other Systems to Ensure Effective Audits by the Auditors

Article 10. In addition to attending meetings of the Board of Directors, auditors may attend meetings of the Management Committee and other important meetings and offer their opinions as necessary.

2. The Representative Director shall exchange opinions with the auditors regularly, or at the auditors' request. The Representative Director shall also cooperate in the preparation of a reporting environment.
3. The Internal Audit Department works with the auditor to establish internal audit plans. The department reports the results of internal audits and exchanges opinions and liaises with the auditors when requested to do so.
4. Directors and employees shall cooperate with the auditors in their audit activities and shall respect the Audit Committee Regulations, auditors' audit standards and other regulations.
5. To ensure the adequacy and reliability of accounting audits, directors and employees shall cooperate in creating a system to ensure the independence of the accounting auditors.

Status of Internal Audits and Audits by Auditors

DBJ has established the Audit Department under the direct supervision of the DBJ president and independent from other operating departments. The department conducts inspections to ensure the appropriateness and effectiveness of internal controls, including DBJ's overall operational compliance and risk management, and performs evaluations and recommends improvements.

The Operations Audit Committee deliberates and decides audit plans, audit reports and other important matters related to internal audits, and this information is reported to the Board of Directors.

As of June 25, 2009, 20 people belonged to the Audit Department.

The Auditing Committee and the auditors audit the execution of duties by directors, based on their audit policy and audit plans.

The auditors attend Board of Directors and other important meetings. When necessary, they query the execution of business by directors, peruse documents and conduct branch audits.

Status of Accounting Audits

DBJ has in place an agreement with Deloitte Touche Tohmatsu LLC, to conduct accounting audits as its accounting auditor. During the six-month period ended March 31, 2009, these operations were conducted by designated certified public accountants (designated member) Yukio Ono (continuous audit period* of one year), Tomomitsu Umezu (same, one year) and Hayato Yoshida (same, one year).

* In accordance with the Companies Act, the number of years of continuous audit must be stated. The number of continuing years of performing audits conducted in accordance with the Financial Instruments and Exchange Act was one year for Yukio Ono, one year for Tomomitsu Umezu and one year for Hayato Yoshida. The number of business periods during which an audit was performed is the standard used to indicate the number of years.

Assisting in this audit were 24 people, including a specialist in determining fair value, a systems specialist and an actuarial specialist.

DBJ's auditors, Audit Department and accounting auditor periodically and as necessary exchange opinions and information, and communicate in an effort to ensure effective and appropriate audits.

Overview of Personal, Equity, Transactional or Other Special-Interest Relationships with Outside Directors and Outside Corporate Auditors

Akio Mimura, Chairman of Nippon Steel Corporation, is an outside director of DBJ. DBJ has no special-interest relationship with Mr. Mimura, and its business with Nippon Steel Corporation is conducted normally.

DBJ has no special-interest relationship with any other of its outside directors or outside corporate auditors.

DBJ has signed liability limitation agreements with its outside directors and outside corporate auditors, based on Paragraph 1, Article 427, of the Companies Act.

Overview of Agreements with Outside Directors and Outside Corporate Auditors under Paragraph 1, Article 427, of the Companies Act (Liability Limitation Agreements)

DBJ's Articles of Incorporation allow it to establish liability limitation agreements with its outside directors and outside corporate auditors, limiting their responsibility for damages under Paragraph 1, Article 425, of the Companies Act, provided their duties are executed with good intent and without gross negligence, to the total amounts specified in each item in Paragraph 1, Article 425, of the Companies Act.

Number of Directors

DBJ's Articles of Incorporation limit its number of directors to 13 or fewer.

Requirements for Determination of Director Appointments

DBJ's Articles of Incorporation stipulate that shareholders possessing at least one-third of the shareholder voting rights exercisable at the General Meeting of Shareholders shall attend the meeting and determine the appointment of directors based on a majority vote. The Articles of Incorporation further specify that the appointment of directors shall not be resolved by cumulative voting.

Limiting the Responsibility of Directors and Auditors

To enable them to perform their duties and fulfill the roles that are expected of them, in accordance with Paragraph 1, Article 426, of the Companies Act, DBJ has established in its Articles of Incorporation that the liability for damages incurred by directors (and former directors) and auditors (and former auditors) may be reduced to the legal limit by resolution of the Board of Directors.

Requirements for Special Resolutions at the General Meeting of Shareholders

To ensure a smooth General Meeting of Shareholders, DBJ's Articles of Incorporation stipulates that shareholders possessing at least one-third of the voting rights exercisable shall attend the meeting and determine by a two-thirds majority vote the "requirements for special resolutions at general meetings of shareholders" provided in Paragraph 2, Article 309 of the Companies Act.

Compliance

Specific compliance initiatives are as follows.

DBJ recognizes compliance as one of its most important management issues. As basic policies to ensure that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation, we have formulated a corporate philosophy, a Compliance Basic Policy and other compliance-related regulations.

In addition to its fundamental regulations on compliance, DBJ has created a Compliance Manual and a compliance program. Via activities in and around DBJ, we seek to thoroughly implement the compliance activities outlined below.

Compliance Principles

DBJ has formulated the compliance principles indicated below as part of its creation of compliance regulations.

1) DBJ's executives and employees are keenly aware of DBJ's social mission and responsibilities as a public-sector bank and recognize that illegal acts or improper business operations harm the reputation of DBJ and interfere significantly with DBJ's ability to fulfill its objectives under the New DBJ Law. We also realize DBJ's need to always conduct activities appropriately and in compliance with the law.
2) DBJ's executives and employees are well aware that DBJ must conduct its businesses legally and appropriately and be responsible for explaining its actions to the general public.

Compliance System

DBJ has established the Legal and Compliance Department to take overall responsibility for planning, preparing and adjusting compliance activities.

In addition, DBJ has established the General Risk Management Committee to reflect on legal compliance matters, determine the extent of compliance, and discuss improvements to DBJ's internal system.

DBJ also has installed a Compliance Hotline. The objective of this internal reporting system is to swiftly identify and resolve any represent legal violations.

Risk Management

To ensure management soundness and safety, as well as raise corporate value, DBJ works to manage risk appropriately in line with specific business and risk characteristics. Controlling risk is an issue of utmost importance, and therefore we have established risk management processes and methods.

From the standpoint of comprehensive risk management, DBJ has established an ALM & Risk Management Department, which is overseen by a director in an official capacity. DBJ seeks to control its total risk within a specified target range. In addition, we have set risk guidelines for each risk category to help manage total risk.

Risk Management System

DBJ conducts risk management from the perspectives of maintaining financial soundness and improving operational efficiency, which are the prerequisites to ongoing operational viability. To ensure appropriate management of individual risk categories, DBJ has developed a risk management system that clarifies which department is responsible for each type of risk. The ALM & Risk Management Department oversees comprehensive asset/liability and risk management activities. The ALM & Risk Management Committee, consisting of DBJ's executives and president, determines basic policies related to comprehensive risk management and conducts regular monitoring.

Credit Risk Management

Credit risk refers to the risk of sustaining losses resulting from a decline in the value of assets due to deterioration in the financial condition of the borrower. Credit risk management requires credit management of individual loans as well as bankwide portfolio management.

Credit Administration of Individual Loans

When making an investment or loan, DBJ examines the entity's project viability and the project's profitability from a fair and neutral standpoint, as well as its benefits. We also have an internal borrower rating system. DBJ is not subject to the Banking Law or the Law concerning Emergency Measures for the Revitalization of the Functions of the Financial System but carries out independent asset assessments in line with internal policies for self-assessment of credit quality based on the Financial Services Agency's Financial Inspection Manual.

The results of self-assessments are subject to an audit by an auditing corporation and are reported to the management. Credit risk and amounts are monitored to confirm they are within the limits established for individual borrowers.

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. These mutual checking functions serve to ensure the appropriateness of lending operation and management environment.

Borrower Rating System

DBJ's borrower rating system measures creditworthiness by combining an evaluation point rating and a borrower category rating, with the result quantifying a potential client's credit circumstances. The evaluation point rating selects indicator/evaluation categories that are common across all industries, scoring the creditworthiness of the potential borrower quantitatively and qualitatively. On the other hand, the borrower category rating measures specific items related to the borrower, looking at the borrower's realistic financial condition, cash flows and debt repayment history. By putting the ratings together, the system generates a comprehensive assessment of a borrower's repayment capacity.

Asset Self-Assessment System

Asset self-assessments are used to define asset classifications that will offset recoverability risk or the degree of risk of value loss, based on the borrower rating, the corresponding borrower category and the collateral or guarantee status. Such assessments help DBJ establish timely and appropriate amortization schedules and reserve levels.

Portfolio Management

DBJ performs a comprehensive analysis of data based on borrower ratings, and calculates the loan portfolio's overall exposure to credit risk. Credit risk exposure can be classified as 1) expected loss (EL), the average loss expected during a specific loan period; and 2) unexpected loss (UL), the maximum loss that could incur at a certain rate of probability. The EL and UL calculations are reported to the ALM & Risk Management Committee. Monitoring the situation and considering countermeasures allow DBJ to control risk and devise effective measures to improve risk return.

Market and Liquidity Risk Management

Market Risk

Market risk can be broadly classified into interest rate risk, exchange risk and stock market risk.

Market risk describes the risk of loss from fluctuations in the value of assets or liabilities (including off-balance sheet items), owing to changes in interest rates, exchange rates, stock markets and various other markets. DBJ divides these risks broadly into interest rate risk and exchange risk.

Interest Rate Risk

Interest rate fluctuations can create mismatches on rates of interest on assets and liabilities or on interest periods, creating the risk of reduced profits or the risk of losses. Interest rate risk can reduce the economic value of DBJ's assets or interest income. DBJ calculates and analyzes risk exposure with cash flow ladder analyses (gap analysis), value at risk (VaR), interest rate sensitivity analyses (basis point value), and other methods. A portion of the interest rate risk associated with lending operations is covered through interest rate swaps, which are used solely for hedging purposes. DBJ does not have any trading-related risk because it does not engage in trading (specified transactions).

Exchange Risk

Exchange risk is the risk of loss due to unexpected shifts in exchange prices, and this risk affects entities holding a net excess of assets or liabilities denominated in foreign currencies. Exchange risk entails the possibility of a decline in the economic value of DBJ's assets due to the impact of changes in currency exchange rates. DBJ's exchange risk derives from foreign currency investment and financing and issuing foreign currency. DBJ uses currency swaps and other instruments to hedge this risk. DBJ manages counterparty risk in swap transactions, the risk that the counterpart in the swap transaction will be unable to fulfill its obligations, by continually monitoring the creditworthiness of all parties, and by diversifying transactions among several institutions.

Liquidity Risk

Liquidity risk is the risk of a mismatch occurring in the periods when funds are used and raised, causing unexpected differences in the flow of funds (cash liquidity risk). This situation makes securing funds difficult and creates situations in which interest rates on borrowed funds are substantially higher than usual rates. At such times, because of market complexities entities in these circumstances may become unable to participate in market transactions, compelling them to conduct transactions under substantially less favorable terms than otherwise would be the case. The risk of losses for these reasons is known as market liquidity risk.

As its main methods of acquiring funds, in addition to issuing corporate bonds and taking out long-term loans, DBJ relies on the stable procurement of long-term funds from the government's Fiscal Investment and Loan Program (FILP) and government-guaranteed bonds rather than on short-term funds such as deposits. To meet unexpected short-term funding requirements, funds on hand are used, taking security and liquidity into consideration. Overdraft lines of credit have been established with multiple other financial institutions. Additionally, DBJ maintains daytime liquidity by using the Bank of Japan's Real Time Gross Settlement (RTGS), whereby settlements are made instantly for each transaction. Every effort is made to ensure that settlement conditions are managed appropriately.

In addition to credit risk, the ALM & Risk Management Committee deliberates DBJ's market risk and liquidity risk.

Operational Risk Management

DBJ defines operational risk as the risk of loss arising from internal processes, people or systems that are inappropriate or nonfunctioning, or from external events. DBJ works to establish a risk management system to minimize risk and prevent potential risks from materializing. The General Risk Management Committee has been established to deliberate topics concerning operational risk management. Within operational risk management, DBJ conducts operational risk management and systems risk management as described below.

Operational Risk Management

Operational risk refers to the risk of sustaining losses resulting from employees neglecting to perform their duties correctly or from accidents, fraud, and the like. To reduce or prevent operational risk, DBJ prepares manuals, performs checks on administrative procedures, provides education and training and uses systems to reduce the burden of administrative duties.

System Risk Management

System risk refers to the risk of loss due to a computer system breakdown or malfunction, system defects, or improper computer usage. To properly manage systems risk, DBJ has implemented the following internal processes to optimize system risk management.

Based on its system risk management regulations, DBJ has established the System Risk Management Department to manage its system risk centrally. This department considers security standards from a variety of viewpoints, from information system planning and development to operation and use. The department extends the system risk management system bankwide, striving to ensure that system risk management operations are conducted appropriately.

Disclosure

DBJ believes that public relations and investor relations have the important function of bringing management and stakeholders together. In addition, these activities help stakeholders gain an accurate understanding of DBJ's status and operating policies, which are an essential part of being trusted in a wide range of markets and societies. Accordingly, we seek to disclose information through our public relations and investor relations activities.

Basic PR/IR Philosophy

In its PR and IR activities, DBJ aims to comply with relevant laws and regulations, operate in good faith and in a dignified manner with its stakeholders, and disclose information clearly and accurately in a timely and appropriate manner.

DBJ maintains personal and client information, without disclosing such information in a manner that would encroach upon the rights of individuals or related parties. We do not disclose information that would counter the doctrine of good faith.

PR/IR Structure

The Corporate Planning & Coordination Department takes overall charge of PR and IR activities and plays a central role in the flow of information within and outside DBJ. Through printed materials and over the Internet, the department uses numerous communication tools to disclose information.

Information Disclosure Materials

DBJ offers a wide range of information, using such media as newsletters and its website:

(1) Materials legally required for disclosure

Securities Report (Japanese)
Stock Exchange Report (Japanese)
Business Report (Japanese)

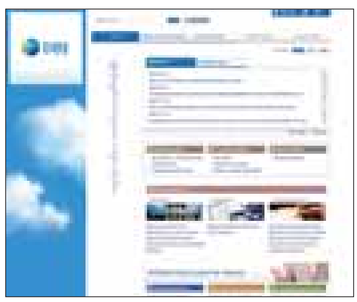
(2) Voluntarily disclosed information

Annual Report & CSR Report
End-of-Period Financial Reports

(3) Others

DBJournal (newsletter)
DBJ News Digest (mail magazine; Japanese)

Website: **http://www.dbj.jp/en**
(Renovated October 2008)



Client Protection Management System/Declaration on Personal Information Protection

The establishment and maintenance of a client protection management system is vital because it protects the people who use the financial institution's systems and raises their level of convenience. DBJ recognizes the extreme importance of such a system from the standpoint of operational soundness and appropriateness.

Client Protection Management Policy and Declaration on Personal Information Protection

DBJ has formulated a Client Protection Management Policy to ensure strict compliance with laws and regulations, protect the interests of its clients and raise the level of client convenience. We have also created internal regulations based on this policy, which we employ in briefings to raise in-house awareness.

Our Client Protection Management Policy is outlined below:

1) When transacting with clients, we endeavor to provide and explain information that is accurate and appropriate in line with laws and regulations.
2) When we receive requests for consultation, other requests or complaints, we strive to see the issue from the client's point of view, listen sincerely and respond in an operationally appropriate manner.
3) We acquire information about clients through legal and appropriate means and manage such information safely. In transactions with clients, in the event that DBJ outsources operations it ensures appropriate information management and client response.

We have incorporated a declaration on our policies related to personal information into our Declaration on Personal Information Protection.

Declaration on Personal Information Protection

1. Policy

DBJ considers the appropriate protection of personal information an important social responsibility. DBJ endeavors to use personal information appropriately in all its activities by conforming with the requirements of the Law on the Protection of Personal Information, as well as other related laws and regulations, as well as its own Declaration.

2. Appropriate Obtainment of Personal Information

DBJ acquires clients' personal information only within the scope that is required to perform its operations, and employs appropriate procedures for obtaining such information.

3. Purpose of Using Personal Information

DBJ obtains clients' personal information only for specific purposes and uses such information only within the scope necessary to satisfy such purpose of use. In the event that other purposes of use are limited by legal regulations concerning specified purposes of use, such information is not used for purposes other than so specified. DBJ discloses on its website the purposes of use of clients' personal information. If information is obtained for other purposes of use, such purposes are clearly indicated at the time such information is obtained.

4. Providing Personal Information to Third Parties

In principle, DBJ does not provide clients' personal information to third parties unless it has received from the client permission to provide such information or unless it is legally required to provide such information. However, DBJ may, without obtaining client approval, provide clients' personal information to parties it has commissioned to conduct activities within the scope for which the information was obtained or provide such information in the event of a corporate merger.

5. Provisions for Safe Management of Personal Information

DBJ seeks to appropriately manage clients' updated personal information and prevent the leakage of such information, and accordingly maintains rationally sound management measures. Furthermore, DBJ appropriately supervises its directors and regular employees and subcontractors who handle clients' personal information.

6. Continuous Improvements in Handling Personal Information

DBJ strives to ensure ongoing improvements in its handling of clients' personal information and to update the Declaration as appropriate in accordance with developments in information technology or changes in social requirements.

7. Procedures for Requesting Personal Information

DBJ endeavors to respond appropriately by notifying clients of the purpose of use of the personal information it retains; responding to requests to disclose such information; and in the event that the content of such information is incorrect, responding to clients' requests for revisions, additions or deletions, discontinuing use, deleting information, or discontinuing the provision of such information to third parties.

8. Inquiries

DBJ endeavors to respond in good faith to all opinions or requests regarding the use of personal information.

Fostering Human Resources and Creating a Comfortable Work Environment

As a financial institution, DBJ considers its human resources to be its most valuable assets. We truly consider each of our employees to be assets, and we work to develop their capabilities. DBJ actively works to build a systematic human resource development system and a comfortable work environment to bring out the best in every employee. DBJ's superior employee performance resulting from such efforts is what drives DBJ ahead on a daily basis and keeps it an innovator in the finance sector.

Human Resource Development Vision

DBJ's role has evolved and developed substantially to meet the needs of the times. DBJ considers such innovation crucial to maintaining its leadership position in the constantly advancing financial field.

To develop its human resources assets, DBJ encourages autonomous and pioneering behavior in its employees as financial professionals through the vision of generalists who can be specialists in many fields. Although gaining specialist skills is certainly important, responding to the constantly changing demands of the times requires broad experience, deep knowledge and the ability to see the big picture. DBJ has therefore created a human resource development system that incorporates job rotation, performance evaluation, education, and training.

Deploying the Target Management System

DBJ is implementing a Target Management System to encourage employees to work autonomously and modify their actions and to accurately evaluate such efforts. DBJ is working to enrich this system by having subordinates meet individually with superiors to set goals and receive feedback, autonomously running through the Plan-Do-Check-Act (PDCA) cycle. Particularly in goal setting, DBJ emphasizes enhancing medium- and long-term value internally and externally, while motivating employees by offering bonuses and other benefits based on performance.

Creating a Comfortable Work Environment

DBJ actively strives to cultivate a comfortable work environment.

To maintain an environment in which all employees can feel secure, DBJ has notified employees of its campaign to prevent sexual and power harassment and has set up a hotline to deal with such issues. Furthermore, to support mental and physical health, DBJ provides regular medical examinations and care options that are also available to employees' families. These systems include treatment by external specialists and access to counselors.

DBJ has also introduced pioneering programs to give motivated employees better opportunities for long-term employment by allowing leave for childbirth, childcare and nursing care, as well as a system for continued employment options after retiring from full-time work.

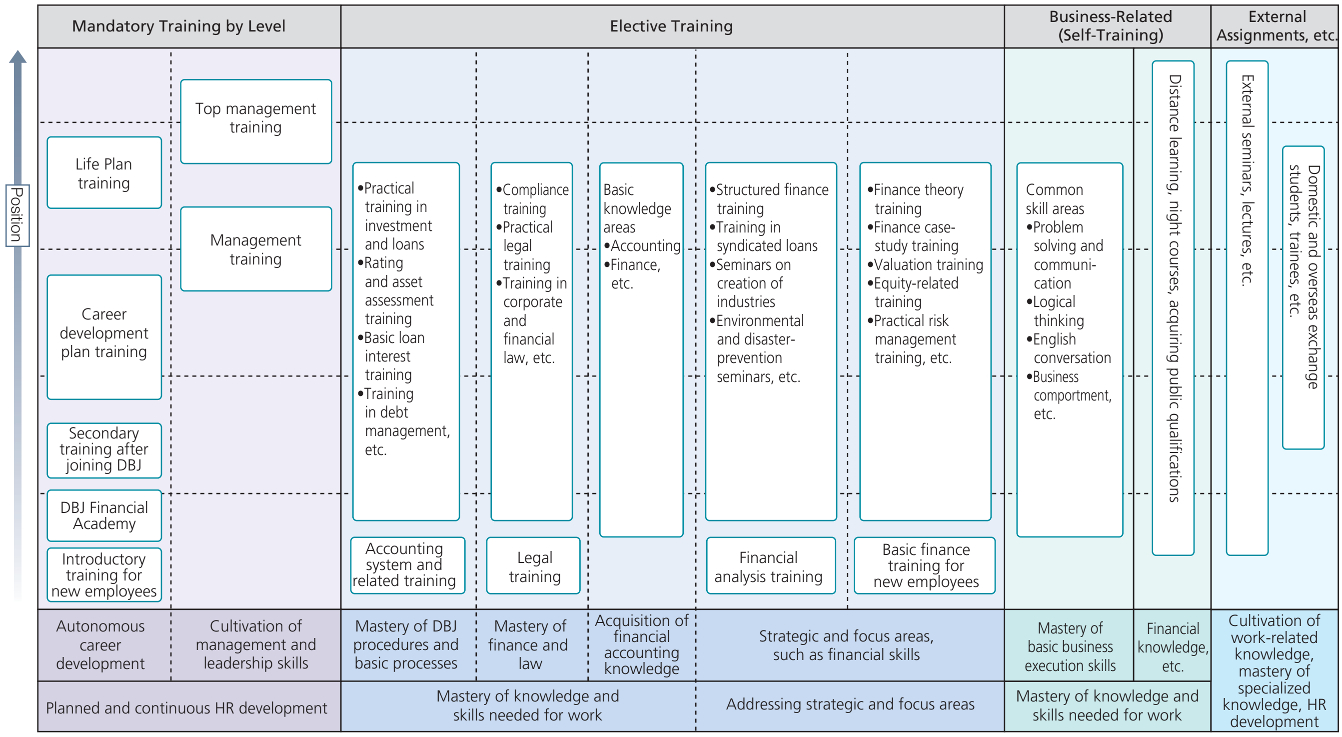
A Solid Human Resource Development System

DBJ's financial professionals are supported by a well developed education and training system. DBJ's combination of mandatory training by level and elective self-training according to skills and interests enables each employee to plan his or her career.

In 2008, we established the DBJ Financial Academy, which is designed to help employees acquire and maintain basic competencies and deepen their understanding of finance, assuming they will become involved in advanced financial operations. We are expanding the academy, focusing on courses such as Basics of Finance, Corporate Finance and Valuations/Case Studies.

In step with globalization, DBJ cultivates employees able to perform in domestic and international settings. To achieve this, DBJ actively assigns employees to a wide variety of external organizations, including overseas graduate schools (program currently being expanded), domestic and overseas research institutes, international institutions, related government agencies and corporations, thereby supporting skill development and network extension.

■ DBJ's Human Resource Development System



Seeking Higher Ethical Standards

For half a century, DBJ has led Japan's economy as a general policy-based financial institution. As DBJ transforms into a private-sector financial institution that values the long-term perspective, neutrality, public-mindedness and reliability it has cultivated, each employee is being held to a higher ethical standard.

DBJ has long sought to enhance ethical standards by requiring employee training to assure legal compliance, promote eco-friendly conduct (through environmental management training) and maintain information security (training to address the risk of fraudulent access and information leaks). DBJ will henceforth devote even more resources toward such efforts.

Environmental Management

DBJ aims to realize a more prosperous sustainable society by achieving harmony through the triple bottom line of society, the environment and the economy. We recognize the resolution of environmental problems as an issue that is common to all humankind. For this reason, DBJ has established a Basic Environmental Policy that aims to contribute to the formation of an environmentally friendly economic society.

Environmental Preservation Activities

Through autonomous environmental preservation activities that it conducts systematically and on an ongoing basis, DBJ aims to make a sustained contribution to economic society. We incorporate environmental preservation into our investment and loan activities from this perspective.

Promotion of environmental measures through our investment and lending operations

DBJ's investment and loan activities support projects to prevent global warming and create a recycling-based society. Furthermore, we promote clients' efforts toward environmentally conscious management. By contributing to clients' environmental measures, we help to achieve a sustainable society.

Promotion of environmental awareness through environmental communication

DBJ addresses environmental problems by conducting ongoing environmental studies and proposals. These efforts help to enhance environmental awareness, support involvement in environmental issues and contribute to the realization of a sustainable society.

Promotion of environmental awareness activities in offices

In addition to complying with environmental regulations, DBJ works to reduce the environmental impact of its operations. As such, we promote the measures described below in an effort to make our offices environmentally friendly.

- Promotion of resource and energy conservation and recycling activities
- Promotion of environmentally friendly sourcing of supplies
- Prevention of environmental pollution

In June 2001, DBJ became the first Japanese bank to sign the UNEP Statement by Financial Institutions on the Environment and Sustainable Development, promising to strive for harmony between economic development and environmental conservation and to cooperate in resolving environmental problems. In addition, in November 2002 we acquired ISO 14001 certification. Such efforts indicate our organizational commitment to environmental preservation and realizing a sustainable society.

At present, we are pursuing independent initiatives and promoting environmental efforts in the communities where our branches and offices are located.

Environmental Management Structure

DBJ has set up the Public Relations & Corporate Social Responsibility Office within the Corporate Planning & Coordination Department. This office spearheads environmental management activities attended by all executives and employees.

Environmental Management Officer

The Environmental Management Officer is located within the Public Relations & Corporate Social Responsibility Office in DBJ's Corporate Planning & Coordination Department. The officer confirms environmental education and training and accepts annual environmental targets.

General Risk Management Committee

Situated below the Management Committee, the General Risk Management Committee deliberates annual environmental targets and environmental management reviews.

Management Structure

Public Relations & Corporate Social Responsibility Office, Corporate Planning & Coordination Department

In charge of DBJ's environmental management activities is the Public Relations & Corporate Social Responsibility Office, Corporate Planning & Coordination Department. In addition to setting environmental targets for each fiscal year and confirming the degree to which they have been achieved, this office manages compliance with relevant laws and regulations.

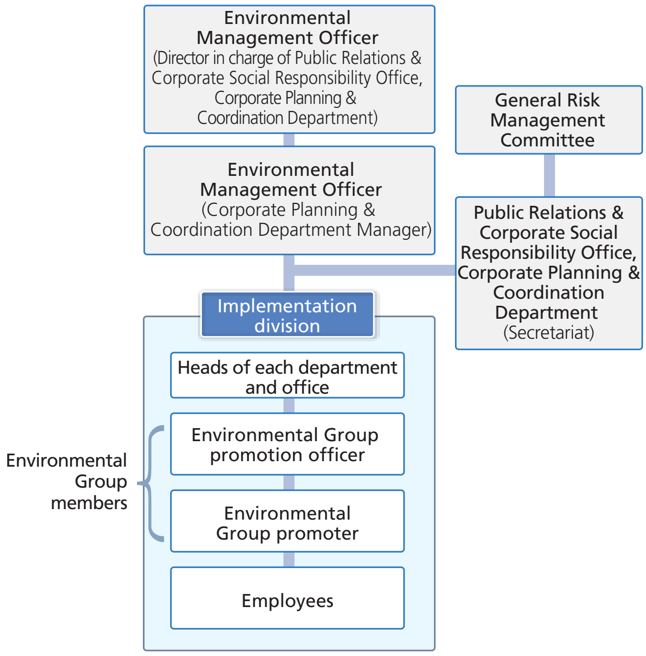
Environmental Group Promotion Officer

To promote environmental management activities, we have situated an environmental member in each branch and department. The Environmental Group Promotion Officer designates personnel in charge of environmental promotion and manages the level of achievement of annual environmental targets.

Employees

Employees are responsible for putting environmental management activities in action.

■ **Environmental Management Structure**



Environmental Management Activities during the Year Ended March 31, 2009

Green Purchasing

Following the Green Purchasing Law (official title: Law Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities), which went into effect in April 2001, DBJ purchases products and services effective in reducing environmental impacts.

■ **Achievements of the Green Procurement Program for Typical Items**

	Procurement Achievements in the Year Ended March 31, 2009
Paper	100%
Stationery	89–100%
Equipment	89–100%
Office equipment	87–100%
Lighting	100%
Interior items	—

■ **Resource- and Energy-Saving Efforts**

	Year Ended March 31, 2009		Target for the Year Ending March 31, 2010
	Target[1]	Result[1]	
Copy and printing paper usage	(1)%	13.1%	(1)%[2]
Waste emissions	(1)%	(8.2)%	(1)%[3]
Energy consumption	(1)%	7.8%	(1)%[2]

Notes: 1. Targets and results for the year ended March 31, 2009, are relative to the previous year's levels.
2. Figures for copying and printing paper usage and energy consumption are 1% lower than the average level achieved in DBJ's loan products for the fiscal year ended March 31, 2009.
3. Waste emission figures correspond to 1% less than the level achieved in the year ended March 31, 2008, after accounting for periodic personnel transfers.

Environmental Management Activities at Branches and Departments

To encourage environmental management at each of our branches and departments, we created an award for the branch or department with the best environmental activities. To win, in addition to reaching the annual environmental target set branch or department at the beginning of the fiscal year, the rules stipulated that the activity could not be limited to the efforts of an individual and that the environmental activity had to be conducted in cooperation with the local community. The winner was selected based on these and other criteria.

Branch/Department Recognition

- **"Compact Electronics Collection Trial," Department for Public Sector Solutions (Now, the Business Planning & Coordination Department)**

The department collected unused digital cameras, portable game units, portable music players and other compact electrical and electronic devices and took them to a center where the rare metals they contained could be extracted and tested to see whether they could be disposed of properly. The compact electronics collection trial was conducted mainly in the city of Ohdate, Akita Prefecture, in December 2006.

DBJ employees participated in the trial. Collection boxes were set out at three locations in DBJ's headquarters cafeteria. A total of 210 electrical and electronic devices were collected.

- **Department for Corporate Finance, Division 6 (Now, the Regional Planning Department, Corporate Finance Group, Mid-Sized & Growth)**
  Collecting Used Stamps

This department collected stamps from letters and parcels posted to executives and employees and sent the cancelled stamps to the Japan Overseas Christian Medical Cooperative Service. The funds these stamps generate are used to maintain health and improve medical treatment in Asia, Africa and other regions.

- **Hokkaido Branch**
  Exhibition at the Integrated Exhibition of the Environment in Celebration of the 2008 Hokkaido Toyako Summit

In addition to serving as an advisor to the executive committee for the Exhibition at the Integrated Exhibition of the Environment in Celebration of the 2008 Hokkaido Toyako Summit, DBJ's Hokkaido Branch was an exhibitor. The exhibit introduced DBJ's environmental initiatives, including the DBJ Environmental Rating System.

These activities were highly acclaimed, with Harumi Takahashi, the Governor of Hokkaido and the Chairperson of the Hokkaido Toyako Summit Preparation Council expressing his appreciation.

- **Shikoku Branch**
  Participated in Forest Thinning Activities

The Shikoku Branch participated in forest thinning* activities conducted by Mitsui & Co., Ltd., in October 2008. After receiving instruction from an NPO on forest thinning participants helped with these activities, joining local residents and strengthening community ties.

*Thinning is a type of forest preservation activity. Too-dense growth of trees limits the health of the overall forest. As a countermeasure, some saplings are cut away.

- **Minami-Kyushu Branch**
  Cleanup Activity on Sakurajima

Located in the Kirishima-Yaku National Park, Sakurajima is a symbol of Kagoshima Prefecture. In November 2008, the Minami-Kyushu Branch participated in a cleanup project covering the ocean leisure spot in a famed tourist area adjoining Sakurajima. This area attracts many seaborne objects, some of them a result of tourism. This cleanup activity helped preserve the area as a future tourism resource.

DBJ's Primary Achievements in the Environmental Sector since Its Establishment

1999	October	The Development Bank of Japan Law (Law No. 73 of 1999) stipulated objective is explicitly stated as "sustainable development"
2001	April	Starts green procurement and environmental training
	June	Becomes first Japanese bank to sign the UNEP Statement by Financial Institutions on the Environment and Sustainable Development
	October	Forms the Social Environment Committee and Social Environment Group; hosts discussions between UNEP and Wa no Kuni Financial Institutions on Environmental Considerations for Financial Institutions
2002	March	Attends UNEP FI 2002 Global Roundtable in Rio de Janeiro, Brazil
	July	Launches the Development Bank of Japan Environmental Policy
	November	Obtains ISO 14001 certification
2003	October	Publishes Environmental Report 2003 for a Sustainable Society (first annual edition)
	October	Jointly sponsors UNEP FI 2003 Global Roundtable in Tokyo, an international conference on finance and the environment
2004	April	Starts Loans for Promoting Environmentally Conscious Management
	September	Issues the second annual *Sustainability Report*
	November	Establishes Japan Carbon Finance, Ltd. (JCF)
	December	Establishes Japan Greenhouse Gas Reduction Fund (JGRF)
2005	January	Assumes chairmanship of the UNEP FI Asia Pacific Task Force
	April	Starts program to promote the spread of equipment meeting Top Runner standards in accordance with the Energy Conservation Law
	September	Issues the third annual *Sustainability Report*
	October	Presents at the UNEP FI 2003 Global Roundtable
	November	Renews ISO 14001 certification
2006	April	Starts program to support projects in line with the Kyoto Protocol Target Achievement Plan
	May	Holds press conference to announce DBJ status as a signatory institution to the Principles for Responsible Investment
	August	Publishes *CSR Report 2006* (fourth annual *Sustainability Report*)
2007	April	Starts interest subsidy system for the global warming countermeasure portion of the Promoting Environmentally Conscious Management financing system
2008	April	Revises environmental policy, creating the Basic Environmental Policy
	October	In line with the launch of the New DBJ, the first Board of Directors and Management Committee meetings convene and the Basic Environmental Policy and Environmental Management Regulations are formulated

DBJ's Basic Environmental Policy

Promulgated and Put into Effect October 1, 2008

Purpose

Article 1. DBJ aims to realize a more prosperous sustainable society by achieving harmony through the triple bottom line of society, the environment and the economy. We recognize the resolution of environmental problems as an issue that is common to all humankind. For this reason, DBJ has established a policy that aims to contribute to the formation of an environmentally friendly economic society.

Promotion of Environmental Measures through Loan and Investment Activities

Article 2. Through its investment and loan activities, DBJ supports global warming prevention measures and the promotion of a recycling-oriented society. In addition, by supporting environmentally sustainable corporate management by its clients, DBJ contributes to their creation of environmental measures and to the realization of a sustainable society.

2. DBJ contributes to clients' environmental measures through the risk evaluations of investment and loan activities from an environmental perspective.

Promotion of Environmental Awareness through Environmental Communication

Article 3. Through continuing research and advisory activities relating to environmental issues, DBJ seeks to help resolve environmental issues through enhanced awareness, thereby contributing to the realization of a sustainable society.

2. DBJ seeks to promote environmental awareness through international cooperation, including the distribution of information about environmental initiatives by Japan.

3. DBJ endeavors to improve its initiatives by sharing information on its environmental activities and through communication with society.

Promotion of Environmental Awareness Activities in Offices

Article 4. DBJ complies with environmental laws and regulations, and promotes activities to reduce the environmental impact of its operations. To these ends, DBJ seeks to contribute to the creation of environmentally friendly office environments through the activities indicated below.

(1) Promotion of resource and energy conservation and recycling activities
(2) Promotion of environmentally friendly sourcing of supplies
(3) Prevention of environmental pollution

Promotion of Environmental Awareness Activities in Communities

Article 5. By cooperating with community environmental improvement initiatives, such as measures to prevent heat islands, DBJ works to contribute to the creation of environmentally friendly regional societies.

Corporate Data

Timeline

The Japan Development Bank, the Hokkaido-Tohoku Development Finance Public Corporation and the Development Bank of Japan

1951 April	Japan Development Bank (JDB) established
1952 Japan	Development Bank; branches opened in Osaka (currently, the Kansai Branch), Sapporo (currently, the Hokkaido Branch), Nagoya (currently, the Tokai Branch) and Fukuoka (currently, the Kyushu Branch)
1956 June	Hokkaido Development Finance Public Corporation established
1957 April	Hokkaido Development Finance Public Corporation reorganized as the Hokkaido-Tohoku Development Finance Public Corporation (HTDFP); branches opened in Sapporo (currently, the Hokkaido Branch) and Sendai (currently, the Tohoku Branch)
1960	JDB branch opened in Takamatsu (now the Shikoku Branch)
1961	JDB branches opened in Hiroshima (now the Chugoku Branch) and Kanazawa (now the Hokuriku Branch)
1962 April	JDB representative office opened in New York
1963	JDB representative offices opened in Kagoshima (renamed Minami-Kyushu Branch in October 1999) and Matsue
1964 July	JDB representative office opened in London
1972 January	HTDFP representative office opened in Niigata (renamed Niigata Branch in July 1989)
1985 June	Japan Development Bank Law revised 1) Addition of investment function (pertaining to business in such areas as research and development, urban development and energy use stipulated by government ordinance) 2) Addition of R&D fund investment function
1987 September	JDB and HTDFP creation of low interest rate loan system funded partially by sale of NTT shares
1989	JDB representative offices opened in Oita, Matsuyama, Okayama and Toyama HTDFP representative offices opened in Hakodate and Aomori
1995 February	JDB commenced loans to assist disaster recovery
1997 September	Cabinet approval of bill entitled "Pertaining to Consolidation and Rationalization of Special-Purpose Companies, etc." (decision to dissolve Japan Development Bank and Hokkaido-Tohoku Development Finance Public Corporation and consolidate them as a new bank)
1997 December	JDB and HTDFP commenced loans in response to the financial environment (establishment of March 31, 2004, sunset clause)
1999 June	The Development Bank of Japan Law (Law No. 73 of 1999) established
1999 October	Transfer of approval of all rights and responsibilities of JDB and HTDFP to DBJ Transfer of financing operations from Japan Regional Development Corporation and Japan Environment Corporation Representative offices opened in Kushiro and Singapore
2002 May	Partial revision of the Development Bank of Japan Law (introduction of spot inspections by the Financial Services Agency)
2005 December	Cabinet approval of The Important Policy of Administrative Reform
2006 May	Establishment of the Law concerning Administrative Reform for Realizing the Simple and Effective Government (Law No. 47 of 2006)
2006 June	Policy-Based Financing Reform Plan decided upon by the Headquarters for the Implementation of Policy Finance Reform
2007 June	Establishment of the Development Bank of Japan Inc. Law (New DBJ Law) (Law No. 85 of 2007)

Development Bank of Japan Inc.

2008 October	Establishment of Development Bank of Japan Inc. (Capital: ¥1 trillion)
2008 December	Singapore Representative Office incorporated (DBJ Singapore Limited established)
2009 June	Law for Partial Amendment of the Development Bank of Japan Inc. Law (New DBJ Law) (Law No. 67 of 2009)

Board of Directors, Corporate Auditors and Executive Officers

(As of September 1, 2009)

Minoru Murofushi
President & CEO

Hideto Fujii
Deputy President

Mikio Araki
Deputy President

Yo Takeuchi
Director and Managing Executive Officer
In charge of Corporate Planning & Coordination Department (Public Relations & Corporate Social Responsibility Office), Treasury Department, Financial Institution Department, International Strategy & Coordination Department

Masanori Yanagi
Director and Managing Executive Officer
In charge of Business Planning & Coordination Department, Research & Design Department, Investment Strategy Department

Hiroshi Takahashi
Director and Managing Executive Officer
In charge of General Affairs Department, Accounting Department, Credit Analysis Department, Legal Affairs & Compliance Department

Mitsuhiro Usui
Director and Managing Executive Officer
In charge of Corporate Planning & Coordination Department (excluding the Public Relations & Corporate Social Responsibility Office), ALM & Risk Management Department, Information Resources Department

Akio Mimura
Director (Outside)

Kazuo Ueda
Director (Outside)

Norihiro Fukunaga
Managing Executive Officer
In charge of Urban Development Department, Corporate Finance Department [Division 3], Asset Finance Group

Naoto Yamamoto
Managing Executive Officer
In charge of Corporate Finance Department [Division 1 and 2]

Kenichiro Hirata
Managing Executive Officer
In charge of Corporate Finance Department [Division 4]

Hisato Nagao
Managing Executive Officer
In charge of Corporate Finance Department [Division 5]

Hisato Nagaoka
Managing Executive Officer
In charge of Corporate Finance Group, Mid-Size & Growth, Economic & Industrial Research Department, Hokuriku Branch, Tokai Branch

Kan Ishii
Managing Executive Officer
In charge of Investment Planning Group, Fund Investment Group, Strategic Finance Group, Growth & Cross Border Investment Group, Structured Finance Group, Syndication Group, Kyushu Branch, Minami-Kyushu Branch

Ryo Ishimori
Managing Executive Officer
In charge of Business Development Department, Regional Planning Department (Public Sector Relationship Management Group, Regional Development Group), Hokkaido Branch, Tohoku Branch, Niigata Branch

Nozomu Kano
Managing Executive Officer, Head of Kansai Branch
In charge of Kansai Branch, Chugoku Branch, Shikoku Branch

Tsuyoshi Inoue
Full-Time Corporate Auditor

Tetsuhiko Shindo
Full-Time Corporate Auditor

Hiroshi Saito
Full-Time Corporate Auditor (Outside)

Makoto Ito
Corporate Auditor (Outside)

Shinji Hatta
Corporate Auditor (Outside)

Notes: 1. Akio Mimura and Kazuo Ueda are outside directors under Article 15 of Section 2 of the Companies Act.
2. Hiroshi Saito, Makoto Ito and Shinji Hatta are outside corporate auditors under Article 16 of Section 2 of the Companies Act.

Yasuhito Mitani
Executive Officer, Head of Internal Audit

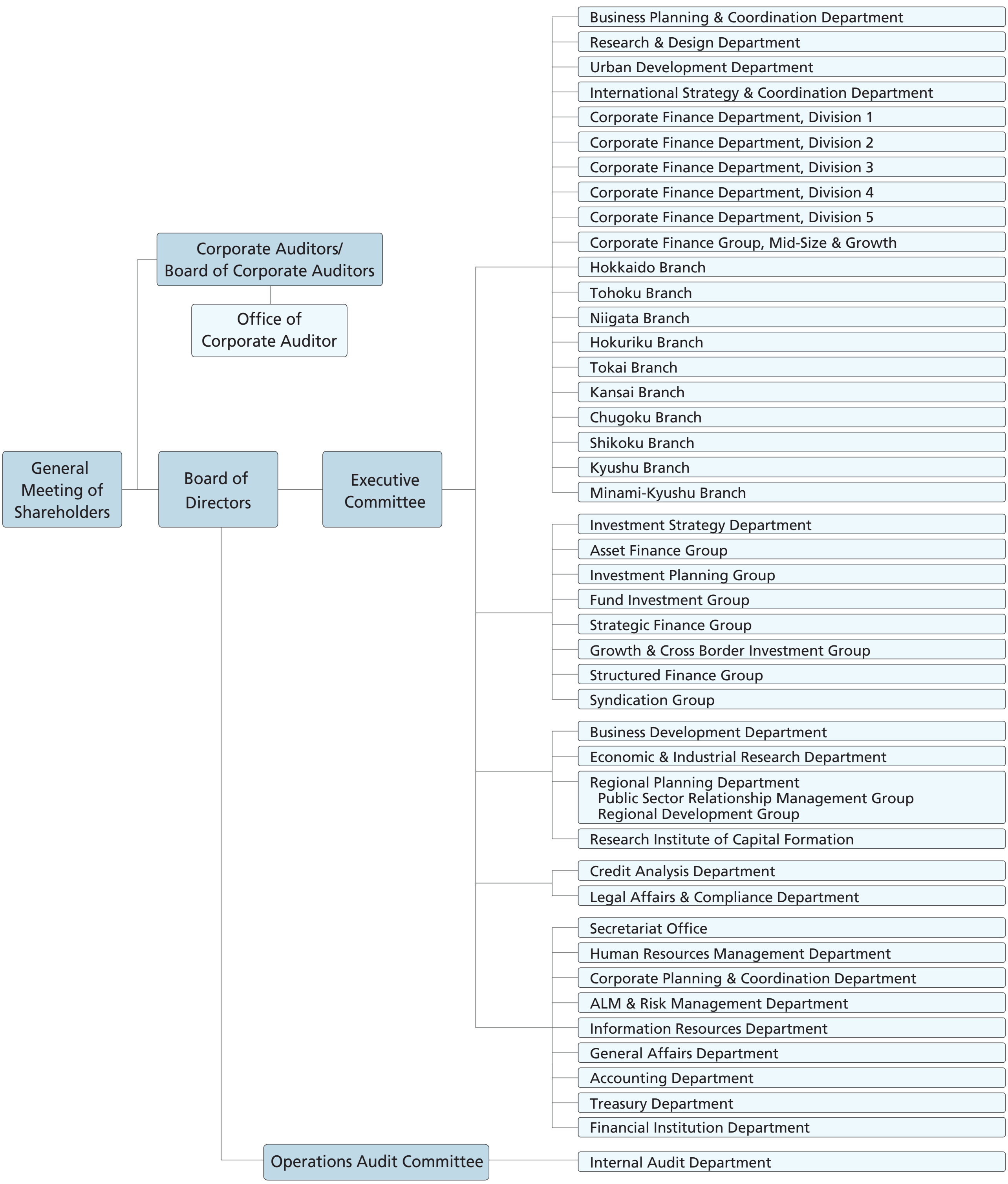
Masafumi Aizawa
Executive Officer, Head of Financial Institution

Takeshi Kobayashi
Executive Officer, Head of Human Resources Management Department

Hajime Watanabe
Executive Officer, Head of Corporate Planning & Coordination Department

Masanao Maeda
Executive Officer, Head of Business Planning & Coordination Department

Organization Chart (As of September 1, 2009)

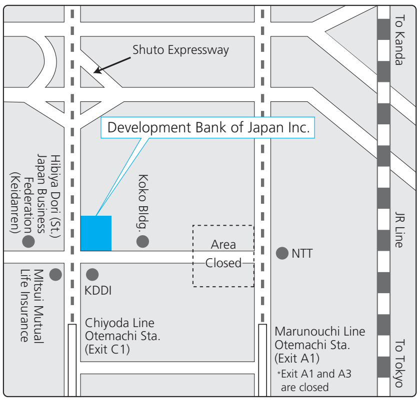


Representative Offices: Hakodate, Kushiro, Aomori, Toyama, Matsue, Okayama, Matsuyama, Oita
Overseas Representative Offices: New York, London
Overseas Subsidiary: DBJ Singapore Limited

Locations and Directory (As of September 1, 2009)

Head Office

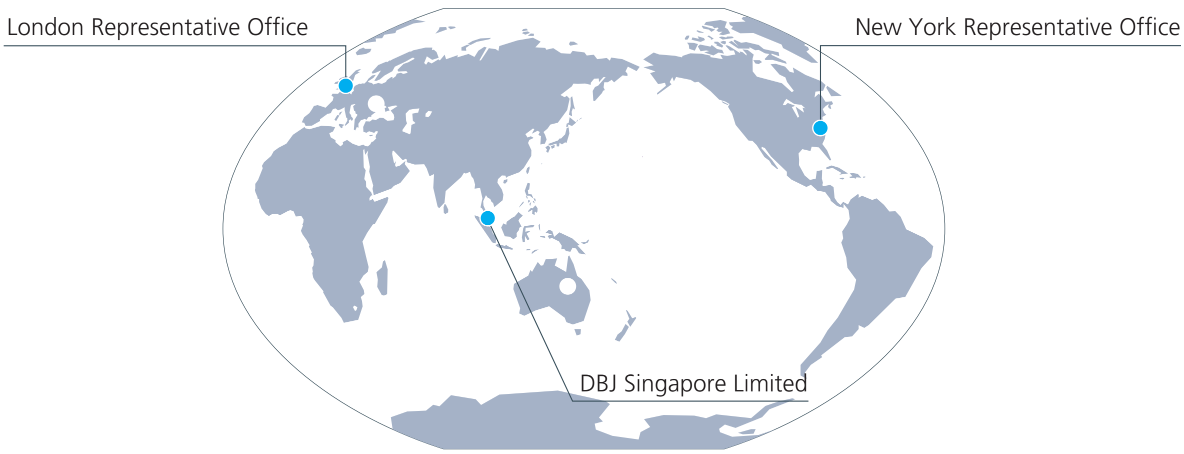
9-1, Otemachi 1-chome,
Chiyoda-ku,
Tokyo 100-0004, Japan
Tel: +81-3-3270-3211
http://www.dbj.jp/en



Domestic Branch Offices, Representative Offices

Branch Offices:	Representative Offices:
Hokkaido	Hakodate
Tohoku	Kushiro
Niigata	Aomori
Hokuriku	Toyama
Tokai	Matsue
Kansai	Okayama
Chugoku	Matsuyama
Shikoku	Oita
Kyushu	
Minami-kyushu	

Overseas Representative Offices and Subsidiary



New York Representative Office

1251 Avenue of the Americas, Suite 830,
New York, NY 10020, U.S.A.
Tel: +1-212-221-0708

London Representative Office

Level 12, City Tower, 40 Basinghall Street,
London, EC2V 5DE, United Kingdom
Tel: +44-20-7638-6210

DBJ Singapore Limited

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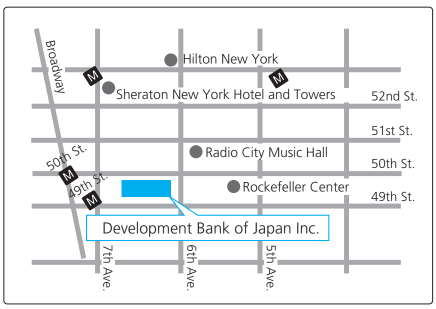
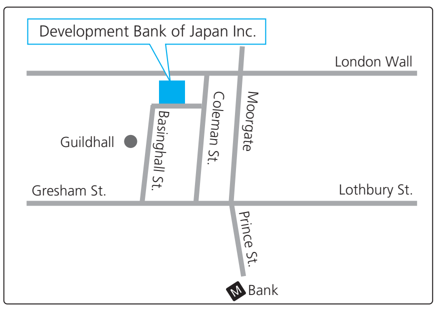
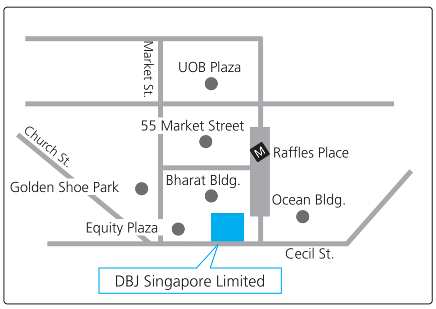
Singapore 048619
Tel: +65-6221-1779







Subsidiaries (As of March 31, 2009)

Consolidated Subsidiaries

Company	Address	Principal Businesses	Established	Capital (Millions of Yen)	Percentage of Total Voting Rights (%)
DBJ Business Investment Co., Ltd.	Chiyoda-ku, Tokyo	Management of investment associations, investment consulting	March 10, 2003	40	100.00
New Business Investment Co., Ltd.	Chiyoda-ku, Tokyo	Investment in new businesses startups	June 1, 1990	6,000	63.83
New Business Investment No. 1 Investment Limited Liability Partnership	Chiyoda-ku, Tokyo	Management of investment associations	June 23, 2006	3,200	100.00 (10.00)
DBJ Credit Line, Ltd.	Chiyoda-ku, Tokyo	Acquisition of beneficiary rights, consigned trusts operation and guidance	April 3, 2006	50	100.00
Japan Economic Research Institute Inc.	Chiyoda-ku, Tokyo	Provision of consulting and advisory services	December 13, 1989	479	100.00
DBJ Singapore Limited	Republic of Singapore	Investment support and advisory services	December 16, 2008	64 (Equivalent to S$1 million)	100.00
DBJ Corporate Mezzanine Partners Co., Ltd.	Chiyoda-ku, Tokyo	Management of investment associations	June 6, 2003	3	50.00
UDS Corporate Mezzanine Limited Partnership	Chiyoda-ku, Tokyo	Management of investment associations	January 18, 2006	23,453	50.00 (0.00)
Asuka DBJ Investment LPS	Minato-ku, Tokyo	Management of investment associations	October 28, 2005	5,130	49.40

Notes:
1. Amounts of less than ¥1 million have been omitted in the figures stated above.
2. Capital amounts have been converted into yen at the prevailing exchange rate on the final day of the fiscal year.
3. DBJ's percentage of total voting rights in subsidiaries is shown to three decimal places. Percentages less than that amount have been omitted.
4. Figures indicated within parentheses ( ) in the column showing DBJ's percentage voting rights in subsidiaries indicate indirect holdings.
5. The date of establishment shown for DBJ Singapore Limited indicates the date the company was incorporated.
6. Although it holds 50% or less of the shares in DBJ Corporate Mezzanine Partners Co., Ltd., UDS Corporate Mezzanine Limited Partnership and Asuka DBJ Investment LPS, DBJ effectively controls these companies.

Stock Information (As of March 31, 2009)

Number of Shares Issued and Paid-in Capital

	Changes in number of shares issued (Thousands of shares)	Number of shares issued (Thousands of shares)	Changes in paid-in capital (Millions of yen)	Paid-in capital (Millions of yen)	Changes in additional paid-in capital (Millions of yen)	Additional paid-in capital (Millions of yen)
October 1, 2008	40,000	40,000	1,000,000	1,000,000	Note 2	Note 2

Notes:
1. All shares issued on October 1, 2008, were to raise capital corresponding to incorporation.
   In accordance with Article 9 of the Supplementary Provisions to the New DBJ Law, on October 1, 2008, all assets of the predecessor were transferred to the new DBJ as an in-kind contribution (except those prescribed for ongoing use by the Japanese government of under Paragraph 2, Article 15, of the Supplementary Provisions to the Law), and these shares were transferred to the Japanese government, the capital investor in the predecessor, through a gratuitous conveyance.
2. As of October 1, 2008, according to the provisions of Article 2 of the Supplementary Provisions to DBJ's Articles of Incorporation, the value of the capital reserve was calculated by evaluation officers as stipulated in Paragraph 1, Article 16, of the Supplementary Provisions to the New DBJ Law to be the value of assets less the value of liabilities less the ¥1 trillion in capital.
   At the third meeting of the Development Bank of Japan, Inc., Asset Evaluation Committee on January 28, 2009, the committee determined the value of assets (as of October 1, 2008) for transfer approval. The value of these assets less the value of liabilities less ¥1 trillion in capital amounted to ¥1,157,715 million.
3. By resolution of the General Meeting of Shareholders on June 26, 2009, the deficit was covered by transferring the capital reserve to other additional paid-in capital and transferring other additional paid-in capital to the earned surplus carried forward. As the capital reserve fell ¥97,248 million as a result of these transfers, the capital reserve had a post-transfer balance of ¥1,060,466 million.

Shareholder

	Address	Number of shares held (Thousands of shares)	Percentage of total equity (%)
Finance Minister	1-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo	40,000	100.00
Total	—	40,000	100.00

Excerpt from the New DBJ Law (Law No. 85 of 2007)

(Unofficial translation)

Article 1
Purpose
The Development Bank of Japan Inc. (hereinafter referred to as the "Corporation") shall be a joint stock company (kabushiki-kaisha) whose object is to maintain the foundations of investment and financing functions of long-term business funds as the Development Bank of Japan by conducting business activities utilizing the methods of combining investments and financing and other sophisticated financial methodologies, while maintaining the autonomy of management with the goal of realizing full-scale privatization, thereby contributing to smooth supply of funds to those who need long-term business funds, as well as to the sophistication of financial functions.

Article 3
Scope of Business Operations
1. The Corporation shall engage in the following business operations to attain its objectives:
   (1) To accept deposits (limited to certificates of deposit (CDs) and other deposits stipulated in the Cabinet Order);
   (2) To lend money;
   (3) To make capital contributions;
   (4) To guarantee the due performance of debts and obligations;
   (5) To sell and purchase Securities (other than those that fall within monetary claims represented by certificates set forth in Item (7), Short-term Notes, Etc.; the same in Item (8)) (other than those that fall within securities-related derivatives transactions (which mean the securities-related derivatives transactions set forth in Article 28, Paragraph 8, Item (6) of the Financial Instruments and Exchange Law (Law No. 25 of 1948, as amended); hereinafter in this Item and Item 11 the same), or enter into securities-related derivatives transactions (limited to those made for investment purposes), except in cases where these business operations fall within those operations referred to in Item (3);
   (6) To lend Securities;
   (7) To acquire or transfer monetary claims (including claims represented by certificates stipulated in the Ministry of Finance Ordinance such as negotiable bank deposit certificates);
   (8) To subscribe for Specified Debentures or Preferred Investment Securities issued by a Specified Purpose Company (limited to the cases where the Specified Purpose Company acquires only designated monetary claims or beneficial interests in trusts with which designated monetary claims are entrusted with cash proceeds derived from issue of those Specified Debentures or Preferred Investment Securities as set forth in the Asset Liquidation Plans, and except for, in case of Specified Debentures, Specified Short-term Notes), and other similar securities stipulated in the Ministry of Finance (hereinafter in this Item referred to as the "Specified Debentures") (except in cases where it is intended for secondary distribution (*uridashi*)), or to handle primary offering (*boshu*) of the Specified Debentures so subscribed;
   (9) To acquire or transfer Short-term Notes, Etc.;
   (10) To act as an agent or intermediary for execution of agreements which provides for lending money on behalf of banks (the banks set forth in Article 2, Paragraph 1 of the Banking Act (Law No. 59 of 1981, as amended); hereinafter the same) and other entities engaged in the financial business stipulated in the Cabinet Order;
   (11) To enter into derivatives transactions set forth in Article 2, Paragraph 20 of the Financial Instruments and Exchange Law (other than those that fall within the securities-related derivatives transactions), except in cases where these business operations fall within those operations referred to in Item (7);
   (12) To do the activities referred to in Article 2, Paragraph 8, Item (7) of the Financial Instruments and Exchange Law;
   (13) To do the activities referred to in Article 2, Paragraph 8, Item (9) of the Financial Instruments and Exchange Law (limited, in the case of the handling of primary offering or secondary distribution, to those to be conducted upon entrustment by financial instruments dealers engaged in the type I financial instruments trading business set forth in Article 28, Paragraph 1 of the Financial Instruments and Exchange Law (the financial instruments dealers set forth in Article 2, Paragraph 9 of the Financial Instruments and Exchange Law; hereinafter the same), and for such financial instruments dealers);
   (14) To do the activities referred to in Article 2, Paragraph 8, Item (11) of the Financial Instruments and Exchange Law;
   (15) To do the activities referred to in Article 2, Paragraph 8, Item (13) of the Financial Instruments and Exchange Law;
   (16) To do the activities referred to in Article 2, Paragraph 8, Item (15) of the Financial Instruments and Exchange Law;
   (17) With respect to securities (including, if such securities are not issued, rights to be represented by such securities) or transactions referred to in each Item of Paragraph 2 of Article 33 of the Financial Instruments and Exchange Law, to do the activities set forth in each Item of said Paragraph (other than those referred to in Items 3, 5, 7 through 9, 11 and 13);
   (18) To provide other entities with consulting services regarding business transfer, merger, corporate split, share-for-share exchange (*kabushiki kokan*) or share transfer (*kabushiki iten*), or to act as a broker for these transactions;
   (19) To provide other entities with consulting services regarding management, and to conduct investigations or provide information as required for the business operations of other entities;
   (20) To conduct investigations, research or training regarding financial and other economic issues; and
   (21) To do activities incidental to each of the foregoing Items.

Article 5
Issue of the Development Bank of Japan Bonds
1. The Corporation may issue the Development Bank of Japan Bonds.

Article 9
Special Rules When Starting Acceptance of Deposits, Etc.
1. If the Corporation intends to start acceptance of deposits set forth in Article 3, Paragraph 1, Item (1) or issue of the Development Bank of Japan Bonds, the Corporation shall obtain the prior approval of the Minister of Finance.
2. If the Minister of Finance intends to give the approval referred to in the preceding Paragraph, the Minister of Finance shall, in advance, have a discussion with the Prime Minister and obtain his/her consent.

Article 12
Shares
1. If the Corporation intends to solicit those who will subscribe for shares offered for sale set forth in Article 199, Paragraph 1 of the Companies Act (Law No.86 of 2005, as amended) (hereinafter in Article 34, Item (4) referred to as the "Shares Offered for Sale") or stock acquisition rights offered set forth in Article 238, Paragraph 1 of the Companies Act (hereinafter in Article 34, Item (4) referred to the "Stock Acquisition Rights Offered"), or to deliver shares or stock acquisition rights in connection with a share-for-share exchange, the Corporation shall obtain authorization of the Minister of Finance.

Article 13
Corporate Debentures, Development Bank of Japan Bonds and Borrowings
1. Prior to the beginning of each fiscal year, the Corporation shall prepare its basic policy regarding the issue of corporate debentures (shasai) (other than the Development Bank of Japan Bonds, "Corporate Debentures;" hereinafter the same) and the Development Bank of Japan Bonds (excluding the short-term notes set forth in Article 66, Item (1) of the Law Concerning the Central Depositary System of Corporate Debentures (Law No. 75 of 2001, as amended) from both the Corporate Debentures and the Development Bank of Japan Bonds, respectively; hereinafter in this Article and Article 18 the same), as well as regarding the borrowings (limited to those with more than one year to maturity; hereinafter in this Article and Article 18 the same), which provides for matters relating to the issue of the Corporate Debentures and the Development Bank of Japan Bonds, and the borrowing of money, such as the amounts of issue and borrowings, denominated currency of the Corporate Debentures, the Development Bank of Japan Bonds and the borrowings, as stipulated in the Ministry of Finance Ordinance, and obtain authorization of the Minister of Finance. If the Corporation intends to revise it, the same shall apply.

Article 15
Resolution for Election of Representative Directors and Other Officers
Resolutions for appointment and dismissal of the representative directors or representative executive officers of the Corporation, appointment and dismissal of statutory auditors, or appointment and dismissal of audit committee members (*kansaiin*) shall not become effective without authorization of the Minister of Finance.

Article 16
Authorization of Concurrent Positions of Directors
1. Except in cases where the provision of Article 4, Paragraph 2 applies, any director (or, if the Corporation is a company maintaining committees (*iinkai secchi kaisha*), any executive officer) who performs the day-to-day business of the Corporation shall not perform the day-to-day business of any other corporation without authorization of the Minister of Finance.
2. The Minister of Finance shall, upon receipt of an application for the authorization referred to in the preceding Paragraph, grant his/her authorization, except in cases where it is determined that any matter so applied may interfere with sound and proper management of the Corporation.

Article 17
Business Plan
Prior to the beginning of each fiscal year, the Corporation shall draw out a business plan for the new fiscal year and obtain authorization of the Minister of Finance, as stipulated in the Ministry of Finance Ordinance. If the Corporation intends to revise it, the same shall apply.

Article 18
Redemption Plan
Prior to the beginning of each fiscal year, the Corporation shall draw out redemption plans for the Corporate Debentures, the Development Bank of Japan Bonds and the borrowings and obtain authorization of the Minister of Finance, as stipulated in the Ministry of Finance Ordinance. If the Corporation intends to revise it, the same shall apply.

Article 19
Subsidiaries Subject to Authorization
1. If the Corporation intends to make any of the following entities (other than individuals in the cases of those referred to in Items (3), (4) and (7); hereinafter referred to as the "Subsidiaries Subject to Authorization") its subsidiary (the subsidiary set forth in Article 2, Item (3) of the Companies Act), the Corporation shall obtain authorization of the Minister of Finance in advance:
   (1) Banks;
   (2) Long-term credit banks (the long-term credit banks set forth in Article 2 of the Long-Term Credit Bank Law (Law No.187 of 1952, as amended));
   (3) Financial Instruments Dealers (limited to those who engage in type I financial instruments trading business set forth in Article 28, Paragraph 1 of the Financial Instruments and Exchange Law);
   (4) Money lenders (the money lenders set forth in Article 2, Paragraph 2 of the Money Lending Business Law (Law No. 32 of 1983, as amended), and exclude those who concurrently conduct the business referred to in the preceding Items or fall within other requirements stipulated in the Ministry of Finance Ordinance);
   (5) Trust companies (the trust companies set forth in Article 2, Paragraph 2 of the Trust Business Law (Law No. 154 of 2004, as amended));
   (6) Insurance companies (the insurance companies set forth in Article 2, Paragraph 2 of the Insurance Business Law (Law No. 105 of 1995, as amended)); and
   (7) Those stipulated by the Ministry of Finance Ordinance as those who are similar to each of the foregoing.

Article 20
Amendment to the Articles of Incorporation, Etc.
1. Resolutions for amendment to the Articles of Incorporation of the Corporation, disposition of surplus funds (other than disposition of losses) such as distribution, merger, corporate split, and dissolution

shall not become effective without authorization of the Minister of Finance.

Article 22

Special Exemptions from Management of Fiscal Loan Funds

Notwithstanding the provisions of Article 10, Paragraph 1 of the Fiscal Loan Funds Law (Law 100 of 1951, as amended), the fiscal loan funds (which means the fiscal loan funds set forth in Article 2 of the Fiscal Loan Funds Law; hereinafter the same) may be appropriated for loans (hereinafter in Article 24 referred to simply as the "Loans") to the Corporation when the Corporation borrows money for appropriation for expenses required for its operations set forth in Article 3, Paragraphs 1 and 2.

Article 23

1. Notwithstanding the provision of Article 10, Paragraph 1 of the Fiscal Loan Funds Law, the fiscal loan funds may be appropriated for the Corporate Debentures and the Development Bank of Japan Bonds (hereinafter in the following Paragraph, immediately following Article and Article 25, Paragraph 1 referred to as the "Debentures, Etc.") to be issued by the Corporation to appropriate the resulting proceeds for expenses required for its operations set forth in Article 3, Paragraphs 1 and 2.

Article 25

Guarantee of Obligations

1. Notwithstanding the provision of Article 3 of the Law Concerning Restrictions on Fiscal Assistance by the Government to Corporations (Law No. 24 of 1946, as amended), the Government may enter into a guarantee agreement for the obligations relating to the Debentures, Etc., to the extent of the amount approved by the resolutions of the Diet.

Article 29

Competent Ministers

1. The competent minister under this Law shall be the Minister of Finance provided, however, that in the case that the Corporation obtains the approval referred to in Article 9, Paragraph 1, the competent ministers for the following matters shall be the Minister of Finance and the Prime Minister.

Supplementary Provisions

Article 2

Disposition of Government-Owned Shares

1. Pursuant to Article 6, Paragraph 2 of the Law Concerning Promotion of Administrative Reform for Realizing the Simple and Effective Government (Law No. 47 of 2006, as amended), the Government shall make efforts to reduce the number of shares held by it in the Corporation (hereinafter in the following Paragraph and the immediately following Article referred to as "Government-Owned Shares"), taking into account the market situation, and shall dispose all of them in approximately five to seven years from the date set forth in Item (3) of the preceding Article.
2. For a period from the effectuation of this law until the Government disposes of all of the Government-Owned Shares, the Government shall from time to time review matters, such as matters regarding the method in which the Government-Owned Shares should be disposed of and take the required measures based on the result of such review, so that the foundation of the Corporation's investment and financing functions for long-term business funds will be maintained.

Article 3

Abolition of This Law and Other Measures

If the Government disposes of all of the Government-Owned Shares, the Government shall immediately take measures to abolish this law, as well as measures necessary to smoothly assign the business operations, functions, and rights and obligations of the Corporation to any organization to be formed as a bearer of the functions commensurate with the investment and financing functions held by the Corporation.

Article 4

Special Rules for Business Operations during the Preparatory Period

1. In order for the Corporation to smoothly start the business operations as soon as it is duly organized, The Development Bank of Japan (hereinafter referred to as "DBJ") may borrow Long-term Loans, in addition to those set forth in Article 42, Paragraphs 1 and 2 of the Development Bank of Japan Law (Law No. 73 of 1999, as amended; hereinafter, except for Article 26 of the Supplementary Provisions, referred to as the "DBJ Law"), during the Preparatory Period (the period from the date on which this law comes into force up to September 30, 2008; the same in Paragraph 5).

Article 9

Capital Contribution

Upon the incorporation of the Corporation, DBJ shall contribute all of its properties, except assets to be assumed by Japan pursuant to Article 15, Paragraph 2 of the Supplementary Provisions, to the Corporation.

Article 15
Dissolution of DBJ, Etc.
1. DBJ shall be dissolved at the time of establishment of the Corporation, whereupon any and all rights and obligations of DBJ shall be taken over by the Corporation, except for those assets to be assumed by the Government as set forth in the following Paragraph.
2. Of the rights actually held by DBJ at the time of establishment of the Corporation, the assets which will be considered no longer necessary for the Corporation to smoothly perform its future business operation shall be assumed by Japan at the time of establishment of the Corporation.

Article 16
Values of Properties Assumed
1. The values of assets and liabilities assumed by the Corporation from DBJ (in the immediately following Paragraph referred to as the "Assumed Properties") shall be as evaluated by evaluation officers (*hyoka iin*).

Article 18
Competent Ministers
The competent ministers under Article 26, Paragraph 2 and Article 27, Paragraph 1 for management of assets to be assumed by the Corporation pursuant to Article 15, Paragraph 1 of the Supplementary Provisions (hereinafter in this Article referred to as the "Assumed Assets") shall, notwithstanding the provisions of Article 29, Paragraph 1, be as follows:
(1) For management of the Assumed Assets set forth in the Cabinet Order in the Hokkaido or the Tohoku Region (which means the areas of Aomori, Iwate, Miyagi, Akita, Yamagata, Fukushima and Niigata prefectures): Minister of Finance and Minister of Land, Infrastructure and Transport; and
(2) For management of the Assumed Assets other than the Assumed Assets set forth in the preceding Item: Minister of Finance.

Article 66
Examinations
On or prior to the date set forth in Article 1, Item (3) of the Supplementary Provisions, the Government shall examine measures to secure the equal competitive conditions with other business entities, with respect to the systems for which the investment and financing functions of DBJ are utilized pursuant to the provisions of relevant laws (including ordinances under those laws), such as the Law Concerning Collaterals for Borrowings of Electricity Companies from The Development Bank of Japan (Law No. 145 of 1950, as amended), the Law Concerning the Securement of Oil Reserves, Etc. (Law No. 96 of 1975, as amended), the Law Concerning Promotion of Development and Promotion of Introduction of Alternative Energy to Oil (Law No. 71 of 1980, as amended), the Special Measures Law Concerning Promotion of Private Urban Development (Law No. 62 of 1987, as amended), the Extraordinary Measures Law Concerning Promotion of Business Activities for Rationalization of Usage of Energy and Effective Use of Resources (Law No. 18 of 1993, as amended) and the Law Concerning Facilitation of the Improvement, Etc. of Public Facilities, Etc. by Private Fund, Etc. (Law No. 117 of 1999, as amended), while considering the convenience of users of those systems, and take the required measures based on the results of such examination.

Article 67
Utilization of the Corporation's Investment and Financing Functions for Long-term Business Funds
If the Government utilizes the Corporation's investment and financing functions for long-term business funds on or after the date set forth in Article 1, Item (3) of the Supplementary Provisions, the Government shall take measures necessary to secure the equal competition conditions, as well as other measures necessary for utilization of such investment and financing functions, paying attention to the Corporation's appropriate competitive relationships with other business entities.

This is an unofficial English translation. Only the original Japanese texts of the law have legal effect and prevail over this translation. This translation has been prepared solely for reference purposes. The reader of this translation should consult the original Japanese text for the purposes of interpreting and applying the law to any legal issues or disputes.

Law for Partial Amendment of the Development Bank of Japan Inc. Law (Law No. 67 of 2009)

(Unofficial translation)

The Development Bank of Japan Law (Law No. 85 of 2007) shall be partially amended as described below.

In Article 2, paragraph 1 of the Supplementary Provisions, "the following Article" shall be amended to read "Article 3 of the Supplementary Provisions" and "the day stipulated in item 3 of the preceding Article" to read "April 1, 2012". The following five articles shall be added after Article 2.

Government Investment
Article 2-2
During the period ending March 31, 2012, the Government may invest in the Corporation as it deems necessary within the limits set by its budget.

Delivery of Government Bonds
Article 2-3
1 During the period ending March 31, 2012, the Government, in implementing the crisis response business specified in Article 2, item 5 of the Japan Finance Corporation Law (Law No. 57 of 2007; hereinafter "Crisis Response Business") may issue government bonds in order to secure the capital required to ensure the soundness of the Corporation's finances.
2 The Government, under the provisions of the preceding paragraph and within the limits set by its budget, shall issue government bonds and deliver them to the Corporation.
3 Government bonds issued under the provisions of paragraph 1 shall be noninterest-bearing.
4 Government bonds issued under the provisions of paragraph 1 may not be transferred, attached as security rights, or otherwise disposed of.
5 Necessary matters concerning government bonds issued under the provisions of paragraph 1, other than that provided in paragraph 3, shall be determined by Finance Ministry ordinance.

Redemption of Government Bonds
Article 2-4
1 The Corporation, to obtain necessary funds for the capital increase required for its Crisis Response Business (limited to those conducted by March 31, 2012), may request the redemption of government bonds delivered under the provisions of paragraph 2 of the preceding Article, only for amounts calculated according to rules set down in Finance Ministry ordinances.
2 The Government, when requested by the Corporation to redeem all or a part of the government bonds delivered under the provisions of paragraph 2 of the preceding Article, must comply without delay.
3 When redemption has been made under the provisions of the preceding paragraph, the amount of the Corporation's capital shall be the sum of its capital immediately prior to the redemption and the amount of the money redeemed.
4 When the provisions of Article 445, paragraph 1 are applied in applying the provisions of the preceding paragraph, the term "case" in the said paragraph shall be "case, or in cases where Article 2-4, paragraph 3 of the Supplementary Provisions to the Development Bank of Japan Inc. Law (Law No. 85 of 2007) is applied."
5 Other than the matters stipulated in each of the preceding paragraphs, necessary matters concerning the redemption of government bonds delivered by the Government under the provisions of paragraph 2 of the preceding Article shall be determined by Finance Ministry ordinance.

Return of Government Bonds
Article 2-5
1 In the event that as of July 1, 2012, any government bonds delivered under the provisions of Article 2-3, paragraph 2 of the Supplementary Provisions remain unredeemed, the Corporation must return such unredeemed bonds to the Government.
2 The Government must immediately retire any government bonds returned to it under the provisions of the preceding paragraph.
3 Other than the matters stipulated in the preceding two paragraphs, necessary matters concerning the return and retirement of government bonds delivered by the Government under the provisions of Article 2-3, paragraph 2 shall be determined by Finance Ministry ordinance.

Exception to Imposition of Registration and License Tax
Article 2-6
When investments are made under the provisions of Article 2-2 of the Supplementary Provisions or redemptions made under the provisions of Article 2-4, paragraph 2 of the Supplementary Provisions, a Registration and License Tax shall not be imposed on the increase in capital received by the Corporation, provided that registration is obtained as specified by Finance Ministry ordinance.

Supplementary Provisions

Enforcement Date
Article 1
This law shall take effect on the date of its promulgation.

Deliberation
Article 2
1 By the end of fiscal year 2011, the Government shall review the organization of the Corporation, taking into account the status of investments in Development Bank of Japan Inc. (hereinafter "the Corporation") under the provisions of Article 2-2 of the Supplementary Provisions to the Development Bank of Japan Inc. Law as amended by this Law; the redemption of Government bonds under the provisions of Article 2-4, paragraph 2 of the same Supplementary Provisions; the conduct of crisis response business by the Corporation (this refers to Crisis Response Business conducted under the provisions of Article 2, item 5 of the Japan Finance Corporation Law (Law No. 57 of 2007); same hereinafter); and changes in socioeconomic and other circumstances. This review, from a point of view of the Government's practice of maintaining a certain level of involvement in the Corporation, such as by consistently holding more than one-third of the Corporation's issued shares, is meant to ensure that the Corporation's Crisis Response Business are properly implemented; it shall include a consideration of the Corporation's Crisis Response Business and, based on that, of the Government's holding of stock in the Corporation. The Government shall take necessary measures based on its findings.
2 Notwithstanding the provisions of Article 6, paragraph 2 of the Law on Promotion of Administrative Reform for Realizing Simple and Efficient Government (Law No. 47 of 2006) as amended under the provisions of the following Article (the "Administrative Reform Promotion Law") and of Article 2, paragraph 1 of the Supplementary Provisions to the Development Bank of Japan Inc. Law as amended by this Law, the Government shall not dispose of its shares in the Corporation prior to taking the measures described in the preceding paragraph.

Partial Amendment of the Law on Promotion of Administrative Reform for Realizing Simple and Efficient Government
Article 3
The Law on Promotion of Administrative Reform for Realizing Simple and Efficient Government shall be partially amended as follows.
"In the measures described in the preceding paragraph" in Article 6, paragraph 2 shall be amended to read "from April 1, 2012."

Adjusted Provisions
Article 4
1 If this Law come into effect prior to the date of enforcement of the Law for Partial Amendment of the Shoko Chukin Bank Law and Other Laws to Facilitate the Supply of Funds to Small and Medium-sized Enterprises (Law No. 54 of 2009; mentioned in the following paragraph as the "Shoko Chukin Amendment Law"), in regard to the application of the provisions of Article 6, paragraph 2 of the Law on Promotion of Administrative Reform for Realizing Simple and Efficient Government as amended under the provisions of the preceding Article up to the day before the said date, "and" in the said paragraph shall be changed to read, "taking into account the market situation, and shall dispose all such investments in approximately five to seven years after implementation of the measures mentioned in the preceding paragraph, and the Government shall invest in."
2 If this Law come into effect after the date of enforcement of the Shoko Chukin Amendment Law, the provisions of the preceding Article shall not apply. In this case, "the following Article" in Article 2, paragraph 2 of the Supplementary Provisions shall be changed to read "Article 4 of the Supplementary Provisions to the Law for Partial Amendment of the Shoko Chukin Bank Law and Other Laws to Facilitate the Supply of Funds to Small and Medium-sized Enterprises (Law No. 54 of 2009)."

Delegation to Government Ordinance
Article 5
Transitional measures required for the enforcement of this Law shall be determined by government ordinance.

(Unofficial translation)

Supplementary Resolutions on the Bill for Partial Amendment of the Development Bank of Japan Inc. Law

House of Councilors Committee on Financial Affairs
June 25, 2009

The following matters should receive the Government's careful consideration.

- In implementing Crisis Response Business based on the recent measures for additional investment, Development Bank of Japan Inc. shall ensure the measures result in a smooth supply of funds on the basis of appropriate analysis by drawing upon its accumulated knowledge and skills.

- With the global monetary crisis having serious economic and financial impacts, and the balance of loans to small and medium enterprises falling steadily, efforts must be made to further facilitate loans by the Japan Finance Corporation to small and medium-sized businesses. In implementing Crisis Response Business for large and midscale enterprises, Development Bank of Japan Inc. must be certain to expedite loans to associated small and medium enterprises as well.

- The Government should review its holding of shares in Development Bank of Japan Inc. and take necessary measures based on its findings. Any such deliberations should take into account the need to ensure that the Corporation acts for the good of the community, that it has a stable source of the funds required to fulfill its functions as a provider of long-term investment and loans, and that it has systems in place to secure competitive officers and employees. The Government should take appropriate measures to prevent any damage to the Corporation's long-term value.

- The Government should reassess the future provision of policy-based finance by Development Bank of Japan Inc. and the Japan Finance Corporation, reaffirming the importance of their roles and functions and paying attention to their relationships not only with private financial institutions but also with the Japanese financial sector as a whole, including affiliated organizations and the Japan Post Bank.

Resolutions passed.

Financial Condition

Consolidated Balance Sheet

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Assets		
Cash and Due from Banks (Note 28)	¥ 67,521	$ 687,383
Call Loans and Bills Bought	145,000	1,476,127
Reverse Repurchase Agreements (Note 3)	375,966	3,827,412
Money Held in Trust (Note 28)	24,873	253,218
Securities (Notes 3, 13 and 28)	1,246,587	12,690,496
Loans (Notes 4 and 13)	12,008,856	122,252,428
Other Assets (Note 6)	88,075	896,630
Tangible Fixed Assets (Note 7)	162,375	1,653,011
Intangible Fixed Assets	4,576	46,591
Deferred Tax Assets (Note 25)	27,930	284,342
Customers' Liabilities for Acceptances and Guarantees (Note 12)	157,276	1,601,101
Allowance for Loan Losses (Note 8)	(276,689)	(2,816,754)
Allowance for Investment Losses	(4,294)	(43,716)
Total Assets	**¥14,028,056**	**$142,808,269**

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Liabilities and Equity		
Liabilities		
Debentures (Note 9)	¥ 3,431,597	$ 34,934,309
Borrowed Money (Note 10)	8,067,892	82,132,678
Corporate Bonds (Note 9)	81,423	828,902
Other Liabilities (Notes 11 and 24)	169,043	1,720,898
Accrued Bonuses to Employees	2,224	22,646
Accrued Bonuses to Directors and Corporate Auditors	20	213
Reserve for Employees' Retirement Benefits (Note 23)	32,050	326,282
Reserve for Directors' and Corporate Auditors' Retirement Benefits	11	122
Deferred Tax Liabilities (Note 25)	58	599
Acceptances and Guarantees (Note 12)	157,276	1,601,101
Total Liabilities	**11,941,600**	**121,567,750**
Equity		
Common Stock authorized, 160,000 thousand shares; issued, 40,000 thousand shares (Note 14)	1,000,000	10,180,189
Capital Surplus (Note 14)	1,157,715	11,785,760
Deficit (Note 14)	(96,363)	(980,999)
Unrealized Loss on Available-for-sale Securities (Note 28)	(1,667)	(16,980)
Deferred Gain on Derivatives under Hedge Accounting	17,182	174,923
Foreign Currency Translation Adjustments	3	36
Total	2,076,870	21,142,930
Minority Interests	9,586	97,589
Total Equity	**2,086,456**	**21,240,519**
Total Liabilities and Equity	**¥14,028,056**	**$142,808,269**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Operations

For the six-month period ended March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Income		
Interest Income	¥ 135,793	$ 1,382,405
Interest on Loans	130,490	1,328,420
Interest and Dividends on Securities	4,771	48,575
Interest on Call Loans and Bills Bought	14	150
Interest on Reverse Repurchase Agreements	387	3,943
Interest on Due from Banks	129	1,318
Fees and Commissions (Note 16)	4,646	47,298
Other Operating Income (Note 17)	719	7,321
Other Income (Note 18)	13,672	139,192
Total Income	**154,831**	**1,576,216**
Expenses		
Interest Expense	84,118	856,338
Interest on Debentures	25,991	264,596
Interest on Call Money and Bills Sold	0	6
Interest on Borrowed Money	56,029	570,391
Interest on Corporate Bonds	216	2,204
Other Interest Expense	1,880	19,142
Fees and Commissions (Note 19)	142	1,449
Other Operating Expenses (Note 20)	11,090	112,902
General and Administrative Expenses	17,803	181,242
Other Expenses (Note 21)	159,798	1,626,777
Total Expenses	**272,952**	**2,778,708**
Loss before Income Taxes and Minority Interests	**(118,120)**	**(1,202,492)**
Income Taxes (Note 25)		
Current	20,021	203,823
Deferred	(6,492)	(66,093)
Total Income Taxes	**13,529**	**137,730**
Minority Interests in Net Loss	**(3,308)**	**(33,677)**
Net Loss	**¥(128,342)**	**$(1,306,546)**

	Yen	U.S. Dollars (Note 1)
Per Share of Common Stock (Note 15)		
Basic Net Loss	¥(3,208.55)	$ (32.66)

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the six-month period ended March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Common Stock:		
Balance at October 1, 2008 (Note 22)	¥1,000,000	$10,180,189
Balance at March 31, 2009	1,000,000	10,180,189
Capital Surplus:		
Balance at October 1, 2008 (Note 22)	1,157,715	11,785,760
Balance at March 31, 2009	1,157,715	11,785,760
Deficit:		
Balance at October 1, 2008 (Note 22)	—	—
The Amount of Tax Effect Adjustment due to Change in Legal Structure	31,978	325,547
Net Loss	(128,342)	(1,306,546)
Balance at March 31, 2009	(96,363)	(980,999)
Unrealized Loss on Available-for-sale Securities:		
Balance at October 1, 2008 (Note 22)	—	—
Net Change	(1,667)	(16,980)
Balance at March 31, 2009	(1,667)	(16,980)
Deferred Gain on Derivatives under Hedge Accounting:		
Balance at October 1, 2008 (Note 22)	—	—
Net Change	17,182	174,923
Balance at March 31, 2009	17,182	174,923
Foreign Currency Translation Adjustments:		
Balance at October 1, 2008 (Note 22)	—	—
Net Change	3	36
Balance at March 31, 2009	3	36
Minority Interests in Subsidiaries:		
Balance at October 1, 2008 (Note 22)	—	—
Net Change	9,586	97,589
Balance at March 31, 2009	9,586	97,589
Total Equity	**¥2,086,456**	**$21,240,519**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the six-month period ended March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Cash Flows from Operating Activities		
Loss before Income Taxes and Minority Interests	¥ (118,120)	$ (1,202,492)
Adjustments for:		
Depreciation	598	6,097
Amortization of Goodwill	2,273	23,147
Losses on Impairment of Long-lived Assets	43	443
Equity in Gains of Affiliates	(988)	(10,059)
Increase in Allowance for Loan Losses	120,060	1,222,235
Decrease in Allowance for Investment Losses	(1,632)	(16,618)
Increase in Accrued Bonuses to Employees	210	2,147
Increase in Accrued Bonuses to Directors and Corporate Auditors	20	213
Increase in Reserve for Employees' Retirement Benefits	89	911
Interest Income	(135,793)	(1,382,405)
Interest Expense	84,118	856,338
Loss on Securities-net	24,651	250,954
Loss on Money Held in Trust-net	1,388	14,132
Foreign Exchanges Gains	(321)	(3,276)
Loss on Sales of Fixed Assets-net	8	84
Net Increase in Loans	(747,836)	(7,613,117)
Net Increase in Debentures	56,748	577,709
Net Increase in Borrowed Money	1,459,394	14,856,908
Net Increase in Corporate Bonds	81,423	828,902
Net Decrease in Due from Banks	165,469	1,684,515
Net Increase in Call Loans	(145,000)	(1,476,127)
Net Increase in Reverse Repurchase Agreements	(218,968)	(2,229,137)
Interest Received	136,689	1,391,521
Interest Paid	(85,080)	(866,138)
Other-net	3,055	31,103
Sub-total	682,500	6,947,988
Payments for Income Taxes	(562)	(5,729)
Net Cash provided by Operating Activities	**681,938**	**6,942,259**
Cash Flows from Investing Activities		
Payments for Purchases of Securities	(1,037,782)	(10,564,817)
Proceeds from Sales of Securities	7,631	77,695
Proceeds from Redemption of Securities	327,769	3,336,757
Payments for Increase of Money Held in Trust	(2,350)	(23,923)
Proceeds from Decrease of Money Held in Trust	41,175	419,176
Payments for Purchases of Tangible Fixed Assets	(144)	(1,471)
Proceeds from Sales of Tangible Fixed Assets	13	135
Payments for Purchases of Intangible Fixed Assets	(591)	(6,018)
Net Cash used in Investing Activities	**(664,277)**	**(6,762,467)**
Cash Flows from Financing Activities		
Proceeds from Issuance of Securities to Minority Shareholders of Subsidiaries	750	7,637
Dividends Paid to Minority Shareholders of Subsidiaries	(54)	(550)
Net Cash provided by Financing Activities	**696**	**7,087**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**326**	**3,322**
Net Increase in Cash and Cash Equivalents	**18,683**	**190,201**
Cash and Cash Equivalents at October 1, 2008	**30,080**	**306,224**
Cash and Cash Equivalents at March 31, 2009	**¥ 48,763**	**$ 496,425**

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation

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

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

The amounts indicated in millions of yen are rounded down by omitting the figures less than one million yen. Accordingly, the sum of each amount appearing in the accompanying financial statements and the notes thereto may not be equal to the sum of the individual account balances. Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥98.23=$1.00, the effective exchange rate prevailing as of March 31, 2009, has been used in the conversion. The presentation of such amounts is not intended to imply that Japanese yen amounts have been or could have been readily translated, realized or settled in U.S. dollars at that rate or any other rate.

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

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

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

(1) Scope of Consolidation

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

(i) Consolidated Subsidiaries

The number of consolidated subsidiaries as of March 31, 2009 is nine. The Consolidated subsidiaries as of March 31, 2009 are as follows:

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

(ii) Non-consolidated Subsidiaries

The number of non-consolidated subsidiaries as of March 31, 2009 is 18. Such subsidiaries as of March 31, 2009 are mainly as follows:

- UDS II Corporate Mezzanine Limited Partnership
- UDS III Corporate Mezzanine Limited Partnership

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

(iii) Entities not considered to be subsidiaries where DBJ Inc. has more than a 50% ownership interest

The number of entities not considered to be subsidiaries where DBJ Inc. has more than a 50% ownership interest as of March 31, 2009 is four. Such entities as of March 31, 2009 are as follows:

ADS Global Partners Ltd.
Sunsay International Technology, Inc.
Dyflex Holdings Co.
Hydro-Device Company, Limited

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

(2) Application of the Equity Method

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

(i) Non-consolidated Subsidiaries accounted for by the Equity Method

The number of non-consolidated subsidiaries not accounted for by the equity method as of March 31, 2009 is 18. Such subsidiaries as of March 31, 2009 are mainly as follows:

UDS II Corporate Mezzanine Limited Partnership
UDS III 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, 2009 is 13. EBANK Corporation is removed from affiliates. The affiliates accounted for by the equity method as of March 31, 2009 are mainly as follows:

Makuhari Messe, Inc.
Hokkaido International Airlines Co., Ltd.

(iii) Affiliates not accounted for by the Equity Method

The number of affiliates not accounted for by the equity method as of March 31, 2009 is 95. Such affiliates as of March 31, 2009 are mainly as follows:

Urban Redevelopment Private Fund
New Perspective One LLC

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

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

The number of entities not considered to be affiliates where DBJ Inc. has greater than 20% but less than a majority of voting stock as of March 31, 2009 is nine. Such entities as of March 31, 2009 are as follows:

Gordon Brothers Japan Co., Ltd.
Narumi Corporation
Shinwa Seiko Corporation
Mediclude Co., Ltd.
Green Power Investment Corporation
Advangen, Inc.
Vaxiva Biosciences
Asahi Fiber Glass Company, Limited
Takumi Technology Corp.

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

(3) Balance sheet Dates of Consolidated Subsidiaries

Balance sheet dates of consolidated subsidiaries are as follows:

December 31	4 subsidiaries
March 31	5 subsidiaries

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

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

(4) Valuation of Consolidated Subsidiaries' Assets and Liabilities

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

(5) Elimination of Intercompany Balances and Transactions

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

(6) Amortization of Goodwill

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

(b) Cash and Cash Equivalents

"Cash and Cash Equivalents" in the consolidated statements of cash flows consist of cash on hand and due from banks.

The reconciliation between "Cash and Cash Equivalents" and "Cash and Due from Banks" in the consolidated balance sheet is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Cash and Due from Banks	¥ 67,521	$ 687,383
Time Deposits with Banks	(18,757)	(190,958)
Cash and Cash Equivalents	¥ 48,763	$ 496,425

(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). Other securities without market quotations are stated at cost or amortized cost computed using the weighted average method.

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

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

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

(d) Valuation Method for Derivative Financial Instruments

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

(e) Hedge Accounting

(i) Hedge Accounting

DBJ Inc. applies the deferral method of hedge accounting. 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.

(ii) Hedging Instruments and Hedged Items

- Hedging Instruments: Interest Rate Swaps
  Hedged Items: Debentures, Corporate Bonds, Borrowed Money and Loans
- Hedging Instruments: Foreign Currency Swaps
  Hedged Items: Foreign currency denominated Loans, Debentures and Corporate Bonds

(iii) Hedging Policy

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

(iv) 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 regards to both interest rate swap contracts which meet the hedging requirements of the accrual method (*1) and foreign currency swap contracts which meet the hedging requirements of the assignment method (*2), under the Accounting Standards for Financial Instruments at the inception date, DBJ Inc. is not required to periodically evaluate their 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, forward foreign exchange contracts and hedged items are accounted for in the following manner;

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

2) 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 forward foreign exchange contract are recognized.

(f) Fixed Assets

(i) Depreciation of Tangible Fixed Assets

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

The estimated useful lives are principally as follows:

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

(ii) Amortization of Intangible Fixed Assets

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

(iii) Lease Assets

Depreciation for lease assets is computed under 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 transaction are recognized in the income statement to the extent that they are not hedged by forward exchange contracts.

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such transaction were shown as "Foreign Currency Transaction Adjustments" in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the exchange rate prevailing as of the balance sheet date.

(j) Allowance for Loan Losses

DBJ Inc. provides for "Allowance for Loan Losses" as detailed below pursuant to the internal policies for self-assessment of credit quality and loan losses.

The allowance for claims on debtors who are legally bankrupt, in special liquidation or effectively bankrupt is provided for based on the amount of claims, after the write-off described below, net of amounts expected to be recovered through disposal of collateral or execution of guarantees.

The allowance for claims on debtors who are not legally bankrupt at the moment, but are likely to become bankrupt, and for which future cash flows cannot reasonably be estimated, is provided for at the amount considered to be necessary based on an overall solvency assessment performed on the claims, net of amounts expected to be recovered through disposal of collateral or execution of guarantees.

With respect to the claims on debtors who are likely to become bankrupt or to be closely monitored, and for which future cash flows can reasonably be estimated, the allowance is provided for as the difference between the present value of expected future cash flows discounted at the contracted interest rate and the carrying value of the claims.

The allowance for claims on debtors other than those described above is provided based on the historical default rate, which is calculated based on the actual defaults over a certain historical period.

All claims are assessed initially by the investment and lending departments and then by the Credit Analysis Department, which is independent of the investment and lending departments based on internal policies for self-assessment of credit quality. The allowance is provided for based on the results of the self-assessment.

With respect to the claims on debtors who are legally or substantially bankrupt with collateral or guarantees, the amount of claims exceeding the estimated market values of collateral or guarantees which are deemed uncollectible have been written-off, and totaled ¥51,303 million ($522,277 thousand) for the six-month period ended March 31, 2009.

The consolidated subsidiaries are calculated the general reserve for "normal" categories based on the specific actual historical loss ratio.

(k) Allowance for Investment Losses

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

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

"Accrued Bonuses to Employees, Directors and Corporate Auditors" are provided for in the amount of the estimated bonuses which are attributable to the six-month period.

(m) Reserve for Employees' Retirement Benefits

DBJ Inc. has defined benefit pension plans, which consist of a welfare pension fund plan and a lump-sum severance indemnity plan.

"Reserve for Employees' Retirement Benefits" represents future payments for pension and retirement benefits to employees. It is accrued based on the projected benefit obligations and estimated pension plan assets at the six-month period ended. Prior service cost is amortized using the straight-line method over the period of ten years within the employees' average remaining service period at incurrence. Net actuarial gains and losses is amortized using the straight-line method over the period of ten years within the employees' average remaining service period commencing from the next fiscal year after incurrence.

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

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

(o) Lease Transactions

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

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

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

(p) Consumption Taxes

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

(q) Income Taxes

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

(r) 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 six-month period ended March 31, 2009 is not disclosed because of no dilutive securities.

3. Securities

Securities as of March 31, 2009 are as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Japanese Government Bonds	¥ 251,413	$ 2,559,437
Short-term Corporate Bonds	461,514	4,698,302
Corporate Bonds	114,431	1,164,932
Equities	166,537	1,695,381
Other Securities	252,691	2,572,444
	¥1,246,587	$12,690,496

Notes: 1. Investments in unconsolidated subsidiaries and affiliates included in "Equities" as of March 31, 2009 are ¥14,391 million ($146,508 thousand). Investments in unconsolidated subsidiaries and affiliates included in "Other securities" as of March 31, 2009 are ¥38,817 million ($395,173 thousand).
2. DBJ Inc. has contingent liabilities for guarantees of corporate bonds among Securities which were issued by private placement (Article 2 Paragraph 3 of Financial Instruments and Exchange Law) and amount to ¥3,280 million ($33,391 thousand) as of March 31, 2009.
3. There are no securities repledged as of March 31, 2009. Securities accepted under repurchase agreements can be sold or repledged. Securities neither sold nor repledged are ¥375,966 million ($3,827,412 thousand).
4 Other Securities with market value 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 losses for the six-month period.
The criterion for determining "Considerable decline in market value" is as follows:
Market value is 50% or more lower than acquisition cost.
Market value is 30% or more lower than acquisition cost, and such decline is not considered as recoverable.

4. Non-performing Loans

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

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Loans to Bankrupt Debtors	¥ 18,967	$ 193,093
Delinquent Loans	116,843	1,189,486
Loans Past Due Three Months or More	23	238
Restructured Loans	56,795	578,185
	¥192,629	$1,961,002

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

5. Commitments

Loan commitment limits are contracts under which DBJ Inc. lends to customers up to the prescribed limits in response to customers' application for loans as long as there is no violation of any condition in the contracts. As of March 31, 2009, the amount of unused commitments was ¥266,886 million ($2,716,957 thousand). As of March 31, 2009, the amount of unused commitments whose remaining contract term was within one year was ¥79,128 million ($805,547 thousand).

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' application for loans or decrease the contract limits for proper reason (e.g., changes in financial situation, deterioration in customers' credit worthiness). At the inception of contracts, DBJ Inc. and its subsidiaries obtains real estate, securities or other assets as collateral if considered necessary. Subsequently, DBJ Inc. and its subsidiaries performs periodic reviews of the customers' business results based on internal rules, and takes necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

6. Other Assets

Other Assets as of March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Prepaid Expenses	¥ 8,283	$ 84,333
Accrued Income	39,549	402,626
Derivatives	39,052	397,564
Other	1,189	12,107
	¥88,075	$896,630

7. Tangible Fixed Assets

Tangible Fixed Assets as of March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Buildings	¥ 14,487	$ 147,489
Land	147,396	1,500,520
Leased Assets	160	1,635
Construction in Progress	27	277
Other	303	3,089
	¥162,375	$1,653,011

Notes: Accumulated Depreciation of Tangible Fixed Assets as of March 31, 2009 is ¥432 million ($4,401 thousand).

8. Allowance for Loan Losses

Allowance for Loan Losses as of March 31, 2009 is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
General Allowance for Loan Losses	¥215,245	$2,191,243
Specific Allowance for Loan Losses	61,443	625,511
	¥276,689	$2,816,754

9. Debentures and Corporate Bonds

Debentures and Corporate Bonds as of March 31, 2009 are as follows:

Description of Debentures and Corporate Bonds		Issue date	Interest rate (%)	Maturity date	Millions of Yen As of March 31, 2009	Thousands of U.S. Dollars (Note 1) As of March 31, 2009
Debentures						
	Japanese Government-guaranteed Bonds 1-23*[1, 5]	Aug. 2000– Aug. 2008	0.8– 2.2	Aug. 2010– Jun. 2023	¥ 882,176	$ 8,980,719
	Japanese Government-guaranteed Bonds 1-4	Nov. 2008– Feb. 2009	1.4– 2.1	Nov. 2018– Feb. 2024	119,672	1,218,284
	Japanese Government-guaranteed Foreign Bond 67*[2, 5]	Sep. 1998	1.81	Sep. 2028	25,079	255,311
	Japanese Government-guaranteed Foreign Bonds 1-14*[1, 5]	Nov. 1999– Nov. 2007	1.05– 6.875	Jun. 2010– Nov. 2027	1,035,868	10,545,340
	FILP Agency Domestic Bonds 5,7,9-14,16-52*[3, 5, 6]	Oct. 2002– Aug. 2008	0.57- 2.74	Sep. 2009– Mar. 2047	1,314,695 [109,994]	13,383,847 [1,119,764]
	FILP Agency Foreign Bond 1*[3, 5]	Jun.2007	1.65	Jun. 2012	49,952	508,529
	Euro MTN Bonds 1-2*[3, 4, 5]	Sep. 2008	2.032– 3.142	Sep. 2010– Sep. 2023	4,153	42,278
Corporate Bonds						
	Corporate Bonds 1-2	Dec. 2008	1.116– 1.367	Dec. 2011– Dec. 2013	57,000	580,271
	Corporate Bonds Euro MTN 1-12*[4, 6]	Dec. 2008– Mar. 2009	0.68– 2.3125	Mar. 2010– Mar. 2014	24,423 [7,100]	248,631 [72,279]
					¥3,513,020 [117,094]	$35,763,211 [1,192,044]

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

Scheduled redemptions of Debentures and Corporate Bonds which have been assumed and repaid by DBJ Inc. for subsequent years as of March 31, 2009 are as follows:

The fiscal year ending March 31, 2010	¥117,094 million	$1,192,044 thousand
2011	403,562	4,108,341
2012	522,334	5,317,466
2013	394,837	4,019,519
2014	233,793	2,380,059

10. Borrowed Money

Borrowed Money as of March 31, 2009 is as follows:

	Average interest rate (%)	Due date of repayment	Millions of Yen As of March 31, 2009	Thousands of U.S. Dollars (Note 1) As of March 31, 2009
Borrowings	1.46	Apr. 2009–Mar. 2029	¥8,067,892	$82,132,678

Scheduled redemptions of Borrowings for subsequent years as of March 31, 2009 are as follows:

The fiscal year ending March 31, 2010	¥1,587,053 million	$16,156,506 thousand
2011	855,142	8,705,508
2012	952,316	9,694,760
2013	945,447	9,624,835
2014	797,137	8,115,009

11. Other Liabilities

Other Liabilities as of March 31, 2009 are as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Accrued Expenses	¥ 33,650	$ 342,573
Unearned Income	1,194	12,162
Accrued Income Taxes	20,109	204,721
Derivatives	112,651	1,146,810
Lease Obligation	287	2,925
Other	1,150	11,707
	¥169,043	$1,720,898

12. Acceptances and Guarantees

Acceptances and Guarantees as of March 31, 2009 are as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Guarantees	¥157,276	$1,601,101

13. Assets Pledged as Collateral

Loans and Securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥228,799 million ($2,329,217 thousand) and ¥633,024 million ($6,444,309 thousand), respectively, as of March 31, 2009. Also, ¥2,291 million ($23,324 thousand) of Securities are pledged as collateral for loans of companies which DBJ Inc. invests as of March 31, 2009.

Under the DBJ Inc. Law (Law No. 17 and 26), the DBJ Law (Law No. 43), obligations created by the bonds issued by DBJ Inc. are secured by a statutory preferential right over the property of DBJ Inc. Denomination value of these debentures amounts to ¥3,314,596 million ($33,743,217 thousand).

14. Equity

Since May 1, 2006, Japanese companies including DBJ Inc. have been regulated by the Companies Act. In addition, DBJ Inc. is regulated by DBJ Inc. Law. The significant provisions in the Companies Act and DBJ Inc. Law that affect financial and accounting matters are summarized as follows:

(a) Dividends

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

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

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

(c) Treasury Stock and Treasury Stock Acquisition Rights

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

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

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

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

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

15. Per Share Information

Basic Net Loss Per Common Share ("EPS") for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Loss	Weighted Average Shares	EPS	EPS
Basic EPS				
Net Loss Available to Common Shareholders	¥(128,342)	40,000	¥(3,208.55)	$(32.66)

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

16. Fees and Commissions (Income)

Fees and Commissions (Income) for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Commissions	¥4,646	$47,298

17. Other Operating Income

Other Operating Income for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Foreign Exchange Gains	¥718	$7,312
Other	0	9
	¥719	$7,321

18. Other Income

Other Income for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Reversal of Allowance for Investment Losses	¥ 308	$ 3,139
Gains on Sales of Equities and Other Securities	3,525	35,887
Gains on Money Held in Trust	1,815	18,479
Equity in Net Income of Affiliates	988	10,059
Gains on Sales of Fixed Assets	0	7
Collection of Written-off Claims	3,316	33,762
Other	3,718	37,858
	¥13,672	$139,192

19. Fees and Commissions (Expenses)

Fees and Commissions (Expenses) for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Commissions	¥142	$1,448
Other	0	1
	¥142	$1,449

20. Other Operating Expenses

Other Operating Expenses for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Debentures Issuance Costs	¥ 368	$ 3,751
Corporate Bonds Issuance Costs	147	1,505
Losses on Derivative Instruments	10,065	102,472
Other	508	5,173
	¥11,090	$112,902

21. Other Expenses

Other Expenses for the six-month period ended March 31, 2009 are as follows:

For the six-month period ended March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Provision for Allowance for Loan Losses	¥125,431	$1,276,913
Write-off of Loans	2,583	26,305
Losses on Sales of Equities and Other Securities	320	3,266
Write-off of Equities	14,558	148,213
Losses on Money Held in Trust	3,203	32,611
Losses on Sales of Fixed Assets	9	92
Impairment Loss	43	443
Other	13,647	138,935
	¥159,798	$1,626,777

22. Consolidated Statement of Changes in Equity

The financial period of this financial statement is from October 1, 2008 through March 31, 2009. DBJ Inc. was established on October 1, 2008, as a joint stock corporation under the DBJ Inc. Law (Law No. 85 of 2007, as amended). The predecessor contributed all assets and liabilities to DBJ Inc. except for those assets to be assumed by the Japanese Government pursuant to Article 15, Paragraph 2 of the Supplementary Provisions, in exchange for shares of DBJ Inc.'s common stock, and thereafter, upon transferring such shares to the Japanese Government, the predecessor was dissolved on October 1, 2008. Valuation of Assets and Liabilities evaluated by evaluation officers (*hyoka iin*) pursuant to Article 16 of the Supplementary Provisions on the DBJ Inc. Law is as follows:

As of October 1, 2008	Millions of Yen	Thousands of U.S. Dollars
Assets	¥12,414,193	$116,565,194

As of October 1, 2008	Millions of Yen	Thousands of U.S. Dollars
Liabilities	¥10,256,477	$96,304,957
Equity	2,157,715	20,260,237
	¥12,414,193	$116,565,194

Notes: Valuation of Assets, Liabilities and Equity succeeded from the predecessor on October 1, 2008 is converted at the rate of ¥106.50=$1.00 as of October 1, 2008.

23. Employees' Retirement Benefits

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

Reserve for Employee Retirement Benefits as of March 31, 2009 consisted of the following:

(a) The Funded Status of the Pension Plans

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Projected Benefit Obligation	¥(45,541)	$(463,619)
Fair Value of Plan Assets	11,448	116,548
Unfunded Pension Obligation	(34,092)	(347,071)
Unrecognized Net Actuarial Losses	1,991	20,276
Unrecognized Prior Service Cost	50	514
Reserve for Employees' Retirement Benefits	¥(32,050)	$(326,282)

Notes: 1. The above Projected Benefit Obligations include a portion in which the pension fund manages on behalf of the Japanese Government welfare program.
2. Reserve for Employees' Retirement Benefits includes the benefits for executive directors and corporate auditors in the six-month period ended March 31, 2009.
3. Certain subsidiaries apply the simplified method for the calculation of liability for employees' retirement benefits.

(b) Components of Pension Cost

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Service Cost	¥ 698	$ 7,111
Interest Cost	450	4,581
Expected Return on Plan Assets	(32)	(333)
Amortization of Prior Service Cost	0	4
Net Pension Cost	¥1,116	$11,364

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

(c) Principal Assumptions Used

	As of March 31, 2009
Discount Rate	2.0%
Expected Rate of Return on Plan Assets	0.5%
Amortization Period of Prior Service Cost	10 Years
Amortization Period of Actuarial Gains/Losses	10 Years

24. Lease Transactions

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

Lease payments under finance leases for the six-month period ended March 31, 2009 amounted to ¥146 million ($1,493 thousand).

For the six-month period ended March 31, 2009, DBJ Inc. recorded an impairment loss of ¥5 million ($55 thousand) on certain leased property held under finance leases that do not transfer ownership and an allowance for impairment loss on leased property, which is included in Other Liabilities.

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

	Millions of Yen		
	2009		
As of March 31	Tangible Fixed Assets	Intangible Fixed Assets	Total
Acquisition Cost	¥514	¥254	¥ 768
Accumulated Depreciation	(94)	(37)	(131)
Accumulated Impairment Losses	(5)	—	(5)
Net leased property	¥414	¥216	¥ 631

	Thousands of U.S. Dollars (Note 1)		
	2009		
As of March 31	Tangible Fixed Assets	Intangible Fixed Assets	Total
Acquisition Cost	$5,237	$2,586	$ 7,823
Accumulated Depreciation	(959)	(381)	(1,341)
Accumulated Impairment Losses	(54)	—	(54)
Net leased property	$4,224	$2,205	$ 6,429

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

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Due within One Year	¥238	$2,425
Due after One Year	406	4,142
	¥645	$6,567

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

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Depreciation Expense	¥141	$1,437
Interest Expense	6	67
	147	1,504
Impairment Loss	5	55

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

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

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Due within One Year	¥173	$1,767
Due after One Year	109	1,115
	¥283	$2,882

25. Income Taxes

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

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

	For the six-month period ended March 31, 2009
Normal Effective Statutory Tax Rate	40.69%
Increase (Decrease) in Taxes Resulting From:	
Change in Valuation Allowance	(50.66)
Amortization of Goodwill	(0.78)
Minority Interests in Net Income of Subsidiaries	0.34
Other	(1.04)
Actual Effective Tax Rate	(11.45%)

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

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Deferred Tax Assets:		
Allowance for Loan Losses	¥ 128,030	$ 1,303,371
Losses from Revaluation of Securities	21,317	217,020
Reserve for Retirement Benefits	13,041	132,763
Allowance for Investment Losses	3,715	37,820
Tax Loss Carryforwards	3,227	32,853
Unrealized Loss on Available-for-sale Securities	1,690	17,205
Other	5,500	55,996
Sub Total	176,521	1,797,027
Less—Valuation Allowance	(136,373)	(1,388,305)
Total	¥ 40,148	$ 408,722
Deferred Tax Liabilities:		
Deferred Gains or Losses on Hedges	¥ (12,246)	$ (124,668)
Other	(30)	(311)
Total	(12,276)	(124,979)
Net Deferred Tax Assets	¥ 27,872	$ 283,743

26. Segment Information

(a) Segment Information by Type of Business

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

(b) Segment Information by Geographic Area

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

(c) Ordinary Income from Overseas Entities

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

27. Derivative Transactions

1. Details Related to Transactions

(a) Details of Transactions

DBJ Inc. utilizes derivative financial instruments, which comprise interest rate swaps, currency swaps, forward foreign exchange contracts and credit default options.

(b) Policy for Derivative Transactions

DBJ Inc. utilizes interest rate swaps, currency swaps and forward foreign exchange contracts to reduce its exposure to market risks from fluctuations in interest rates and foreign currency exchange rates, and to respond to the customers' financial needs. DBJ Inc. does not hold or issue derivative financial instruments for trading purposes.

DBJ Inc. also utilizes credit default options as part of its "acceptances and guarantees on customers' debt" business within the limit of a certain definite amount of risk.

(c) Risks Involved in Derivative Transactions

Derivatives involve the following risks:

(i) Market Risk

Potential losses from changes in the market value of financial products due to fluctuations in interest rates or exchange rates.

(ii) Credit Risk

Potential losses from the failure of a counterparty to perform its obligations in accordance with the terms and conditions of the contract governing the transaction due to the counterparty's bankruptcy or deteriorating business conditions.

With regards to derivative transactions for hedging purpose, the market risk on derivatives is offset against the hedged transactions. As for credit risk, DBJ Inc. limits the counterparty to financial institutions highly rated by the credit rating agencies, and constantly monitors the cost of restructuring its transactions and creditworthiness of each counterparty. In addition, DBJ Inc. transacts with multiple counterparties to reduce credit risk. With regards to credit derivative transactions, DBJ Inc. holds credit risk of target debt itself in the transaction.

(d) Risk Management Policies for Derivatives

The Treasury Department enters into and the ALM and Risk Management Department monitors derivative transactions in accordance with the internal management policy, which defines the authorization procedures, including pre-approval by authorized personnel, and limits on derivative transactions. Also, total contract amount, total amount of risk, market value, and total amount of counterparties' credit risk in the derivative transactions are reported to the directors in charge periodically.

(e) Supplementary explanation on Market Value of Derivatives

It should be noted that 'Contract Value' represents nominal contract value or notional principal amount used in determining the value of receipts or payments of interest, but this does not necessarily reflect the risks of derivative transactions themselves.

2. Information on Market Value of Derivatives

The market values of derivatives as of March 31, 2009 are as follows:

(a) Interest Rate-related Transactions

	Millions of Yen			
	2009			
	Contract Value			Unrealized Gains
As of March 31	Total	Over one year	Market Value	(Losses)
Over-the-Counter				
Swaps				
Receive Fixed/ Pay Float	¥191,015	¥191,015	¥ 6,584	¥ 6,584
Receive Float/ Pay Fixed	189,090	189,090	(2,169)	(2,169)
	—	—	¥ 4,415	¥ 4,415

	Thousands of U.S. Dollars (Note 1)			
	2009			
	Contract Value			Unrealized Gains
As of March 31	Total	Over one year	Market Value	(Losses)
Over-the-Counter				
Swaps				
Receive Fixed/ Pay Float	$1,944,569	$1,944,569	$ 67,035	$ 67,035
Receive Float/ Pay Fixed	1,924,972	1,924,972	(22,081)	(22, 081)
	—	—	$ 44,954	$ 44,954

Notes: 1. The above transactions are marked to market and changes in unrealized gains (losses) are included in the Consolidated Statement of Operations. Derivative transactions qualifying for hedge accounting are excluded from the tables above.
2. Market values for the over-the-counter transactions are based primarily on discounted present values.

(b) Currency-related Transactions

	Millions of Yen			
	2009			
	Contract Value			Unrealized Gains
As of March 31	Total	Over one year	Market Value	(Losses)
Over-the-Counter				
Swaps	¥112,742	¥97,497	¥(3,877)	¥(3,877)
Forwards				
Sold	43,118	—	(503)	(503)
Bought	6,555	—	86	86
	—	—	¥(4,295)	¥(4,295)

	Thousands of U.S. Dollars (Note 1)			
	2009			
	Contract Value			Unrealized Gains
As of March 31	Total	Over one year	Market Value	(Losses)
Over-the-Counter				
Swaps	$1,147,740	$992,543	$(39,475)	$(39,475)
Forwards				
Sold	438,959	—	(5,129)	(5,129)
Bought	66,737	—	876	876
	—	—	$(43,728)	$(43,728)

Notes: 1. The above transactions are marked to market and changes in unrealized gains (losses) are included in the Consolidated Statement of Operations. Derivative transactions qualifying for hedge accounting are excluded from the tables above.
2. Market values for the over-the-counter transactions are based primarily on discounted present values.

(c) Credit Derivatives Transactions

As of March 31	Millions of Yen 2009 Contract Value Total	Contract Value Over one year	Market Value	Unrealized Gains (Losses)
Over-the-Counter				
Credit Default Options				
Sold	¥861,210	¥446,610	¥(17,874)	¥(17,874)
Bought	451,100	56,000	680	680
	—	—	¥(17,193)	¥(17,193)

As of March 31	Thousands of U.S. Dollars (Note 1) 2009 Contract Value Total	Contract Value Over one year	Market Value	Unrealized Gains (Losses)
Over-the-Counter				
Credit Default Options				
Sold	$8,767,283	$4,546,577	$(181,964)	$(181,964)
Bought	4,592,283	570,091	6,933	6,933
	—	—	$(175,032)	$(175,032)

Notes: 1. The above transactions are marked to market and changes in unrealized gains (losses) are included in the Consolidated Statement of Operations.
2. Market values are based on the counterparties' tendered price.
3. 'Sold' means the underwriting of credit risk and 'Bought' means the transferring of credit risk.

28. Market Value of Securities and Money Held in Trust

Market value of Securities, Money held in Trust and Negotiable Certificate of Deposit classified as "Cash and Due from banks" as of March 31, 2009 are summarized below.

1. Securities

(a) Held-to-maturity Debt Securities with market values

As of March 31	Millions of Yen 2009 Book Value	Market Value	Unrealized Gains (Losses) Net	Gains	(Losses)
Japanese Government Bonds	¥ —	¥ —	¥ —	¥ —	¥ —
Japanese Local Government Bonds	—	—	—	—	—
Short-term Corporate Bonds	—	—	—	—	—
Corporate Bonds	54,059	51,095	(2,963)	197	(3,161)
Other	98,230	97,857	(372)	—	(372)
	¥152,289	¥148,953	¥(3,336)	¥197	¥(3,533)

As of March 31	Thousands of U.S. Dollars (Note 1) 2009 Book Value	Market Value	Unrealized Gains (Losses) Net	Gains	(Losses)
Japanese Government Bonds	$ —	$ —	$ —	$ —	$ —
Japanese Local Government Bonds	—	—	—	—	—
Short-term Corporate Bonds	—	—	—	—	—
Corporate Bonds	550,337	520,165	(30,172)	2,010	(32,182)
Other	1,000,000	996,210	(3,790)	—	(3,790)
	$1,550,337	$1,516,375	$(33,962)	$2,010	$(35,972)

Notes: Market value is based on the closing price at the period end.

(b) Available-for-sale Securities with market values

As of March 31	Millions of Yen 2009 Acquisition Cost	Market / Book Value	Unrealized Gains (Losses) Net	Gains	(Losses)
Equities	¥ 28,159	¥ 24,628	¥(3,530)	¥139	¥(3,669)
Bonds	713,681	714,410	728	774	(46)
Japanese Government Bonds	250,670	251,413	743	772	(29)
Japanese Local Government Bonds	—	—	—	—	—
Short-term Corporate Bonds	461,514	461,514	—	—	—
Corporate Bonds	1,496	1,482	(14)	2	(16)
Other	5,407	4,492	(914)	—	(914)
	¥747,247	¥743,531	¥(3,716)	¥914	¥(4,630)

As of March 31	Thousands of U.S. Dollars (Note 1) 2009 Acquisition Cost	Market / Book Value	Unrealized Gains (Losses) Net	Gains	(Losses)
Equities	$ 286,665	$ 250,722	$(35,943)	$1,416	$(37,360)
Bonds	7,265,413	7,272,832	7,419	7,889	(470)
Japanese Government Bonds	2,551,871	2,559,437	7,566	7,866	(300)
Japanese Local Government Bonds	—	—	—	—	—
Short-term Corporate Bonds	4,698,302	4,698,302	—	—	—
Corporate Bonds	15,240	15,093	(147)	23	(170)
Other	55,046	45,738	(9,309)	—	(9,309)
	$7,607,124	$7,569,291	$(37,833)	$9,306	$(47,139)

Notes: Book value above represents the market values determined based on the closing price at the six-month period.

(c) Available-for-sale Securities sold

As of March 31	Millions of Yen 2009 Proceeds from Sales	Total amount of Gains on Sales	Total amount of Losses of Sales
Available-for-sale Securities	¥6,170	¥3,415	¥327

As of March 31	Thousands of U.S. Dollars (Note 1) 2009 Proceeds from Sales	Total amount of Gains on Sales	Total amount of Losses of Sales
Available-for-sale Securities	$62,813	$34,772	$3,339

(d) Held-to-maturity Debt Securities and Available-for-sale Securities whose market values are not readily determinable

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Held-to-maturity Debt Securities		
Unlisted Corporate Bonds	¥ 54,424	$ 554,053
Available-for-sale Securities		
Unlisted Equities	127,478	1,297,758
Unlisted Corporate Bonds	4,464	45,449
Unlisted Foreign Securities	46,721	475,629
Negotiable Certificate of Deposit	10,158	103,410
Other	64,468	656,298
	¥307,715	$3,132,597

(e) Redemption Schedule of Available-for-sale Securities with maturities and Held-to-maturity Debt Securities

	Millions of Yen			
	2009			
	Maturity			
As of March 31	Within 1 year	1 to 5 years	5 to 10 years	More than 10 years
Bonds				
Japanese Government Bonds	¥174,956	¥ 76,457	¥ —	¥ —
Short-term Corporate Bonds	461,514	—	—	—
Corporate Bonds	14,079	75,386	21,965	1,000
Other	10,000	7	98,245	—
	¥660,550	¥151,850	¥120,211	¥1,000

	Thousands of U.S. Dollars (Note 1)			
	2009			
	Maturity			
As of March 31	Within 1 year	1 to 5 years	5 to 10 years	More than 10 years
Bonds				
Japanese Government Bonds	$1,781,090	$ 778,347	$ —	$ —
Short-term Corporate Bonds	4,698,302	—	—	—
Corporate Bonds	143,331	767,447	223,613	10,180
Other	101,802	76	1,000,159	—
	$6,724,526	$1,545,870	$1,223,772	$10,180

2. Money Held in Trust

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

	Millions of Yen	
	2009	
As of March 31	Book Value	Net Unrealized Loss on the Consolidated Statement of Operations
Money Held in Trust for the Purpose of Investment	¥12	¥(1)

	Thousands of U.S. Dollars (Note 1)	
	2009	
As of March 31	Book Value	Net Unrealized Loss on the Consolidated Statement of Operations
Money Held in Trust for the Purpose of Investment	$129	$(20)

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

	Millions of Yen				
	2009				
			Unrealized Gains (Losses)		
As of March 31	Acquisition Cost	Market / Book Value	Net	Gains	(Losses)
Other Money Held in Trust	¥28,074	¥24,860	¥(3,213)	¥5	¥(3,219)

	Thousands of U.S. Dollars (Note 1)				
	2009				
			Unrealized Gains (Losses)		
As of March 31	Acquisition Cost	Market / Book Value	Net	Gains	(Losses)
Other Money Held in Trust	$285,803	$253,089	$(32,715)	$55	$(32,770)

3. Unrealized Loss on Available-for-sale Securities

The breakdown of Unrealized Loss on Available-for-sale Securities is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Unrealized Loss on		
Available-for-sale Securities	¥(3,254)	$(33,129)
Other Money Held in Trust	5	55
Add: Deferred Tax Assets	1,631	16,606
	(1,617)	(16,468)
Amount corresponding to Minority Interests	(46)	(471)
DBJ Inc.'s interest in net unrealized gains on available-for-sale securities held by affiliates accounted for by the equity method	(3)	(40)
Unrealized Loss on		
Available-for-sale Securities, Net of Taxes	¥(1,667)	$(16,980)

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

29. Related Party Transactions

Related Party Transactions for the six-month period ended March 31, 2009 are as follows:

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

Notes: 1. The interest rate of Borrowed Money is from 0.00% to 4.75%, and the last redemption period is March 20, 2029.
2. The Guarantees are for Debentures issued by DBJ Inc.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheet of Development Bank of Japan Inc. and consolidated subsidiaries (the "Bank") as of March 31, 2009, and the related consolidated statements of operations, changes in equity, and cash flows for the six-month period then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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 conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 22, 2009

Member of
Deloitte Touche Tohmatsu

Non-Consolidated Balance Sheet

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Assets		
Cash and Due from Banks	¥ 58,386	$ 594,388
Call Loans	145,000	1,476,127
Reverse Repurchase Agreements (Note 3)	375,966	3,827,412
Money Held in Trust	23,981	244,137
Securities (Notes 3, 10 and 11)	1,226,683	12,487,872
Loans (Notes 4 and 11)	12,026,675	122,433,833
Other Assets (Note 6)	88,436	900,298
Tangible Fixed Assets (Note 7)	162,367	1,652,930
Intangible Fixed Assets	4,573	46,562
Deferred Tax Assets (Note 23)	27,915	284,187
Customers' Liabilities for Acceptances and Guarantees (Note 10)	160,276	1,631,642
Allowance for Loan Losses (Note 8)	(273,813)	(2,787,468)
Allowance for Investment Losses	(9,015)	(91,775)
Total Assets	**¥14,017,435**	**$142,700,145**

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Liabilities and Equity		
Liabilities		
Debentures	¥ 3,431,597	$ 34,934,309
Borrowed Money	8,064,872	82,101,934
Corporate Bonds	81,423	828,902
Other Liabilities (Notes 9 and 21)	169,143	1,721,909
Accrued Bonuses to Employees	2,217	22,575
Accrued Bonuses to Directors and Corporate Auditors	20	213
Reserve for Employees' Retirement Benefits	32,023	326,001
Reserve for Directors' and Corporate Auditors' Retirement Benefits	11	122
Acceptances and Guarantees (Note 10)	160,276	1,631,642
Total Liabilities	**11,941,586**	**121,567,607**
Equity		
Common Stock authorized, 160,000 thousand shares; issued, 40,000 thousand shares (Note 12)	1,000,000	10,180,189
Capital Surplus (Note 12)	1,157,715	11,785,760
Deficit (Note 12)	(97,248)	(990,012)
Unrealized Loss on Available-for-sale Securities	(2,425)	(24,696)
Deferred Gain on Derivatives under Hedge Accounting	17,808	181,297
Total Equity	**2,075,849**	**21,132,538**
Total Liabilities and Equity	**¥14,017,435**	**$142,700,145**

See accompanying Notes to Non-Consolidated Financial Statements.

Non-Consolidated Statement of Operations

For the six-month period ended March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Income		
Interest Income	¥ 135,733	$ 1,381,790
Interest on Loans	131,160	1,335,234
Interest and Dividends on Securities	4,064	41,375
Interest on Call Loans	14	150
Interest on Reverse Repurchase Agreements	387	3,943
Interest on Due from Banks	106	1,089
Fees and Commissions (Note 14)	4,626	47,097
Other Operating Income (Note 15)	632	6,438
Other Income (Note 16)	10,873	110,695
Total Income	**151,865**	**1,546,020**
Expenses		
Interest Expense	83,995	855,086
Interest on Debentures	25,991	264,596
Interest on Borrowed Money	55,906	569,139
Interest on Corporate Bonds	216	2,204
Interest on Swaps (net)	1,880	19,141
Other Interest Expense	0	7
Fees and Commissions (Note 17)	140	1,426
Other Operating Expenses (Note 18)	10,730	109,235
General and Administrative Expenses	15,225	154,998
Other Expenses (Note 19)	157,476	1,603,140
Total Expenses	**267,567**	**2,723,884**
Loss before Income Taxes	**(115,701)**	**(1,177,864)**
Income Taxes (Note 23)		
Current	20,016	203,772
Deferred	(6,490)	(66,077)
Total Income Taxes	**13,525**	**137,695**
Net Loss	**¥(129,227)**	**$(1,315,559)**

	Yen	U.S. Dollars (Note 1)
Per Share of Common Stock (Note 13)		
Basic Net Loss	¥(3,230.68)	$ (32.89)

See accompanying Notes to Non-Consolidated Financial Statements.

Non-Consolidated Statement of Changes in Equity

For the six-month period ended March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Common Stock:		
Balance at October 1, 2008 (Note 20)	¥1,000,000	$10,180,189
Balance at March 31, 2009	1,000,000	10,180,189
Capital Surplus:		
Balance at October 1, 2008 (Note 20)	1,157,715	11,785,760
Balance at March 31, 2009	1,157,715	11,785,760
Deficit:		
Balance at October 1, 2008 (Note 20)	—	—
The Amount of Tax Effect Adjustment due to Change in Legal Structure	31,978	325,547
Net Loss	(129,227)	(1,315,559)
Balance at March 31, 2009	(97,248)	(990,012)
Unrealized Loss on Available-for-sale Securities:		
Balance at October 1, 2008 (Note 20)	—	—
Net Change	(2,425)	(24,696)
Balance at March 31, 2009	(2,425)	(24,696)
Deferred Gain on Derivatives under Hedge Accounting:		
Balance at October 1, 2008 (Note 20)	—	—
Net Change	17,808	181,297
Balance at March 31, 2009	17,808	181,297
Total Equity	**¥2,075,849**	**$21,132,538**

See accompanying Notes to Non-Consolidated Financial Statements.

Notes to Non-Consolidated Financial Statements

1. Basis of Presentation

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

As consolidated statements of cash flows and certain disclosures are presented in the consolidated financial statements of DBJ Inc., non-consolidated statement of cash flows and certain disclosures are not presented herein in accordance with accounting principles generally accepted in Japan.

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

The amounts indicated in millions of yen are rounded down by omitting the figures less than one million yen. Accordingly, the sum of each amount appearing in the accompanying financial statements and the notes thereto may not be equal to the sum of the individual account balances. Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥98.23=$1.00, the effective exchange rate prevailing as of March 31, 2009, has been used in the conversion. The presentation of such amounts is not intended to imply that Japanese yen amounts have been or could have been readily translated, realized or settled in U.S. dollars at that rate or any other rate.

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

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

2. Summary of Significant Accounting Policies

(a) Securities

Held-to-maturity debt securities are stated at amortized cost with amortization computed on a straight-line basis, using the weighted average method. Investments in subsidiaries and affiliates are stated at cost computed 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). Other securities without market quotations are stated at cost or amortized cost computed using the weighted average method.

Investments in limited partnerships and other similar partnerships are accounted for at their original cost plus DBJ Inc.'s interests in earnings since acquisition and less any dividends received, based on their most recent financial statements. However, regarding certain investments in limited partnerships, assets and liabilities are recorded in proportion to DBJ Inc.'s underlying interests based on their most recent financial statements.

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

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

(b) 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 statements of operations.

(c) Hedge Accounting

(i) Hedge Accounting

DBJ Inc. applies the deferral method of hedge accounting. Foreign currency swaps which are used to hedge the 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.

(ii) Hedging Instruments and Hedged Items

- Hedging Instruments: Interest Rate Swaps
  Hedged Items: Debentures, Corporate Bonds, Borrowed Money and Loans
- Hedging Instruments: Foreign Currency Swaps
  Hedged Items: Foreign currency denominated Loans, Debentures and Corporate Bonds

(iii) Hedging Policy

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

(iv) 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 regards to both interest rate swap contracts which meet the hedging requirements of the accrual method (*1) and foreign currency swap contracts which meet the hedging requirements of the assignment method (*2) under the Accounting Standards for Financial Instruments at the inception date, DBJ Inc. is not required to periodically evaluate their 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, forward foreign exchange contracts and hedged items are accounted for in the following manner;

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

2) 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 forward foreign exchange contract are recognized.

(d) Fixed Assets

(i) Depreciation of Tangible Fixed Assets

Tangible Fixed Assets are depreciated using the declining-balance method, except for buildings (excluding installed facilities) that are depreciated on a straight-line basis.

The estimated useful lives are principally as follows:

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

(ii) Amortization of Intangible Fixed Assets

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

(iii) Lease Assets

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

(e) 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.

(f) Debentures and Corporate Bonds Issuance Costs

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

(g) 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, except for subsidiary stocks translated at the exchange rates of acquisition.

The foreign exchange gains and losses from transaction are recognized in the income statement to the extent that they are not hedged by forward exchange contracts.

(h) Allowance for Loan Losses

DBJ Inc. provides for "Allowance for Loan Losses" as detailed below pursuant to the internal policies for self-assessment of credit quality and loan losses.

The allowance for claims on debtors who are legally bankrupt, in special liquidation or effectively bankrupt is provided for based on the amount of claims, after the write-off described below, net of amounts expected to be recovered through disposal of collateral or execution of guarantees.

The allowance for claims on debtors who are not legally bankrupt at the moment, but are likely to become bankrupt, and for which future cash flows cannot reasonably be estimated, is provided for at the amount considered to be necessary based on an overall solvency assessment performed on the claims, net of amounts expected to be recovered through disposal of collateral or execution of guarantees.

With respect to the claims on debtors who are likely to become bankrupt or to be closely monitored, and for which future cash flows can reasonably be estimated, the allowance is provided for as the difference between the present value of expected future cash flows discounted at the contracted interest rate and the carrying value of the claims.

The allowance for claims on debtors other than those described above is provided based on the historical default rate, which is calculated based on the actual defaults over a certain historical period.

All claims are assessed initially by the investment and lending departments and then by the Credit Analysis Department, which is independent of the investment and lending departments based on internal policies for self-assessment of credit quality. The allowance is provided for based on the results of the self-assessment.

With respect to the claims on debtors who are legally or substantially bankrupt with collateral or guarantees, the amount of claims exceeding the estimated market values of collateral or guarantees which are deemed uncollectible have been written-off, and totaled ¥51,303 million ($522,277 thousand) for the six-month period ended March 31, 2009.

(i) 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.

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

"Accrued Bonuses to Employees, Directors and Corporate Auditors" are provided for in the amount of the estimated bonuses which are attributable to the six-month period.

(k) Reserve for Employees' Retirement Benefits

DBJ Inc. has defined benefit pension plans, which consist of a welfare pension fund plan and a lump-sum severance indemnity plan.

"Reserve for Employees' Retirement Benefits" represents future payments for pension and retirement benefits to employees. It is accrued based on the projected benefit obligations and estimated pension plan assets at the six-month period ended. Prior service cost is amortized using the straight-line method over the period of ten years within the employees' average remaining service period at incurrence. Net actuarial gains and losses is amortized using the straight-line method over the period of ten years within the employees' average remaining service period commencing from the next fiscal year after incurrence.

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

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

(m) Lease Transactions

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

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

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

(n) Consumption Taxes

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

(o) Income Taxes

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

(p) 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 six-month period ended March 31, 2009 is not disclosed because of no dilutive securities.

(q) Related Party Transactions

The note of Related Party Transactions is omitted because it refers to Note 29 of Notes to Consolidated Financial Statements.

3. Securities

Securities as of March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Japanese Government Bonds	¥ 251,413	$ 2,559,437
Short-term Corporate Bonds	461,514	4,698,302
Corporate Bonds	112,431	1,144,571
Equities	149,052	1,517,385
Other Securities	252,272	2,568,177
	¥1,226,683	$12,487,872

Notes: 1. Investments in subsidiaries and affiliates included in "Equities" as of March 31, 2009 are ¥76,753 million ($781,368 thousand).
2. DBJ Inc. has contingent liabilities for guarantees of corporate bonds among Securities which were issued by private placement (Article 2 Paragraph 3 of the Financial Instruments and Exchange Law) and amount to ¥3,280 million ($33,391 thousand) as of March 31, 2009.
3. There are no securities repledged as of March 31, 2009. Securities accepted under repurchase agreements can be sold or repledged. Securities neither sold nor repledged are ¥375,966 million ($3,827,412 thousand).
4 Other securities with market value 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 losses for the six-month period.
The criterion for determining "Considerable decline in market value" is as follows.
Market value is 50% or more lower than acquisition cost.
Market value is 30% or more lower than acquisition cost, and such decline is not considered as recoverable.

4. Non-performing Loans

The amounts of Non-performing Loans included in “Loans” on the non-consolidated balance sheet as of March 31, 2009 are as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Loans to Bankrupt Debtors	¥ 18,967	$ 193,093
Delinquent Loans	113,773	1,159,240
Loans Past Due Three Months or More	23	238
Restructured Loans	56,795	578,185
	¥189,559	$1,929,756

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

5. Commitments

Loan commitment limits are contracts under which DBJ Inc. lends to customers up to the prescribed limits in response to customers’ application for loans as long as there is no violation of any condition in the contracts. As of March 31, 2009, the amount of unused commitments was ¥266,886 million ($2,716,957 thousand). As of March 31, 2009, the amount of unused commitments whose remaining contract term was within one year was ¥79,128 million ($805,547 thousand).

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. can refuse customers’ application 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. obtains real estate, securities or other assets as collateral if considered necessary. Subsequently, DBJ Inc. performs periodic reviews of the customers’ business results based on internal rules, and takes necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

6. Other Assets

Other Assets as of March 31, 2009 are as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Prepaid Expenses	¥ 8,277	$ 84,268
Accrued Income	40,634	413,671
Derivatives	39,052	397,564
Other	471	4,795
	¥88,436	$900,298

7. Tangible Fixed Assets

Tangible Fixed Assets as of March 31, 2009 are as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Land	¥147,396	$1,500,520
Buildings	14,485	147,465
Leased Assets	158	1,611
Construction in Progress	27	277
Other	300	3,056
	¥162,367	$1,652,930

Notes: The Accumulated Depreciation of Tangible Fixed Assets as of March 31, 2009 is ¥430 million ($4,379 thousand).

8. Allowance for Loan Losses

Allowance for Loan Losses as of March 31, 2009 is as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
General Allowance for Loan Losses	¥215,438	$2,193,204
Specific Allowance for Loan Losses	58,374	594,264
	¥273,813	$2,787,468

9. Other Liabilities

Other Liabilities as of March 31, 2009 are as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Accrued Income Taxes	¥ 20,091	$ 204,532
Unearned Income	1,199	12,214
Accrued Expenses	33,823	344,326
Derivatives	112,633	1,146,634
Lease Obligation	284	2,893
Other	1,111	11,312
	¥169,143	$1,721,909

10. Acceptances and Guarantees

Acceptances and Guarantees as of March 31, 2009 are as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Guarantees	¥160,276	$1,631,642

11. Assets Pledged as Collateral

Loans and Securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥228,799 million ($2,329,217 thousand) and ¥633,024 million ($6,444,309 thousand), respectively, as of March 31, 2009. Also, ¥2,025 million ($20,615 thousand) of Securities are pledged as collateral for loans of companies which DBJ Inc. invests as of March 31, 2009.

Under the DBJ Inc. Law (Law No. 17 and 26), the DBJ Law (Law No. 43), obligations created by the bonds issued by DBJ Inc. are secured by a statutory preferential right over the property of DBJ Inc. Denomination value of these debentures amounts to ¥3,314,596 million ($33,743,217 thousand).

12. Equity

Since May 1, 2006, Japanese companies including DBJ Inc. have been regulated by the Companies Act. In addition, DBJ Inc. is regulated by DBJ Inc. Law. The significant provisions in the Companies Act and DBJ Inc. Law that affect financial and accounting matters are summarized as follows:

(a) Dividends

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

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

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

(c) Treasury Stock and Treasury Stock Acquisition Rights

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

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

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

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

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

13. Per Share Information

Basic Net Loss Per Common Share ("EPS") for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Loss	Weighted Average Shares	EPS	EPS
Basic EPS				
Net Loss Available to Common Shareholders	¥(129,227)	40,000	¥(3,230.68)	$(32.89)

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

14. Fees and Commissions (Income)

Fees and Commissions (Income) for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Commissions	¥4,626	$47,097

15. Other Operating Income

Other Operating Income for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Foreign Exchange Gains	¥632	$6,438

16. Other Income

Other Income for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Gains on Sales of Equities and Other Securities	¥ 3,236	$ 32,948
Gains on Money Held in Trust	866	8,822
Gains on Sales of Fixed Assets	0	7
Collection of Written-off Claims	3,316	33,762
Other	3,453	35,155
	¥10,873	$110,695

Notes: "Other" includes profit of collective investment vehicles, such as limited partnerships, Tokumei Kumiai and other entities with similar characteristics, attributable to DBJ Inc. as the equity participants, totaling ¥2,916 million ($29,690 thousand) for the six-month period ended March 31, 2009.

17. Fees and Commissions (Expenses)

Fees and Commissions (Expenses) for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Commissions	¥140	$1,426

18. Other Operating Expenses

Other Operating Expenses for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Debentures Issuance Costs	¥ 368	$ 3,751
Corporate Bonds Issuance Costs	147	1,505
Losses on Derivative Instruments	10,065	102,472
Other	147	1,506
	¥10,730	$109,235

19. Other Expenses

Other Expenses for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Provision for Allowance for Loan Losses	¥122,603	$1,248,129
Provision for Investment Losses	4,277	43,547
Write-off of Loans	2,583	26,305
Write-off of Equities	10,959	111,570
Losses on Money Held in Trust	3	31
Losses on Sales of Fixed Assets	8	92
Impairment Loss	30	312
Other	17,008	173,154
	¥157,476	$1,603,140

Notes: “Other” includes losses of collective investment vehicles, such as limited partnerships, Tokumei Kumiai and other entities with similar characteristics, attributable to DBJ Inc. as the equity participants, totaling ¥16,496 million ($167,940 thousand) for the six-month period ended March 31, 2009.

20. Non-Consolidated Statement of Changes in Equity

The financial period of this financial statement is from October 1, 2008 through March 31, 2009. DBJ Inc. was established on October 1, 2008, as a joint stock corporation under the DBJ Inc. Law (Law No. 85 of 2007, as amended). The predecessor contributed all assets and liabilities to DBJ Inc. except for those assets to be assumed by the Japanese Government pursuant to Article 15, Paragraph 2 of the Supplementary Provisions, in exchange for shares of DBJ Inc.'s common stock, and thereafter, upon transferring such shares to the Japanese Government, the predecessor was dissolved on October 1, 2008. Valuation of Assets and Liabilities evaluated by evaluation officers (*hyoka iin*) pursuant to Article 16 of the Supplementary Provisions on the DBJ Inc. Law is as follows:

As of October 1, 2008	Millions of Yen	Thousands of U.S. Dollars
Assets	¥12,414,193	$116,565,194

As of October 1, 2008	Millions of Yen	Thousands of U.S. Dollars
Liabilities	¥10,256,477	$ 96,304,957
Equity	2,157,715	20,260,237
	¥12,414,193	$116,565,194

Notes: Valuation of Assets, Liabilities and Equity succeeded from the predecessor on October 1, 2008 is converted at the rate of ¥106.50=$1.00 as of October 1, 2008.

21. Lease Transactions

DBJ Inc. leases certain equipment and others.

Lease payments under finance leases for the six-month period ended March 31, 2009 amounted to ¥145 millions yen ($1,482 thousand).

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

	Millions of Yen		
	2009		
As of March 31	Tangible Fixed Assets	Intangible Fixed Assets	Total
Acquisition Cost	¥508	¥254	¥ 762
Accumulated Depreciation	(93)	(37)	(130)
Net leased property	¥414	¥216	¥ 631

	Thousands of U.S. Dollars (Note 1)		
	2009		
As of March 31	Tangible Fixed Assets	Intangible Fixed Assets	Total
Acquisition Cost	$5,174	$2,586	$ 7,760
Accumulated Depreciation	(950)	(381)	(1,332)
Net leased property	$4,224	$2,205	$ 6,429

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

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Due within One Year	¥236	$2,406
Due after One Year	402	4,103
	¥639	$6,509

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

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Depreciation Expense	¥140	$1,427
Interest Expense	6	66
	¥146	$1,492

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

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

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Due within One Year	¥157	$1,606
Due after One Year	108	1,100
	¥265	$2,706

22. Market Value of Securities

Market value of Securities, excluding investments in subsidiaries and affiliates, are reported in the notes to consolidated financial statements. DBJ Inc. holds no investments in subsidiaries with market value as of March 31, 2009.

23. Income Taxes

DBJ Inc. is subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rate of approximately 40.69% for the six-month period ended March 31, 2009.

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

	For the six-month period ended March 31, 2009
Normal Effective Statutory Tax Rate	40.69%
Increase (Decrease) in Taxes Resulting From:	
Change in Valuation Allowance	(52.35)
Other	(0.03)
Actual Effective Tax Rate	(11.69%)

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

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Deferred Tax Assets:		
Allowance for Loan Losses	¥ 128,029	$ 1,303,369
Reserve for Retirement Benefits	13,030	132,650
Losses on Investment Securities	9,640	98,142
Allowance for Investment Losses	3,668	37,343
Unrealized Loss on Available-for-sale Securities	1,664	16,943
Other	5,145	52,378
Sub Total	161,178	1,640,825
Less—Valuation Allowance	(121,044)	(1,232,258)
Total	¥ 40,133	$ 408,567
Deferred Tax Liabilities:		
Deferred Gains or Losses on Hedges	¥ (12,217)	$ (124,380)
Total	(12,217)	(124,380)
Net Deferred Tax Assets	¥ 27,915	$ 284,187

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying non-consolidated balance sheet of Development Bank of Japan Inc. (the "Bank") as of March 31, 2009, and the related non-consolidated statements of operations and changes in equity for the six-month period then ended, all expressed in Japanese yen. These non-consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these non-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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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 conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 22, 2009

Member of
Deloitte Touche Tohmatsu

Capital Adequacy Status

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

As of this disclosure (July 2009), DBJ has not yet applied Article 14-2 of the Banking Law of Japan, but for reference the capital adequacy ratio has been disclosed in accordance with the Capital Adequacy Ratio Notification.

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

[1] Capital Adequacy Ratio Status (Consolidated)

Settlement of the consolidated accounts for the 9th business term.

Qualitative Disclosure

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

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

11. Interest Rate Risk on the Banking Book

(a) Overview of Risk Management Policies and Procedures

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

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

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

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

The Bank calculates interest rate risk based on the following method.

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

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

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

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

Quantitative Disclosure

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

Not applicable.

2. Items Related to Capital Adequacy Level

(Millions of yen)

		March 31, 2009
(a) Capital requirement to total credit risk		702,205
(1) Exposure by portfolio to which standardized approach applied		650,833
(i) Japanese government and regional municipal entities		0
(ii) Exposure to financial institutions		5,111
(iii) Exposure to corporations		613,433
(iv) Equity exposure		16,536
(v) Other exposure		15,752
(2) Securitization risk exposure		51,372
(b) Capital requirement to market risk		—
(c) Capital requirement to operational risk		14,234
(d) Consolidated total capital requirement ((a) + (b) + (c))		716,440
(e) Consolidated capital ratio and consolidated Tier I ratio	Capital ratio	18.88%
	Tier I ratio	23.10%

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

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

(Millions of yen)

	March 31, 2009
Loans	11,562,800
Equities, funds	216,535
Commitments and customers' liabilities for acceptances and guarantees	379,029
Bonds (JGBs and corporate bonds, etc.)	888,443
Repurchase agreement/call loan	520,972
Other	375,860
Total	13,943,641

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

(1) By region

(Millions of yen)

	March 31, 2009
Domestic total	13,943,566
Overseas total	75

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

(2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2009
Manufacturing	2,832,973
Forestry and fisheries	1,221
Mining	26,965
Construction	58,995
Wholesale and retail	875,540
Finance and insurance	1,149,726
Real estate	1,276,177
Transportation and communications	4,064,028
Electrical, gas and water	2,028,789
Services	1,137,269
Other	491,953

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2009
Five years or less	5,043,231
More than five years, up to 10	4,818,836
More than 10 years, up to 15	2,646,779
More than 15 years	1,040,599
No maturity date	394,194

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

	March 31, 2009
Risk weight 0%	753,431
Risk weight 10%	294
Risk weight 20%	4,624,103
Risk weight 50%	2,743,958
Risk weight 100%	5,444,070
Risk weight 150%	263,014

4. Items Related to the Effect of Credit Risk Mitigations

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

	March 31, 2009
Eligible financial collaterals	375,963
Guarantees or credit derivatives	1,852,601

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

(Millions of yen)

		March 31, 2009
Equivalent credit calculation method		Current exposure method
Gross restructuring cost		117,323
Gross add-on, by transaction type		103,801
	Interest rate transactions	60,822
	Foreign exchange transactions	40,079
	Credit derivative transactions	2,900
Reducing credit equivalent amounts through netting		110,391
Net equivalent credit		110,732
	Net restructuring cost	53,719
Amounts of hypothetical holdings of credit derivatives for calculated credit equivalent amount by type of credit derivative, by protection purchase or provision	Credit default swaps provision	861,210
	Credit default swaps purchase	451,100
Hypothetical holdings of credit derivatives taking into account credit risk mitigations		393,100

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

6. Securitization Exposure

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

Not applicable.

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

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

	March 31, 2009
Structured finance	613,337
Credit derivatives	739,574
Funds*	192,854

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

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

			March 31, 2009
Risk weight	20%	Balance	594,454
		Capital requirement	9,511
Risk weight	50%	Balance	201,778
		Capital requirement	8,071
Risk weight	100%	Balance	261,237
		Capital requirement	20,899
Risk weight	350%	Balance	35,000
		Capital requirement	9,800
Risk weight	Capital deductions	Balance	437,337
		Capital requirement	—
Risk weight	Other*	Balance	15,958
		Capital requirement	3,090

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

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

	March 31, 2009
Structured finance	244,482
Funds*	192,854

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

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

	March 31, 2009
Credit risks and assets	38,635

7. Items Related to Market Risk

The Bank falls into the category indicated in Article 4 of the Capital Adequacy Ratio Notification. Consequently, calculation of the market risk equivalent amount indicated in Article 2 was not performed, and this item does not apply.

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

(Millions of yen)

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

Notes: 1. The Group has no overseas sales locations.
2. The Group has no exposure to shares to which Article 13 of the Supplementary Provisions to the Capital Adequacy Ratio Notification applies.

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

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

10. Interest Rate Risk in the Banking Book

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

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

Settlement of the non-consolidated accounts for the 9th business term.

Qualitative Disclosure

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

7. Market Risk	In accordance with Article 16 of the Capital Adequacy Ratio Notification, the Bank includes in its calculation method no market risk equivalent amount. Consequently, this topic is not applicable.
8. Operational risk	(a) Overview of Risk Management Policies and Procedures DBJ defines operational risk as the risk of loss arising from internal processes, people or systems that are inappropriate or non-functioning, or from extrinsic events. DBJ works to ensure its risk management preparedness to prevent potential risks from materializing. The Bank 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 and tangible asset risk. The Bank designates operational risk officers at each of its offices. These personnel are charged with establishing data collection procedures, remaining aware of risks and creating risk databases. In line with the increasing level of sophistication and complexity of the financial business, the Bank addresses various operational risks by establishing or reinforcing management methods and preparations to appropriately identify, evaluate, measure, monitor and control these risks. (b) Method Used to Calculate Operational Risk Equivalent Amount The Bank uses the basic indicator approach to calculate these risks.
9. Overview of Risk Management Policies and Procedures Regarding Exposure to Shares and Other Equity Investments and Capital Injections into the Banking Book	The Bank defines investment risk as its risk of sustaining a partial or total loss on the value of an investment, owing to such factors as the worsening of an investee's profitability or 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, the Bank regularly conducts performance evaluations on its exposure.
10. Interest Rate Risk on the Banking Book	(a) Overview of Risk Management Policies and Procedures Long-term, fixed-rate funding makes up the majority of the DBJ's borrowings, and the Bank seeks to reduce its interest rate risk by raising funds featuring similarly long-term, fixed rates therefore, measure interest rate risk. We also employ the value at risk (VaR) and the Basel II standardized interest rate shock* method to compute various risks from the standpoint of their economic value. We regularly compare VaR and 200bpValue against capital to ensure that interest rate risk remains within a specified range of capital. * Measurement methods are described in (ii) and (iii) of (b). (b) Overview of Methods for Calculating Interest Rate Risk Used by the Bank for Internal Control of the Banking Book The Bank calculates interest rate risk based on the following method. (i) VaR: Use a historical method of measurement with a one-year holding period, a five-year time horizon and a 99.9% confidence level (ii) Measure interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon (iii) 200bpValue: Use a 2% parallel shift in a standardized interest rate shock to measure the change in economic value ((ii) and (iii) are methods for measuring the standardized interest rate shock under Basel II.)

Quantitative Disclosure

1. Items Related to Capital Adequacy Level

(Millions of yen)

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

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

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

(Millions of yen)

	March 31, 2009
Loans	11,552,191
Equities, funds	228,976
Commitments and customers' liabilities for acceptances and guarantees	378,629
Bonds (JGBs and corporate bonds, etc.)	888,443
Repurchase agreement/call loan	520,972
Other	364,641
Total	13,933,855

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

(1) By region

(Millions of yen)

	March 31, 2009
Domestic total	13,933,855
Overseas total	—

Note: DBJ has no overseas sales locations.

(2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2009
Manufacturing	2,832,973
Forestry and fisheries	1,221
Mining	26,965
Construction	58,995
Wholesale and retail	875,540
Finance and insurance	1,164,797
Real estate	1,276,177
Transportation and communications	4,064,028
Electrical, gas and water	2,028,789
Services	1,138,241
Other	466,123

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2009
Five years or less	5,042,831
More than five years, up to 10	4,818,836
More than 10 years, up to 15	2,646,779
More than 15 years	1,040,599
No maturity date	384,808

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

(Millions of yen)

	March 31, 2009
Risk weight 0%	753,431
Risk weight 10%	294
Risk weight 20%	4,618,368
Risk weight 50%	2,743,836
Risk weight 100%	5,438,599
Risk weight 150%	263,014

3. Items Related to the Effect of Credit Risk Mitigations

Exposure to Items to Which Effect of Credit Risk Mitigations Applied

(Millions of yen)

	March 31, 2009
Eligible financial collaterals	375,963
Guarantees or credit derivatives	1,852,601

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

(Millions of yen)

		March 31, 2009
Equivalent credit calculation method		Current exposure method
Gross restructuring cost		117,323
Gross add-on, by transaction type		103,801
	Interest rate transactions	60,822
	Foreign exchange transactions	40,079
	Credit derivative transactions	2,900
Reducing credit equivalent amounts through netting		110,391
Net equivalent credit		110,732
	Net restructuring cost	53,719
Amounts of hypothetical holdings of credit derivatives for calculated credit equivalent amount by type of credit derivative, by protection purchase or provision	Credit default swaps provision	861,210
	Credit default swaps purchase	451,100
Hypothetical holdings of credit derivatives taking into account credit risk mitigations		393,100

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

5. Securitization Exposure

(a) Securitization exposure in which the Bank is the originator

Not applicable.

(b) Securitization exposure in which the Bank is an investor

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

(Millions of yen)

	March 31, 2009
Structured finance	586,961
Credit derivatives	739,574
Other*	225,527

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

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

(Millions of yen)

			March 31, 2009
Risk weight	20%	Balance	594,454
		Capital requirement	9,511
Risk weight	50%	Balance	201,777
		Capital requirement	8,071
Risk weight	100%	Balance	261,237
		Capital requirement	20,898
Risk weight	350%	Balance	35,000
		Capital requirement	9,800
Risk weight	Capital deductions	Balance	443,636
		Capital requirement	—
Risk weight	Other*	Balance	15,958
		Capital requirement	3,090

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

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

(Millions of yen)

	March 31, 2009
Structured finance	218,414
Funds*	225,221

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

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

(Millions of yen)

	March 31, 2009
Credit risks and assets	38,635

6. Items Related to Market Risk

The Bank falls into the category indicated in Article 4 of the Capital Adequacy Ratio Notification. Consequently, calculation of the market risk equivalent amount indicated in Article 2 was not performed, and this item does not apply.

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

(Millions of yen)

	March 31, 2009
(a) Market value of below-listed items as included within categories in the non-consolidated balance sheets	
(1) Exposure to listed shares	28,492
Exposure to other equity investments and capital injections	
(2) Shares in subsidiaries and affiliated companies, and other marketable securities	186,518
(b) Gains or losses on the sale of equity investments or shares	3,236
Gain or loss on amortization of exposure on equity investments or shares	10,959
(c) Gains or losses from valuation recognized on the non-consolidated balance sheets but not recognized on the non-consolidated statements of income statements	(2,425)
(d) Included amount stipulated in Article 18, Paragraph 1, Item 1 of the Capital Adequacy Ratio Notification	—

Notes: 1. The Group has no overseas sales locations.
2. The Group has no exposure to shares to which Article 13 of the Supplementary Provisions to the Capital Adequacy Ratio Notification Applies

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

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

9. Interest Rate Risk in the Banking Book

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

Development Bank of Japan Inc.

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