DBJ

Applying Financial Expertise to Design the Future

Annual Report & CSR Report

2010

Development Bank of Japan Inc.

Profile (As of March 31, 2010)

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)
Legal basis:	The Development Bank of Japan Inc. Law (Law No. 85 of 2007) Law for Partial Amendment of the Development Bank of Japan Inc. Law (Law No. 67 of 2009)
President:	Minoru Murofushi
Number of employees:	1,079
Capital:	¥1,181,194 million (100% owned by the Japanese government)
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 office, 1; and overseas subsidiaries, 2
Subsidiaries and affiliated companies:	Consolidated subsidiaries, 13; non-consolidated subsidiaries, 14; and affiliated companies, 14
Main business:	The provision of long-term funding (investment and loans)
Purpose:	To conduct business activities utilizing the methods of combining investments and financing and other sophisticated financial methodologies, thereby contributing to the smooth supply of funds to those who need long-term business funds, as well as to the sophistication of financial functions.
Scope of business operations:	• As well as such basic businesses as investment, lending and guarantee of obligations, DBJ carries out businesses in which it develops new financial techniques. • DBJ raises funds in a stable manner by borrowing from the government's Fiscal Investment and Loan Program (FILP) and by issuing government-guaranteed bonds, as well as corporate bonds (without government guarantees), and by taking out long-term loans from the private sector.
Total assets:	¥15,567.2 billion
Loans:	¥13,538.0 billion
Capital adequacy ratio:	18.79%
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.

Forward-Looking Statements

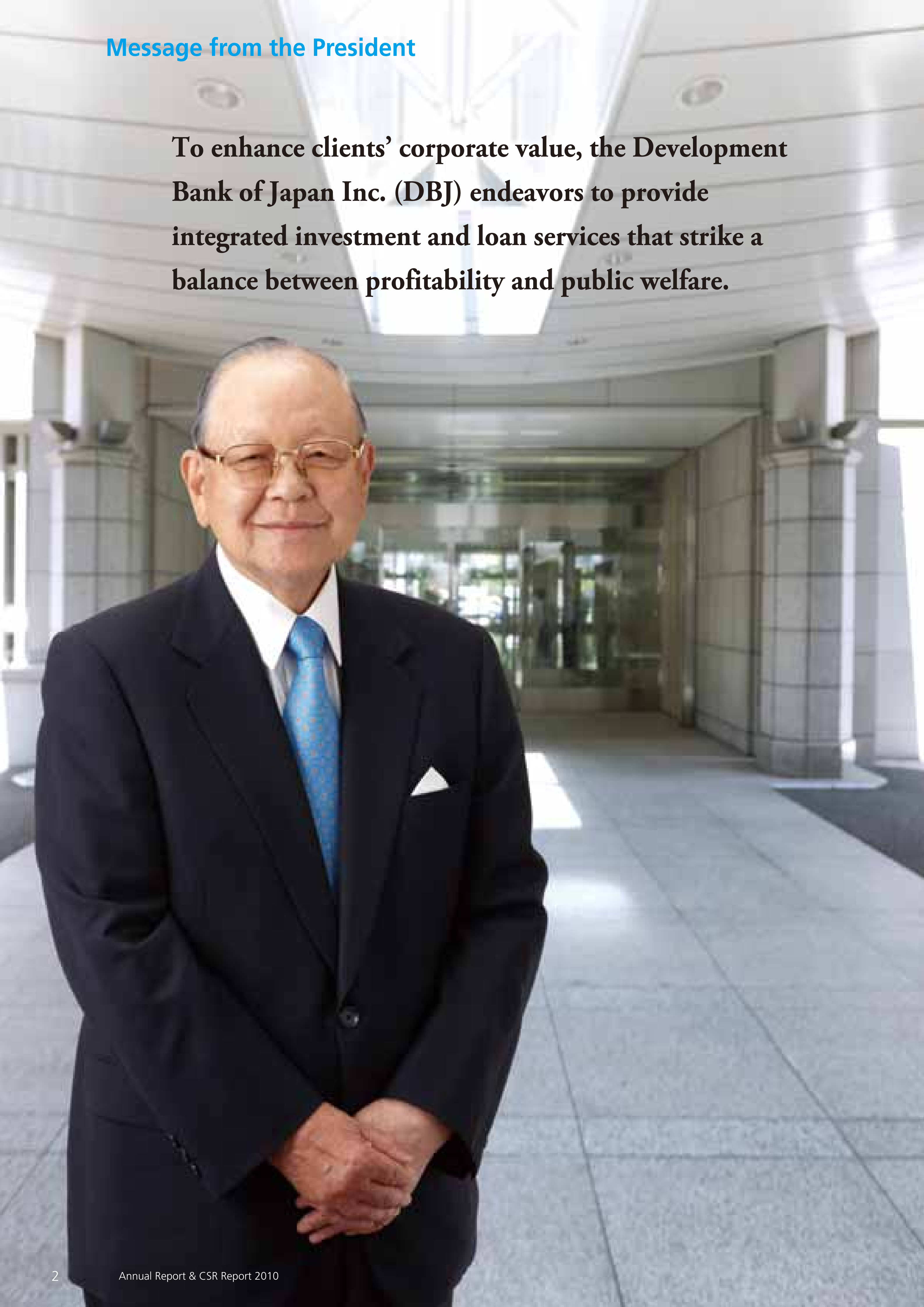
This Annual Report & CSR Report contains statements concerning management policies and future operating results. Such statements are not guarantees. Please be aware that future performance is subject to various changes in conditions in the operating environment.

Contents

Note:
Figures contained herein are rounded down. Accordingly, the total of each column of figures may not equal the total of the individual figures.
In this report, a "0" indicates figures of less than the indicated unit.
A "—" indicates the absence of an amount.

Message from the President

To enhance clients' corporate value, the Development Bank of Japan Inc. (DBJ) endeavors to provide integrated investment and loan services that strike a balance between profitability and public welfare.



Enhancing Clients' Corporate Value

On October 1, 2008, DBJ opened the door to a whole new era of its history by becoming a joint-stock company. Based on a corporate philosophy of "applying financial expertise to design the future," DBJ strives to provide mutually beneficial integrated investment and loan services that enhance clients' corporate value and help them achieve their objectives.

Operating according to a corporate governance scheme that befits a joint-stock company, we conduct our operations in a manner unique among financial institutions, striking a balance between profitability and public welfare.

We are proud to have delivered our first dividend as a consequence of such efforts in our second year of operations and our first full year as a joint stock company. We thank all our stakeholders sincerely for their understanding and support.

Responding to the Financial Crisis

In response to the financial crisis that commenced in the autumn of 2008, we initiated financial crisis response operations in December in our capacity as a designated financial institution. As of March 31, 2010, cumulative financing provided in this manner amounted to ¥3.1 trillion.

In the future, we will retain our characteristic spirit of public-mindedness and neutrality. While maintaining alliances with other financial institutions, we will respond promptly to clients' needs.

To facilitate the smooth implementation of financial crisis response operations, the Law for Partial Amendment of the Development Bank of Japan Inc. Law was passed in the Japanese government's 2009 regular Diet plenary session. The law enabled the government to utilize its financing to strengthen DBJ's financial soundness, and the law resolved to have further discussions on the government's future share ownership in DBJ, as well as its organizational structure.

Fundamental Stance on CSR

We believe that the realization of our corporate philosophy through the implementation of our financial services—including financial crisis response operations—is key to fulfilling our corporate social responsibility (CSR).

As all of our corporate activities directly influence society, the environment and the economy, we are devoted to conducting all our activities appropriately, thereby contributing to the corporate value of our clients and DBJ. By acting as a responsible member of society, we are determined to make every effort to contribute to the realization of a sustainable society.

Our Future Role

The Japanese economy faces a number of complex structural problems, including a declining population, a falling birthrate, a graying population, low growth and public finance difficulties.

By providing the funds to enable stable growth and developing according to a business model that provides integrated investment and loan services, we will maintain strong partnerships with other financial institutions as we create platforms to support social and economic activities. At the same time, we will leverage our client base, expertise and networks as we endeavor to contribute to the success of a new Japanese growth strategy.

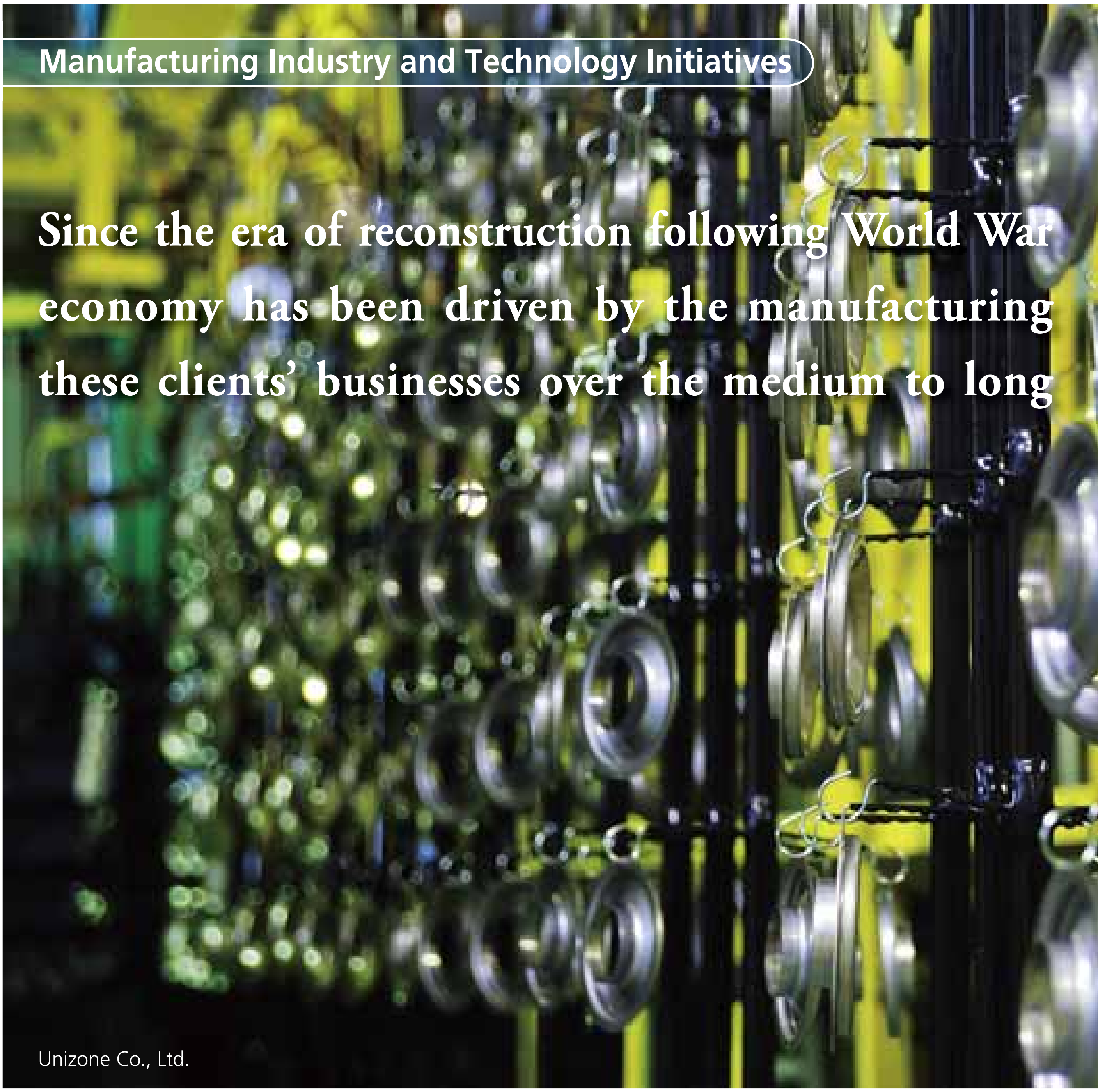
I ask for your ongoing support of our endeavors.

July 2010

Minoru Murofushi
President & CEO
Development Bank of Japan Inc.

Manufacturing Industry and Technology Initiatives

Since the era of reconstruction following World War economy has been driven by the manufacturing these clients' businesses over the medium to long



Unizone Co., Ltd.

See pages 83–84

II, the development of the Japanese industry. We support the expansion of term through investment and loans.

¥3.2 trillion

Manufacturing industry loan balance

(As of March 31, 2010)

We meet the continued demand for capital from the driving force behind Japan's economic development, the manufacturing industry, supporting new and additional plant and equipment and the expansion of R&D facilities.

Through investment and loans, DBJ helps Japan's manufacturing industry to meet the needs of the times, enabling manufacturers to grow their businesses and expand their operational bases. As of March 31, 2010, DBJ's loan balance stood at ¥3,265.3 billion, with the manufacturing industry accounting for 24.1%.

Social Infrastructure Initiatives

For the development and further sophistication and improvements to quality of life, DBJ applies support the efforts of its clients to maintain and

¥3.6 trillion

Transportation infrastructure loan balance

(As of March 31, 2010)

DBJ provides extensive initiatives to support the maintenance and improvement of social infrastructure, such as transport infrastructure (e.g., airports, airlines, railways, buses and roads) from a long-term perspective and a position of neutrality. From this perspective, beginning with initial project formulation, we provide coordinated support for multiple firms across a project.

As of March 31, 2010, DBJ's balance of loans for transport infrastructure (transportation industry) was ¥3,687.6 billion, up 6.8% year on year.

of Japan's economy and society, its experience and expertise to improve the social infrastructure.

See pages 61–64

Environmental Initiatives

Promoting investment and loans to address global issues from a long-term, neutral and public-minded

World-first

Financing Employing DBJ Environmental Ratings

Since fiscal 2004

Beginning with 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 fiscal 2004, DBJ began employing environmental ratings in its financing based on knowledge cultivated for over four decades. DBJ developed the world's first program of financing incorporating environmental ratings. As of March 31, 2010, the cumulative result of Financing Employing Environmental Ratings amounted to ¥283.2 billion.

environmental perspective

See pages 37, 68–74

Healthcare and Welfare Initiatives

Support of initiatives that maintain or improve the welfare in Japan through finance and consulting information

Up 17.2%

Year-on-year increase in healthcare industry loan balance

(As of March 31, 2010)

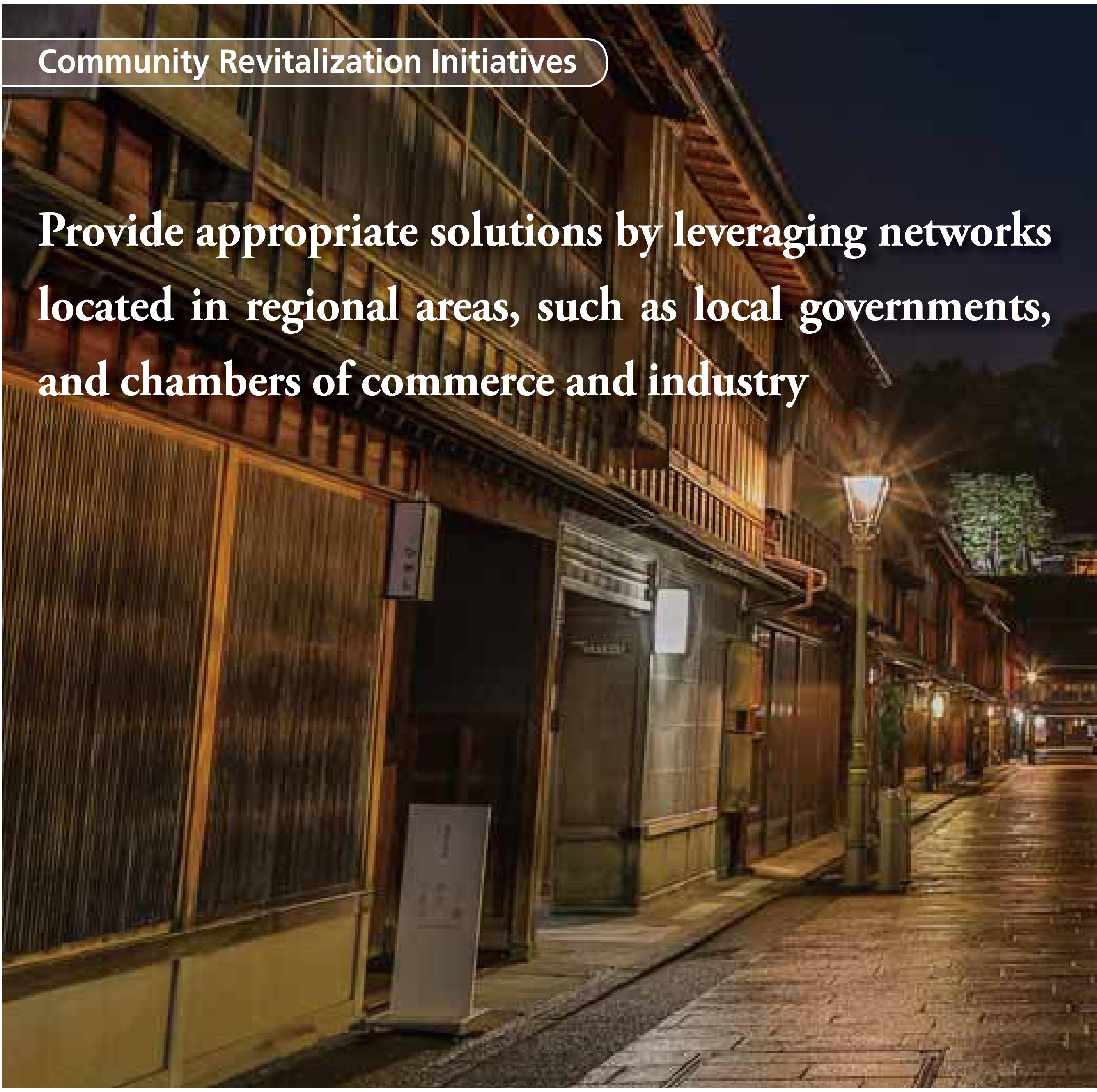
DBJ is engaged in maintaining and improving the quality (including access, cost and technological standards) of each area of healthcare in Japan through finance and consulting and the dissemination of information. As well as conducting advisory services related to the private finance initiative (PFI) business and management consulting activities, including management improvement and making business plans, DBJ also conducts investigations and research into a variety of medical issues.

As of March 31, 2010, the loan balance for business in the healthcare industry stood at ¥36.7 billion, up 17.2% year on year.

See pages 75–77

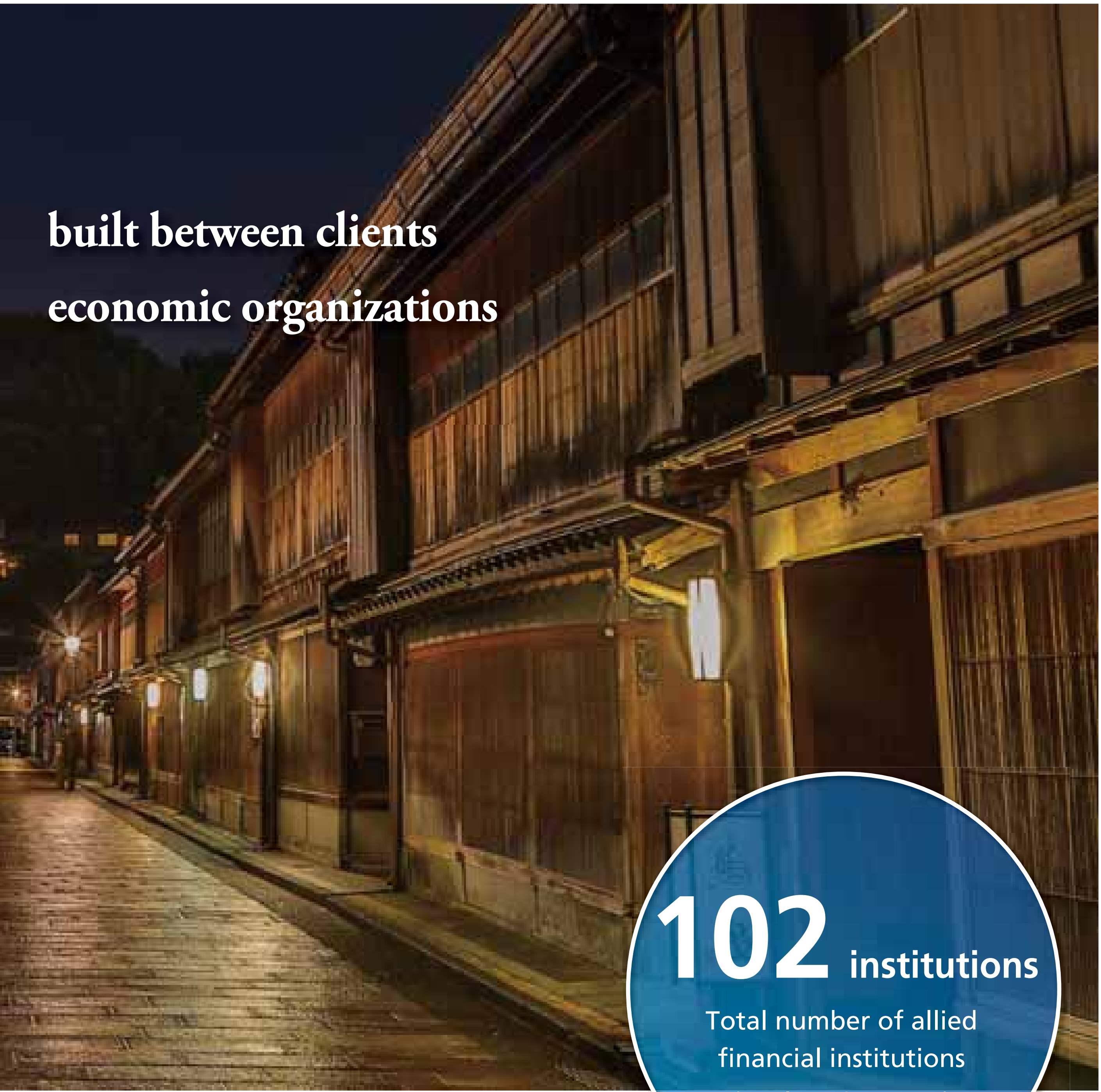
Community Revitalization Initiatives

Provide appropriate solutions by leveraging networks located in regional areas, such as local governments, and chambers of commerce and industry



See pages 44, 78–81

built between clients
economic organizations



102 institutions

Total number of allied financial institutions

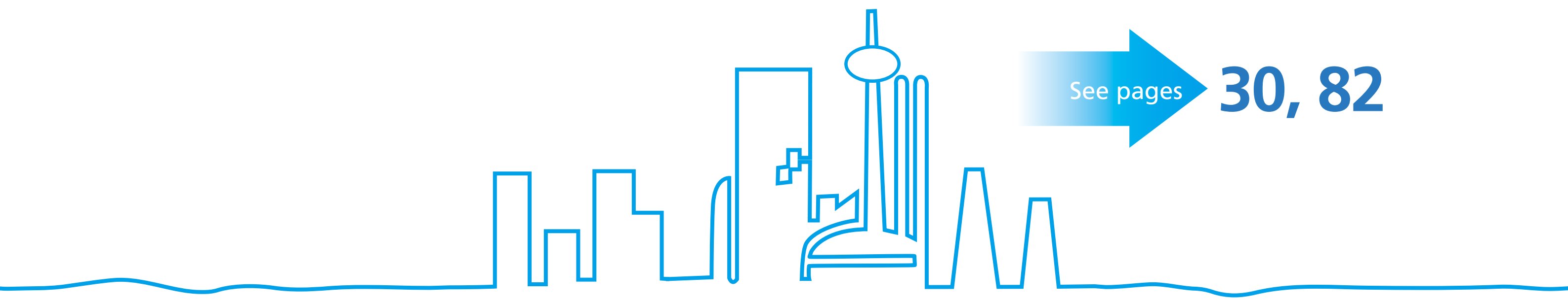
(As of March 31, 2010)

DBJ provides optimal solutions from a long-term perspective to realize a prosperous lifestyle. To this end, we stimulate regional economies, build local infrastructure and build wide-ranging networks as part of our efforts to tackle a variety of issues facing the regions. Furthermore, DBJ maintains close relationships with regional financial institutions, which have excellent insight into the companies that operate in their regions. We have created a regional banking M&A network that links regional financial institutions with information on corporate M&A activities.

As of March 31, 2010, a cumulative total of 102 financial institutions had entered into business alliances with DBJ.

Overseas Business Initiatives

In addition to support for domestic investment by DBJ is providing support for Japanese companies where we can expect high growth.



See pages 30, 82

Since its conversion to a joint-stock company in October 2008, DBJ has enthusiastically commenced international business, which is one of the growth strategies in its 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.

As of March 31, 2010, more than 25 countries were targeted for investment and loans.

Financial Crisis Response Operational Initiatives

In an emergency situation having wide-ranging proprietary role is to act as a safety net, executing based on a stabilizing and normalizing long-term

¥3.1 trillion

Cumulative total amount of loans for financial crisis response

(As of March 31, 2010)

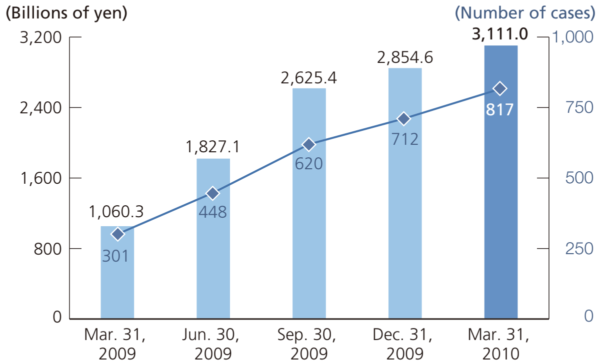
DBJ was designated a crisis response financial institution on October 1, 2008, and on December 11 of the same year, as the competent ministers (Minister of Finance; Minister of Agriculture, Forestry and Fisheries; and Minister of Land, Infrastructure and Transport) recognized the international financial confusion as a "crisis," DBJ began providing financing for financial crisis response.

On January 30, 2009, commercial paper acquisition was included in crisis response operations and DBJ began to purchase commercial paper as a part of these operations.

As of March 31, 2010, loans for financial crisis response totaled ¥3,111.0 billion.

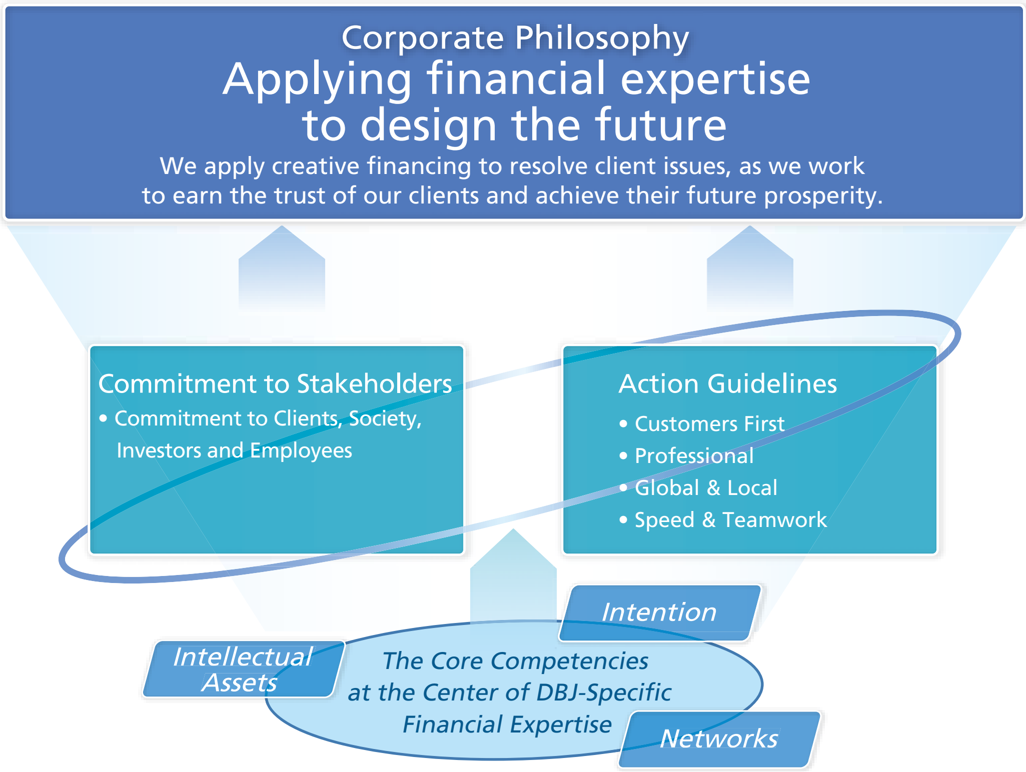
effects on the financial system, our socially beneficial projects perspective.

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



See page 46

Corporate Philosophy



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

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.

DBJ

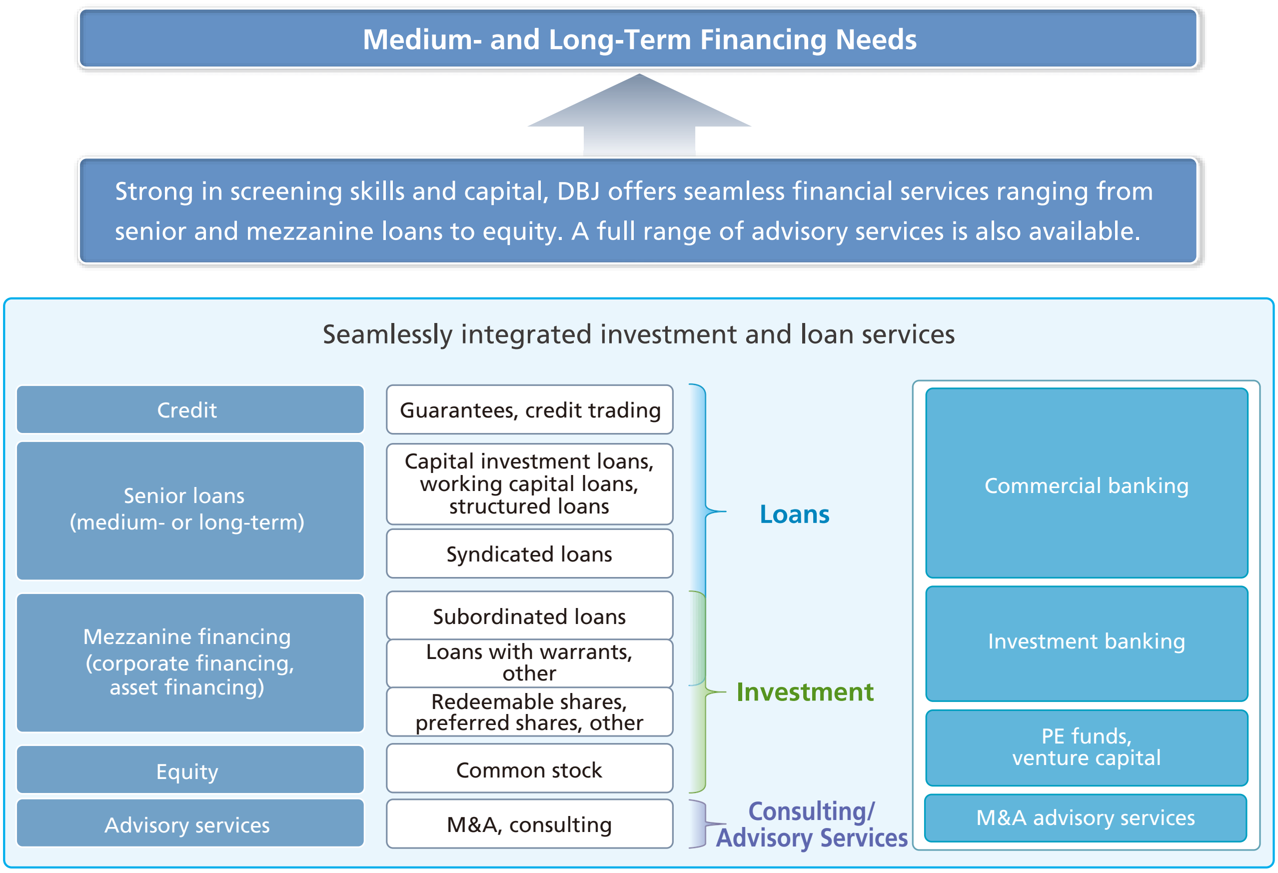
The shade of blue in "DBJ" represents a prosperous future, youthfulness and growth potential.

DBJ's Target Business Model

We work to resolve the issues clients face by providing specialized financial services involving integrated investment 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, 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 fields of environment, 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 the sources of funds.

History of DBJ

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

Reconstruction and independence of the economy

In 1951, the Japan Development Bank was established and 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.

High-growth infrastructure development

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, it 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.

Development of international competitiveness and social development loans

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

It 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.

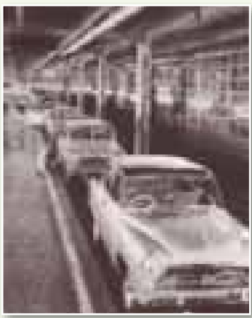
Improvements to quality of life and stable supply of energy

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

Economic recovery	Rapid growth		Stable growth
1951–1955	1956–1965	1966–1971	1972–1984

Kawasaki Steel Corporation: Construction of Chiba Steelworks (Chiba Prefecture) (currently JFE Steel Corporation)

Modernization of steelmaking through construction of the first postwar blast furnace



Toyota Motor Corporation: Modernization of facilities through procurement of imported machinery (Aichi Prefecture)

Modernization of the domestic automobile industry through refurbishment of production facilities

Asahi Chemical Industry Co., Ltd. (currently Asahi Kasei Corporation): Construction of the Fuji Plant for production of Cashmilon acrylic staple fiber (Shizuoka Prefecture)

Promotion of the synthetic fiber industry

Kawasaki Kisen Kaisha, Ltd.: The Tonegawa Maru tanker

Built tanker that was indispensable for the import of energy and raw materials

Nippon Mining Co., Ltd. (currently Japan Energy Corporation): Mizushima Refinery (Okayama Prefecture)

Cultivation of domestic oil companies

Sony Corporation: Trinitron color television factory

Promotion of home-grown technologies through commercial application of new technologies

Tokyo Electric Power Co., Inc.: Tamahara and Imaichi Pumped Storage Power Generating Stations (Tochigi Prefecture)

Hydroelectric energy development

Shinjuku new urban center: Shinjuku Mitsui Building and others (Tokyo)

New urban center formation through redevelopment of purification plant site

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, it stressed environmental and energy measures and regional economic stimulation with the aim of making Japan a lifestyle superpower.

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, it 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.

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 focuses 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.

Economic bubble — **1985–1995**

Post-bubble — **1996–2000**

Structural reform toward sustainable development — **From 2001**

DBJ

October 1, 2008: Privatization (conversion to a joint-stock company)
Development Bank of Japan Inc. established

Yamagata JR Chokko Tokkyu Holdings: Yamagata Shinkansen

Improvements to regional railway infrastructure

Pacific Convention Plaza Yokohama: Pacifico Yokohama (Kanagawa Prefecture)

Construction and maintenance of hotels, international conference facilities, etc., in the Minato Mirai 21 area of Yokohama

Nakayama Joint Power Generation Co., Ltd.: Independent power producer (IPP) power generation operations (Osaka Prefecture)

In step with relaxation of regulations, project finance support for Japan's first steelmaker to enter the power generation business

Hankyu Corporation: Earthquake reconstruction work (Hyogo Prefecture)

Recovery work on traffic infrastructure destroyed by earthquakes

The Former Niigata Tekkosho Co., Ltd.

Through such methods as DIP financing, mergers and acquisitions, and business revitalization funds, DBJ supports local companies, helping communities maintain excellent supplies of technical expertise and employment opportunities

Toyo Tires Turnpike (formerly the Hakone Turnpike)

DBJ established Japan's first infrastructure fund in collaboration with Australian investment bank Macquarie Bank, involving equity investment to facilitate business transfer transactions for the former Hakone Turnpike.

Source: DBJ website: http://www.dbj.jp/en

Development Bank of Japan Inc. was established as a joint-stock company (privatized) on October 1, 2008

Development Bank of Japan Inc. was established as a joint-stock company (privatized) 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.

Highlights of the New DBJ Law

Provision of Credit

The object of the New DBJ Law is to maintain the foundations of the investment and financing functions of long-term business funds as the Development Bank of Japan Inc. by conducting business activities utilizing the methods of combining investments and financing and other sophisticated financial methodologies with the goal of realizing full-scale privatization.

Fund-raising

In addition to borrowing and bond issuance, as a complementary measure, DBJ is now able to accept negotiable deposits and issue bank debentures for institutional investors.

Transitional Measures

In terms of fund-raising, DBJ depends largely on borrowing from the government and government-guaranteed bonds. To facilitate a smooth transition toward independent fund-raising following full privatization, measures have been enacted to allow DBJ to issue government-guaranteed bonds and borrow from the Fiscal Loan Fund. Upon the establishment of the new DBJ, the law provided for long-term borrowing from the private sector.

	Predecessor	New DBJ
Loans	Yes	Yes
Equity investment	Yes	Yes
Debt guarantees	Yes	Yes
Foreign exchange; money exchange	No	No
Bond issuance	Yes	Yes (including bank debenture bonds)
Borrowings	Fiscal Loan Fund	Fiscal Loan Fund bonds + private-sector borrowings
Deposits	No	Yes Checkable deposits and small-lot deposits that are covered by deposit insurance for the safe custody of deposits are not accepted.

Revised 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 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 120-124 for details of the New DBJ Law and Law for Partial Amendment of the Development Bank of Japan Inc. Law.

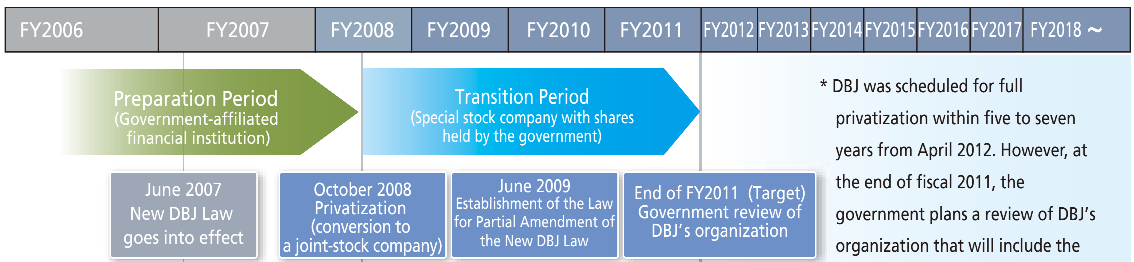
Law Passed for Partial Revision of the Development Bank of Japan Inc. Law

The Law for Partial Amendment of the Development Bank of Japan Inc. Law was passed 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 that began in the United States in 2008.

- 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, such as the government holding in excess of one-third of its outstanding shares at any given point of time, to ensure the proper implementation of crisis response operations, its organizational structure, including crisis response operations and the future of government-held-shares, are to be reviewed and necessary steps are to be taken at or around the end of fiscal 2011. Until these steps are taken, the government will not dispose of any of its shares in DBJ.

● The Privatization Process



Shareholder	100% government	100% government
Company form	Government-affiliated financial institution (special public corporation)	Joint-stock company (special stock company)
Business	Based on former DBJ Law	Based on New DBJ Law
Fund-raising	Government-guaranteed bonds, FILP agency bonds, independent financing	Independent funding, government-guaranteed bonds and FILP agency bonds

* DBJ was scheduled for full privatization within five to seven years from April 2012. However, at the end of fiscal 2011, the government plans a review of DBJ’s organization that will include the future of government-held shares. The government will continue to hold its shares until the necessary measures are put in place.

Overview of Operations in the Year Ended March 31, 2010

Operating Conditions

Financial-Economic Environment

During the fiscal year ended March 31, 2010, the Japanese economy was affected by the 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. Thanks to the effects of drastic fiscal and monetary initiatives from national governments and central banks, the global economy bottomed out and gradual improvements have continued since.

In Japan, exports, which had declined significantly, bounced back strongly, and we began to see the impact of government economic measures and a gradual improvement in business conditions. However, as was evident in corporate earnings and industrial production, although business activity trended upward, the overall level remained low. In addition, employment and income levels remained severe, and, as of the end of the fiscal year, the economy was unable to dispel a sense of stagnation.

In the corporate sector, growing exports to China and other Asian countries supported a recovery, as did government measures to stimulate purchasing activity, such as tax exemptions on environment-friendly cars and home electronics. Such measures supported a rebound in manufacturing activity, and quarterly corporate earnings results indicated ongoing recovery. Capital investment levels fell off sharply during the economic downturn, as capacity utilization rates were low and the outlook uncertain. However, the decline in capital investment appears to have bottomed out in the second half of the fiscal year. The employment and income scenario remained difficult. At one stage, Japanese unemployment reached 5.7%, the highest level on record, and employees' summer and winter bonuses were down sharply. With regard to household consumption, government measures to stimulate purchases caused a temporary spike in consumption, centering on flat-screen televisions, automobiles and certain other durable consumer goods. With that exception, however, the resurgence in consumption was weak, and housing investment was down sharply.

On the financial front, the central banks of countries and autonomous regions throughout the world adopted policies of monetary easing, and major financial institutions received injections of public funds. Despite ongoing weakness in the global financial system, the worst appears to be over. In Japan, small and medium-sized companies, as well as companies with low credit ratings, continued to find fund-raising difficult. However, owing to corporate financial support measures by the Bank of Japan, the situation improved substantially for companies with high credit ratings. The Nikkei stock average, which was in the low ¥8,000 range as of March 31, 2009, had returned to the ¥11,000 level by March 31, 2010, owing to an improved economic climate and a recovery in corporate business performance.

Long-term interest rates (yields on 10-year Japanese government bonds, or JGBs) remained low, owing to expectations that the Bank of Japan's policy of monetary easing would continue for some time, as well as to increased JGB investments by institutional investors. At the same time, however, during the year there were concerns about the state of Japanese government finances. This combination of factors caused interest rates to remain in the range of 1.2% to 1.4%.

A delayed U.S. economic recovery and the U.S. central bank's low-interest-rate policy kept intra-national interest rate differentials low. Against this backdrop, the yen continued to appreciate against the U.S. dollar, into the neighborhood of US$1.00 = ¥90. The yen also appreciated against the euro, affected by such factors as the national budget deficit in Greece, pushing the exchange rate into the range of €1.00 = ¥120 as of March 31, 2010.

On reaction to the sharp rises in commodity prices at the end of 2009, consumer price indices fell to new lows. Insufficient demand put downward pressure on commodities prices, causing deflationary trends to continue.

Progress and Results of DBJ Group Operations

Review of the Year Ended March 31, 2010

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

Below is an overview of these activities during the fiscal year ended March 31, 2010. The figures provided for the loans, investment and consulting/advisory services described below are on a non-consolidated basis.

Loans

We provided senior loans 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 year ended March 31, 2010, we provided ¥3,682.0 billion in loans, including loans for financial crisis response operations.

For details regarding business loans in response to the financial crisis, please refer to the section on page 46 entitled "Financial Crisis Response Operations."

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 year, ¥111.1 billion (including the investment amount based on the Law on Special Measures for Industrial Revitalization and Innovation) was allocated to investing activities.

Consulting/Advisory Services

Consulting and advisory services utilize the networks created by 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 year, investment and loan commissions and fees from M&A and other advisory services amounted to ¥13.2 billion.

Subsidiaries

In November 2009, DBJ Europe Limited was established in the City of London as a wholly owned subsidiary.

Situated in that international financial hub, DBJ Europe should serve as a springboard for the DBJ Group to provide loans and investment and conduct M&A advisory services to meet the broad-ranging needs of clients in the area.

Loans and Investments and Fund-Raising Conditions (Flow)

(Billions of yen)

	For the Six-Month Period Ended March 31, 2009	**For the Year Ended March 31, 2010**
Loan and investment balance	1,733.4	**3,793.1**
Loans *1	1,670.3	**3,682.0**
Investment *2	63.1	**111.1**
Funds raised	1,733.4	**3,793.1**
Fiscal Investment and Loans	277.6	**482.0**
Of which, FILP agency bonds *3	158.0	**300.0**
Of which, government-guaranteed bonds (domestic)	119.6	**149.5**
Of which, government-guaranteed bonds (overseas)	—	**32.5**
Corporate bonds (FILP bonds)	81.4	**168.3**
Long-term debt *4	1,190.0	**2,301.6**
Recovery, etc.	184.3	**840.9**

Notes: 1. Figures, including those for corporate bonds, are on a management accounting basis.
2. Figures, including those for securities, money held in trust and other assets (funds), are on a management accounting basis.
3. Includes industrial investment and borrowings.
4. Long-term debt borrowed from Japan Finance Corporation in conjunction with crisis response operations during the fiscal year ended March 31, 2010, amounted to ¥2,139.4 billion.

Overview of Consolidated Operating Performance

Consolidated Financial Highlights

(Billions of yen)

	For the Six-Month Period Ended March 31, 2009	**For the Year Ended March 31, 2010**
Total income	154.8	**353.7**
Net income (loss)	(128.3)	**39.8**
Total assets	14,028.0	**15,595.7**
Loans	12,008.8	**13,514.6**
Securities	1,246.5	**1,289.4**
Total liabilities	11,941.6	**13,268.2**
Borrowed money	8,067.8	**9,082.4**
Debentures and corporate bonds	3,513.0	**3,746.3**
Total equity	2,086.4	**2,327.5**
Common stock	1,000.0	**1,181.1**
Capital adequacy ratio (BIS standard)	18.88%	**19.13%**
Ratio of risk-monitored loans (Banking Law base)	1.60%	**5.07%**
Return on equity	(6.06)%	**1.82%**
Return on assets	(0.92)%	**0.27%**
Number of employees	1,096	**1,181**

Consolidated operating performance during the year under review is described below. As DBJ was established on October 1, 2008, the previous fiscal period, from October 1, 2008, to March 31, 2009, was a six-month period.

Consolidated Income and Expenses

During the period, DBJ posted total income of ¥353.7 billion. Of this amount, interest income generated ¥301.4 billion, and fees and commissions ¥15.6 billion. Other operating income came to ¥19.8 million, and other income was ¥16.6 billion.

Total expenses were ¥302.6 billion. This amount included interest expenses of ¥180.1 billion, expenses on fees and commissions of ¥1.0 billion, other operating expenses of ¥34.0 billion and general and administrative expenses of ¥35.0 billion, as well as other expenses of ¥52.3 billion.

Net interest income was ¥121.3 billion, and net fees and commissions amounted to ¥14.6 billion. However, as market conditions worsened, mainly due to the incurred valuation losses on real estate related private-placement bonds, net other operating losses amounted to ¥14.1 billion. In addition, as in the preceding term, ongoing economic malaise resulted in losses on disposal of non-performing loans, as well as losses on disposal of shares of large-scale clients, which prompted net other operating losses of ¥34.8 billion. As a result, income before income taxes and minority interests, excluding operating expenses of ¥35.0 billion, was ¥51.1 billion, swinging to profitability after recording a loss before income taxes and minority interests of ¥118.1 billion in the preceding term.

DBJ posted extraordinary losses of ¥0.8 billion for the year stemming from the addition to its reserve for losses on head office relocation and income on recovery of bad debts. Consequently, income before income taxes and minority interests came to ¥51.1 billion.

After posting current income taxes of ¥25.3 billion, deferred income taxes of ¥14.5 billion and minority interests in net income of ¥0.3 billion, consolidated net income came to ¥39.8 billion, swinging to profitability after having posted a consolidated net loss of ¥128.3 billion in the preceding fiscal term.

Consolidated Assets, Liabilities and Equity

As of March 31, 2010, total assets amounted to ¥15,595.7 billion, up ¥1,567.6 billion from the previous fiscal year. Of that amount, loans were ¥13,514.6 billion, up ¥1,505.8 billion, and securities came to ¥1,289.4 billion, up ¥42.9 billion. These amounts include new investment and loans in response to the financial crisis.

Call loans and bills bought amounted to ¥125.0 billion at the end of the term, a decrease of ¥20.0 billion, and reverse repurchase agreements came to ¥179.9 billion, down ¥195.9 billion. These assets represent the investment of excess cash on hand, which was down from the level as of March 31, 2009.

Total liabilities as of March 31, 2010, stood at ¥13,268.2 billion, up ¥1,326.6 billion, of which debentures and corporate bonds amounted to ¥3,746.3 billion, an increase of ¥233.3 billion, and borrowed money of ¥9,082.4 billion, an increase of ¥1,014.5 billion. The principal reason for this increase was DBJ's flotation of corporate bond issues in April and October 2009 (totaling ¥130.0 billion, issued using the shelf registration method for securities). In addition, borrowings increased, mainly from the Japan Finance Corporation for use in the crisis response operations. Also, acceptances and guarantees came to ¥192.1 billion, up ¥34.8 billion.

Total equity at the end of the period was ¥2,327.5 billion, up ¥241.0 billion from one year earlier. The primary reason for this rise, in addition to net income, was a ¥103.2 billion increase in capital on September 2009, followed by a ¥77.9 billion capital infusion on March 2010. DBJ's unrealized gain on available-for-sale securities came to ¥11.0 billion, up ¥12.7 billion compared with the loss in this category in the preceding term. This amount includes valuation losses on securities that DBJ holds independently, as well as shares in listed companies that DBJ owns through funds.

Status of Risk-Monitored Loans

DBJ is not subject to the provisions of the Banking Act or The Law concerning Emergency Measures for the Revitalization of the Financial Functions (Law No. 132 of 2008), but it carries out independent assessments of liability classes and asset categories based on the Financial Services Agency's Financial Inspection Manual. According to these results, on a consolidated basis, DBJ's holdings of risk-monitored loans as prescribed by the Banking Act total ¥685.1 billion, accounting for 5.07% of total loans.

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 21.)

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.

DBJ Europe Limited, a wholly owned DBJ subsidiary, commenced operations in November 2009. This company primarily provides support for clients in Europe and the Near and Middle East, as well as investment and loans and M&A services.

By maintaining close relationships with its overseas offices, DBJ is able to provide global financial services that meet broad-ranging client needs, as well as support for clients' overseas operations.

Operations at Overseas Locations

New York Representative Office

The New York Representative Office is responsible for North America, Central America 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 America and South America, as well as client companies that are considering entry into the Japanese market.

DBJ Singapore Limited

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

DBJ Europe Limited

Established:	November 10, 2009
Capital:	€7,500,000
Business:	Loans, investment and M&A advisory services
Address:	Level 20, 125 Old Broad Street, London EC2N 1AR, U.K.
CEO & Managing Director:	Takeshi Kiriyama

Business Tie-Ups with Overseas Institutions

In January 2010, DBJ entered a master cooperation agreement with the International Finance Corporation (IFC) in the interest of facilitating cooperation related to overseas investment and loan activities. A member of the World Bank Group, the IFC is the biggest international financial institution conducting investment and loan operations primarily in developing counties. Under this accord, DBJ and IFC agree to conduct joint investment and loan activities, and DBJ is aggressively targeting environmental and social infrastructure as it strives to support the realization of a sustainable society.

In addition to the institutions mentioned above, DBJ leverages its business alliances with the following overseas institutions.

- **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 Europe Limited opening ceremony

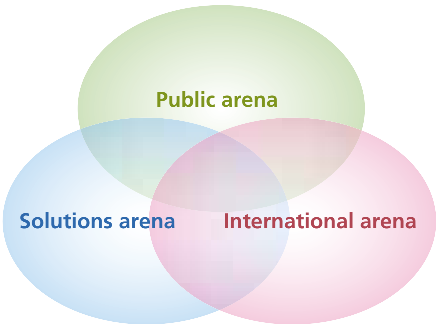
Group Companies

The DBJ Group, comprising DBJ and its subsidiaries and affiliates, provides a variety of services 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 reorganized, 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—and targets the public and private sectors. The company meets clients' research and consulting needs from a comprehensive viewpoint.



Outline of Japan Economic Research Institute Inc.

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

DBJ Capital Co., Ltd.

In June 2010, DBJ integrated the businesses of its two venture capital subsidiaries, New Business Investment Co., Ltd., and Intellectual Properties Development & Investment, Inc., into a new investment capital company, DBJ Capital Co., Ltd.

This new company aims to contribute to the growth and development of firms requiring capital by leveraging the two former subsidiaries' expertise in evaluating technology and businesses, and their experience investing in venture businesses.

Outline of DBJ Capital Co., Ltd.

Established: October 2005

Capital: ¥99 million

Business: Investment In venture companies

Address: Nippon Building 12F, 2-6-2, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan

President: Akira Ogasawara

DBJ Investment Advisory Co., Ltd. (DBJ IA)

DBJ IA was established in December 2009 to promote growth strategies from a medium- to long-term standpoint emphasizing relationships of mutual trust with entities receiving investment funds and based on the concept of assisting companies through value-added equity investment.

DBJ IA aims to contribute to such entities' growth and development by helping them achieve their growth targets in terms of M&A, capital and domestic and overseas strategies by providing funds and utilizing DBJ's international and domestic networks and providing human resources.

Outline of DBJ Investment Advisory Co., Ltd.

Established: December 2009

Capital: ¥68 million

Business: Address: 1-9-1, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan

President: Hiroshi Murakami

2009

April

- **Won the Environmental Development Award at the ADFIAP annual meeting for Financing Employing DBJ Environmental Ratings**

April: ADFIAP Awards Ceremony

June

- **Implementing organizational changes toward the establishment of integrated investment and loan services**
  To enhance its intellectual assets and human resources and strengthen its organizational capabilities, DBJ introduced structural changes.
- **Partial Amendment of the Development Bank of Japan Inc. Law enacted**

July

- **Selected as a core financial institution for the second consecutive year under the Tokyo metropolitan government's Loan Assistance Program for Environmental Initiatives of SMEs**
- **Opened temporary consultation desks for companies affected by severe rainfall in Yamaguchi and Fukuoka prefectures at our Kyushu and Chugoku branches**

August

- **Opened temporary consultation desks for companies affected by Typhoon Etau at our Kansai and Chugoku branches**

September

- **Concluded business cooperation agreement related to environmental investment and loans with the Hokuriku Bank, Ltd.**
- **Increased capital to ¥1,103,232 million (September 24)**

October

- **Submitted investment and loan budget request of ¥1.7 trillion for the fiscal year ending March 31, 2011**
  The ¥1.7 trillion investment and loan budget request comprised ¥650 billion in fiscal investment and financing and ¥1.05 trillion to be funded independently by DBJ.


November: DBJ Europe established

November

- **Established DBJ Europe Limited as a wholly owned subsidiary** – see page 30

December

- **Exhibited and conducted presentation at Japan's largest environmental exhibition, Eco-Products 2009** – see page 58
- **Opened temporary consultation desks at sales offices in line with the Act on the Facilitation of Financing to Small and Medium-Sized Businesses**
- **Settling of investment and loan plans for the fiscal year ending March 31, 2011**
  The result of the draft budget compiled for the fiscal year ending March 31, 2011 (Cabinet decision on December 25, 2009) was for aggregate investment and financing of ¥1.5 trillion, comprising ¥650 billion in fiscal investment and loans and ¥850 billion to be funded independently by DBJ.

2010

January

- **Concluded the first basic cooperative agreement as an Asian financial institution with the International Finance Corporation** – see page 30

March

- **Increased capital to ¥1,181,194 million (March 23)**

April

- **DBJ's Head of the Research Institute of Capital Formation, Masaharu Hanazaki, won the 50th *Economist* Prize for his latest publication, *Corporate Governance and Corporate Finance: An Informational and Institutional Approach*** – see page 49
- **Concluded business cooperation agreement to promote environmental measures with Tokio Marine & Nichido Fire Insurance Co., Ltd.** – see page 68

May

- **Established the Regional Areas' *Genki* Program to support regional growth strategies** – see page 78
- **Won the infrastructure development category at the ADFIAP annual meeting for DBJ's investment in rebuilding JR Sapporo Hospital** – see page 75
- **Opened temporary consultation desk at DBJ's Minami-Kyushu Branch in response to the outbreak of foot-and-mouth disease in Miyazaki Prefecture**

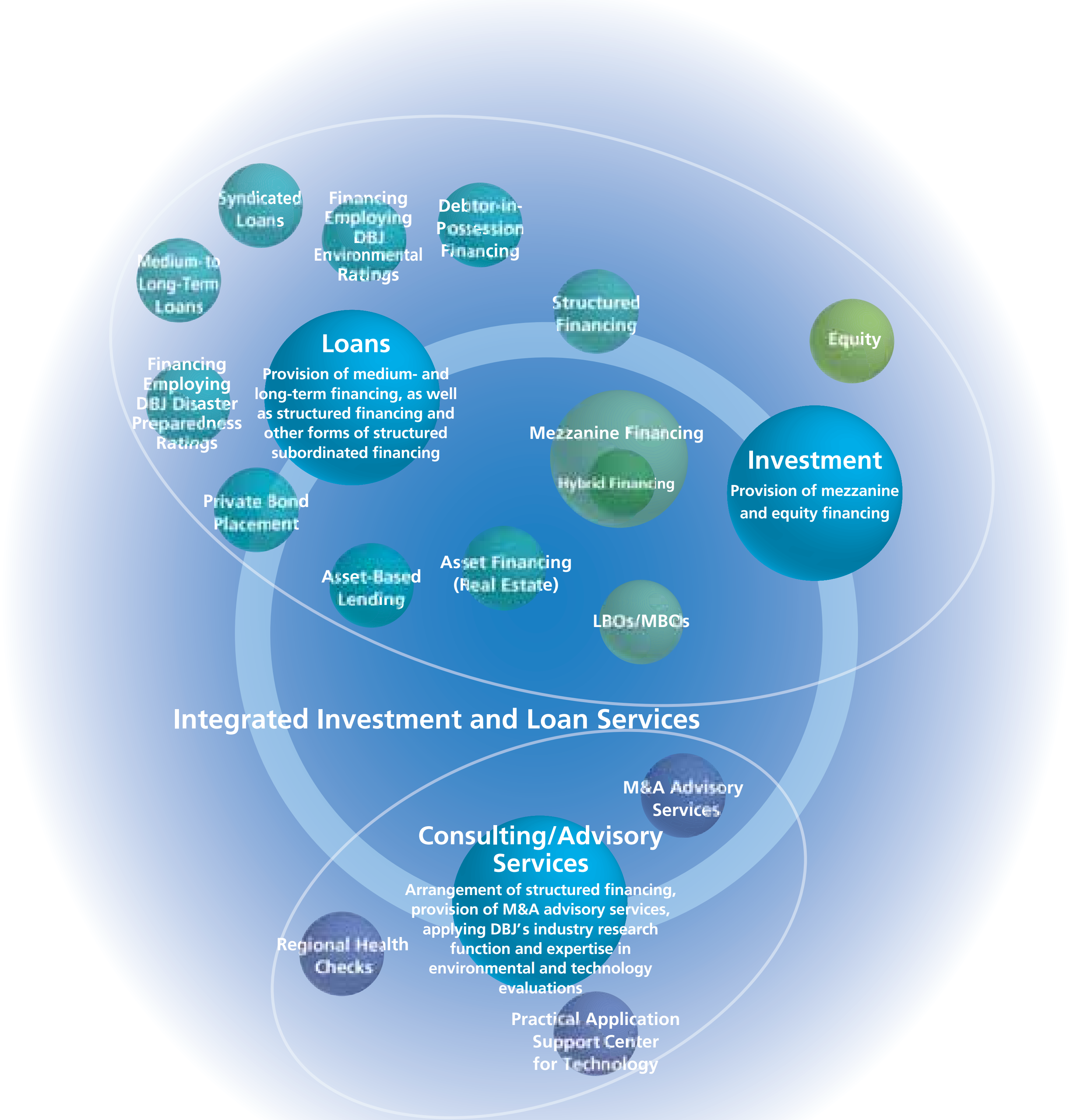
DBJ's Businesses

To resolve the various issues that society faces and become clients' most supportive financial institution, DBJ supplies long-term funds, supports the formation of business and takes a host of other approaches to ensure that useful projects operate smoothly. We are committed to creating financial markets that allow funds to be raised more efficiently, and, in recent years, we have developed and introduced new financing methods to expand the functions of financial markets.

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.



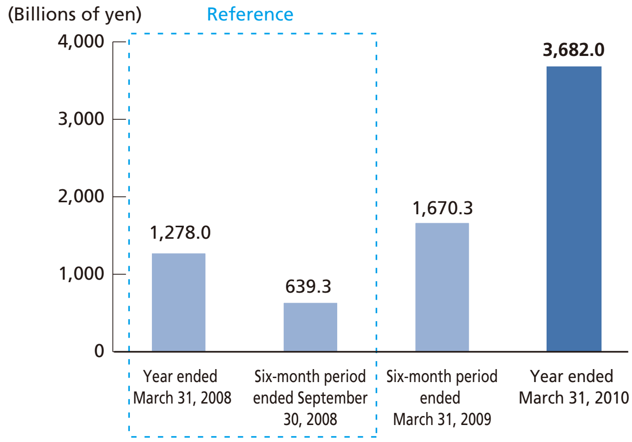
Note: DBJ-designated analysis is required for investment and loan services.

Loans

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

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

● Loan Amounts Provided (Non-consolidated)



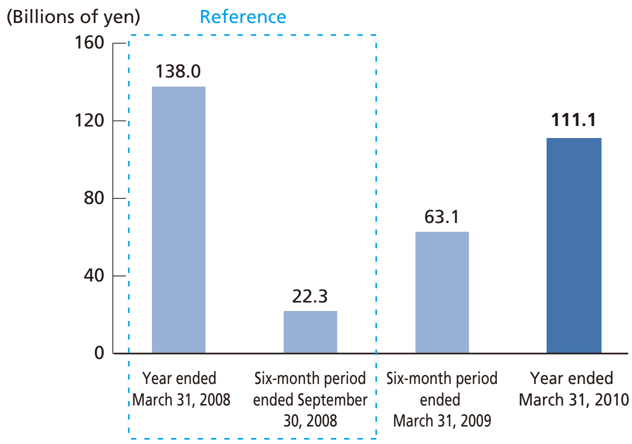
Notes: 1. Figures for the year ended March 31, 2008, and the six-month period ended September 30, 2008, are for DBJ's predecessor.
2. Figures, including those for corporate bonds, are on a management accounting basis.

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)



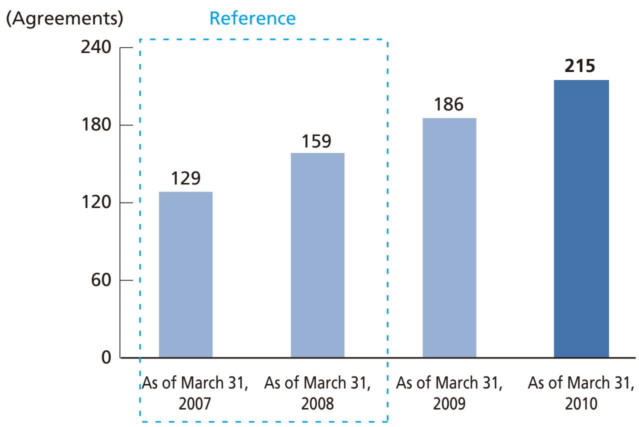
Notes: 1. Figures for the year ended March 31, 2008, and the six-month period ended September 30, 2008, are for DBJ's predecessor.
2. Figures, including those for securities, money held in trust and other assets (funds), are on a management accounting basis.

Consulting/Advisory Services

Through its advisory support services, DBJ helps clients become more competitive and invigorate regional economies.

- Provides M&A advisory services
- Makes proposals that apply its expertise in industry research and ability to develop new financial technologies
- Arranges 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.

The DBJ loan case study section on pages 60 through 85 introduces DBJ's "CSR through Investment, Loan and Other Businesses."

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.

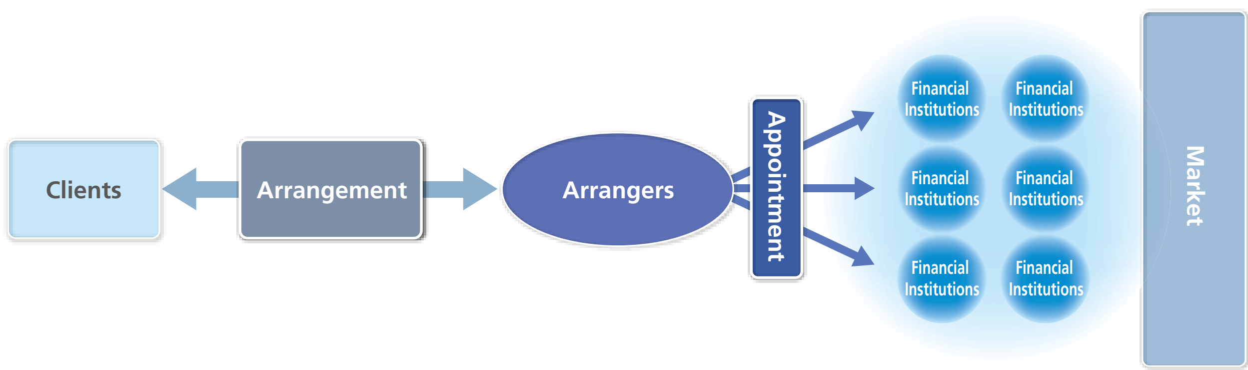
We provide information generated through our various studies and research activities, as well as reports, publications and other information from overseas.

Syndicated Loans

This type of loan involves multiple 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 financing employing DBJ environmental ratings, helps raise the value-added level of services it provides.



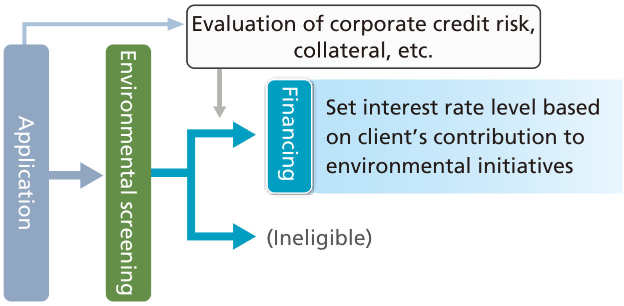
Financing Employing DBJ Environmental Ratings

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 fiscal 2004, DBJ began employing environmental ratings in its financing based on knowledge cultivated for over four 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 based on environmental ratings to advance global warming countermeasures.

For three consecutive years beginning in 2008, banking institutions also selected the Financing for Tokyo Small and Medium-Sized 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 ratings of companies.

● **Overview of Financing Employing DBJ Environmental Ratings**



Features

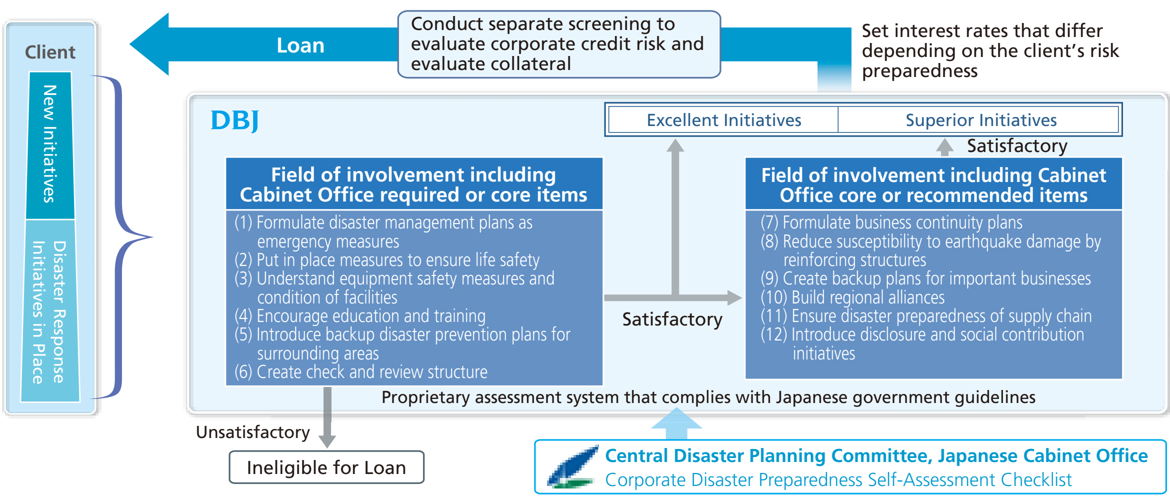
- Varying interest rate levels based on environmental ratings
- Screening sheet contains approximately 120 questions derived from the United Nations Environment Programme Finance Initiative (UNEP FI) evaluation of fair and neutral global environmental trends and an exchange of information with the Ministry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

Financing Employing DBJ Disaster Preparedness Ratings

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. 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), which 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 Financing Employing DBJ Disaster Preparedness Ratings**

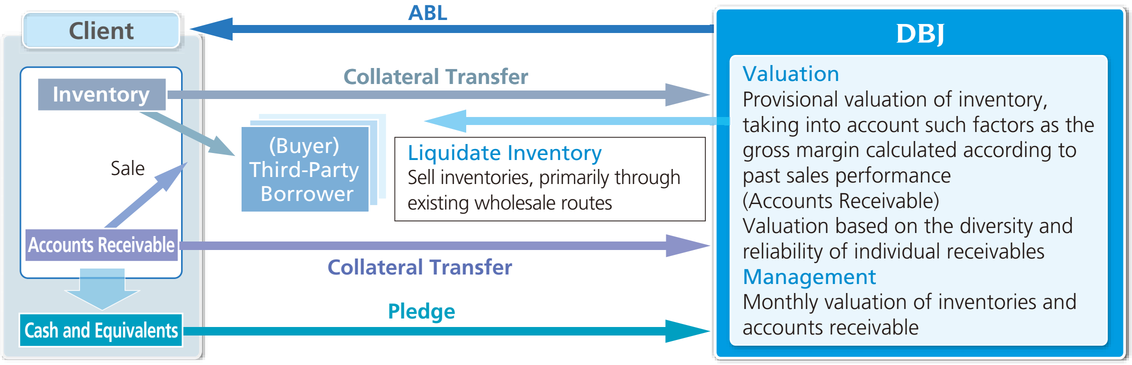


Asset-Based Lending

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 front-runner 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.



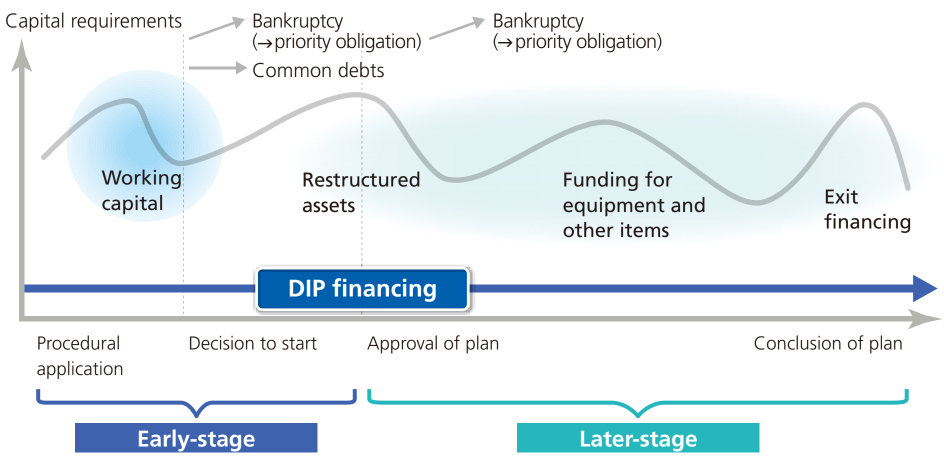
Debtor-in-Possession Financing

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 of 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.



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, including private finance initiatives (PFIs).

Applying our accumulated expertise, now in addition to project financing, DBJ provides investment and financing to cover a variety of client needs. These include object financing and securitiziation in a wide range of fields, in which we act as a financial advisor, providing clients with support. DBJ acts as a lead arranger in putting together project financing packages, offers senior and mezzanine loans and participates in projects through equity investment, meeting clients' needs and addressing the various issues they face.

● 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 features, such as ships and airplanes.

● Securitization

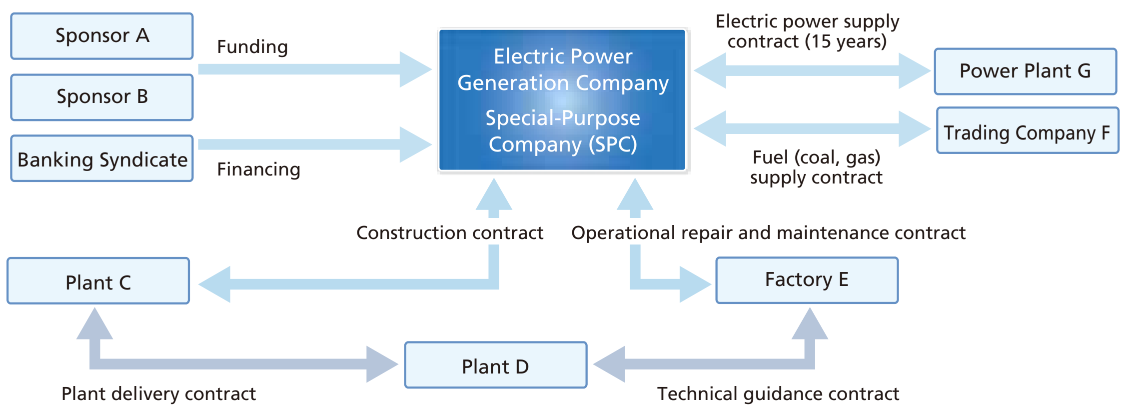
Securitization allows companies to convert their rights to monetary interests into salable form. Securitized monetary claims, which are backed by the revenues and cash flows that are generated by the underlying claims, can be used to generate funding through financial liquiditization. A method known 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.

● PFIs

Since the facilitation of PFIs through legislation* 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.

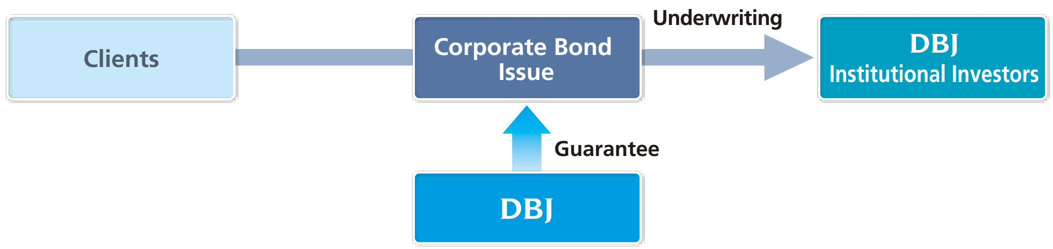
● Project Financing Example: Electric Power Generation Project



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 nonrecourse 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.

The investment case studies on pages 60 to 85 introduce DBJ's "CSR through Investment, Loan and Other Businesses" approach.

Equity

In an environment characterized by growing needs for the operational selection and focus of group businesses, the formulation of growth strategies and the heightening of corporate governance, 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. In the fiscal year ending March 31, 2011, DBJ will enhance it "added-value creative equity financing to support corporate growth strategies." In addition to funding, this approach aims to achieve corporate growth strategies, combining M&A strategies, capital strategies and overseas strategies. This initiative aims to support corporate value enhancement over the medium to long term.

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

Leveraged buyouts (LBOs) are acquisitions of companies or businesses using borrowed money. If the company or business 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 the 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, MBOs have been used more frequently by listed companies that are delisting and by 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 listed companies that are delisting.

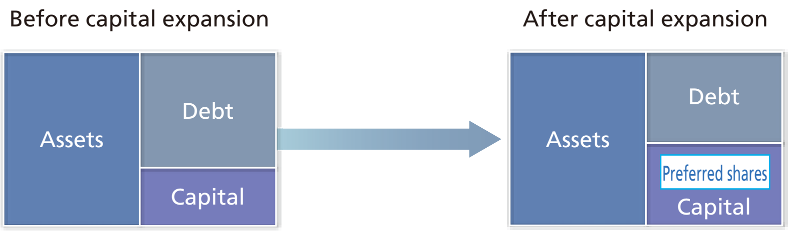
Mezzanine financing has the benefit of providing funding that may be difficult to obtain through senior loans. Such financing also prevents dilution of the voting rights of existing shareholders. Redemption schedules can be set to be rigid or flexible.

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

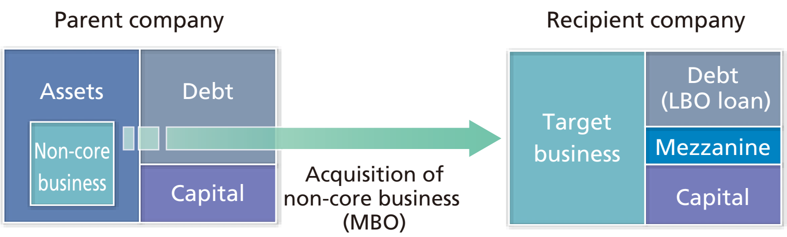
Case 1: Resolving an Undercapitalization Issue



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.

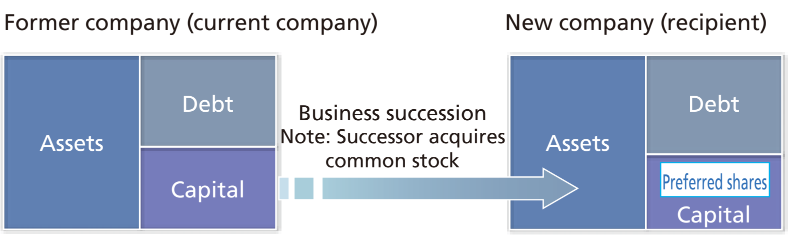
Case 2: Supplementary Method of Financing a Business Acquisition



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.

The advisory case studies on pages 60 to 85 introduce DBJ's "CSR through Investment, Loan and Other Businesses" approach.

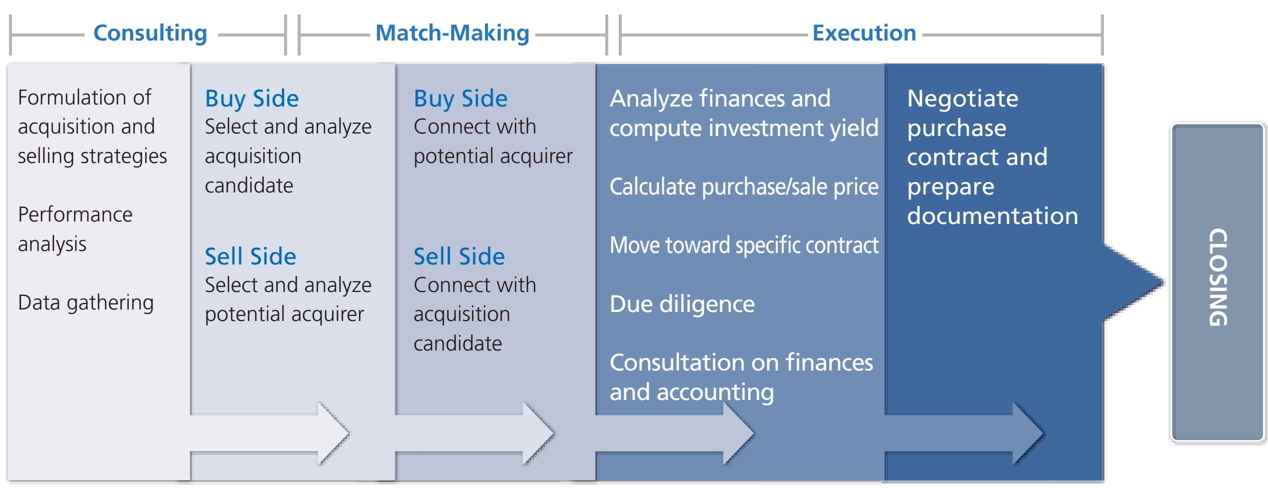
M&A Advisory Services

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 financial institutions throughout Japan (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**

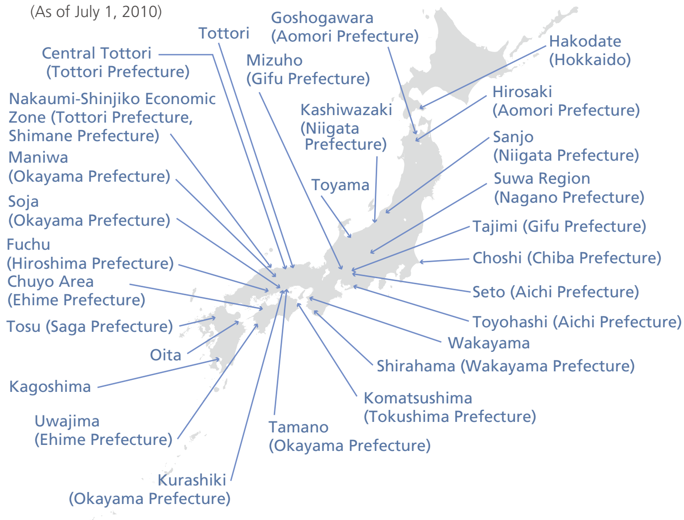


Regional Health Checks

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 we make an independent diagnosis of the region's health. We discuss our findings (issues and possibilities) with the region's constituents, including the issues 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.

● **Health Checks Conducted**
(As of July 1, 2010)



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 we 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

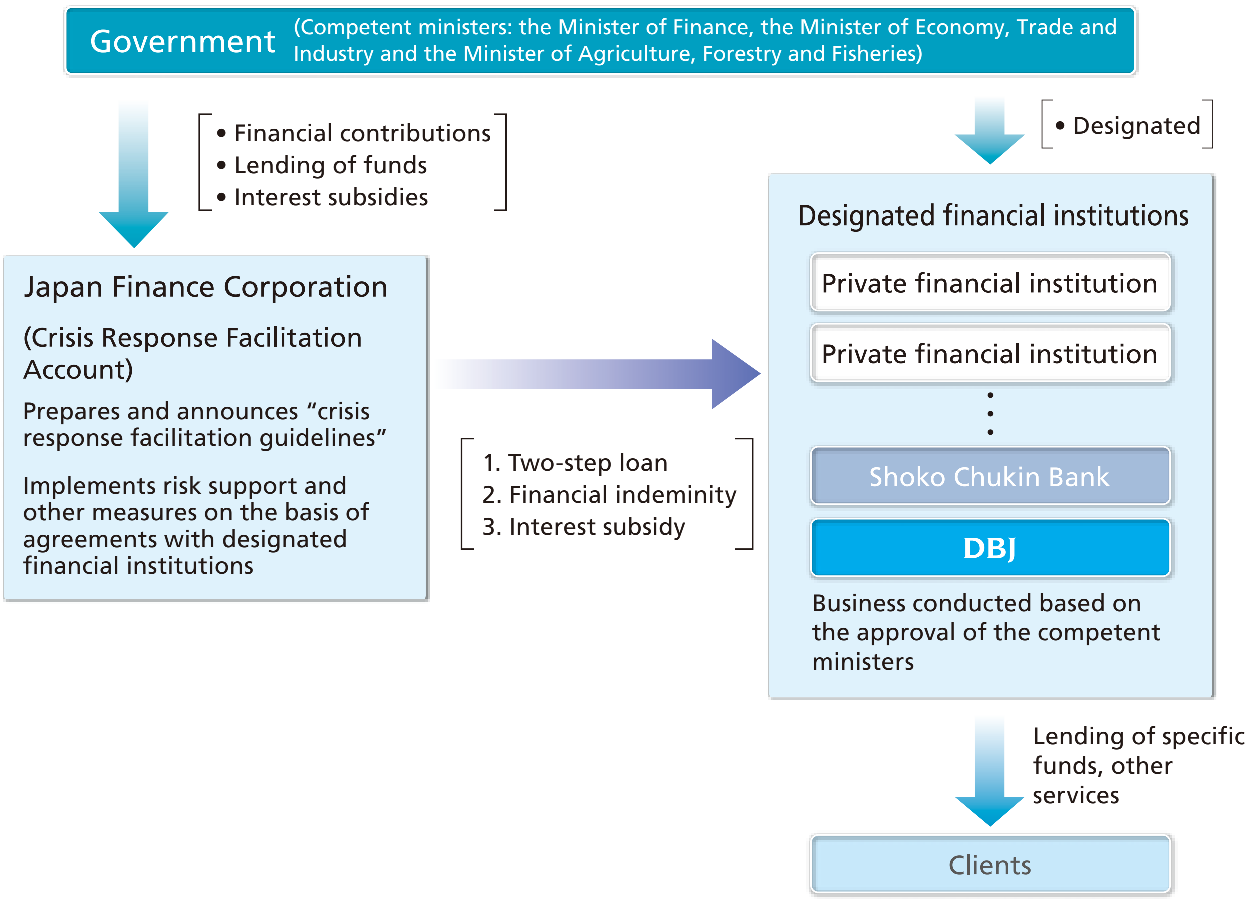
Achieve increases in corporate value

Crisis Response Operations

Through the Japan Finance Corporation (JFC), the Japanese government sets aside specific funds that are earmarked for use in the event of such crises, 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 Operations

DBJ began conducting crisis response operations on October 1, 2008. This business consists of the provision of necessary funds during such crises as disruptions in domestic or overseas financial markets or large-scale disasters. The 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 by 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 Operations 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 on January 30.

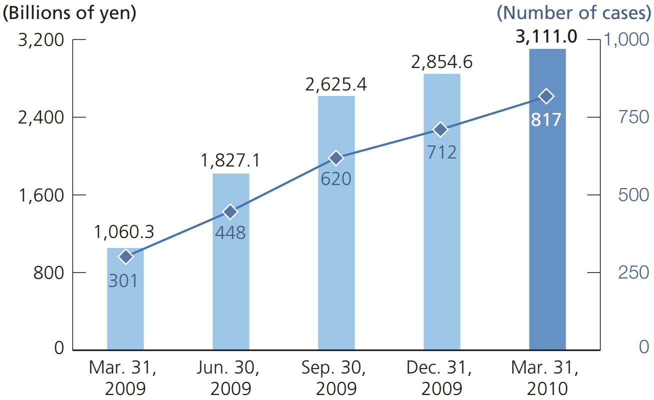
Additional economic crisis countermeasures were announced on April 10, 2009, outlining specific measures for large-scale crisis response operations and earmarking a total of ¥15 trillion for crisis response for medium-sized and large companies. In line with these measures, authorization of a supplementary budget for fiscal 2009 was announced on May 29, 2009. This budget received Diet authorization 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 operations smoothly.

As part of the risk 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 guaranteed reimbursement framework for losses on crisis response operations.

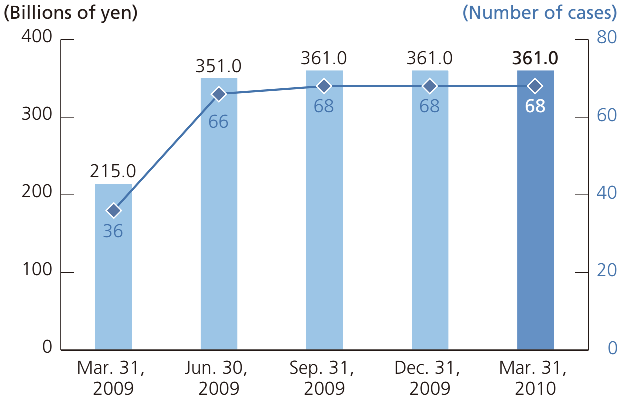
As of March 31, 2010, DBJ's loan performance and commercial paper acquisition of financial crisis countermeasure loans in response to the financial crisis were as follows.

- Cumulative loans: ¥3,111.0 billion (817 cases)
- Cumulative loans executed with loss guarantee agreements: ¥233.5 billion (33 cases, including those slated for application to JFC)
- Cumulative commercial paper acquisition: ¥361.0 billion (68 cases)

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



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



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 following the terrorist attacks and the SARS outbreak: ¥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 a brief commentary on domestic and overseas economic and industrial trends and monthly business indicators.

This report explains domestic and overseas economic trends through an 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 and commenting on current topics.

Major Changes in the Solar Power Market: Focusing on Trends in Europe

(*DBJ Monthly Overview*, No. 146, April 2010)

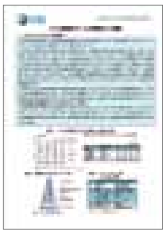
We are seeing major changes in trends in the global solar power market, where, despite the growth of strong government backing in many countries, the financial crisis and changes in policy are impacting the introduction of the technology and thus manufacturers. We summarized in a compact report our outlook for solar-power market prospects, including status reports and business trends from Europe, which is driving market expansion.

Strategies for Expanding Service Industry Demand in Developing Asia

(*DBJ Monthly Overview*, No. 143, February 2010)

According to the Ministry of Economy, Trade and Industry (METI), in the wake of Japan's domestic-market slowdown, there are high expectations for demand driven by Asia's 900-million-strong middle class "volume zone." We look for even greater consumption owing to the expansion of the middle class and the likely corresponding growth in the wealthy stratum.

In this report, we present such issues as trends in income groups and case studies of Japanese firms' advances in the Asian services field, and their strategies in seeking to tap the growing middle class in emerging markets, both in transferring services from Japan to overseas markets and in attracting the market to Japan in areas such as tourism.



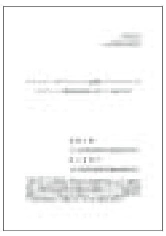
DBJ Long-Term Interest Rate Weekly Outlook

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.

Stock Options and Corporate Performance

(*Economic Management Research*, Vol. 30, No. 4, March 2010)

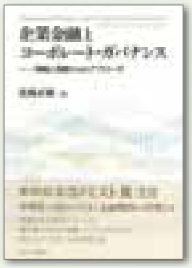
In recent years, an increasing number of Japanese companies have introduced incentive schemes, including stock options and performance-based compensation, to managers and other employees. In this report, in addition to looking at the theoretical structure of stock options and the system of use in Japan, we conduct a fundamental analysis using corporate data to examine what kind of companies adopt stock options and whether they really affect the bottom line.



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 the Global Warming Research Center of 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 institute. 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.

Corporate Governance and Corporate Finance: An Informational and Institutional Approach
(DBJ's Head of the Research Institute of Capital Formation, Masaharu Hanazaki, University of Tokyo Press, November 2008)
The Mainichi Newspapers Co., Ltd.'s *Economist* Magazine Award Selection Committee selection was the winner of the 50th (Fiscal 2009) *Economist* Prize.

This book, based on practical and academic economics, gives a unique perspective and shines light on the future of the inextricable links between corporate finance and corporate governance, elucidates application theory and the reality thereof verified by informational and systemic aspects, and explores "the essence of a corporation."

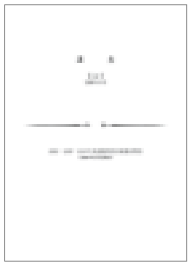


Capital Investment Planning Survey

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 2009 Survey of Capital Investment Plans for Years to March 31, 2009, 2010 and 2011," *Surveys*, No. 100, September 2009
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 publishing the results of its surveys, research and other activities, DBJ introduces its information at speaking engagements and seminars. In addition, after reflecting on 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 introduction of DBJ Environmental Ratings, which are used to determine preferential financing for environment-friendly projects and are used by many companies.

Disaster Response

Being prepared to respond to an earthquake or other natural disaster and continue operations is an issue for every company. DBJ conducts surveys covering corporate business continuity plans companies have established. In the year ended March 31, 2008, we incorporated survey results to form the basis for DBJ Disaster Preparedness Ratings, which we use in our financing considerations.

Technology

DBJ's activities in technology-related fields include conducting trend surveys (for example, on bioethanol). 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 crises. Addressing these issues requires a greater degree of expertise and more ingenuity than ever. DBJ assists by analyzing the information it accumulates through its network of offices (19 domestic locations—headquarters, branches and representative offices—and three overseas locations—subsidiaries and a representative office), economic agencies of regional governments and local communities, and companies in Japan and abroad. DBJ disseminates this information through reports, publications, lectures and other formats to encourage public/private partnerships, promote tourism, build up local communities, and contribute to local government financing.

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 them an opportunity to consider future directions. (See page 44.)

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)

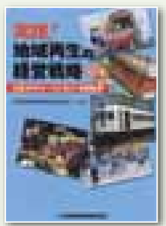
This publication organizes material for debating how best to invigorate regional economies and provides examples of specific initiatives.

Fiscal 2010 Regional Handbook: Regional Data and Policy Information

This handbook is a collection of data that include 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 and societies and the current status of regional projects. In the Topics section, Yoshitsugu Hayashi, Professor, School of Economics, Kwansei Gakuin University, contributed a special section entitled "Decentralization and Local Community Reinvigoration."

Practice! Management Strategy for Regional Revitalization (revised edition): *36 National Management Case Studies*

(Published by Kinzai Institute for Financial Affairs, Inc.)



The greatest feature of this book is that it points the way toward the development of self-reliant regions, and, based on a thorough analysis of 36 successful regional development projects across Japan, it probes the reasons for their success and offers a deeper analysis of the elements common to a variety of flourishing projects.

Regional Economic Highlights, According to the Data

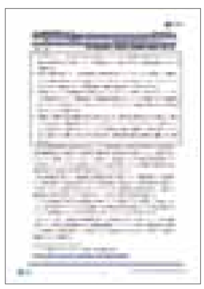
Using figures, mainly graphs, this work describes community conditions, characteristics and issues and provides data on regions and prefectures, aiming to assist in community planning, creation, research and analysis. Its content is useful primarily for people who have roles in community planning and creation or who are involved in community research.

Branch Report

Hokkaido Branch

"Promoting Exports of Delicious Hokkaido Sweets to Russia" (*Mini Report*, April 2010)

Various Japanese regions are mounting initiatives to export food products to Russia, which they view as a future growth market. This mini report explores current issues and provides constructive suggestions on how to differentiate Japanese exports from products from China, South Korea and other countries, such as (1) attracting Russian demand by appealing to the excellent image that Japanese food products have in terms of quality and health and (2) creating Russian-language websites of Hokkaido food products and adopting other means of word-of-mouth popularization.



Tohoku Branch

"Impact on Tohoku Tourism of Declining Birth Rates and Increase in Elderly Population" (*Mini Report*, December 2009)

The tourism industry is being affected by the structural changes taking place in Japanese society, characterized by a declining population, a lower birth rate and an increase in the average age.

As tourism is a major industry for the Tohoku region and has close links to agriculture, food product manufacturing and other businesses, these societal changes are having a significant effect on the region's economy. Focusing on the upcoming decade, this *Mini Report* forecasts the impact of these demographic changes on tourism in Tohoku and considers initiatives based on these projections.

Niigata Branch

"Approaching a Century of Skiing: Food and Senior Baby Boomers May Be Key" (*Mini Report*, May 2010)

This year marks one century since an Austrian major, Theodor von Lerch, introduced skiing to Japan near the city of Joetsu. But the heyday of skiing in Niigata Prefecture—indeed, throughout Japan—seems to have passed. Given these circumstances and in commemoration of the 100th year of skiing in Japan, this report considers ways to revitalize the ski business from the ground up. This report examines the situation and offers suggestions from numerous angles, such as contemplating challenges, reconsidering expectations and adding value in other ways than skiing.

Hokuriku Branch

"Overview of the Toyama Economy" (Irregular Update)

In this report, the Toyama Representative Office describes its survey of the economy in Toyama and introduces its research findings. After presenting the basics of Toyama Prefecture's history, topography and climate, the report looks at major economic indicators and the current status of the amalgamation of towns, cities and villages in the prefecture. The report incorporates unique viewpoints surrounding the prefecture: its slightly unusual companies, topics of conversation in the region, development stemming from the Hokuriku Shinkansen and the economic effects of a popular year-long historical fiction TV series.

Tokai Branch

"Developing Nagoya into a City of Health: Collaboration with Nagoya City University" (public symposium, January 2010)

Feeling the full weight of the demographic changes that are transforming Japan—fewer children, an older population, decreasing populations and a falling number of households—in 2007, the city of Nagoya began fashioning itself as a healthy urban environment for healthy people. The "Healthy Nagoya Plan 21" outlines the movement's initiatives in the areas of health, medical care and welfare.

Seeking to contribute to the health and welfare of Nagoya's people, in collaboration with Nagoya City University, DBJ held a public symposium themed "Developing Nagoya into a City of Health" to encourage input from a broad cross section of urban residents.

Kansai Branch

"Developing Battery Superclusters: Bolstering International Competitiveness in Batteries and the Industries That Use Them" (*Region Report*, May 2010)

Worldwide, forecasts anticipate major expansion in the storage batteries market and the photovoltaic cell industry, and, around the globe, countries are introducing strategic measures to support this development. Meanwhile, private-sector competition is heating up as companies vie to benefit from this new market's potential.

This report summarizes a survey of companies involved in this emerging industry. Using its own unique questionnaire, in this report, DBJ looks at some of the advantages the Kansai region enjoys in this industry, as well as specific issues that it faces. The report also examines potential initiatives for boosting companies', universities' and government institutions' competitiveness in this industry, in Kansai as well as throughout Japan.

Okayama Representative Office

"The Regional Economic and Societal Impact of the Fagiano Okayama Football Club: 'Come to the Stadium and Broaden Your Impact'" (*Mini Report*, February 2010)

The city of Okayama hosts a regional professional soccer team, the Fagiano

Okayama Football Club, which in 2009 was promoted to J. League Division 2. The media coverage accompanying this promotion helped boost match attendance and had a positive impact on the region in a number of other ways, as well.

This report, which DBJ compiled with collaboration from Tomato Bank, Ltd., looks at the effects Fagiano Okayama has had on the region on both a qualitative and a quantitative basis and estimates its economic impact. The report also looks at the effects of having a team that is deeply rooted in the Okayama region and the important role it plays in encouraging a sense of belonging in the community, fostering a sense of togetherness, creating a sense of bustling prosperity and leveraging sports to promote local industry.

Shikoku Branch

"Komatsushima City: Regional Health Checks"
(*Mini Report*, December 2009)
DBJ's Shikoku Branch conducted a regional health check on the city of Komatsushima, considering regional issues and exploring the community's potential. This report analyzes data including the city's population trends and employment by industry and makes suggestions on three points: measures to address the aging population, ways to stem the youth exodus, and strategies to encourage a sense of pride.

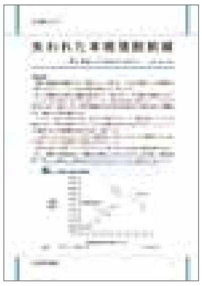
At a meeting held on December 22, 2009, to report the results of the health check, we noted that the newly constructed and relocated Tokushima Red Cross Hospital was a strength for the community. We also commented that developing the hospital into a local bus and taxi hub would positively impact community development.

Kyushu Branch

"Impact of the New Hakata Station Building: A Study of Effect on Local Retailers and Urban Expansion"
(*Survey Report*, November 2009)
In the spring of 2011 the New Hakata Station Building will open, servicing pass-through of Kyushu Shinkansen traffic. The new building's large-scale commercial facilities will house businesses that are coming to Kyushu for the first time, helping to invigorate the surrounding community. At the same time, however, there are concerns that the new shopping area may be detrimental to local retailers.

This report explores the potential impact of the new building on retailers in the surrounding community, looks at case studies on similar projects in other regions and examines ways of leveraging the new facility to expand the market.

Minami-Kyushu Branch



"Losing the Edge in 'True *Shochu*:' How to Counter Blended Beverages"
(*Industry Mini Report*, October 2009)
The Minami-Kyushu region is rightfully proud of its reputation as the home of "true *shochu*" (shochu being a clear distilled liquor, and "true *shochu*" referring to a pure distillation rather than a blended liquor).

As *shochu*'s popularity has spread into the northern parts of Japan, shipping volumes and prices have also risen. However, recent deregulation on alcohol retailing in Japan has caused price competition to intensify. This report delves into the reasons for the rapid decline in the consumption of *sake*, beer and "true *shochu*"—once Japan's staple alcoholic beverages—by looking at prices, consumption volumes and retail deregulation. The report also explores the downtrend in alcohol consumption by young people and ways for the industry to cope.

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.

CSR Report

DBJ provides integrated investment and loan services to resolve the issues its clients face and continues to support the ongoing growth of society from a financial perspective.

At DBJ, corporate social responsibility involves not only contributing to society through investment, loan and other business, but also seriously taking into account societal needs and living up to responsibilities as a member of society. This requires all DBJ executives and regular employees to conduct their daily activities with constant consideration of society, the environment and the economy. We believe our efforts will build DBJ into a financial institution trusted, favored and chosen by the public.

Editorial Policy

To expand communication with all stakeholders, in 2003, DBJ first issued *Environmental Report 2003 for a Sustainable Society*. This was followed by annual sustainability reports in 2004 and 2005. In 2006, DBJ published the *CSR Report*. Since the fiscal year ended March 31, 2007, DBJ has combined its annual report and CSR report under the concept of "disclosure from a CSR perspective." DBJ will continue publishing CSR information introducing its initiatives to help realize a sustainable society.

As in previous years, this report explains how DBJ came into being, as well as the services DBJ provides. The report aims to show that DBJ fulfills its corporate social responsibility through the careful attention it accords to each of its activities, incorporating this discussion of the status of its recent activities. Furthermore, we have employed the following guidelines in our effort to enhance the report's readability.

- We explain DBJ's stance on CSR as a way of addressing the problems society faces.
- To give the reader a clear sense of how DBJ's services relate to society, the report provides case studies of DBJ's ongoing emphasis on CSR through investment, loan and other businesses it conducts.

DBJ considers this report an important tool for communicating with all manner of stakeholders and hopes to continue improving it. Accordingly, we welcome your comments and suggestions.

Scope of Report

Organizations covered:	All DBJ branches, including overseas representative offices and subsidiaries, except where noted.
	Japan: Head office, 10 branch offices and eight representative offices
	Overseas: One overseas representative office
Period covered:	The fiscal year from April 1, 2009, to March 31, 2010
	As this report is designed to illustrate ongoing initiatives, some of the case studies for investment, loan and other business contained herein are the same as in past issues. Furthermore, some of the information indicated herein will have been updated by the time this report is published.

Publishing Details

Published:	July 2010
Next publication:	July 2011 (previous publication: July 2009; frequency: annual)

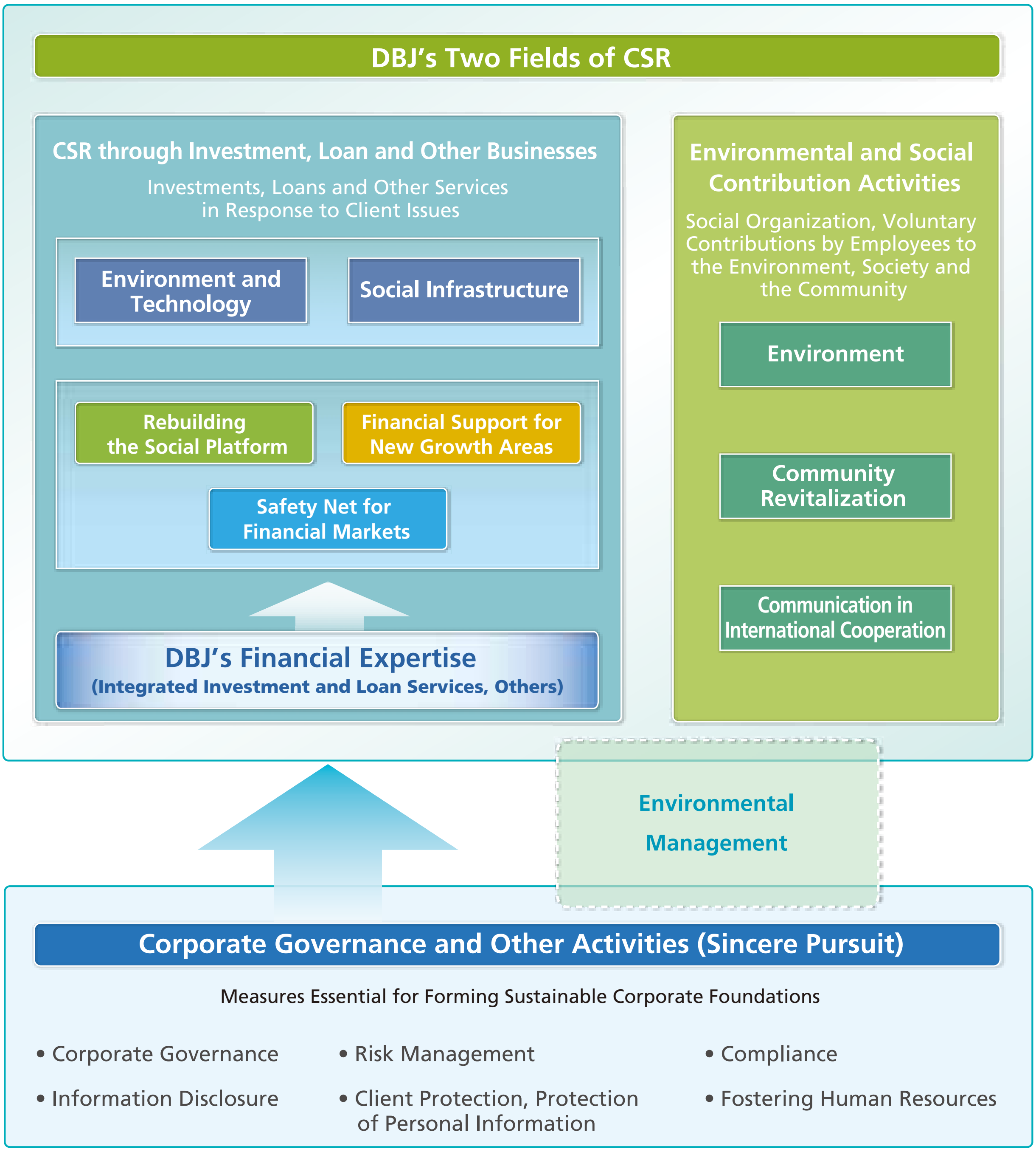
Reference Guidelines

Sustainability Reporting Guidelines 2006, issued by the Global Reporting Initiative (GRI), and the *Financial Services Sector Supplement* were used as reference guidelines.

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) CSR through investment, loan and other businesses 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

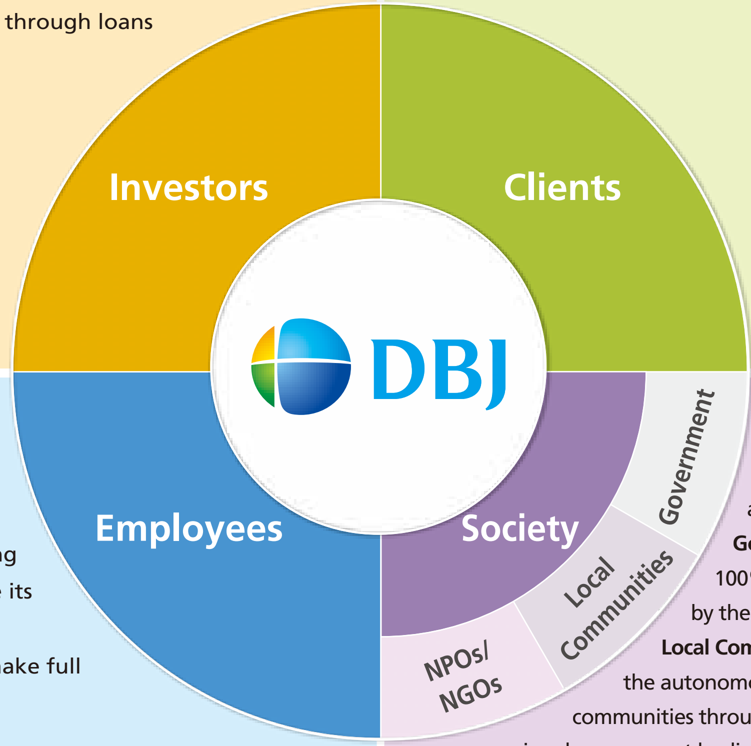


Fields of CSR Implementation at DBJ

DBJ comes into contact with a wide variety of organizations, companies and people in the course of its operations. DBJ strives to increase its dialogue with stakeholders in its effort to realize a sustainable society.

DBJ secures financing through the issuance of Fiscal Investment and Loan Program (FILP) agency bonds and government-guaranteed bonds, through direct financing from the financial markets by issuing corporate bonds and through loans from private-sector banks.

DBJ's investment and loan services involve clients in numerous regions and across a variety of industries. Furthermore, we provide information and expertise through overseas networks.



As of March 31, 2010, DBJ's employees numbered 1,079. DBJ employee training is designed to enable its employees to act autonomously and make full use of their abilities.

DBJ seeks to contribute to the realization of an increasingly prosperous and sustainable society.

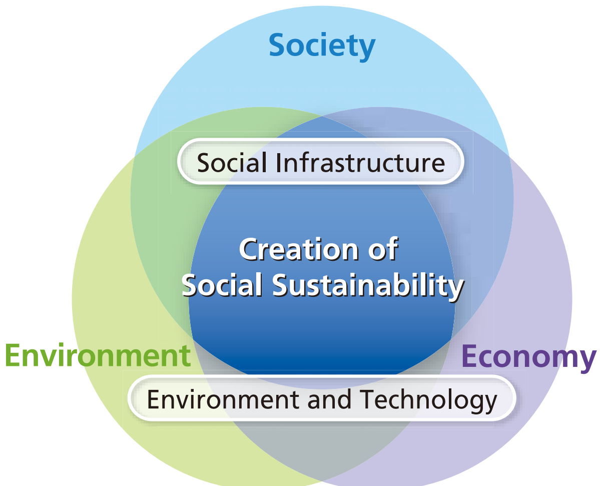
Government: Currently, 100% of DBJ's shares are held by the Japanese government.

Local Communities: DBJ supports the autonomous development of local communities through its affiliations with regional government bodies and regional financial institutions that are deeply rooted in the local communities.

NPOs/NGOs: DBJ maintains alliances with these organizations as a part of its environmental preservation efforts, to realize a sustainable society.

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 Investment, Loan and Other Businesses" 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 through Investment, Loan and Other Businesses.

Even after 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 Investment, Loan and Other Businesses

Due consideration of compliance issues 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 other financial solutions.

We believe that DBJ can gain the trust of society with CSR through investment, loan and other businesses, 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 social infrastructure and the environment and technology and by taking advantage of our broad client base and accumulated industry knowledge. Through such services, conducted in line with its corporate policy, DBJ plays a role in rebuilding the social platform, providing financial support in fields that offer future growth and serving as a safety net for financial markets.

See page 60.

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 Exhibition, Japan's largest environmental event, and holding seminars and symposiums in conjunction with relevant organizations.

DBJ has had a booth at the Eco-Products Exhibition every year since the fiscal year ended March 31, 2001. Through compendious display 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 credits trading. During the year ended March 31, 2010, we delivered a lecture on the theme of "the Current Status and Direction of Environmental Finance in Indirect Financing," attracting numerous visitors to our booth.

"Eco Presentation Stage" (Eco-Products 2009)

Since fiscal 2009, DBJ has been a participating sponsor of the eco japan cup*, Japan's largest environment-related contest. We are active on the organization's executive and judging committees.

*The "eco japan cup" is sponsored by public and private entities, including Japan's Ministry of the Environment, Ministry of Internal Affairs and Communications, Sumitomo Mitsui Banking Corporation and DBJ. The contest describes itself as a "contest for unearthing and growing seeds of green business." This program is a continuation of the 2005 "Environmental Dynamite!" event. Renamed the "eco japan cup" in 2006, this event is held on an annual basis.

Announced in December 2009, winners of the "eco japan cup 2009" in the business division were as follows.

eco japan cup 2009 Business Award Winners

• Environmental Business Awards
[Environmental Business Award 2009] KYUSHU ELECTRIC POWER CO., INC. NGK INSULATORS, LTD.
• Environmental Business Venture Awards
[Grand Prize] My Farm Co.
[Fighting Spirit Prize] Japan Biomass Corporation
[SMBC Award] Seiwa Industry Co., Ltd.
[JP Region Coexistence Business Prize] Nakada Syubyouen
[Environmental Business Women Prize] A DANSÉ Co.,Ltd.
[Jury of Technology (GE) Special Prize] HYPER DRIVE Corporation

Communication to Community Revitalization

DBJ considers working with local citizens to build communities that suit their unique environments an important part of supporting independent community development. To this end, DBJ sponsors such events as 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 discuss objective indicators and original analytical methods 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 44.)

Interaction with community members

Communication in International Cooperation

In cooperation with Japan Economic Research Institute Inc., DBJ holds seminars for developing countries' governmental and developmental financial institutions, primarily in Asia, describing the Bank's experience in applying policy-based financing to support the industrial economy of postwar Japan. We also offer the expertise we have accumulated in recent policy issues, such as energy conservation, environmental measures and private infrastructure. The Development 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.

For individual development banks, DBJ cooperated with the World Bank and the Japan International Cooperation Agency to provide comprehensive technical cooperation to the China Development Bank and the Infrastructure Development Bank of Malaysia. We also concluded a business cooperation agreement with the Vietnam Development Bank in 2007. In addition, in fiscal 2009, we cooperated in holding training sessions and workshops in Tokyo and at overseas locations for participants from the China Development Bank, the Vietnam Development Bank and the Small Industries Development Bank of India, as well as Mongo lian government deci- sion-makers and mid- tier officials.

Training at Vietnam Development Bank

Other Communication Efforts

Providing Information

Video Introduction to CSR Initiatives

To make DBJ's CSR activities more easily understandable, on our website we have included video content entitled "DBJ's CSR: Strengthening Society through Financial Expertise." We also showed this video at the Eco-Products 2009 exhibition.
http://www.dbj.jp/co/csr/index.html (Japanese only)

Issuing 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 has combined 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 Activities That Contribute to Society

TABLE FOR TWO

DBJ began participating in the TABLE FOR TWO* program on March 29, 2010. Under this program, one of the meals in our company cafeteria each day is designated as a "healthy menu" option. Through proactive employee participation in this program, as of the end of May 2010, DBJ's contributions totaled ¥88,060—enough to provide 4,403 meals.

*TABLE FOR TWO is a program run by the nonprofit organization TABLE FOR TWO International. Under this program, each time a specific food item is purchased, a ¥20 donation (enough money to purchase one school lunch in a developing country) is donated to purchase a school lunch for one child.

A healthy menu

Campaign introduction

Participating in Local Community Activities

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

CSR through Investment, Loan and Other Businesses

DBJ promotes CSR through investment, loan and other businesses 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.

CSR through Investment, Loan and Other Businesses

Environment and Technology — **Social Infrastructure**

Rebuilding the Social Platform

DBJ provides support from a financial perspective that helps to rebuild social platforms in such fields as healthcare and welfare; urban development, traffic and transportation; and the environment.

Financial Support for New Growth Areas

DBJ leverages its client base, expertise and networks to contribute to new growth strategies from a financial perspective.

Safety Net for Financial Markets

DBJ supports economic growth by its swift action, functioning actively as a safety net in times of crisis.

DBJ's Financial Expertise (Integrated Investment and Loan Services, Others)

Case Studies

Urban Development

Efforts to develop and upgrade urban infrastructure and functions 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 increasing demand for urban development and renewal that take environmental conservation and disaster prevention into consideration in an attempt to realize a sustainable society.

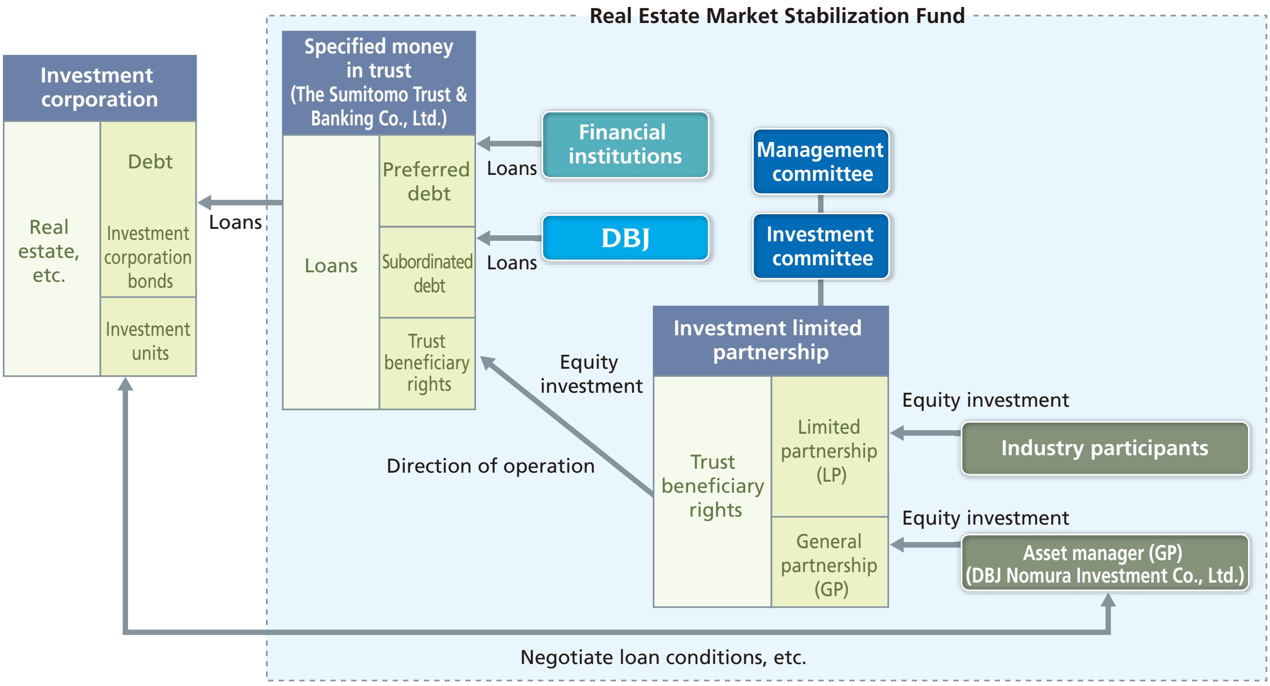
Investment and Loan Case Study: Real Estate Market Stabilization Fund

The global financial crisis that commenced in the autumn of 2008 and the resultant credit crunch gave rise to serious concern over corporate cash flow, including financing for urban development and real estate. Even certain listed Japanese real estate investment trusts (J-REITs), which typically are very low risk, entered civil rehabilitation proceedings. Furthermore, the fund-raising environment has been markedly unstable. In particular, there is significant concern in the market about the redemption of investment corporation bonds (corporate bonds) held by J-REITs. Should J-REITs, Japan's ultimate buyers of real estate, cease to function, this would have a significant impact on the real estate market. This situation has spurred calls for remedial measures.

The Ministry of Land, Infrastructure, Transport and Tourism, for one, considers this a weighty issue. Accordingly, MLIT is working with such institutions as DBJ to provide financing to J-REITs and is putting together public–private funds to make credit lines available for corporate bond repayments. DBJ has taken an active role, not only in designing the structure, but also in raising funds in the market—the toughest part—supplying subordinated debt financing to establish the Real Estate Market Stabilization Fund.

These measures helped J-REITs to avoid collapse, and their investment unit prices (share prices) have recovered significantly since the market crash. The fund has greatly relieved pressure on J-REITs and earned high regard in the market.

● Overview of the Real Estate Market Stabilization Fund



Urban Development

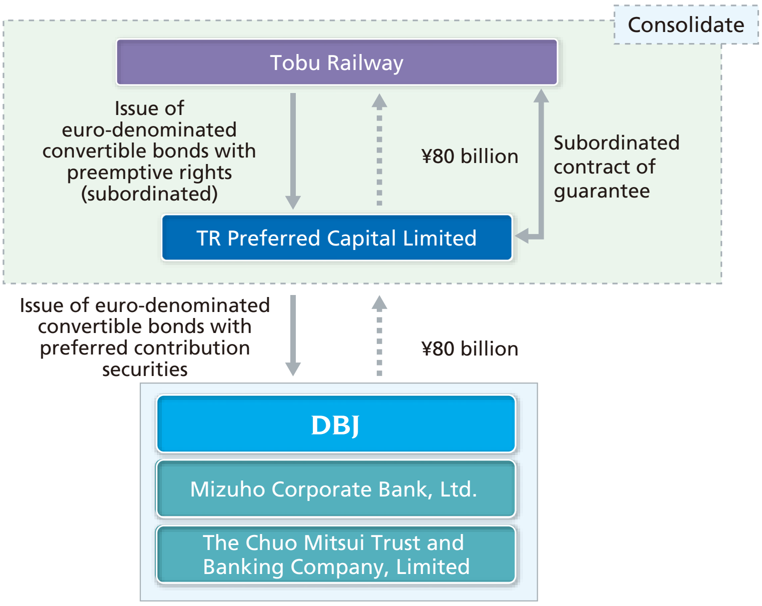
Investment and Loan Case Study: Tobu Railway Co., Ltd.

To maintain a robust capital structure, in October 2008, Tobu Railway, with its headquarters in Sumida-ku, Tokyo, participated directly in a large redevelopment 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 (SPC), 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 in conjunction with Mizuho Corporate Bank, Ltd., and The Chuo Mitsui Trust and Banking Corporation, Limited.

● Overview of Fund Procurement Scheme



Conceptual illustration of Tokyo Sky Tree, scheduled for completion by December 2011

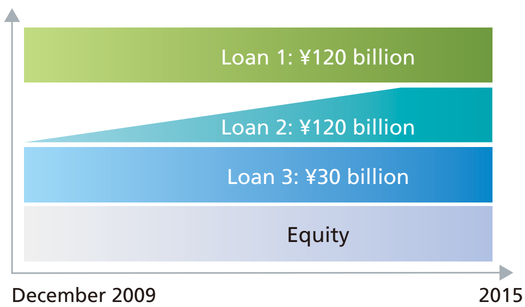
Investment and Loan Case Study: Prime Stage Co., Ltd.

Under Tokyo Prime Stage, an SPC established by Tokyo Tatemono Co., Ltd., and Taisei Corporation, a prime site located in Chiyoda-ku, Tokyo, that is currently occupied by Mizuho Bank's Otemachi head office building and the Otemachi Financial Center building is to be developed into a large-scale multipurpose building.

The current plan is for standard floor area of approximately 2,970 square meters. The high-rise building will house state-of-the-art office space and a luxury hotel, with the premises providing around 3,600 square meters of green space. Construction is slated for completion in spring 2014.

With DBJ as the lead arranger, 26 financial institutions are participating in the ¥270 billion syndicated loan—one of the largest ever arranged in Japan.

● Structure of the Syndicated Loan



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 transportation infrastructure in accordance with degradation due to aging and the requirements of increased transport capacity and efficiency, as well as in response to an aging population and environmental issues. As transportation infrastructure involves large investment amounts and long investment periods, the procurement of long-term funding is increasingly important.

On January 19, 2010, Japan Airlines, one of DBJ's largest clients, secured backing from the Enterprise Turnaround Initiative Corporation of Japan and, on the same day, applied to the Tokyo District Court for the commencement of corporate rehabilitation procedures. Together with the Enterprise Turnaround Initiative Corporation of Japan, DBJ is providing debtor-in-possession (DIP) financing to Japan Airlines.

Investment and Loan Case Study: Hokkaido Railway Development Corporation

The Hokkaido Railway Development Corporation, headquartered in Sapporo, was established with capital investment from the Hokkaido regional government and JR Hokkaido as a so-called "third-sector" (public–private) corporation.

Hokkaido Railway Development Corporation is electrifying the section of the Sasshou Line between Souen Station and Health Sciences University of Hokkaido Station to better serve the increasing population along it. With this development, the company aims to shorten train travel time, ease overcrowding and improve railway carriage air-conditioning, while simultaneously reducing the environmental impact of the service.

In this way, DBJ is providing long-term funding to raise the standard of services for the local population by supporting the development of a high-speed rail network in the Sapporo area.

Sasshou Line

Investment and Loan Case Study: Narita Rapid Railway Access Co., Ltd.

Narita Rapid Railway Access Co., Ltd., is a class-three railway operator established to create a new high-speed access route connecting central Tokyo and Narita Airport.

In August 2001, construction of the Narita New Rapid Railway was approved as a national urban renewal project by the Urban Renewal Headquarters, whose secretariat is in the Cabinet Office. 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.

DBJ, in collaboration with Mizuho Corporate Bank, Ltd., co-arranged a syndicated loan for Narita Rapid Rail Access. The two 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 the financing necessary to proceed toward the completion of the project.

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

A new high-speed access route connecting central Tokyo and Narita Airport

New *Skyliner*

Transportation Infrastructure

Investment and Loan Case Study: Tokyo International Air Terminal Corporation

As the largest shareholder in Tokyo International Air Terminal Corporation, with headquarters in Ota-ku, Tokyo, Japan Airport Terminal Co., Ltd., was established to take charge of an SPC to maintain and manage Tokyo International Airport's international terminal buildings. This is the first case of a national core transportation infrastructure being handled as a PFI.

DBJ, Mizuho Corporate Bank, Ltd., and The Bank of Tokyo-Mitsubishi UFJ, Ltd., co-arranged and extended loans in the form of project finance. By constructing a finance scheme that is flexible to changes in aviation and commercial market demand and other trends, DBJ is supporting the implementation of the project up to a period of 30 years from its operational start-up.

Tokyo International Air Terminal

Investment and Loan Case Study: Royu Driveway Co., Ltd.

West Nippon Expressway Company Limited ("NEXCO-West"), based in Osaka's Kita-ku, together with DBJ, made a joint equity investment in Royu Developer Co., Ltd., with headquarters in the city of Ashiya in Hyogo Prefecture, to manage a toll road connecting the towns of Ashiya and Arima, dubbed the Royu Driveway. Under joint financing, the companies received transfer of the shares, signing an agreement with Royu Development.

Through a company split, Royu Development succeeded as a newly established expressway operator, receiving all the shares through transfer following funding from NEXCO-West and DBJ. The new company is bringing to bear NEXCO-West's long-cultivated know-how and technological prowess in expressway maintenance operations together with DBJ's accumulated experience in financing infrastructure businesses, including road infrastructure, and its support in ameliorating management and cost-cutting measures, which will help to realize improved efficiency in the newly established company.

Royu Driveway

Corporate and Business Revitalization

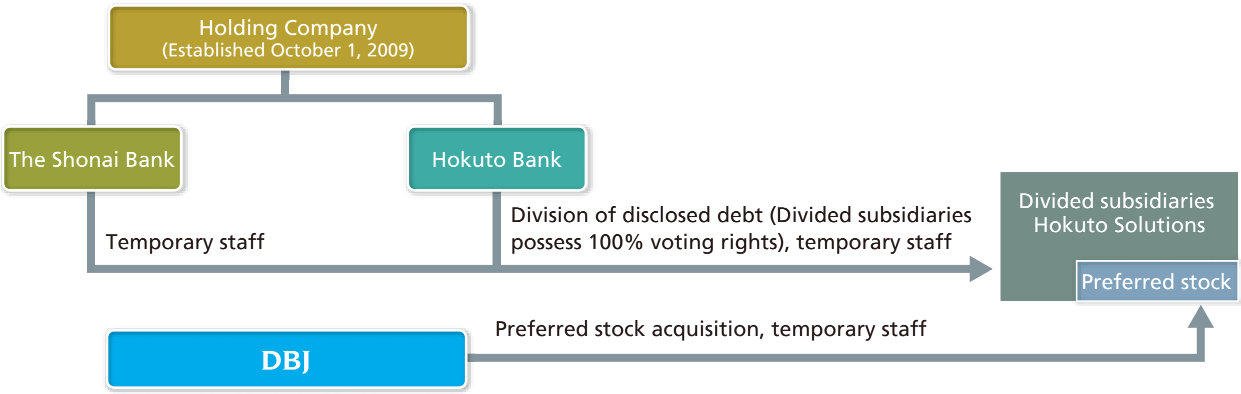
Since the emergence of nonperforming loans as a major problem in Japan in the late 1990s, corporate and business revitalization has become an important issue. In recent years, international financial disorder and the tide of economic globalization have fomented swift change in the corporate business environment. Smooth rehabilitation is an important issue for not only the distressed companies that are viable businesses themselves but also the financial and other entities supporting their revitalization.

Investment and Loan Case Study: The Hokuto Solutions, Ltd.

The Hokuto Solutions, Ltd., 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 nonperforming loans 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 nonperforming loans from Hokuto Bank and is engaged in debt management and the support of business revitalization activities for Hokuto Bank.

DBJ provides temporary staff to Hokuto Solutions and invested approximately ¥1 billion in the form of nonvoting preferred stock.



Investment and Loan Case Study: Iknow Machinery Co., Ltd.

Iknow Machinery Co., Ltd., headquartered in the city of Sasebo in Nagasaki Prefecture, was formed with the support of the maritime industry, including Oshima Shipbuilding Co., Ltd., based in the city of Saikai in Nagasaki Prefecture and incorporating the marine equipment division of Tsuji Sangyo Co., Ltd., which is in bankruptcy proceedings, also with headquarters in Sasebo.

Tsuji Sangyo, a major producer of marine equipment, was also involved in the shipbuilding business in China. The company filed for bankruptcy under the Corporate Rehabilitation Law in December 2008 following deterioration in business conditions. Tsuji Sangyo was the supplier of marine cranes and hatch covers and other essential parts to Oshima Shipbuilding and other shipbuilders, for which continued production and smooth supply was indispensible.

DBJ's long-term loan facilitated the transfer of business from Tsuji Sangyo to Iknow Machinery, thereby helping to ensure that shipbuilding companies have a continuing stable supply of goods.


A cargo vessel with hatch covers


Deck crane

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 national and regional public-sector administrative bodies. Advantages include reduced operating costs on the part of national and 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 allocating responsibility and accountability across multiple vendors. Numerous financing problems can arise as well, making the ability to negotiate with, and manage, the various participants very important.

Investment and Loan Case Study: Tsukuba Next Partners Co., Ltd.

Tsukuba Next Partners Co., Ltd., based in Tsukuba, Ibaraki Prefecture, is an SPC set up for the facility maintenance operations of Tsukuba University Hospital by Hitachi Building Systems Co., Ltd., Kajima Corporation, Mitsubishi Corporation and Tokyo Electric Power Company.

This PFI will enable the University of Tsukuba to promote research to support advances in clinical medicine using state-of-the-art medical technology and leading medical education.

The PFI is Japan's first such effort to implement this kind of project at a national university hospital. It covers the refurbishment of existing wards as well as the building of new wards and takes on such tasks as facilities maintenance and supporting hospital operations.

As the lead arranger, DBJ assembled the syndicated loan in the form of project finance in collaboration with other financial institutions.

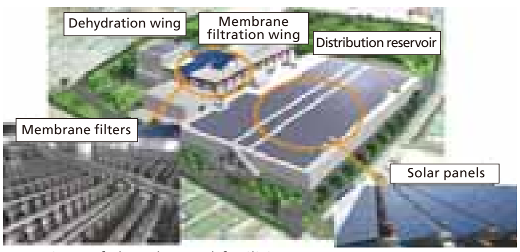
Conceptual illustration of the completed hospital facilities

Investment and Loan Case Study: Water Next Yokohama Co., Ltd.

Water Next Yokohama Co., Ltd., headquartered in Yokohama, Kanagawa Prefecture, is an SPC set up to renovate the Kawai Water Purification Plant in the city of Yokohama. The SPC is backed by Metawater Co., Ltd.; Metawater Service Co., Ltd.; Mitsubishi UFJ Lease & Finance Co., Ltd.; Tsukishima Kikai Co., Ltd.; Toden Kogyo Co., Ltd.; Tokyo Electric Power Environmental Engineering Co., Inc.; and Tokyo Electric Power Company.

This is Japan's first example of a PFI project responsible for the overall renewal and management of a water treatment plant, and the facility will be the country's largest membrane filtration water treatment facility. The adoption of a high-capacity membrane filtration system enables efficient operation and maintenance, and taking advantage of the drop in elevation from the water sources to the treatment plant helps conserve energy.

In concluding a financing agreement with other financial institutions as arranger, DBJ has helped supply project finance totaling around ¥14 billion.



Overview of the planned facilities

Financing Employing 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.

Investment and Loan Case Study: Shinko Yuki Kagaku Kogyo K.K.

Shinko Yuki Kagaku Kogyo K.K., founded in 1969, is based in Kobe in Hyogo Prefecture and produces a wide range of industrial chemicals. Its main business is manufacturing various ester and organic chemical products. The company also capitalizes on its technological strength in such areas as paint, electronic materials, and pharmaceutical and agrochemical intermediates.

DBJ evaluated Shinko Yuki Kagaku Kogyo's disaster response program based on the DBJ Disaster Preparedness Ratings system and provided financing at preferred rates based on that evaluation.

DBJ credited the company's tangible precautionary steps, such as (1) establishing rules to deal with all types of large-scale disasters and maintaining a companywide disaster directive system, (2) taking concrete measures, including earthquake-proofing chemical tank facilities and developing countermeasures to storm and flood damage to office buildings, (3) taking all possible precautions against leakage of hazardous materials and (4) contributing to improvement in regional disaster prevention measures established in collaboration with surrounding companies and local authorities.

Factory building at the company's headquarters

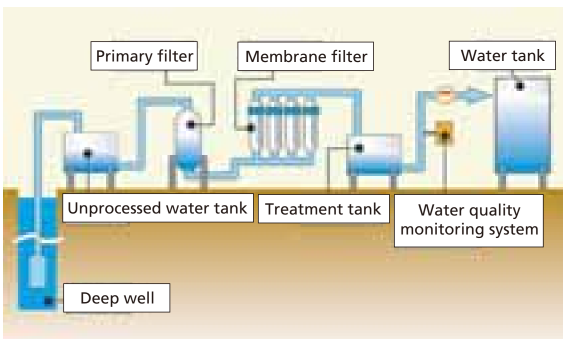
Investment and Loan Case Study: Wellthy Corporation

Wellthy Corporation, 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 assigned Wellthy its highest disaster preparedness rating and provided financing that reflected it. This financing provided capital to Wellthy's groundwater purification plant, which has a collateral function of providing drinking water and is expected to enhance disaster preparedness by ensuring the stable supply of water in times of emergency.

In addition to providing loans, DBJ conducts business matching to promote the spread of groundwater purification plants.

● **Groundwater Purification System Flowchart**

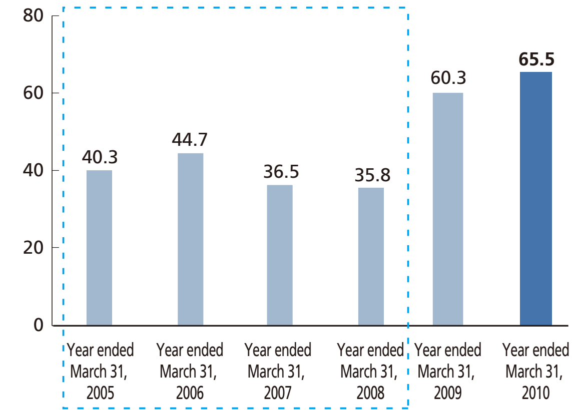


Financing Employing DBJ Environmental Ratings

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.

The graph below shows the amount of Financing Employing DBJ Environmental Ratings for the past six years. Financing in the year ended March 31, 2010, amounted to ¥65.5 billion, an increase of approximately 9% year on year. The total for the six years to March 31, 2010, stands at ¥283.2 billion.

● Track Record of 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).

The DBJ Environmental Ratings Advisory Committee meets to receive outside expert advice and make adjustments to the DBJ Environmental Ratings system in line with past scoring and results as well as with trends in environmental policy. The 10th Conference of the Parties to the Convention on Biological Diversity, also known as COP 10, will be held in Aichi-Nagoya, in October 2010 and will put an increased focus on biological diversity (biodiversity) issues. Specifically, the conference will attempt to evaluate a wide range of issues, from conservation efforts in areas such as forestry to the consideration of biodiversity in the procurement of raw materials and biodiversity offsets.*

Environmental Ratings Advisory Committee

In fiscal 2009, the Japan Environment Association made a public appeal to financial institutions promoting its measures to address global warming through its "special support to achieve the Kyoto target through business grant subsidies and interest free loans" and "acceleration of measures to address global warming through interest subsidies and interest-free loans." DBJ was certified by each of the participating financial institutions.

Also in fiscal 2009, in accordance with the Ministry of the Environment's policies, DBJ approached regional banks across the country to offer its services for financing employing its environmental ratings methods. Specifically, contracts were made with 10 banks, including The Hokuriku Bank Ltd.; The Hiroshima Bank, Ltd.; The Shizuoka Bank, Ltd.; The Hyakugo Bank, Ltd.; and The North Pacific Bank, Ltd., with each bank creating its own environmental assessment sheet and DBJ providing advice on their implementation and management. These efforts to leverage environmental ratings aim to serve the specific financial needs of local companies, and the service is expected to spread to other regional banks.

In addition, in April 2010, to support efforts to promote environmental projects, DBJ concluded a contract with Tokio Marine & Nichido Fire Insurance Co., Ltd., agreeing to cooperate in the promotion of environmental projects. This agreement aims to provide stronger backup for companies working on environmental projects and harnesses DBJ's strength in environmental business financing and Tokio Marine & Nichido Fire Insurance's extensive network providing various insurance services. Specifically, Tokio Marine & Nichido Fire Insurance seeks to continue to promote efforts to reduce companies' environmental impact through offering financing employing DBJ environmental ratings, and in a tie-up with BELFOR (Japan) Co., Ltd., has developed an early disaster recovery support service for companies.

*The monetary equivalent of restoring the inevitable loss of habitat caused by development

DBJ environmental logo

Financing Employing DBJ Environmental Ratings

Investment and Loan Case Study: SG Holdings Co., Ltd.

SG Holdings Co., Ltd., headquartered in Kyoto, is a pure holding company with core business groups, including leading courier Sagawa Express Co., Ltd., which is also based in Kyoto. Sagawa Express was an early participant in the Climate Savers Program*[1] and has set high goals for reducing its CO_2 emissions, with management practices reflecting the strong awareness of the fact that its core business—logistics—has a high impact on the environment. The rating evaluation takes into consideration the company's ambitious targets to increase the number of trucks fueled by natural gas and its biodiversity preservation project, Takao 100-Year Forest.


Preserving undeveloped woodland on Mount Takao

DBJ, in collaboration with The Bank of Tokyo-Mitsubishi UFJ, Ltd., co-arranged a syndicated loan totaling ¥14.0 billion, and SG Holdings became the first company in Japan to adopt the 3% subsidized interest payment system*[2] owing to its acquisition of the environmental rating.

This syndicated loan provided ¥7.0 billion in effectively interest-free lending for capital investment in a distribution center and other facilities to reduce CO_2 emissions.

*1 Participation in a program by the world's largest public conservation organization, the World Wildlife Fund (WWF), that joins companies around the globe in innovative measures to reduce greenhouse gas emissions

*2 The official name is the Special Support for Interest-Free Loans to Achieve the Kyoto Target (interest subsidy) System. Under this system, firms that have pledged to reduce companywide CO_2 emissions by 6% over three years can obtain an environmental rating from DBJ and other designated financial institutions, and they can apply the Japan Environment Association's Global Warming Fund lending rate for three years for an interest-rate subsidy of up to 3%.

Investment and Loan Case Study: Daio Paper Corporation

Daio Paper Corporation, headquartered in Tokyo's Chuo-ku and Shikokuchuo in Ehime Prefecture, is Japan's third-largest paper manufacturer. Via its Daio Earth Charter, the company is putting into practice environmental management policies including paper recycling, forest conservation and measures to address global warming.

In particular, Daio Paper actively promotes sustainable forest management that is in harmony with the environment as it procures lumber, making effective and efficient use of forest resources. The company's industry-leading afforestation project in southern Chile is achieving world-best levels of efficiency in terms of forestry growth and resultant carbon dioxide sequestration owing to the selection of high-quality tree varieties and the application of advanced forestry technology. In Chile, Daio Paper is also working to maintain biodiversity: protecting native and endangered species by keeping 42% of the area as natural forest. Including its forestry plantation in Tasmania, Australia, the overseas afforestation area has reached 34,300 hectares (as of end-2009).

As for its evaluation ratings, in addition to its biodiversity conservation efforts in overseas plantations, the company scores highly for managing to significantly reduce its environmental impact through such activities as introducing a biomass boiler and industry-leading water treatment technology that contribute to the conservation of the Seto Inland Sea environment, facilitating higher recycling of traditionally difficult to recycle magazine paper and utilizing waste paper at a rate above the industry average. Through its proprietary eco-friendly initiatives, Daio Paper fully meets society's expectations for environmental contributions by the paper industry.

DBJ awarded Daio Paper its highest environmental rating, and it was the first company in the paper industry to qualify for the 3% subsidized interest payment system (see the preceding note*2).


Daio Paper's forestry plantation


Uijin, an endangered otter species

Financing Employing DBJ Environmental Ratings

Investment and Loan Case Study: Asahi Carbon Co., Ltd.

Asahi Carbon Co., Ltd., based in Niigata city, Niigata Prefecture, produces carbon black*[1] at its facilities in the prefecture. As a Bridgestone group company, Asahi Carbon is building an advanced environmental management system in accordance with Bridgestone Corporation's environmental policy. Asahi Carbon provides Bridgestone with inventory data*[2] for carbon black used in environmentally friendly products to enable close cooperation with the end-user from the product development stage to allow for the widespread adoption of environmentally friendly products.

In its ratings evaluation, the company received high marks for such unique initiatives as using the gas byproducts from carbon black manufacturing to generate all the power for the plant—allowing the company to steadily reduce its total energy input—and the company's modal shift to rail container transportation.

Also, with its pledge to reduce CO_2 specific emission units by 5% or more within five years the company became the first in Niigata Prefecture to benefit from the environmental ratings interest-rate subsidy system.*[3]

Much can also be expected for regional economic development thanks to Asahi Carbon's efforts to effectively integrate environmental measures into its core business.

*[1] Used for reinforcement of rubber products and automobile tires
*[2] Environmental impact data for each stage of the life cycle
*[3] Under the Ministry of the Environment's subsidy system, firms that have pledged to reduce their CO_2 specific emission units by 5% or more within five years can obtain an "environmental rating" from designated financial institutions and can then take advantage of the maximum 1% interest rate offered by the Japan Environment Association's Global Warming Fund.

Uses of carbon black

Investment and Loan Case Study: NEC Capital Solutions Limited

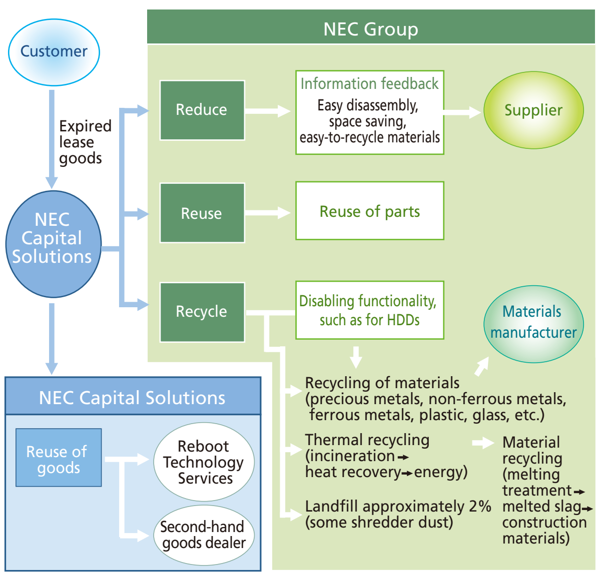
NEC Capital Solutions Limited, headquartered in Tokyo's Minato-ku, is a financial services firm providing solutions to various issues relating to management resources. The company utilizes the characteristics of leasing, one of the pillars of its business, to promote environmental management and provide various services that contribute to the realization of a low-carbon, sustainable society.

In the ratings evaluation, plaudits go to practices such as the steady track record of successful bids for eco-finance, which undergo a two-step evaluation and authorization process by the sales department and the environmental promotion department, substantial achievements in reducing domestic industrial waste emissions to zero, and affiliated company Reboot Technology Services Co., Ltd.'s securing of its international network to achieve cross-border 3Rs* for used information and communication technology (ICT) equipment.

NEC Capital Solutions has received DBJ's highest environmental award, "especially advanced efforts in consideration for the environment," for the six consecutive years since 2004, in recognition of how it applies certain aspects of the leasing business to the recycling and resource industries.

* The "3Rs" are reduce, reuse, and recycle.

● NEC Capital Solutions' 3R System



Emissions Credits

Climate change caused by global warming is expected to significantly impact the environment in such areas as ecology, agriculture, human health and social order. International initiatives are thus under way 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, 2009, however, actually exceeded the 1990 baseline by some 1.6%. 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 2.2%.

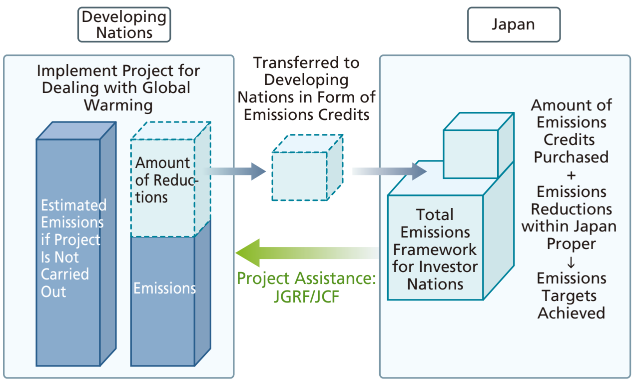
Industry accounts for one-third of Japan's total carbon dioxide emissions. Tireless efforts during the year managed to move this level down around 13.2% against the baseline for the year ended March 31, 2009. However, as Japanese industry is already among the world's most energy-efficient, there is little room to reduce emissions further.

Investment and Loan Case Study: Japan GHG Reduction Fund and Japan Carbon Finance, Ltd.

DBJ established Japan GHG Reduction Fund (JGRF) and Japan Carbon Finance, Ltd. (JCF), in 2004 to acquire large quantities of emissions credits in a stable manner.

In the more than five years as a collaboration between the public and private sectors, JGRF and JCF have leveraged to the fullest DBJ's knowledge and experience in terms of both fund operations and private-sector business 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. JGRF has acquired emissions credits every year since August 2007, when it acquired its first 100,000 tons in emissions credits through the Antonio Moran wind power generation project in Argentina.

● **Emissions Credit Transfer Scheme**



Antonio Moran wind power generation project in Argentina

Energy

International interest in solar power, wind power and biomass as sustainable energy alternatives to carbon-based power generation is mounting amid ongoing concerns about global warming. Utilization of renewable energy sources is essential for curbing greenhouse gas emissions and realizing a low-carbon society.

In Japan, where reliance predominantly on imported energy sources has made the securing of a stable long-term energy supply an important policy challenge, the creation of a nuclear fuel cycle is being looked to as a way to recycle plutonium and other elements obtained through reprocessing of spent nuclear fuel.

Investment and Loan Case Study: Showa Shell Sekiyu K.K.

Showa Shell Sekiyu K.K., headquartered in Minato-ku, Tokyo, is a major Japanese oil refiner and distributor. While maintaining a strong foundation in the oil business, Showa Shell Sekiyu is aggressively pursuing a next-generation CIS photovoltaic cell*1 business as a path toward realizing a low-carbon society. The company is currently building its No. 3 photovoltaic cell plant in Miyazaki Prefecture with the aim of expanding annual output from its No. 1 and No. 2 plants already in operation to approximately one gigawatt to rival its largest global competitors and acquire 10% of the global market.

Two major issues facing Japan's oil industry are how to restructure the short-term mainstay businesses of oil refining and sales and how to devise new medium- to long-term growth strategies, in light of the structural factor of shrinking domestic demand for petroleum products due to the economic downturn and the promotion of energy conservation. Under these operating conditions, advancements into renewable energy fields compatible with a low-carbon society are crucial to the long-term growth of oil firms, which play an integral role in the energy industry. Showa Shell Sekiyu's initiative is a prime example of such advances.

Based on knowledge grounded in long-standing relationships with the oil industry and its policy of supporting progressive initiatives in environmental fields, DBJ arranged a syndicated loan with local banks*2 that have strong environmental awareness, combining funding for the new photovoltaic cell plant construction in Miyazaki being advanced by Showa Shell Sekiyu, in order to promote environmentally friendly clean energy and local economic development.

*1 Thin-film photovoltaic cell made primarily from copper, indium and selenium (CIS)

*2 The Miyazaki Bank, Ltd.; The Higo Bank, Ltd.; The Kagoshima Bank, Ltd.; The Shinwa Bank, Ltd.; The Bank of Fukuoka, Ltd.; The Saga Bank, Ltd.

Conceptual rendering of Showa Shell Sekiyu's No. 3 plant in Miyazaki

Energy

Investment and Loan Case Study: Kaneka Corporation

Kaneka Corporation, with its head office in Osaka City, Osaka Prefecture, is a general chemical manufacturer advancing businesses in a wide array of fields, including chemical products, functional resins, foamed resin products, foods and synthetic fibers. Striving to be a company that assists with global environmental issues and is able to contribute to society, Kaneka has designated the four fields of environment/energy, health, communications and food production support as areas for intensive investment to promote growth.

DBJ provided financing based on Kaneka's environmental ratings for R&D investment into hybrid photovoltaic cells that enable conservation of resources by dramatically improving power conversion efficiency from solar energy to electricity through a layered combination of amorphous silicon and thin-film polycrystalline silicon.


Hybrid photovoltaic cell (thin-film photovoltaic cell) used on home rooftop

Investment and Loan Case Study: Japan Nuclear Fuel Limited

Founded with the objective of creating a commercially viable nuclear fuel cycle, Japan Nuclear Fuel Limited (JNFL), which is headquartered in Rokkasho, Aomori Prefecture, is engaged in such activities as enriching uranium, reprocessing spent nuclear fuel and processing radioactive waste.

Building a nuclear fuel cycle demands a tremendous amount of money and construction time. DBJ is helping to advance the project by providing a reliable stream of long-term capital, thus contributing to implementing effective use of uranium resources, as well as disposing of radioactive waste in an appropriate manner, and by creating a nuclear fuel cycle, supporting the establishment of an energy source that will be reliable over the long term.


Nuclear fuel reprocessing facility

Environmental Technology

To solve global warming, energy problems and a whole range of environmental issues, and to promote the creation of a recycling-oriented society, it is important to support businesses financially so that they can undertake the development of the required technologies. To achieve these objectives, companies must obtain and accumulate technical expertise, and a steady stream of funding is necessary to accommodate projects of different scales at varying stages of development.

Investment and Loan Case Study: DB Masdar Clean Tech Fund, L. P.

DB Masdar Clean Tech Fund, L. P., is a clean technology*[1] fund managed by Abu Dhabi Future Energy Company (Masdar; head office: Emirate of Abu Dhabi), which is a conglomerate owned by the Emirate of Abu Dhabi*[2] that advances environment-related business activities, and DB Climate Change Advisors (DBCCA; head office: New York State, United States), which is a unit of Deutsche Bank's asset management business.

Numerous companies worldwide are engaged in R&D in the clean technology field as they work to commercialize promising environmental technologies.

To bring Japan's environmental technologies to the world and sharpen the country's international competitive edge through the environmental industry, DBJ provided funding to the DB Masdar Clean Tech Fund, which has a broad-based network and a large technology team of more than 150 people, with the view that support is required for investment funds that have global networks and technical evaluation capabilities.

*1 Refers to a range of technologies, products, services and processes that utilize renewable resources to lessen the consumption of natural resources, curtail the emission of greenhouse gasses into the atmosphere and reduces waste. The wide array of clean technologies, which incorporate advanced energy efficiency and a lower environmental impact than existing technologies, includes solar power, wind power, fuel cell and other alternative energy technologies; water, air and soil decontamination technologies; technologies related to new materials; and automotive and other transportation-related technologies.

*2 One of the emirates constituting the United Arab Emirates (U.A.E.)

Conceptual rendering of Masdar City, which will run entirely on renewable energy

Healthcare and Welfare

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.

Investment and Loan Case Study: JR Sapporo Hospital

JR Sapporo Hospital, located in Chuo-ku, Sapporo, is a 312-bed medical institution that plays a central role in the region and is owned and operated by the Hokkaido Railway Company.

In coordination with other organizations, DBJ supplied project financing for the reconstruction of JR Sapporo Hospital's dilapidated medical facilities. An SPC was established to enable funding procurement that would take advantage of the earning power of the new facility and to successfully separate the ownership of the hospital from its operations.

This project financing scheme was built on a stable foundation, with Lifetime Partners, Inc., of the Mitsubishi Group, as the arranger and DBJ as the coarranger, along with senior loans provided by local banks and a mezzanine loan extended by DBJ.

DBJ strengthened ties with regional financial institutions in Hokkaido through a business cooperation agreement it concluded in September 2005. As an initiative that contributes to regional and community revitalization, DBJ's support for the reconstruction of JR Sapporo Hospital in coordination with regional financial institutions is in accord with the intent of this business cooperation agreement. DBJ expects that this financing scheme, which supports the enhancement of local healthcare and the assignment of regional healthcare functions to facilities with advanced medical capabilities, can be applied to many hospitals.

In May 2010, DBJ won the ADFIAP's Infrastructure Development Award for this project at its annual general meeting held in Vancouver, Canada.

Overview of ADFIAP

Official name:	Association of Development Financing Institutions in Asia and the Pacific
Established:	October 1976 (Headquarters: Manila, Philippines)
Objectives:	To promote cooperation, research into development funding and cultivation of human resources among development financing institutions in the Asia-Pacific region
Member institutions:	110 institutions in 42 countries and regions, with the Asian Development Bank as a special member


JR Sapporo Hospital after reconstruction

Trophy for winning the Infrastructure Development category of the ADFIAP Awards

Healthcare and Welfare

Investment and Loan Case Study: Takeda General Hospital

With principal facilities in Aizu-Wakamatsu, Fukushima Prefecture, Takeda General Hospital is one of Japan's largest private hospitals. As a medical center serving the Aizu and southern Aizu areas of Fukushima Prefecture, Takeda General Hospital plays a highly important role in regional healthcare and is designated as a regional medical support hospital, regional perinatal mother-and-child medical center and regional affiliated base hospital for cancer diagnosis.

DBJ partnered with The Toho Bank, Ltd., to assemble a syndicated loan, enlisting the full cooperation of major regional financial institutions in the Tohoku region and arranging large-scale, long-term financing in line with the business and construction plans for Takeda General Hospital's new building.

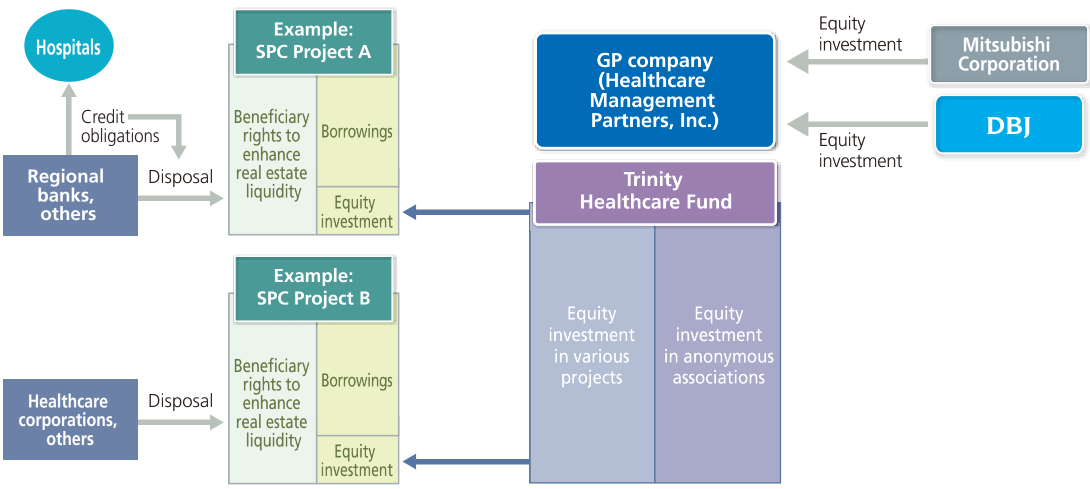
Conceptual rendering of the new hospital building

Investment and Loan Case Study: Trinity Healthcare

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

Health Management Partners, Inc., was established to operate the fund created by the two companies through this joint investment. The fund buys loans issued by financial institutions throughout Japan to medical institutions and nursing facilities that require management support. The fund then formulates management improvement plans and cooperates with the management of firms requiring support to strengthen their financial and management structures. The fund also proposes fund procurement methods that employ the securitization of real estate and provide financing in response to regional medical needs.

● **Overview of the Trinity Healthcare Fund**



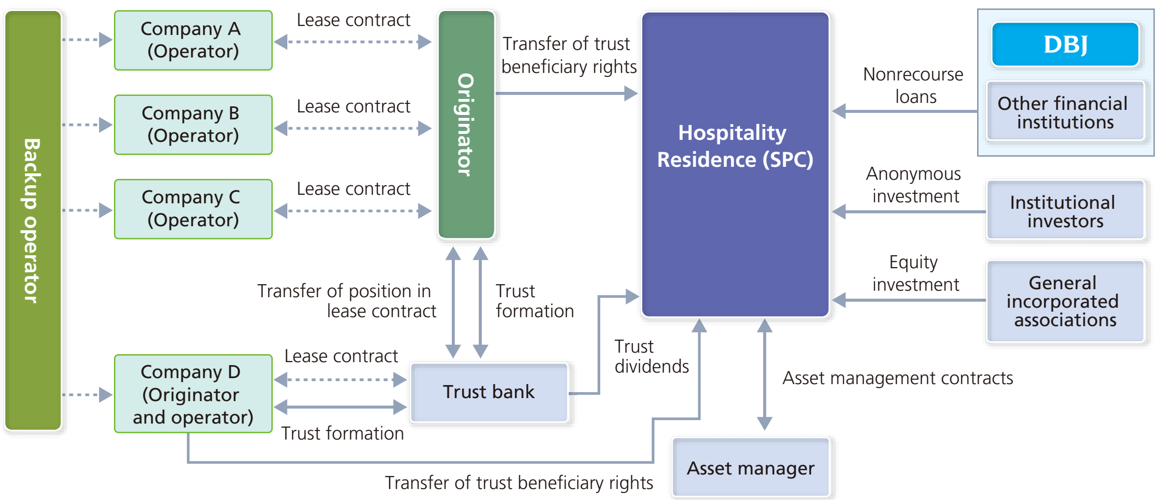
Healthcare and Welfare

Investment and Loan Case Study: Hospitality Residence Fund

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

The senior care facility fund was structured differently from typical Japanese real estate investments in terms of commercial viability. The ability of participating institutions to evaluate the commercial viability of this project against other opportunities led to the structuring of this fund. Furthermore, the fund appointed a backup operator to provide stable ongoing services to facility residents. DBJ believes that the popularization of such funds, which operate the facilities under lease contracts with the originator, will make facility operation easier for operators who provide high levels of service.

● Overview of the Hospitality Residence Fund



Hospital Industry Conditions Handbook 2010

Published by DBJ in cooperation with Japan Economic Research Institute, Inc., at the end of May 2010

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

- Environment surrounding the healthcare sector (such as trends involving hospital facilities)
- Analyzing the status of hospital management (running costs, facility investment and trends involving physicians and nurses)
- Topics related to hospital management (community healthcare conditions, management status of municipal hospitals)

Community Revitalization

In recent years, the economic disparity between major urban areas and regional areas in Japan has expanded as people and businesses continue to concentrate in cities. Moreover, disparities even among regions are becoming more stratified and complex, with increasing gaps between hub cities and other areas.

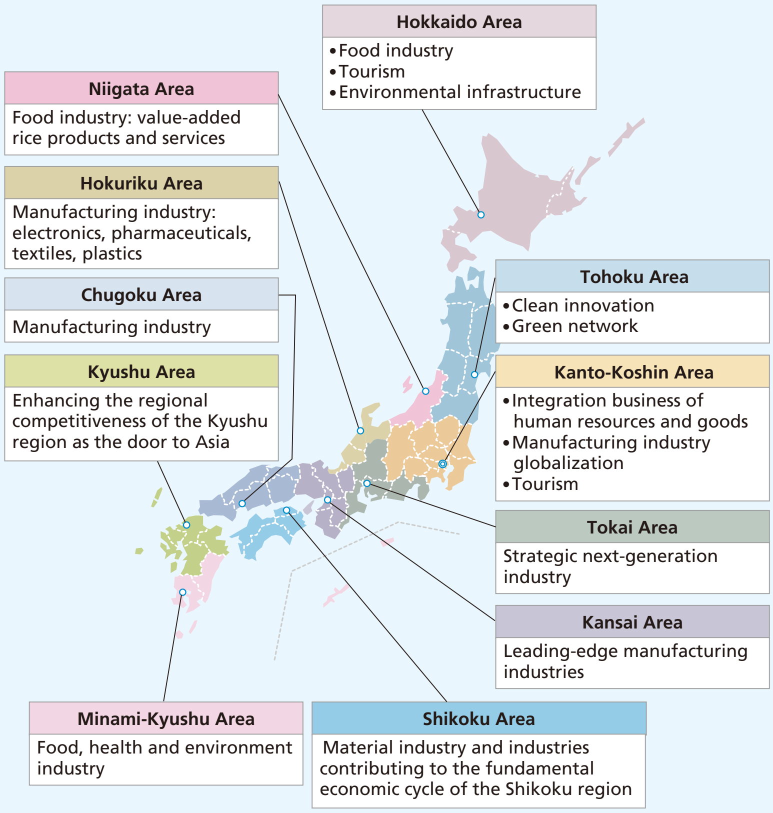
For local economies to sustainably exist, development having a broad view (involving other regions in Japan and overseas markets) is important.

Regional Areas' *Genki** Program

Currently, facing the challenges of population constraints, financial limitations, environmental restrictions and global competition, the regions must coordinate with one another and implement diverse regional development schemes that capitalize on their respective strengths, competitive advantages and latent potential.

DBJ has arranged a unique initiative, the Regional Areas' *Genki* Program, to support regional growth that capitalizes on each region's respective strengths and information and funding potential. Specifically, we have enhanced our information support service through advice and suggestions to regions. In addition, each DBJ branch focuses on its region's distinctive fields and businesses based on its industrial structure and partners with regional financial institutions to offer financial support, including the execution of loans with more attractive interest rates than usual.

• Supporting Sectors and Businesses of Each Branch



*The Japanese word *genki* implies a positive spirit and good health.

Investment and Loan Case Study: Mt. Hakodate Ropeway Corporation

Mt. Hakodate Ropeway Corporation, headquartered in Hakodate, Hokkaido, operates a ropeway business on Mt. Hakodate, which is southern Hokkaido's most popular tourist destination.

Hakodate formulated the Hakodate Job Creation Project, which was approved by the Regional Revitalization Center,* to boost employment and develop the local economy by stimulating local industry and promoting tourism.

DBJ partnered with North Pacific Bank, Ltd., in a business cooperation agreement to provide a loan for the expansion of Mt. Hakodate Ropeway's facilities to further improve its safety and users' convenience.

*The Regional Revitalization Center was established in the Japanese Cabinet in October 2003 to revitalize local communities by stimulating local economies and creating employment opportunities. Pursuant to a Cabinet vote in October 2007, the Center became one of the four departments that constitute the General Assembly of Community Revitalization Departments.

Large 125-person capacity gondola

Community Revitalization

Investment and Loan Case Study: Dowa Holdings Co., Ltd.

As the holding company for the Dowa Group, Dowa Holdings Co., Ltd., headquartered in Chiyoda-ku, Tokyo, operates in five core businesses: nonferrous metal smelting and four businesses springing from that technology base—environmental and recycling businesses, metalworking, electronic materials and thermal processing. The Dowa Group's pioneering initiatives include collecting and recycling precious and rare metals from "urban mines"—landfills containing used mobile phones and small home appliances—and developing waste processing, soil decontamination and recycling businesses in Southeast Asia and China.

Dowa leverages the infrastructure remaining after mine closures in the mining business and the relationships of trust it cultivates with area residents to advance its environmental business in harmony with the community.

DBJ has extended long-term loans to Dowa to fund its recycling-facility development and support the creation of a recycling-oriented society.

Waste processing facility

Investment and Loan Case Study: Nitto Medic Co., Ltd.

Within the pharmaceutical field, the main business of Nitto Medic Co., Ltd., headquartered in Toyama Prefecture, is eye medicine. DBJ provided financing to Nitto Medic for the construction of its No. 3 Preparation Building, which is used to produce eye medicine. This was the first project in Japan that took advantage of interest subsidies in support of regional revitalization.*

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

*Such interest subsidies are one type of support measure based on regional revitalization plans created by regional administrative bodies and approved by the Japanese government. Under the system, when an entity that intends to engage in a business that contributes to regional revitalization borrows the required funding from a financial institution, a reduced-interest loan is supplied within budget limitations from a financial institution designated by the national government.

Nitto Medic's No. 3 Preparation Building

Community Revitalization

Investment and Loan Case Study: Kimura Chuzosho Co., Ltd.

Kimura Chuzosho Co., Ltd., headquartered in Shimizu-cho, Shizuoka Prefecture, manufactures press-molded castings for automobiles, lathe beds and other machine tool castings. Kimura Chuzosho was among the first to introduce the full mold casting process and overcome the method's unique technical challenges. The company subsequently expanded transactions with automakers, and it now maintains the top share in Japan for press-molded castings for automobiles.

Since providing funding for the construction of Kimura Chuzosho's Omaezaki plant, DBJ has comprehensively assisted the company from a long-term perspective in its support of Japan's key industries through manufacturing activities based on the firm's proprietary, cutting-edge technologies.

Omaezaki plant

Investment and Loan Case Study: E-SEMS (Endo Service for Energy Management System) Corp.

E-SEMS Corp., with its headquarters in Osaka City, Osaka Prefecture, is a strategic subsidiary of Endo Lighting Corp., which creates high value-added illuminated spaces.

Established in 2005 for Endo Lighting's foray into new lines of business, E-SEMS operates a general consulting services business based around the leasing of energy-saving devices and storefront solutions equipment. DBJ executed a collaborative loan to E-SEMS in recognition of its business operations focused on global warming and the reduction of CO_2 emissions. This loan was taken up as an example of collaborative funding at the first meeting of the Kansai Regional Vitalization Study Group,* whose main members are DBJ's Kansai Branch and The Bank of Ikeda, Ltd. (currently The Senshu Ikeda Bank, Ltd.).

* The Kansai Regional Vitalization Study Group was formed to contribute cooperatively to community economic advancement in the Kansai area. The group studies concrete activities that benefit local clients and projects.

Showroom for proposing and displaying energy-efficient lighting solutions

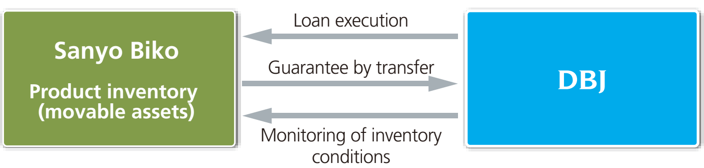
Investment and Loan Case Study: Sanyo Biko K.K.

Sanyo Biko K.K., which has its head office in Soja City, Okayama Prefecture, manufactures and sells dolls for seasonal festivals. Backed by its product quality based on manufacturing techniques cultivated over many years, Sanyo Biko supplies dolls to major nationwide wholesalers and sells directly to customers at three Ningyo Kaikan stores in Okayama Prefecture, which are operated by affiliate Ningyo Kaikan K.K.

In view of the critical acclaim enjoyed by the seasonal dolls Sanyo Biko produces, DBJ provided a loan to the company, accepting the product inventory held by Sanyo Biko and Ningyo Kaikan K.K. as collateral, to cover the material procurement costs and financing requirements for moving the Okayama branch of Ningyo Kaikan to a location with more floor space in Hirata, Kita-ku, Okayama City.

Traditionally, financial institutions have regarded product inventory as being extremely difficult to evaluate. Therefore, they have been reluctant to accept product inventories as collateral. By assessing product inventory as collateral, DBJ is helping to diversify funding options for local businesses.

● Product Inventory Collateral Loan Scheme



Highly acclaimed *hina* dolls

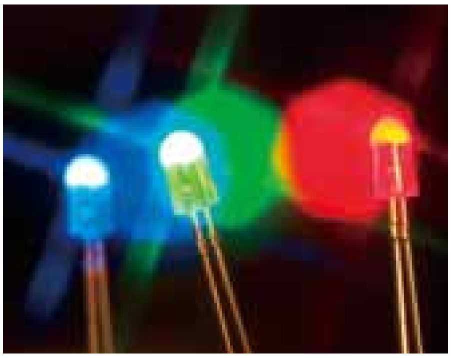
Community Revitalization

Investment and Loan Case Study: Nichia Corporation

Nichia Corporation is a leading manufacturer of luminescent materials with headquarters in Anan, Tokushima Prefecture. Recently, propelled by its successful development of the high-brightness blue light emitting diode (LED), Nichia has garnered a major share of the global market for LEDs. The company is also a global leader in the manufacture and sale of cathode materials for lithium-ion batteries.

As a long-life, energy-efficient, mercury-free lighting technology, LEDs are a promising environmentally friendly light source. Advancements in brightness and color rendering performance are building momentum for the use of LEDs in backlights for notebook PCs and LCD televisions, with utilization in general lighting and vehicle lighting well under way.

DBJ has extended loans to Nichia to provide financial support for its activities in the manufacturing field that leverage its robust technical capabilities.



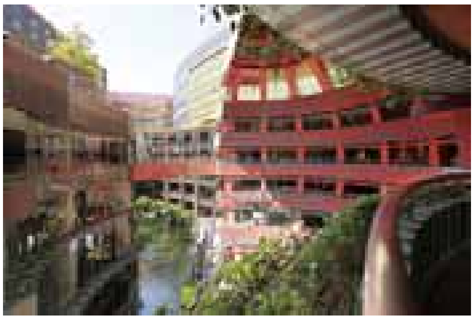
LEDs

Investment and Loan Case Study: Fukuoka REIT Corporation

Fukuoka REIT Corporation, based in Fukuoka, is a real estate investment trust (REIT) managed by Fukuoka Realty Co., Ltd. Local developer Fukuoka Jisho Co., Ltd., and other leading firms in Fukuoka and other parts of Kyushu participate in Fukuoka Realty as sponsors.

DBJ provided a ¥12 billion loan to Fukuoka REIT Corporation to acquire properties to be structured into funds prior to its public listing. The loan was executed in recognition of the REIT being Japan's first that specializes principally in investment in a particular geographic area—namely Fukuoka and other parts of Kyushu, plus Yamaguchi Prefecture—and was provided in the private offering stage, when risk assessment is particularly difficult.

The continued advancement of Fukuoka REIT Corporation promises to nurture the region's real estate market, stimulate real estate transactions and facilitate urban development projects through improvements to quality development properties by a stable set of owners.



Canal City Hakata shopping complex

Investment and Loan Case Study: Unkai Shuzo Co., Ltd.

Unkai Shuzo Co., Ltd., headquartered in Miyazaki City, Miyazaki Prefecture, is one of Japan's leading producers of authentic *shochu* (distilled spirits), and is the manufacturer of the Unkai brand of *shochu*, considered to have had a major influence on Japan's *shochu* culture.

In addition to ongoing upgrades to its manufacturing facilities to meet the rising demand for authentic *shochu*, Unkai Shuzo fulfills the expectations of authentic *shochu* enthusiasts by maintaining high product quality and operating the industrial tourism facility Kuramoto Aya Shusen no Mori.

DBJ is supporting the invigoration of a leading local industry by providing a long-term loan to fund the expansion of the Ayagura distillery, which Unkai Shuzo undertook to augment its manufacturing capacity in response to the recent increase in demand.

The Ayagura distillery

Overseas

Efforts at expansion overseas have become an important factor in Japan's continued growth.

The rapid economic development of Asia in particular, with its notable growth in middle income groups, represents a major business opportunity for Japan, because the region is running up against environmental issues, urbanization-related difficulties and other development constraints and growth challenges that Japan has already faced and overcome.

In order for Asia's growth to translate into definite gains for Japan, the country must underpin Asia's rise by sharing with each country the wealth of experience it has gleaned from the process of economic development up to now. Japan must also mobilize its unique profile of strengths in the fields of the environment and infrastructure to deploy business operations in the rest of Asia in a comprehensive and strategic fashion.

Investment and Loan Case Study: Senoko Power Ltd. (now Senoko Energy Pte. Ltd.)

Senoko Power Ltd.* (hereinafter, "SP"; currently Senoko Energy Pte Ltd.) is Singapore's largest power company.

Amid the promotion of deregulation of the electric power industry by Singapore's Energy Market Authority (EMA) and rising concerns about recent global warming issues, investment to raise efficiency within the approved energy output (repowering) is being recognized as an important management challenge for SP. Given these circumstances, DBJ provided subordinated financing for SP in November 2009, aiming to support the company's projects in light of credit market conditions.

This loan also funded the deployment of a new overseas power business, including retail power sales, undertaken by SP sponsors Kansai Electric Power Co., Inc. (KEPCO) and Kyushu Electric Power Co., Inc., with their energy efficiency technologies, and Marubeni Corporation, with its expertise in overseas power plant operations.

The successful efforts on this financing project have been recognized overseas with the "Power Deal of the Year in Asia Pacific" award from *Project Finance International* magazine in its PFI Awards 2009 and the "Project Finance of the Year in the Asia Pacific Region" award from *Euromoney* magazine.

*In 1995, power utility operations in Singapore were transferred from the Public Utilities Board (PUB) to the country's sovereign wealth fund, Temasek, and Singapore Power Ltd. was established as Temasek's wholly owned holding company, under which the Senoko Power Group was born as an energy producer and retailer. After the company was reorganized under the direct ownership of Temasek in 2001, 100% of Senoko Power's shares were sold to an acquiring consortium (with capital contribution by Marubeni Corporation; GDF Suez S.A.; Kansai Electric Power Co., Inc.; and Kyushu Electric Power Co., Inc.) from Temasek via international bid in September 2008, which was undertaken to promote the liberalization of Singapore's energy market. Power utility operations were transferred to Senoko Energy in January 2010.

Senoko Energy power plant

Technology

Japan's manufacturing industry drives the country's economy, with its automotive, electrical equipment and materials manufacturing sectors constituting the motive force for the country's economic expansion. In striving to be a manufacturing-oriented country, Japan recognizes that the technical capabilities of its manufacturing industry are the source of the country's international competitive edge in industry. For financial institutions, which exist in a symbiotic relationship with industry, support for the manufacturing industry is a universal mission.

Investment and Loan Case Study: Nippon Sheet Glass Co., Ltd.

Nippon Sheet Glass Co., Ltd., headquartered in Minato-ku, Tokyo, is one of the world's largest manufacturers of glass for construction and automotive applications, processed glass products and functional glass products. To remain competitive in the increasingly concentrated global glass market, in June 2006, Nippon Sheet Glass acquired Pilkington Group Limited, of the United Kingdom. In its 10-year strategy announced immediately after the acquisition, Nippon Sheet Glass set a target for the strategy's first phase to boost productivity and quality and hone its competitive edge through differentiation while regaining a healthy business structure by repaying its existing debt and strengthening its financial foundation. Faced with deteriorating financing conditions following the collapse of Lehman Brothers, and deeming it essential to create a dynamic and robust capital base to reinforce its financial constitution, Nippon Sheet Glass opted to issue preferred stock to the UDS Mezzanine Fund*[1] operated by DBJ.

The UDS Mezzanine Fund is a corporate mezzanine fund established jointly by DBJ and Sumitomo Mitsui Banking Corporation. The fund, in conjunction with its successor fund,*[2] accepted ¥30 billion of Nippon Sheet Glass's preferred stock in this financing project.

*[1] Official name: UDS Corporate Mezzanine Limited Partnership

*[2] Additional equity participation in the successor fund by Sumitomo Mitsui Finance & Leasing Co., Ltd.

Glass antennas for radio frequency identification (RFID) tags

Investment and Loan Case Study: Mitsubishi Aircraft Corporation

Mitsubishi Aircraft Corporation, with its head office in Nagoya, Aichi Prefecture, was established to develop, manufacture, sell and provide customer support for the Mitsubishi Regional Jet (MRJ), a next-generation regional aircraft. Incorporating cutting-edge technology, the MRJ will realize both top-level operational efficiency and top-level comfort in the cabin. The jet will also achieve dramatic reductions in fuel consumption, noise and exhaust gasses through the application of the world's most advanced aerodynamic design and noise analysis technologies and the adoption of a state-of-the-art engine. With such overwhelmingly superior operational efficiency and environmental characteristics, the MRJ is expected to greatly contribute to airlines' competitiveness and profitability.

Aircraft have approximately 100 times as many parts as automobiles and must adhere to extremely high safety standards. These considerations require sophisticated and complex technical engineering that necessitates massive development funding over extended time periods. DBJ provides long-term funding to Mitsubishi Aircraft through equity participation via preferred stock.

Conceptual rendering of the MRJ

Technology

Investment and Loan Case Study: Charmant, Inc.

Charmant, Inc., headquartered in Sabae, Fukui Prefecture, has established itself as the largest corporate group in Japan that undertakes the full cycle of planning, development, manufacture and sale of eyeglass frames. With its aggressively innovative approach to product development and product technologies, Charmant is the only company in its industry in Japan to operate a global business. Charmant continues its growth as a global corporation based in Fukui Prefecture, with sales hubs in 17 major countries worldwide, extending to more than 100 countries with the inclusion of sales through dealers.

In addition to medium- to long-term loans for capital financing, DBJ engages in equity participation in Charmant, the proceeds of which are being used to fund expansion of a plant in China. Furthermore, to support Charmant's global strategy, DBJ extended a loan to the company's Hong Kong subsidiary denominated in foreign currency. Part of this loan is being used to construct a new production hub in China.

DBJ supports fund-raising from a long-term perspective as it strives to enhance corporate value for its clients.

Pressing process for frame components

Frames made of Excellence Titan

Investment and Loan Case Study: Mitsubishi Plastics, Inc.

Mitsubishi Plastics, Inc., with its head office in Chuo-ku, Tokyo, is a core company of the Mitsubishi Chemical Holdings Group. Mitsubishi Plastics supplies processed plastics and other materials for home and industry use, backed by its strong technology development capabilities.

In an effort to diversify its funding sources while remaining conscious of market fund-raising, Mitsubishi Plastics designated DBJ and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as arrangers for its syndicated loans. The two banks put together highly liquid syndicated loans totaling ¥20 billion.

Highly liquid syndicated loans are syndicated loans with increased liquidity based on standardized contractual terms and disclosure of the loan's bid and ask price quotations after arrangement, and they are extended especially to well-run corporations. These loans are expected to stimulate transactions in the secondary loan market, aid in appropriate price formation in subsequent syndicated loan arrangements, and lead to more active financial and capital markets.

A sampling of Mitsubishi Plastics products

M&A and Business Alliances

Mergers and acquisitions have entered the spotlight with the increasing prevalence of business restructuring and industry restructuring that involves operational selection and focus. Mergers and acquisitions are considered effective and essential for aggressive business restructuring and to overhaul and revitalize underperforming businesses.

Advisory Services Case Study: Toppan Printing Co., Ltd.

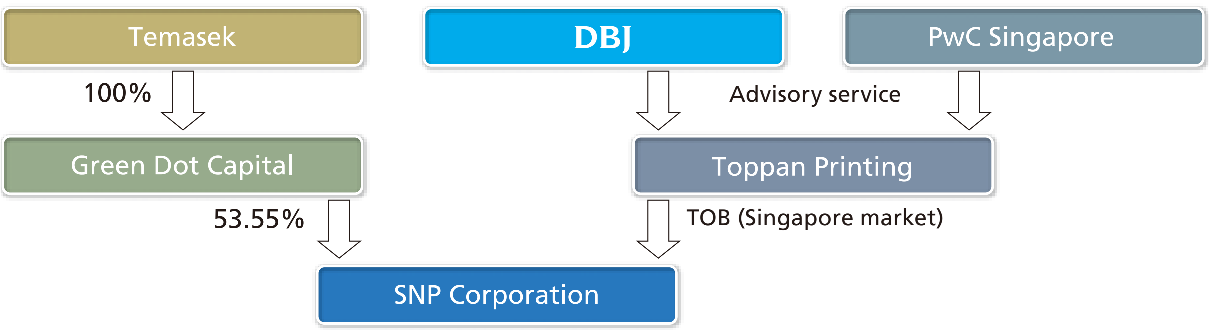
Toppan Printing, which has its headquarters in Chiyoda-ku, Tokyo, is involved in developing business in a broad range of areas that include information and communication and are focused on the printing industry.

Through its extensive information network, DBJ learned that investment company Temasek, owned by the Singapore government, intended to offer for sale the SNP Corporation (currently Toppan Leefung Pte. Ltd.), a Singapore-based printing company. Starting out as Singapore National Printers Pte Ltd., a government printing office, SNP is now a major player in the printing industry, operating domestically and in China, Hong Kong, Southeast Asia and the U.S. and European markets.

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 and PricewaterhouseCoopers Singapore* supported Toppan's purchase of SNP as joint M&A advisors. 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**



Advisory Services Case Study: Toko Electric Corporation

Toko Electric Corporation, headquartered in Chiyoda-ku, Tokyo, manufactures power distribution equipment and operates a power meter repair business.

Toko Electric integrated its meter business with that of Toshiba Corporation to establish Toshiba Toko Meters Systems Co., Ltd., with the aims of (1) developing, manufacturing and selling the electronic power meters of the future (smart meters*), (2) strengthening its gas, water and commercial measuring gauge business, and (3) advancing into overseas markets where the smart grid approach is gaining currency.

DBJ served as Toko Electric's financial advisor during this business integration and provided the long-term loans required for the establishment of the combined entity.

*A smart meter is a new type of power meter that measures power consumption at households and businesses, then uses an onboard communication function to send the data to the power company automatically at regular intervals. Smart meters also aid in electricity supply planning by power companies through constant monitoring of the amount of power used.

Electronic power meter (with communication function)

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 contributed to the formation of an environmentally friendly economic society.

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 the realization of a sustainable society.

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

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.

1. 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.

1. 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.

Putting into Practice DBJ's Basic Environmental Policy

Promotion of Environmental Measures through Our Investment and Loan Services

DBJ's investment and loan activities support projects designed 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.

- Financing Employing DBJ Environmental Ratings – See pages 37, 68-70.
- Emissions Credits – See page 71.

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.

- Publication from the Research Institute of Capital Formation's Global Warming Research Center – See page 49.
- Communication Focused on the Environment – See page 58.
- Communication in International Cooperation – See page 59.

Promotion of Environmental Awareness Activities in Offices

DBJ works to reduce the environmental impact of its operations beyond what is required by environmental regulations. As such, we promote the measures described below in an effort to make our offices environment-friendly.

• Promotion of recycling and resource and energy conservation

● Resource- and Energy-Saving Efforts

	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010
Copy and printing paper usage (kg)	89,555	101,269	**95,992**
Waste emissions (kg)	93,560	85,860	**76,030**
Energy consumption (kWh)	4,585,683	4,943,104	**4,822,094**
Water usage (m^3)	25,814	25,257	**24,856**

Note: Head office building only

• Promotion of environment-friendly sourcing of supplies

DBJ joined the Green Purchasing Network in December 2000, and following the Law concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Green Purchasing Law), which went into effect in April 2001, DBJ made efforts to purchase products and services with a lower environmental impact. We have continued to practice green purchasing following our privatization.

● Achievements of the Green Procurement Program for Typical Items

	Year Ended March 31, 2010
Paper	96.5%
Stationery	83.5%
Equipment	82.8%
Office equipment	97.4%
Lighting	72.0%
Interior items	100.0%

Note: Excludes printing paper, media cases, labels, and other items that were purchased on the market that do not comply with the prescriptions of the Law Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities but that were purchased nevertheless on the basis of certain characteristics or functional requirements.

• Prevention of environmental pollution

DBJ complies with environmental laws and regulations.

Promotion of Environmental Awareness Activities in Communities

By cooperating in community environmental improvement initiatives, such as measures to prevent heat islands, DBJ works to contribute to the creation of environment-friendly regional societies.

• Head Office

Uchimizu Project 2009

DBJ participates in the Uchimizu Project 2009, a campaign hosted by the Otemachi, Marunouchi and Yurakucho (OMY) Uchimizu Project District Executive Committee (Otemachi-Marunouchi-Yurakucho District Redevelopment Project Council/Cooperative for the Promotion of the OMY Area Management Association), Ministry of the Environment, Tokyo Metropolitan Government and Chiyoda-ku. DBJ is continuing with its participation in the Uchimizu Project 2009.

Chiyoda-ku cleanup project

Businesses, groups and residents in Chiyoda-ku work together in the "Chiyoda-ku cleanup project" to clean up the green spaces in front of the Imperial Palace.

Volunteers planting seedlings and flower bulbs

We participated in the organization of the bulb and seedling planting with "Chiyoda-ku Adaptation Park Promotion System" (CAPPS) in Tokiwabashi Park.

• Tokai Branch

Flower Hospitality Exercise

The branch has participated in the Flower Hospitality Exercise, sponsored by the Chubu Association of Corporate Executives, since its initiation in 2005. Through such activities as watering flower beds in the Sakura-dori Otsu area of Nagoya, efforts continue toward building a beautiful town.

• Kansai Branch

Kansai Eco Office Declaration

Registered since 2008, the "Eco Office Declaration" calls for (1) a summer "eco style," (2) enforcing energy saving, (3) promoting green purchasing, (4) curbing automobile use and (5) engaging in waste recycling.

Uchimizu Project

Participated in the "Uchimizu Project" sponsored by the Osaka City Environment Bureau.

• Shikoku Branch

Forest-thinning activities

We continue to participate in forest-thinning activities conducted in collaboration with the town of Inomachi, Kochi Prefecture, and Mitsui & Co., Ltd.

Earth-Friendly Office

In fiscal 2009, we registered with the "Earth-Friendly Office" program created by the city of Takamatsu's environmental department and are making efforts to (1) curb paper consumption, (2) promote the use of recycled products, (3) raise employee awareness of resources and waste reduction, (4) save energy and water and (5) regulate office air at an appropriate temperature.

• Kyushu Branch

Cleanup/beautification activity—Tenjin Clean Day

We participated in the Tenjin Clean Day activity sponsored by the We Love Tenjin conference and helped to clean up the area.

• Minami-Kyushu Branch

Sakurajima cleanup project

We continue to participate in the cleanup of the recreation area on Sakurajima's coastline.

Other efforts

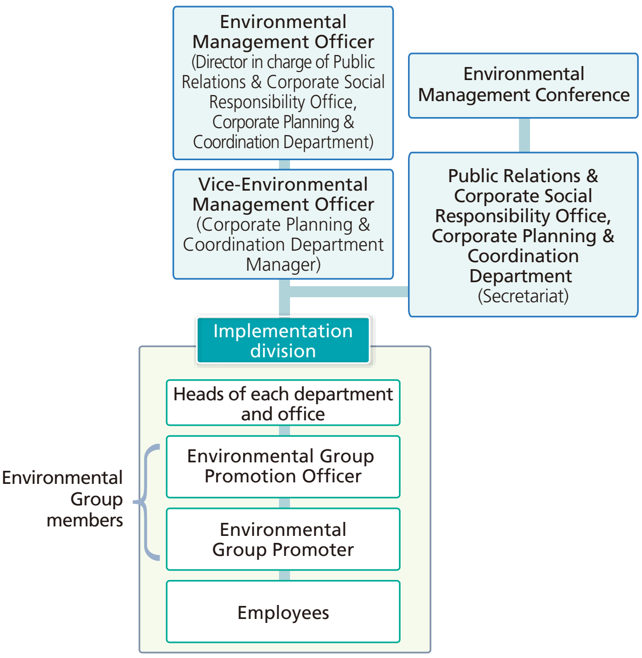
We continue to participate in "Candle-Night" (using candles rather than electric lights) at the waterfront commercial facilities and *uchimizu* (sprinkling water to reduce heat) at environmental learning facilities.

• Other Branches

We implement initiatives such as collecting used postage stamps and PET bottle caps for donation. We also have employees bring their own chopsticks and cups to work to reduce waste.

Environmental Management Conference

● 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 assigned to the Public Relations & Corporate Social Responsibility Office in DBJ's Corporate Planning & Coordination Department. The officer confirms environmental education and training and authorizes annual environmental targets.

Environmental Management Conference

The Environmental Management Conference deliberates annual environmental targets and environmental management reviews.

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 established targets have been achieved, this office manages compliance with relevant laws and regulations.

Environmental Group Promotion Officer

To promote environmental management activities, the Environmental Group Promotion Officer and Environmental Group Promotor designate a member in each branch and department to be in charge of environmental promotion and manage the level of achievement of annual environmental targets.

Employees

Employees are responsible for putting environmental management activities into action.

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

1999	October	Designation of sustainable development as an objective by the Development Bank of Japan Law (Law No. 73 of 1999)
2001	April	Start of green procurement and environmental training
	June	First Japanese bank to sign the UNEP Statement by Financial Institutions on the Environment and Sustainable Development
	October	Establishment of Social Environment Committee and Social Environment Group; hosting of discussions between UNEP and Wa no Kuni Financial Institutions on Environmental Considerations for Financial Institutions
2002	March	UNEP FI 2002 Global Roundtable in Rio de Janeiro, Brazil
	July	Launch of the Development Bank of Japan Environmental Policy
	November	ISO 14001 certification
2003	October	Publishing of *Environmental Report 2003 for a Sustainable Society* (first annual edition)
	October	Joint sponsorship of UNEP FI 2003 Global Roundtable in Tokyo, an international conference on finance and the environment
2004	April	Start of financing employing DBJ environmental ratings
	September	Second annual *Sustainability Report*
	November	Establishment of Japan Carbon Finance, Ltd. (JCF)
	December	Establishment of Japan Greenhouse Gas Reduction Fund (JGRF)
2005	January	Assumption of chair of the UNEP FI Asia Pacific Task Force
	September	Third annual *Sustainability Report*
	October	UNEP FI 2003 Global Roundtable
	November	Renewal of ISO 14001 certification
2006	May	Press conference to announce DBJ status as a signatory institution to the Principles for Responsible Investment
	August	*CSR Report 2006* (fourth annual *Sustainability Report*)
2007	July	*Annual Report & CSR Report* (integrated annual report and CSR report)
2008	October	First Board of Directors and Management Committee meetings of DBJ Inc.; formulation of Basic Environmental Policy and Environmental Management Regulations
2008	October	Selection as a core financial institution for the Loan Assistance for Tokyo Small Business Environmental Initiatives program
2009	March	First Environmental Club Syndicated Loan *Eco-no-Wa*
2009	April	Commendation for Financing Employing Environmental Ratings system: Environmental Development Award
2009	September	Start of cooperation with regional financial institutions to prepare a system to implement Financing Employing Environmental Ratings
2010	January	Basic cooperative agreement with the International Finance Corporation (World Bank Group financial institution conducting the world's largest international investment and loan activities for developing countries)
2010	April	Business cooperation agreement to promote environmental measures with a non-life insurance company

Fostering Human Resources and Creating a Comfortable Work Environment

DBJ considers its human resources to be its most valuable assets and thus endeavors to develop its employees' 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 has continuously evolved and developed in line with the needs of the times in order to maintain its leadership position in the constantly advancing financial field.

To develop its human resources, 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, formal education and training, while also encouraging specializations.

Deploying the Target Management System

DBJ's Target Management System encourages employees to work autonomously and modify their actions and enables management 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 through its encouragement of goal-setting, DBJ emphasizes enhancing medium- and long-term value both internally and externally. DBJ also motivates 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 policy 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 its employees and their families with regular medical examinations and care options. These systems include treatment by external specialists and access to counselors.

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

A Solid Human Resource Development System

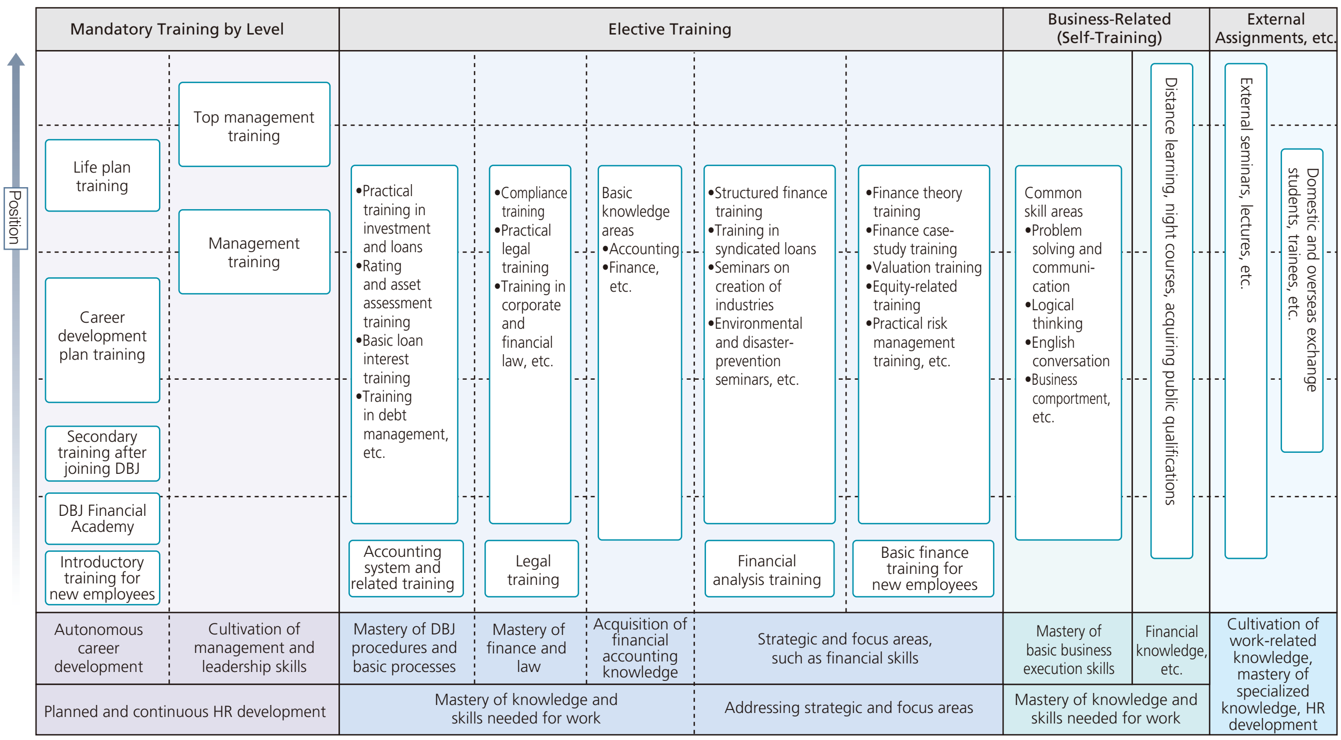
DBJ's financial professionals are supported by a well developed education and training system. DBJ's combination of mandatory training by level and elective self-training according to skills and interests enables each employee to plan his or her career and support the DBJ's initiatives in innovative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

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 Valuation Case Studies.

Additionally, DBJ's system of strategic job rotation enables employees to not only gain broad-based practical experience that gives clarity to their medium-term career goals but also focus on quickly acquiring and improving their highly specialized skills.

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 still 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 desired that its employee training address issues of human rights in addition to ensuring legal compliance, promoting eco-friendly conduct (through environmental management training) and maintaining information security (through training to prevent fraudulent access and information leaks). DBJ will henceforth devote even more resources toward such efforts.

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.

Through the DBJ Financial Academy, each employee can seek to elevate his or her abilities in finance, whether aiming to acquire basic knowledge or to further deepen understanding. Students from outside DBJ, such as employees of regional financial institutions, may also participate. We look forward to expanding the fields in which DBJ's financial expertise is shared.

• DBJ Financial Academy Curriculum

2009 Courses (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

2010 Courses (Expected to run from May 2010 through February 2011)

Core courses

- Basic financial theory
- Overview of International Financial Reporting Standards
- Corporate finance I
- Investments (investment theory)
- M&A
- Special lecture "Financial Policy"
- Japan Economic Research Institute Inc. (JERI) and University of Tokyo Joint Symposium
- Financial system theory
- International finance

Elective courses

- Financial Instruments and Exchange Act
- Basic statistics course
- Real estate finance
- Corporate finance II

Intellectual Asset Report

DBJ's executives and regular employees continually take on new challenges, while remaining firmly committed to DBJ's four core values: a long-term perspective, neutrality, public-mindedness and reliability. The intellectual assets DBJ has built up over the years help form the financial platform and enable DBJ to provide services that extend beyond merely providing funds. Employing these assets, we endeavor to address the needs of the times and fulfill our role in enhancing socially responsible activities among companies.

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.

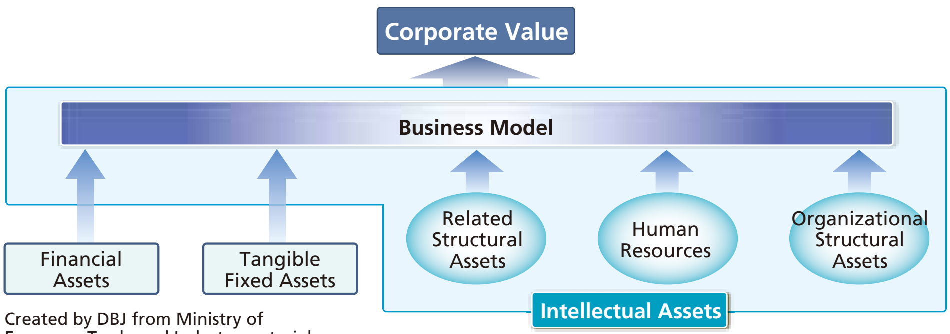
DBJ's View on Intellectual Assets

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**



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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 these networks 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.

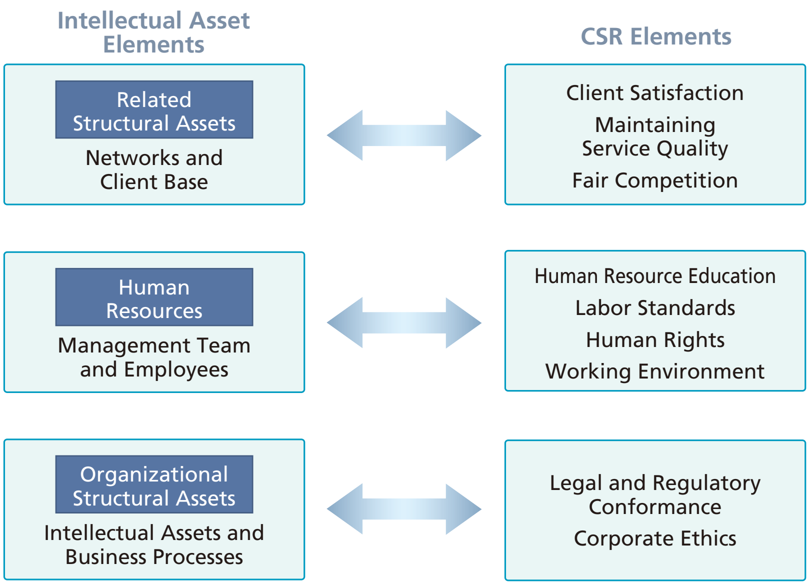
For example, DBJ's Environmental Rating System and Disaster Preparedness Program—fully mobilized through intellectual asset networks with central government agencies and regional government bodies, experts and clients; our human resources comprising executives and regular employees; and our accumulation 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 and regulations, ensure safe and secure workplace 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.

As can be seen on pages 34 to 44 "Integrated Investment and Loan Services," and on pages 60 to 85" Investment and Loan Case Study/Advisory Services Case Study," DBJ is taking advantage of its various accumulated intellectual assets.

● Relationship between Intellectual Assets and CSR



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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 macro economic 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.

As can be seen on pages 34 to 44 "Integrated Investment and Loan Services," and on pages 60 to 85 "Investment and Loan Case Study/Advisory Services Case Study," DBJ introduces its activities involving financial platforms.

Management Structure

DBJ's most important public social responsibility is to maintain the trust it enjoys as a financial institution, while maintaining the highest standards of management transparency. We employ an operations management cycle that reflects the voice of society, particularly in terms of addressing the issues society faces from a long-term perspective, at the appropriate time and in the appropriate manner. We undertake projects that are meaningful from both economic and social perspectives and work to offer superior investment and loan solutions.

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 fiscal year ended March 31, 2010, the Board of Directors met 21 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 14 times during the fiscal year ended March 31, 2010.

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:
Kazuyoshi Arakawa, former Managing Director, Sumishin Panasonic Financial Services 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 three times during the fiscal year ended March 31, 2010.

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 47 times during the fiscal year ended March 31, 2010.

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 Operation Screening Committee

This committee deliberates and makes decisions on 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 (As of July 1, 2010)

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, Chairman, 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

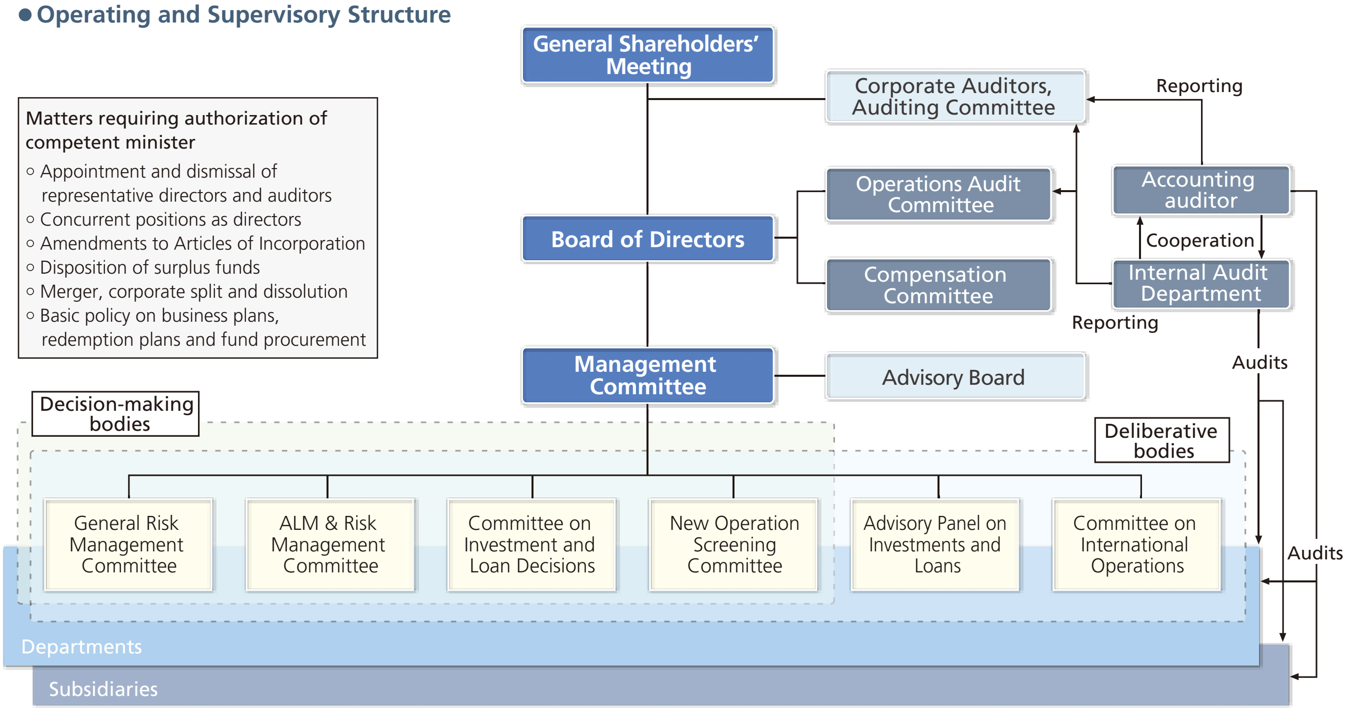
Matters Requiring Approval of Competent Minister

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

- Appointment and dismissal of representative directors and auditors
- Concurrent positions as directors
- Amendments to articles of incorporation
- Disposition of surplus funds
- Merger, corporate split and dissolution
- Basic policy on business plans, redemption 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 responsi-bility for the execution of duties and accelerate decision-making. The Board of Directors has designated 10 managing executive officers, excluding officers who are concurrently directors, and seven 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 a response 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 30, 2010, 21 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 fiscal year ended March 31, 2010, these operations were conducted by designated certified public accountants (Designated limited liability partners) Yukio Ono (continuous audit period* of two years), Tomomitsu Umezu (same, two years) and Hayato Yoshida (same, two years).

* 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 two years for Yukio Ono, two years for Tomomitsu Umezu and two years 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 18 people, including a specialist in determining fair value, a systems specialist and a specialist in pension mathematics.

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 the 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 stipulate 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.

DBJ, in matters relating to managing conflicts of interest, formulated as a basic policy "Conflicts of Interest Management Regulations" against undue infringement of the interests of its clients, and it is preparing a system to manage conflicts of interest.

Risk Management

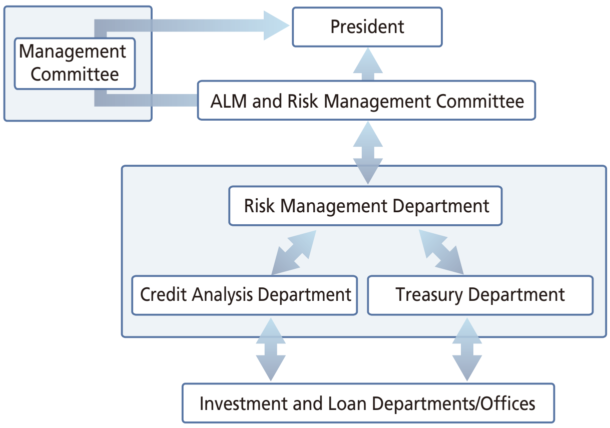
To ensure management soundness and safety, as well as raise corporate value, DBJ works to manage risk appropriately in line with specific business and risk characteristics. Controlling risk is an issue of utmost importance, and therefore we have established risk management processes and methods.

From the standpoint of comprehensive risk management, DBJ has established a 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 Risk Management Department oversees comprehensive asset/liability and risk management activities. The ALM & Risk Management Committee, consisting of DBJ's executives, deliberates on important matters concerning risks and conducts regular monitoring, in line with the basic policy related to comprehensive risk management approved by the Board of Directors.

● **Asset/Liability and Risk Management System Overview**



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 (Law No. 132 of 1998) 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 the 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.

● **Borrower Rating Classifications**

Borrower Category	Borrower Rating	Definition	Claims Classified under the Financial Revitalization Law
Normal borrowers	1-8	Borrowers with favorable business conditions and who have been confirmed to have no particular problematic financial circumstances	Normal claims
Borrowers requiring caution	9-11	Borrowers experiencing weak business conditions, are unstable or have issues with their finances. These borrowers are likely to require management intervention in the future.	
Substandard borrowers	12	Either some or all of the debts of these borrowers requiring caution are under management.	Substandard claims
Borrowers in danger of bankruptcy	13	Borrowers in this category are having financial difficulties but are not bankrupt. Management improvement loans and the like are progressing poorly, and these borrowers are highly likely to fall into bankruptcy.	Doubtful claims
Effectively bankrupt borrowers	14	Although not legally or formally in bankruptcy, these borrowers are experiencing severe financial difficulties and are realistically falling into bankruptcy, as their lack of potential for restructuring has been confirmed.	Claims in bankruptcy, reorganization claims and similar claims
Bankrupt borrowers	15	These borrowers are in bankruptcy, legally and formally. Specifically, these borrowers are in bankruptcy or liquidation, under corporate reorganization, bankruptcy proceedings or civil rehabilitation, or have had transactions suspended by a bill clearinghouse.	

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 bonds. 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.

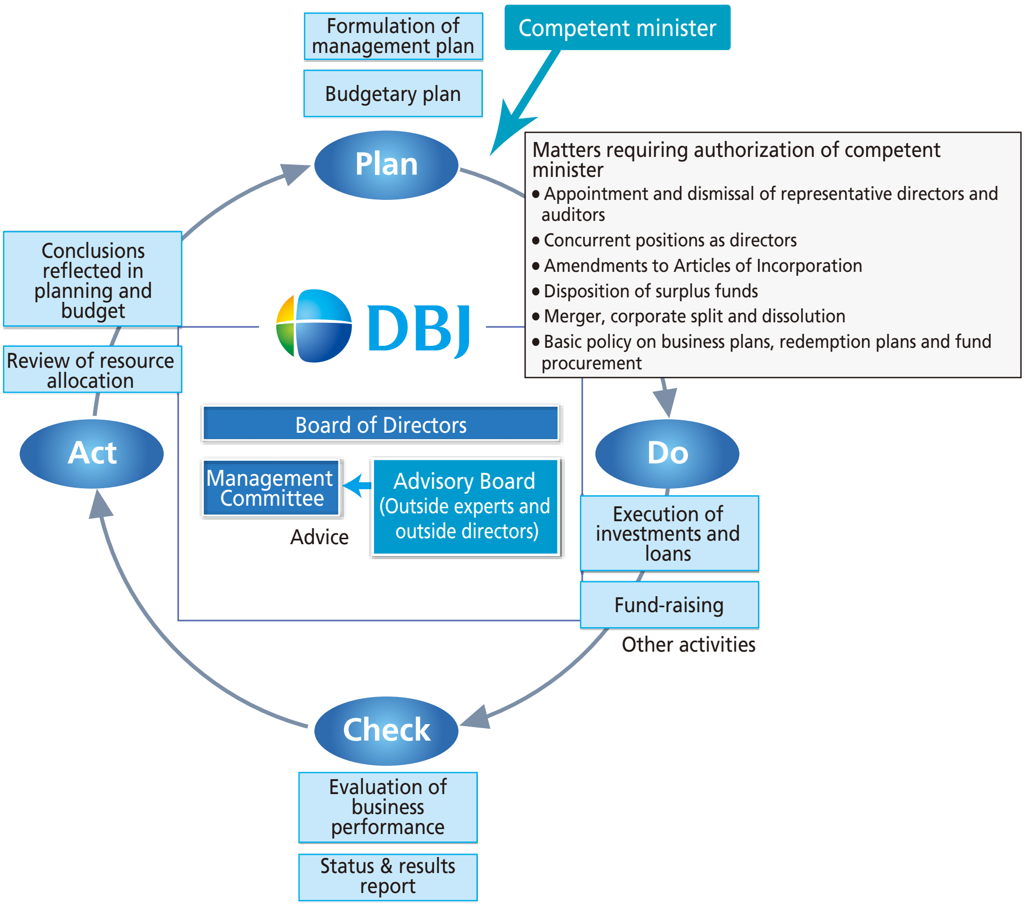
The Information Resources Department is responsible for managing DBJ's system risk centrally, based on its system risk management regulations. By determining security standards from a variety of viewpoints, from information system planning and development to operation and use, the department extends the system risk management system bankwide, and addresses appropriate system risk management operations.

Building a PDCA Cycle

DBJ follows the Plan, Do, Check, Act management cycle to boost accountability for the appropriateness of its operations and their results. This cycle encourages ongoing improvement.

We also strive to manage effectively the wide range of risks we face as a financial institution, and to earn the trust of our clients and society as a whole.

● **DBJ's PDCA Cycle**



Client Protection Management System/Declaration on Personal Information Protection/Policy for Managing Conflicts of Interest

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.

DBJ is a registered financial institution under the Financial Instruments and Exchange Act. DBJ has drawn up policies introduced for the management of conflicts of interest under this act and provides an overview of the publicly announced policy.

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.

Overview of Policy for Managing Conflicts of Interest

1. Purpose

As the services provided by financial institutions grow increasingly diverse, the potential for multiple competing or opposing interests within financial institutions or financial groups increases, and the likelihood increases that conflicts of interest will arise.

Under these conditions, DBJ manages transactions that are likely to involve conflicts of interest to ensure against undue infringement of the interests of its clients.

DBJ is a registered financial institution under the Financial Instruments and Exchange Act. DBJ has drawn up these "Rules for Management of Conflicts of Interest" (hereinafter, "the Policy") in accordance with policies introduced for the management of conflicts of interest under this act and as prescribed by Cabinet Office Ordinances pertaining to the financial instruments business. This document provides an overview of the Policy.

2. Types of Transaction That Are Likely to Involve Conflicts of Interest

(1) Subject Transaction

Targets of this Policy, or "transactions that are likely to involve conflicts of interest," are those transactions conducted by DBJ or DBJ's subsidiary financial institutions or others (defined in 3 below; hereinafter, "the DBJ Group") that have a likelihood of unduly infringing on the interests of clients as a result of conflicts of interest (hereinafter, "Subject Transactions").

"Conflicts of interest" are (a) situations of opposing interests between the DBJ Group and its clients, or (b) situations of opposing interests between the DBJ Group's clients and other clients (hereinafter, together, "Situations of Opposing Interests") that unduly infringe on the interests of clients.

"Clients" are, in the case of "business operations related to financial instruments" conducted by the DBJ Group, (a) counterparties in existing transactional relationships, (b) parties in negotiation with the DBJ Group with regard to transactions or otherwise having the potential to become counterparties in transactional relationships, or (c) parties that have been transactional counterparties in the past and that currently are also legally competent with respect to past transactional relationships.

"Business operations related to financial instruments" are those businesses provided for in Article 70 (2) of the Cabinet Office Ordinance pertaining to financial instruments business, etc., that are performed by DBJ or DBJ's subsidiary financial institutions, etc.

(2) Types of Subject Transaction

Specific individual circumstances determine whether transactions are judged as Subject Transactions, but below are examples of transactions that are likely to be considered said Subject Transactions.

- Based on a contract of mandate that exists between the DBJ Group and its clients, notwithstanding that the DBJ Group has a duty of due care of prudent manager or duty of loyalty to said client, the DBJ Group is in danger of being unable to fulfill such duties owing to Situations of Opposing Interests.
- Based on a deep trust-based relationship formed between the DBJ Group and its clients, notwithstanding the client's expectation that the Group would act in the client's interests, the DBJ Group is in danger of being unable to act according to such expectation owing to Situations of Opposing Interests.
- By utilizing undisclosed client information that the DBJ Group has the duty to protect, the DBJ Group could rationally act in its own self interest or the interest of other clients in transactions that exceed the scope of that duty.
- Cases in addition to the above in which the danger exists of unduly infringing on the interests of clients owing to Situations of Opposing Interests.

Furthermore, Subject Transactions do not include acts that are prohibited under the Financial Instruments and Exchange Act or other laws and regulations.

3. Scope of Companies Subject to Management of Conflicts of Interest

As stated in 2 (1) above, Subject Transactions are transactions conducted by DBJ or by DBJ's subsidiary financial institutions, etc. "Subsidiary financial institutions, etc." are those DBJ subsidiaries or affiliated companies prescribed in Article 36-5 of the Financial Instruments and Exchange Act.

As of April 1, 2010, DBJ's subsidiary institutions, etc., were as follows.

DBJ Nomura Investment Co., Ltd.
Sun Arrows Investment Co., Ltd.
Healthcare Management Partners, Inc.
Milestone Turnaround Management Co., Ltd.
General Enterprise Management Services Limited
DBJ Europe Limited

4. Policy for Managing Transactions That Are Likely to Involve Conflicts of Interest

In the case of transactions prescribed as Subject Transactions, to the extent that the DBJ Group is not in violation of its legal or contractual duties (including but not limited to the duty of confidentiality), the DBJ Group is determined to act properly in the interest of its clients through the following or other measures.

(The following are only specific examples of methods. Subject Transactions are not limited to those indicated below.)

- Separation of the department conducting Subject Transactions from the department conducting transactions for said client
- Amernding the conditions or instruments of Subject Transactions or said client transactions
- Cessation of Subject Transactions or said client transactions
- Disclosing to said client the risk of Subject Transactions unduly infringing on the interests of said client

5. Management of Conflicts of Interest—Organization

To ensure the appropriate management of conflicts of interest, the duties of a Conflicts of Interest Management Control Department are handled within its Legal Affairs & Compliance Department.

In accordance with the Policy, the Conflicts of Interest Management Control Department appropriately manages prescribed Subject Transactions and conflicts of interest. Furthermore, as the DBJ Group is required to manage conflicts of interest in accordance with its status as a registered financial institution under the Financial Instruments and Exchange Act, provided that the DBJ Group does not violate its legal duty of confidentiality or its duty of confidentiality in relation to its clients, information pertaining to Subject Transactions, including those of transactions handled by DBJ's subsidiary financial institutions, etc., may be managed in a centralized manner.

Records shall be prepared of measures undertaken by the Conflicts of Interest Management Control Department with regard to prescribed Subject Transactions and their management, and such records shall be retained for a period of five years following the creation date.

To ensure appropriate management, the Conflicts of Interest Management Control Department shall periodically verify the content of activities by DBJ Group executives and regular employees and the content of business activities at each branch to ensure the operations are being conducted in accordance with the Policy and the operational procedures for the policy, and shall periodically verify the management of conflicts of interest.

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**

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	DBJ Singapore Limited launched
2009	June	Law for Partial Amendment of the Development Bank of Japan Inc. Law (New DBJ Law) (Law No. 67 of 2009)
2009	September	Increase of capital to ¥1,103,232 million
2009	November	DBJ Europe Limited launched
2010	March	Increase of capital to ¥1,181,194 million

Board of Directors, Corporate Auditors and Executive Officers (As of July 1, 2010)

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

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

Akio Mimura
Director (Outside)

Kazuo Ueda
Director (Outside)

Tetsuhiko Shindo
Full-Time Corporate Auditor

Yasuhito Mitani
Full-Time Corporate Auditor

Kazuyoshi Arakawa
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. Kazuyoshi Arakawa, Makoto Ito and Shinji Hatta are outside corporate auditors under Article 16 of Section 2 of the Companies Act.

Nozomu Kano
Managing Executive Officer
In charge of Special Missions

Yoichiro Yokoyama
Managing Executive Officer
In charge of Risk Management Department, Legal Affairs & Compliance Department

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], Kyushu Branch, Minami-Kyushu Branch

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

Takeshi Kobayashi
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

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

Masanao Maeda
Managing Executive Officer, Head of Kansai Branch
In charge of Kansai Branch, Chugoku Branch, Shikoku Branch

Yoshinori Fukaya
Executive Officer, Head of Internal Audit

Masafumi Aizawa
Executive Officer, Head of Financial Institution

Kazuhiro Takahashi
Executive Officer, Head of Human Resources Management Department

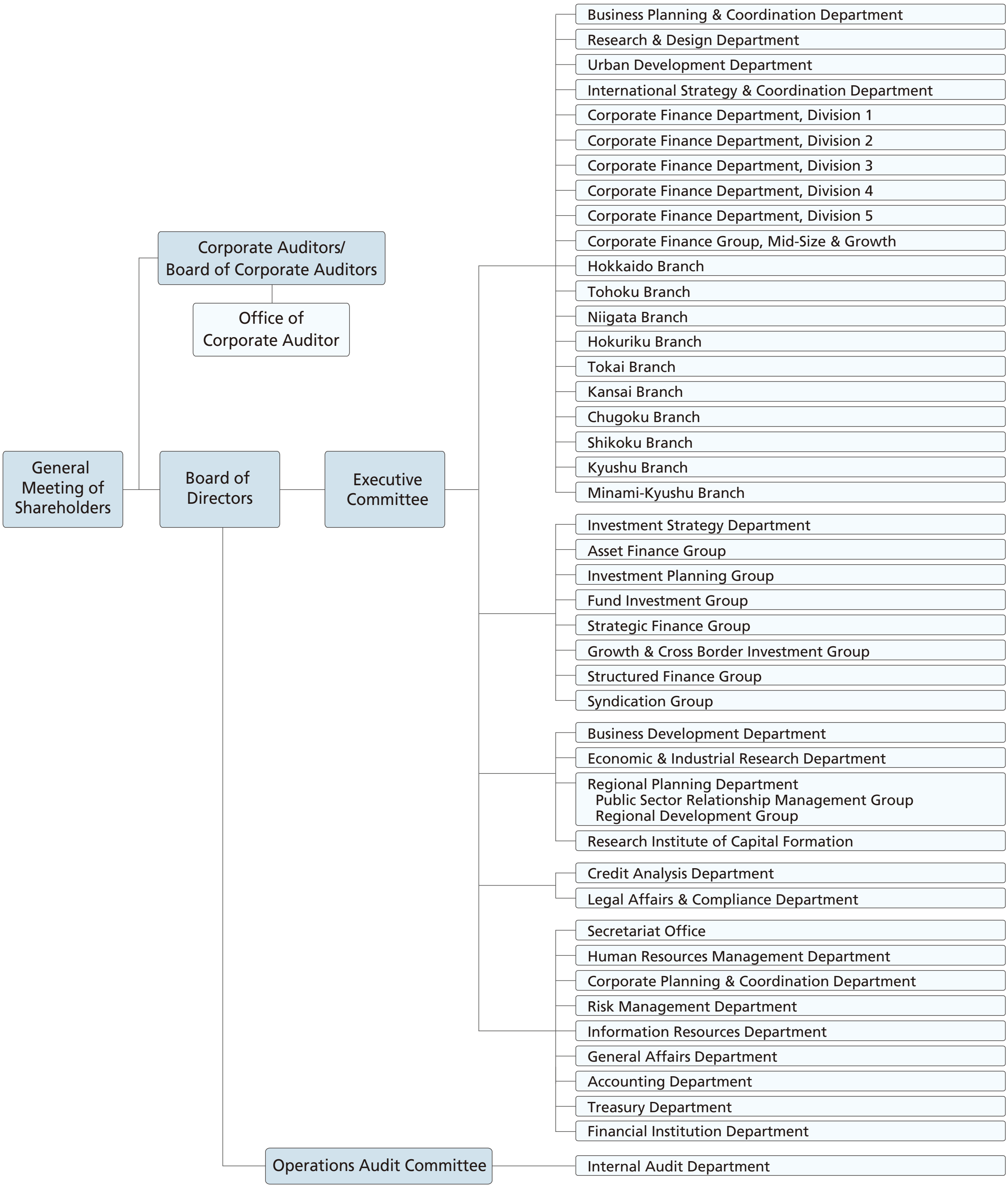
Hajime Watanabe
Executive Officer, Head of Corporate Planning & Coordination Department

Masaaki Komiya
Executive Officer, Head of Business Planning & Coordination Department

Shin Kikuchi
Executive Officer, Head of Investment Planning Group, Growth & Cross Border Investment Group

Satoshi Tomii
Executive Officer, Head of Strategic Finance Group

Organization Chart (As of July 1, 2010)

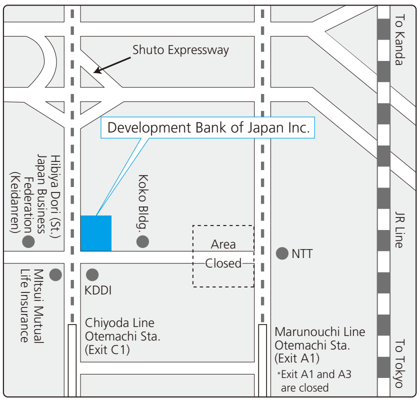


Representative Offices: Hakodate, Kushiro, Aomori, Toyama, Matsue, Okayama, Matsuyama, Oita
Overseas Representative Office: New York
Overseas Subsidiaries: DBJ Singapore Limited, DBJ Europe Limited

Locations and Directory (As of July 1, 2010)

Head Office

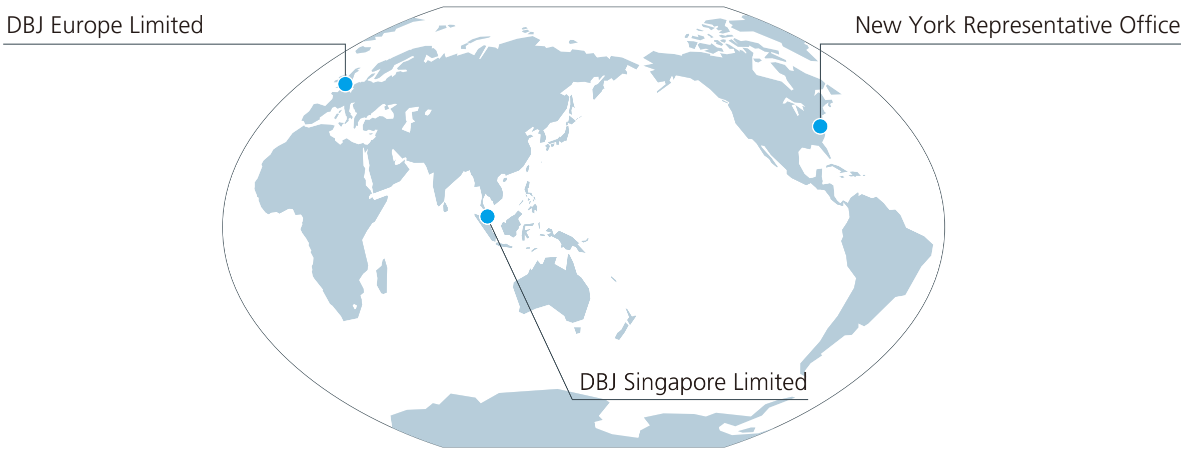
9-1, Otemachi 1-chome,
Chiyoda-ku,
Tokyo 100-0004, Japan
Tel: +81-3-3270-3211
http://www.dbj.jp/en



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 Office and Subsidiaries



New York Representative Office

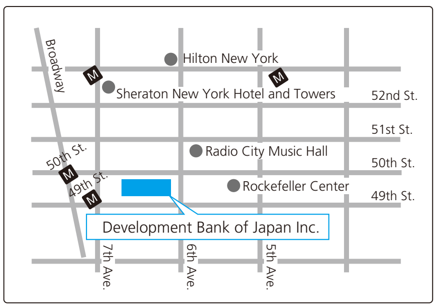
1251 Avenue of the Americas, Suite 830,
New York, NY 10020, U.S.A.
Tel: +1-212-221-0708

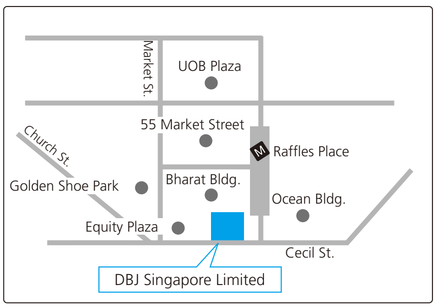
DBJ Singapore Limited

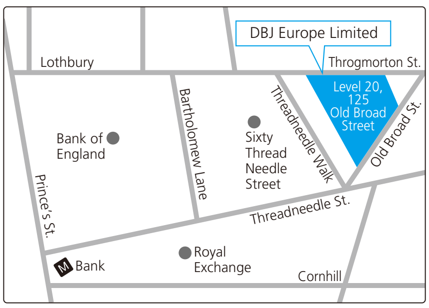
9 Raffles Place, #30-03 Republic Plaza,
Singapore 048619
Tel: +65-6221-1779

DBJ Europe Limited

Level 20, 125 Old Broad Street,
London EC2N 1AR, U.K.
Tel: +44-20-7507-6070







Subsidiaries (As of March 31, 2010)

Consolidated Subsidiaries

Company	Address	Principal Businesses	Established	Capital (Millions of Yen)	Percentage of Total Voting Rights (%)
DBJ Business Investment Co., Ltd.	Chiyoda-ku, Tokyo	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	100.00
New Business Investment No. 1 Investment Limited Liability Partnership	Chiyoda-ku, Tokyo	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	Research, consulting and advisory services	December 13, 1989	479	100.00
DBJ Singapore Limited	Republic of Singapore	Investment and loan support and advisory services	December 16, 2008	S$1 million	100.00
DBJ Europe Limited	London, United Kingdom	Investment and loan support and advisory services	June 5, 2009	€7 million	100.00
DBJ Real Estate Co., Ltd.	Chiyoda-ku, Tokyo	Real estate leasing	February 1, 2010	80	100.00
DBJ Investment Advisory Co., Ltd.	Chiyoda-ku, Tokyo	Investment advisory and agency services	December 1, 2009	68	50.58
DBJ Corporate Mezzanine Partners Co., Ltd.	Chiyoda-ku, Tokyo	Management of investment associations	June 6, 2003	3	100.00
UDS Corporate Mezzanine Limited Partnership	Chiyoda-ku, Tokyo	Investment associations	January 18, 2006	28,974	50.00 (0.00)
UDS III Corporate Mezzanine Limited Partnership	Chiyoda-ku, Tokyo	Investment associations	February 15, 2008	28,628	50.00 (0.00)
Asuka DBJ Investment LPS	Minato-ku, Tokyo	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. DBJ's percentage of total voting rights in subsidiaries is shown to three decimal places. Percentages less than that amount have been omitted.
3. Figures indicated within parentheses ( ) in the column showing DBJ's percentage of total voting rights in subsidiaries indicate indirect holdings. Further, for the New Business Investment No.1 Investment Limited Liability Partnership, UDS Corporate Mezzanine Limited Partnership, UDS III Corporate Mezzanine Limited Partnership and Asuka DBJ Investment LPS the percentage of financing is stated.
4. The date of establishment shown for DBJ Singapore Limited indicates the date the company was incorporated.
5. DBJ's equity ownership in Asuka DBJ Investment LPS is less than 50%, but as DBJ effectively controls the company, it is treated as a subsidiary.
6. Regarding DBJ Europe Limited, DBJ Real Estate Co., Ltd. and DBJ Investment Advisory Co., Ltd., due to being newly established, and UDS III Corporate Mezzanine Limited Partnership, will, owing to their increased significance, become consolidated subsidiaries this consolidated fiscal year.
7. There are 13 consolidated subsidiaries and 14 affiliated companies.

Stock Information (As of March 31, 2010)

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)	Capital surplus (Millions of yen)	Capital surplus (Millions of yen)
October 1, 2008	40,000	40,000	1,000,000	1,000,000	Note 2	Note 2
June 26, 2009	—	40,000	—	1,000,000	(97,248) Note 3	1,060,466 Note 3
September 24, 2009 Note 4	2,064	42,064	103,232	1,103,232	—	1,060,466
March 23, 2010 Note 4	1,559	43,623	77,962	1,181,194	—	1,060,466

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 authorization. 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, and provisions of the Companies Act (Article No. 448, Paragraph 1, and Article 452), the deficit was covered by transfer from capital reserve to other capital surplus and transfer from other capital surplus to retained earnings.
4. By way of a rights offering, all shares of common stock were assigned to the Minister of Finance (for consideration). The issue price (amount paid) is ¥50,000 per share; paid-in capital is ¥50,000 per share.

Shareholder

	Address	Number of shares held (Thousands of shares)	Percentage of total equity (%)
Finance Minister	1-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo	43,623	100.00
Total	—	43,623	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 Sheets

Development Bank of Japan Inc. and Consolidated Subsidiaries
As of March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Assets			
Cash and due from banks (Note 28)	¥ 168,696	¥ 67,521	$ 1,813,156
Call loans and bills bought	125,000	145,000	1,343,508
Reverse repurchase agreements (Note 3)	179,991	375,966	1,934,556
Money held in trust (Note 28)	30,740	24,873	330,397
Securities (Notes 3, 13 and 28)	1,289,495	1,246,587	13,859,583
Loans (Notes 4 and 13)	13,514,661	12,008,856	145,256,467
Other assets (Note 6)	89,701	88,075	964,118
Tangible fixed assets (Note 7)	162,227	162,375	1,743,627
Intangible fixed assets	5,098	4,576	54,797
Deferred tax assets (Note 23)	44,383	27,930	477,035
Customers' liabilities for acceptances and guarantees (Note 12)	192,172	157,276	2,065,483
Allowance for loan losses (Note 8)	(203,422)	(276,689)	(2,186,400)
Allowance for investment losses	(3,004)	(4,294)	(32,291)
Total assets	¥15,595,740	¥14,028,056	$167,624,035
Liabilities and equity			
Liabilities:			
Debentures (Note 9)	¥ 3,504,212	¥ 3,431,597	$ 37,663,502
Call money and bills sold	153,000	—	1,644,454
Borrowed money (Note 10)	9,082,479	8,067,892	97,619,086
Corporate bonds (Note 9)	242,181	81,423	2,602,979
Other liabilities (Notes 11 and 24)	49,780	169,043	535,042
Accrued bonuses to employees	2,238	2,224	24,065
Accrued bonuses to directors and corporate auditors	22	20	238
Reserve for employees' retirement benefits (Note 22)	32,613	32,050	350,528
Reserve for directors' and corporate auditors' retirement benefits	34	11	373
Reserve for contingent losses	2,815	—	30,259
Reserve for losses on headquarter relocation	6,536	—	70,253
Deferred tax liabilities (Note 23)	114	58	1,231
Acceptances and guarantees (Note 12)	192,172	157,276	2,065,483
Total liabilities	13,268,201	11,941,600	142,607,494
Equity:			
Common stock authorized, 160,000 thousand shares in 2010 and 2009; issued, 43,623 thousand shares in 2010 and 40,000 thousand shares in 2009 (Note 14)	1,181,194	1,000,000	12,695,550
Capital surplus (Note 14)	1,060,466	1,157,715	11,397,962
Retained earnings (deficit) (Note 14)	40,779	(96,363)	438,298
Unrealized gain (loss) on available-for-sale securities (Note 28)	11,091	(1,667)	119,211
Deferred gain on derivatives under hedge accounting	11,154	17,182	119,887
Foreign currency translation adjustments	(54)	3	(590)
Total	2,304,630	2,076,870	24,770,318
Minority interests	22,908	9,586	246,223
Total equity	2,327,538	2,086,456	25,016,541
Total liabilities and equity	¥15,595,740	¥14,028,056	$167,624,035

See notes to consolidated financial statements.

Consolidated Statements of Operations

Development Bank of Japan Inc. and Consolidated Subsidiaries
For the year ended March 31, 2010 and for the six-month period ended March 31, 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Income			
Interest income:	¥301,482	¥135,793	$3,240,354
Interest on loans	278,176	130,490	2,989,858
Interest and dividends on securities	15,793	4,771	169,747
Interest on call loans and bills bought	55	14	594
Interest on reverse repurchase agreements	322	387	3,462
Interest on due from banks	116	129	1,255
Interest on swaps	6,996	—	75,196
Other interest income	22	—	241
Fees and commissions (Note 16)	15,683	4,646	168,563
Other operating income (Note 17)	19,880	719	213,672
Other income (Note 18)	16,661	13,672	179,084
Total income	**353,707**	**154,831**	**3,801,673**
Expenses			
Interest expense:	180,111	84,118	1,935,847
Interest on debentures	55,409	25,991	595,543
Interest on call money and bills sold	64	0	693
Interest on borrowed money	122,527	56,029	1,316,931
Interest on corporate bonds	2,105	216	22,631
Other interest expense	4	1,880	50
Fees and commissions (Note 19)	1,043	142	11,220
Other operating expenses (Note 20)	34,072	11,090	366,217
General and administrative expenses	35,037	17,803	376,586
Other expenses (Note 21)	52,336	159,798	562,519
Total expenses	**302,602**	**272,952**	**3,252,389**
Income (loss) before income taxes and minority interests	**51,105**	**(118,120)**	**549,284**
Income taxes (Note 23):			
Current	25,382	20,021	272,815
Deferred	(14,558)	(6,492)	(156,476)
Total income taxes	**10,824**	**13,529**	**116,339**
Minority interests in net income (loss)	**387**	**(3,308)**	**4,162**
Net income (loss)	**¥39,893**	**¥(128,342)**	**$428,783**

	Yen		U.S. Dollars (Note 1)
Per share of common stock (Note 15)			
Basic net income (loss)	¥970.47	¥(3,208.55)	$10.43
Cash dividend applicable to the year	230	—	2.47

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Development Bank of Japan Inc. and Consolidated Subsidiaries
For the year ended March 31, 2010 and for the six-month period ended March 31, 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Common stock:			
Balance at beginning of financial period	¥1,000,000	¥1,000,000	$10,748,065
Issuance of new shares of common stock	181,194	—	1,947,485
Balance at end of financial period	1,181,194	1,000,000	12,695,550
Capital surplus:			
Balance at beginning of financial period	1,157,715	1,157,715	12,443,199
Transfer from capital surplus to retained earnings	(97,248)	—	(1,045,237)
Balance at end of financial period	1,060,466	1,157,715	11,397,962
Retained earnings (deficit):			
Balance at beginning of financial period	(96,363)	—	(1,035,721)
The amount of tax effect adjustment due to change in legal structure	—	31,978	—
Transfer from capital surplus to retained earnings	97,248	—	1,045,237
Net income (loss)	39,893	(128,342)	428,783
Balance at end of financial period	40,779	(96,363)	438,298
Unrealized gain (loss) on available-for-sale securities:			
Balance at beginning of financial period	(1,667)	—	(17,927)
Net change during the financial period	12,759	(1,667)	137,137
Balance at end of financial period	11,091	(1,667)	119,211
Deferred gain on derivatives under hedge accounting:			
Balance at beginning of financial period	17,182	—	184,681
Net change during the financial period	(6,028)	17,182	(64,793)
Balance at end of financial period	11,154	17,182	119,887
Foreign currency translation adjustments:			
Balance at beginning of financial period	3	—	38
Net change during the financial period	(58)	3	(628)
Balance at end of financial period	(54)	3	(590)
Minority interests:			
Balance at beginning of financial period	9,586	—	103,033
Net change during the financial period	13,322	9,586	143,190
Balance at end of financial period	22,908	9,586	246,223
Total equity	**¥2,327,538**	**¥2,086,456**	**$25,016,541**

Beginning of financial period, 2010 is April 1, 2009 and 2009 (6 months) is October 1, 2008, respectively. End of financial period, 2010 is March 31, 2010 and 2009 (6 months) is March 31, 2009, respectively.
See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Development Bank of Japan Inc. and Consolidated Subsidiaries
For the year ended March 31, 2010 and for the six-month period ended March 31, 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ 51,105	¥ (118,120)	$ 549,284
Adjustments for:			
Depreciation	1,948	598	20,948
Amortization of goodwill	1,858	2,273	19,977
Losses on impairment of long-lived assets	0	43	5
Equity in gains of affiliates	(958)	(988)	(10,304)
(Decrease) increase in allowance for loan losses	(73,267)	120,060	(787,479)
Decrease in allowance for investment losses	(1,289)	(1,632)	(13,863)
Increase in accrued bonuses to employees	14	210	155
Increase in accrued bonuses to directors and corporate auditors	1	20	13
Increase in reserve for employees' retirement benefits	562	89	6,046
Increase in reserve for contingent losses	2,815	—	30,259
Increase in reserve for losses on headquarter relocation	6,536	—	70,253
Interest income	(301,482)	(135,793)	(3,240,354)
Interest expense	180,111	84,118	1,935,847
Loss on securities—net	58,006	24,651	623,456
(Gain) loss on money held in trust—net	(1,478)	1,388	(15,890)
Foreign exchanges losses (gains)	4,291	(321)	46,127
Loss on sales of fixed assets—net	40	8	439
Net increase in loans	(1,505,805)	(747,836)	(16,184,498)
Net increase in debentures	72,615	56,748	780,472
Net increase in borrowed money	1,014,586	1,459,394	10,904,845
Net increase in corporate bonds	160,758	81,423	1,727,840
Net (increase) decrease in due from banks	(5,181)	165,469	(55,694)
Net decrease (increase) in call loans and bills bought	20,000	(145,000)	214,961
Net decrease (increase) in reverse repurchase agreements	195,975	(218,968)	2,106,358
Net increase in call money and bills sold	153,000	—	1,644,454
Interest received	282,534	136,689	3,036,704
Interest paid	(181,437)	(85,080)	(1,950,101)
Other—net	(93,583)	3,055	(1,005,838)
Sub-total	42,279	682,500	454,422
Payments for income taxes	(42,293)	(562)	(454,578)
Net cash (used in) provided by operating activities	**(14)**	**681,938**	**(156)**
Cash flows from investing activities:			
Payments for purchases of securities	(2,195,175)	(1,037,782)	(23,593,893)
Proceeds from sales of securities	15,859	7,631	170,464
Proceeds from redemption of securities	2,087,747	327,769	22,439,246
Payments for increase of money held in trust	(3,418)	(2,350)	(36,747)
Proceeds from decrease of money held in trust	1,608	41,175	17,283
Payments for purchases of tangible fixed assets	(934)	(144)	(10,048)
Proceeds from sales of tangible fixed assets	23	13	249
Payments for purchases of intangible fixed assets	(1,504)	(591)	(16,174)
Payments for purchases of stocks of subsidiaries	(4,339)	—	(46,645)
Net cash used in investing activities	**(100,135)**	**(664,277)**	**(1,076,266)**
Cash flows from financing activities:			
Proceeds from issuance of stock	181,194	—	1,947,485
Proceeds from issuance of securities to minority shareholders of subsidiaries	16,600	750	178,424
Dividends paid to minority shareholders of subsidiaries	(1,313)	(54)	(14,113)
Net cash provided by financing activities	**196,481**	**696**	**2,111,796**
Foreign currency translation adjustments on cash and cash equivalents	**(346)**	**326**	**(3,725)**
Net increase in cash and cash equivalents	**95,984**	**18,683**	**1,031,650**
Cash and cash equivalents of newly consolidated subsidiaries at beginning of financial period	**7**	**—**	**85**
Cash and cash equivalents at beginning of financial period	**48,763**	**30,080**	**524,117**
Cash and cash equivalents at end of financial period	**¥ 144,756**	**¥ 48,763**	**$ 1,555,852**

Beginning of financial period, 2010 is April 1, 2009 and 2009 (6 months) is October 1, 2008, respectively. End of financial period, 2010 is March 31, 2010 and 2009 (6 months) is March 31, 2009, respectively.
See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Development Bank of Japan Inc. and Consolidated Subsidiaries
For the year ended March 31, 2010 and for the six-month period ended March 31, 2009

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 ¥93.04=$1.00, the effective exchange rate prevailing as of March 31, 2010, 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, 2009 (6 months) 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 to 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, 2010 is 13. The consolidated subsidiaries as of March 31, 2010 are as follows:

- DBJ Business Investment Co., Ltd.
- DBJ Corporate Mezzanine Partners Co., Ltd.
- UDS Corporate Mezzanine Limited Partnership
- UDS Corporate Mezzanine No. 3 Limited Partnership
- DBJ Credit Line, Ltd.
- New Business Investment Co., Ltd.
- New Business Investment No. 1 Investment Limited Liability Partnership
- DBJ Singapore Limited
- Japan Economic Research Institute Inc.
- Asuka DBJ Investment LPS
- DBJ Europe Limited
- DBJ Real Estate Co., Ltd.
- DBJ Investment Advisory Co., Ltd.

In the year ended March 31, 2010, UDS Corporate Mezzanine No. 3 Limited Partnership was newly consolidated due to growing importance, and DBJ Europe Limited, DBJ Real Estate Co., Ltd. and DBJ Investment Advisory Co., Ltd. were newly consolidated upon their formation.

(ii) Non-consolidated Subsidiaries

The number of non-consolidated subsidiaries as of March 31, 2010 is 14. Such subsidiaries as of March 31, 2010 are mainly as follows:

UDS II 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, 2010 is two. Such entities as of March 31, 2010 are as follows:

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 not accounted for by the Equity Method

The number of non-consolidated subsidiaries not accounted for by the equity method as of March 31, 2010 is 14. Such subsidiaries as of March 31, 2010 are mainly as follows:

UDS II Corporate Mezzanine Limited Partnership

(ii) Affiliates accounted for by the Equity Method

The number of affiliates accounted for by the equity method as of March 31, 2010 is 14. The affiliates accounted for by the equity method as of March 31, 2010 are mainly as follows:

Makuhari Messe, Inc.

Hokkaido International Airlines Co., Ltd.

Urban Redevelopment Private Fund

Urban Redevelopment Private Fund has been the affiliate accounted for by the equity method since the year ended March 31, 2010 due to increased significance.

(iii) Affiliates not accounted for by the Equity Method

The number of affiliates not accounted for by the equity method as of March 31, 2010 is 91. Such affiliates as of March 31, 2010 are mainly as follows:

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, 2010 is 12. Such entities as of March 31, 2010 are as follows:

Sunsay International Technology, Inc.

Gordon Brothers Japan Co., Ltd.

Narumi Corporation

Shinwa Seiko Corporation

Mediclude Co., Ltd.

Green Power Investment Corporation

Advangen, Inc.
Vaxiva Biosciences
Asahi Fiber Glass Company, Limited
Takumi Technology Corp.
Nihon Shoryoku Kikai Co., Ltd.
PRISM BioLab Corporation

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	6 subsidiaries
March 31	7 subsidiaries

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

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

(4) Valuation of Consolidated Subsidiaries' Assets and Liabilities

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

(5) Elimination of Intercompany Balances and Transactions

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

(6) Amortization of Goodwill

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

(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)
	2010	2009	2010
Cash and due from banks	¥168,696	¥67,521	$1,813,156
Time deposits with banks	(23,939)	(18,757)	(257,304)
Cash and cash equivalents	¥144,756	¥48,763	1,555,852

(c) Securities

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

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

Unrealized 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

(1) Hedge Accounting

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

(2) Hedging Instruments and Hedged Items

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

(3) Hedging Policy

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

(4) Evaluation of Hedge Effectiveness

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

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

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

*1 If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

*2 In cases where foreign currency swaps are used as hedges and meet certain hedging criteria, foreign exchange forward contracts and hedged items are accounted for in the following manner;

(i) If a foreign currency swap is executed to hedge existing foreign currency assets or liabilities, a) the difference, if any, between the Japanese yen amount of the hedged foreign currency asset or liability translated using the spot rate at the inception date of the contract and the book value of the asset or liability is recognized in the statement of 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.

(ii) If a foreign currency swap is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the foreign exchange forward contract are recognized.

(f) Fixed Assets

(1) Depreciation of Tangible Fixed Assets

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

The estimated useful lives are principally as follows:

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

(2) Amortization of Intangible Fixed Assets

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

(3) Lease Assets

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

(g) Long-lived Assets

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

(h) Debentures and Corporate Bonds Issuance Costs

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

(i) Foreign Currency Translation and Revaluation Method

Assets and liabilities denominated in foreign currencies held by DBJ Inc. have been translated at the exchange rates prevailing as of the balance sheet date. Foreign currency accounts held by consolidated foreign subsidiaries are translated into the currency of the subsidiaries at the respective year-end exchange rates. The foreign exchange gains and losses from transactions are recognized in the 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 translation were shown as "Foreign Currency Transaction Adjustments" in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the exchange rate prevailing as of the balance sheet date.

(j) Allowance for Loan Losses

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

With respect to the claims on debtors who are legally or substantially bankrupt with collateral or guarantees, the amount of claims exceeding the estimated market values of collateral or guarantees which are deemed uncollectible have been written-off, and totaled ¥115,954 million ($1,246,284 thousand) for the year ended March 31, 2010 and ¥51,303 million for the six-month period ended March 31, 2009. The consolidated subsidiaries calculate the general reserve for "normal" categories based on the specific actual historical loss ratio, and the specific reserve for the "possibly bankrupt," "effectively bankrupt" and "legally bankrupt" categories based on estimated losses, considering the recoverable value.

(k) Allowance for Investment Losses

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

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

"Accrued Bonuses to Employees, Directors and Corporate Auditors" are provided for in the amount of the estimated bonuses which are attributable to the year ended March 31, 2010 and the six-month period ended March 31, 2009.

(m) Reserve for Employees' Retirement Benefits

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

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

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

(o) Reserve for Contingent Losses

"Reserve for Contingent Losses" is provided for possible contingent losses on loan commitment limits based on individually estimated expected losses.

(p) Reserve for losses on Headquarter Relocation

"Reserve for losses on Headquarter Relocation" is provided for the reasonably estimated relocation costs at the head office of DBJ Inc.

(q) Lease Transactions

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

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

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

(r) Consumption Taxes

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

(s) Income Taxes

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

(t) Per Share Information

Basic net income per share is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits. Diluted net income per share for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 is not disclosed because there are no dilutive securities.

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

(u) Financial Instruments

ASBJ has issued a revised Accounting Standard "ASBJ Statement No. 10 (revised 2008) Accounting Standard for Financial Instruments" and it's Implementation Guidance "ASBJ Guidance No. 19 Guidance on Disclosures about Fair Value of Financial Instruments," and DBJ Inc. has adopted with current fiscal year.

Securities and allowance for loan losses have decreased by ¥30,887 million ($331,983 thousand) and ordinary income and income before income taxes and minority interests have increased by ¥295 million ($3,177 thousand) as compared with previous procedures respectively.

3. Securities

Securities as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Japanese government bonds	¥ 608,089	¥ 251,413	$ 6,535,781
Short-term corporate bonds	—	461,514	—
Corporate bonds	184,884	114,431	1,987,154
Equities	203,555	166,537	2,187,828
Other securities	292,966	252,691	3,148,819
Total	¥1,289,495	¥1,246,587	$13,859,583

*1. Investments in unconsolidated subsidiaries and affiliates included in "Equities" as of March 31, 2010 and 2009, are ¥15,428 million ($165,823 thousand) and ¥14,391 million. Investments in unconsolidated subsidiaries and affiliates included in "Other securities" as of March 31, 2010 and 2009, are ¥38,922 million ($418,345 thousand) and ¥38,817 million.

*2. DBJ Inc. has contingent liabilities for guarantees of corporate bonds among securities which were issued by private placement (Article 2 Paragraph 3 of Financial Instruments and Exchange Law) and amount to ¥3,070 million ($32,997 thousand) and ¥3,280 million, as of March 31, 2010 and 2009.

*3. There are no securities repledged as of March 31, 2010 and 2009. Securities accepted under repurchase agreements can be sold or repledged. Securities neither sold nor repledged are ¥179,991 million ($1,934,556 thousand) and ¥375,966 million.

*4. Marketable securities available-for-sale are considered impaired if there is a considerable decline in the market value below the acquisition cost and such decline is not believed to be recoverable. The difference between the acquisition cost and the market value is the loss for the fiscal year.

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.

Impairment losses on marketable securities available-for-sale for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Equities	¥ 38	¥14,558	$ 413
Bonds	28,897	—	310,589
Other	259	507	2,791
Total	¥29,195	¥15,066	$313,793

4. Non-Performing Loans

The amounts of non-performing loans included in "Loans" on the consolidated balance sheets as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Loans to bankrupt debtors	¥497,652	¥ 18,967	$5,348,802
Delinquent loans	143,789	116,843	1,545,463
Loans past due three months or more	23	23	252
Restructured loans	43,726	56,795	469,976
Total	¥685,192	¥192,629	$7,364,493

*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, 2010 and 2009, the amounts of unused commitments are ¥341,159 million ($3,666,806 thousand) and ¥266,886 million. As of March 31, 2010 and 2009, the amounts of unused commitments whose remaining contract term are within one year are ¥127,260 million ($1,367,808 thousand) and ¥79,128 million.

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

6. Other Assets

Other assets as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Prepaid expenses	¥15,239	¥ 8,283	$163,800
Accrued income	42,293	39,549	454,570
Derivatives	23,715	39,052	254,896
Other	8,452	1,189	90,851
Total	¥89,701	¥88,075	$964,118

7. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Buildings	¥ 13,976	¥ 14,487	$ 150,218
Land	147,396	147,396	1,584,223
Leased assets	121	160	1,309
Construction in progress	126	27	1,357
Other	606	303	6,519
Total	¥162,227	¥162,375	$1,743,627

Note: Accumulated depreciation of tangible fixed assets as of March 31, 2010 and 2009, is ¥1,423 million ($15,296 thousand) and ¥432 million.

8. Allowance For Loan Losses

Allowance for loan losses as of March 31, 2010 and 2009 is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
General allowance for loan losses	¥ 66,416	¥215,245	$ 713,853
Specific allowance for loan losses	137,005	61,443	1,472,547
Total	¥203,422	¥276,689	$2,186,400

9. Debentures and Corporate Bonds

Debentures and corporate bonds as of March 31, 2010 and 2009 are as follows:

	Issue date	Interest rate (%)	Maturity date	Millions of Yen 2010	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2010
Debentures						
Japanese government-guaranteed bonds 1-23*[1, 5, 6]	Aug. 2000– Aug. 2008	0.8– 2.2	Aug. 2010– Jun. 2023	¥ 882,338 [199,988]	¥ 882,176	$ 9,483,427 [2,149,490]
Japanese government-guaranteed bonds 1-7	Nov. 2008– Feb. 2010	1.2– 2.1	Nov. 2018– Feb. 2024	269,233	119,672	2,893,739
Japanese government-guaranteed foreign bond 67*[2, 5]	Sep. 1998	1.81	Sep. 2028	25,075	25,079	269,508
Japanese government-guaranteed foreign bonds 1-14*[1, 5]	Nov. 1999– Nov. 2007	1.05– 6.875	Jun. 2010– Nov. 2027	1,036,122 [99,993]	1,035,868	11,136,317 [1,074,733]
Japanese government-guaranteed Euro MTN bonds 1*[4]	Dec. 2009	0.48194	Dec. 2014	32,564	—	350,000
FILP agency domestic bonds 5, 7, 9-11, 13, 16, 17, 19-22, 24-52*[3, 5, 6]	Oct. 2002– Aug. 2008	0.57– 2.74	Aug. 2010– Mar. 2047	1,204,758 [99,997]	1,314,695	12,948,819 [1,074,777]
FILP agency foreign bond 1*[3,5]	Jun. 2007	1.65	Jun. 2012	49,967	49,952	537,056
Euro MTN bonds 1-2*[3, 4, 5]	Sep. 2008	2.032– 3.142	Sep. 2010– Sep. 2023	4,153 [2,153]	4,153	44,637 [23,141]

	Issue date	Interest rate (%)	Maturity date	Millions of Yen 2010	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2010
Corporate bonds						
Corporate bonds through public placement 1-7	Dec. 2008– Oct. 2009	0.502– 1.745	Dec. 2011– Mar. 2019	187,000	57,000	2,009,888
Corporate bonds through private placement 1	Aug. 2009	0.847	Sep. 2014	10,000	—	107,481
Corporate bonds Euro MTN 1, 2, 6-15, 17-22*4, 6	Dec. 2008– Feb. 2010	0.47875– 1.25425	Dec. 2010– Feb. 2015	45,181 [1,500]	24,423	485,610 [16,122]
Total				¥3,746,393	¥3,513,020	$40,266,482

*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, 2010 are as follows:

The fiscal year ending March 31, 2011	¥403,134 million	$4,332,919 thousand
2012	521,817	5,608,528
2013	464,850	4,996,248
2014	237,010	2,547,406
2015	351,681	3,779,896

10. Borrowed Money

Borrowed money as of March 31, 2010 and 2009 is as follows:

	Average interest rate (%)	Due date of repayment	Millions of Yen 2010	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2010
Borrowings	1.36	May. 2010–Mar. 2030	¥9,082,479	¥8,067,892	$97,619,086

Scheduled redemptions of borrowings for subsequent years as of March 31, 2010 are as follows:

The fiscal year ending March 31, 2011	¥ 855,251 million	$ 9,192,301 thousand
2012	1,130,294	12,148,481
2013	1,237,416	13,299,838
2014	1,107,511	11,903,609
2015	1,011,626	10,873,032

11. Other Liabilities

Other liabilities as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Accrued expenses	¥32,808	¥ 33,650	$352,625
Unearned income	1,109	1,194	11,920
Accrued income taxes	3,368	20,109	36,205
Derivatives	6,663	112,651	71,619
Lease obligation	213	287	2,293
Other	5,617	1,150	60,381
Total	¥49,780	¥169,043	$535,042

12. Acceptances and Guarantees

Acceptances and guarantees as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Guarantees	¥192,172	¥157,276	$2,065,483

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 ¥626,670 million ($6,735,493 thousand) and ¥411,869 million ($4,426,796 thousand) as of March 31, 2010. In addition, they are deposited as replacement of margin money for future trading and collateral for transactions, including exchange settlements as of March 31, 2010. ¥2,291 million ($24,626 thousand) of securities are pledged as collateral for loans of companies which are investees of DBJ Inc. as of March 31, 2010. Also, in other assets, ¥1,000 million ($10,749 thousand) of margin deposits for futures transactions is included and ¥35 million ($379 thousand) of guarantee deposits are included as of March 31, 2010. 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 ¥3,204,596 million ($34,443,209 thousand) as of March 31, 2010.

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥228,799 million and ¥633,024 million as of March 31, 2009. ¥2,291 million of securities are pledged as collateral for loans of companies which are investees of DBJ Inc. as of March 31, 2009. Also, ¥44 million of guarantee deposits are included 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 as of March 31, 2009.

14. Equity

Japanese companies including DBJ Inc. are 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.

(e) Common Stock Issued during the year ended March 31, 2010

On September 24, 2009, DBJ Inc. issued 2,064,000 new shares of common stock by way of allocation of new stocks to the Finance Minister at ¥50,000 per share for ¥103,232 million ($1,109,544 thousand). And on March 23, 2010, DBJ Inc. issued 1,559,000 new shares of common stock by way of allocation of new stocks to the Finance Minister at ¥50,000 per share for ¥77,962 million ($837,941 thousand). As a result, ¥181,194 million ($1,947,485 thousand) was included in Capital stock.

15. Per Share Information

Basic net income (loss) per common share ("EPS") for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year ended March 31, 2010	Net income (loss)	Weighted average shares	EPS	EPS
Basic EPS				
Net income available to common shareholders	¥39,893	41,107	¥970.47	$10.43
Year ended March 31, 2009				
Basic EPS				
Net loss available to common shareholders	¥(128,342)	40,000	¥(3,208.55)	

Note: Diluted net income per share for the year ended March 31, 2010 and 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 year ended March 31, 2010 and for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Commissions	¥15,683	¥4,646	$168,563

17. Other Operating Income

Other operating income for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Foreign exchange gains	¥ —	¥718	$ —
Gains on sales of bonds	151	—	1,631
Gains on redemption of bonds	350	—	3,769
Gains on derivative instruments	19,019	—	204,421
Other	358	0	3,851
Total	¥19,880	¥719	$213,672

18. Other Income

Other income for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Reversal of allowance for investment losses	¥ 1,183	¥ 308	$ 12,716
Gains on sales of equities and other securities	1,278	3,525	13,745
Gains on money held in trust	1,502	1,815	16,152
Equity in net income of affiliates	958	988	10,304
Gains on sales of fixed assets	8	0	89
Collection of written-off claims	4,594	3,316	49,381
Other	7,135	3,718	76,697
Total	¥16,661	¥13,672	$179,084

19. Fees and Commissions (Expenses)

Fees and commissions (expenses) for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Commissions	¥1,043	¥142	$11,220
Other	—	0	—
Total	¥1,043	¥142	$11,220

20. Other Operating Expenses

Other operating expenses for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Foreign exchange losses	¥ 4,314	¥ —	$ 46,370
Debentures issuance costs	537	368	5,779
Corporate bonds issuance costs	299	147	3,219
Losses on derivative instruments	—	10,065	—
Write-off of bonds	28,897	—	310,589
Other	24	508	260
Total	¥34,072	¥11,090	$366,217

21. Other Expenses

Other expenses for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009 (6 months)	2010
Provision for allowance for loan losses	¥ 3,563	¥125,431	$ 38,305
Write-off of loans	2,413	2,583	25,938
Losses on sales of equities and other securities	2,478	320	26,640
Write-off of equities	22,334	14,558	240,055
Losses on money held in trust	24	3,203	262
Losses on sales of fixed assets	49	9	528
Impairment loss	0	43	5
Provision for reserve for losses on headquarter relocation	6,536	—	70,253
Other	14,936	13,647	160,534
Total	¥52,336	¥159,798	$562,519

22. Employees' Retirement Benefits

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

Reserve for employee retirement benefits as of March 31, 2010 and 2009 consisted of the following:

(a) The Funded Status of the Pension Plans

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Projected benefit obligation	¥(46,812)	¥(45,541)	$(503,141)
Fair value of plan assets	12,634	11,448	135,793
Unfunded pension obligation	(34,178)	(34,092)	(367,347)
Unrecognized net actuarial losses	1,519	1,991	16,331
Unrecognized prior service cost	45	50	488
Reserve for employees' retirement benefits	¥(32,613)	¥(32,050)	$(350,528)

*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 year ended March 31, 2010.
*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)
	2010	2009 (6 months)	2010
Service cost	¥1,397	¥ 698	$15,022
Interest cost	909	450	9,774
Expected return on plan assets	(57)	(32)	(615)
Amortization of prior service cost	5	0	55
Amortization of net actuarial losses	199	—	2,141
Net pension cost	¥2,454	¥1,116	$26,376

Note: All retirement benefit costs are classified as service cost for the subsidiaries applying the simplified method.

(c) Principal Assumptions Used

	2010	2009
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	0.5%	0.5%
Amortization period of prior service cost	10 Years	10 Years
Amortization period of actuarial gains/losses	10 Years	10 Years

23. Income Taxes

DBJ Inc. and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.69% for the year ended March 31, 2010 and 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 year ended March 31, 2010 and for the six-month period ended March 31, 2009 is as follows:

	2010	2009
Normal effective statutory tax rate	40.69%	40.69%
Increase (decrease) in taxes resulting from:		
Change in valuation allowance	(17.89)	(50.66)
Amortization of goodwill	1.48	(0.78)
Minority interests in net income of subsidiaries	(0.76)	0.34
Other	(2.34)	(1.04)
Actual effective tax rate	21.18%	(11.45%)

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Deferred tax assets:			
Allowance for loan losses	¥114,083	¥128,030	$1,226,178
Losses from revaluation of securities	37,470	21,317	402,733
Reserve for retirement benefits	13,237	13,041	142,274
Allowance for investment losses	1,085	3,715	11,663
Tax loss carryforwards	5,117	3,227	55,004
Unrealized loss on available-for-sale securities	—	1,690	—
Other	6,581	5,500	70,733
Sub total	177,574	176,521	1,908,585
Less—valuation allowance	(124,532)	(136,373)	(1,338,479)
Total	53,042	40,148	570,106
Deferred tax liabilities:			
Deferred gains or losses on hedges	(7,569)	(12,246)	(81,354)
Other	(1,204)	(30)	(12,948)
Total	(8,773)	(12,276)	(94,302)
Net deferred tax assets	¥ 44,268	¥ 27,872	$ 475,804

24. Lease Transactions

DBJ Inc. and its domestic consolidated subsidiaries lease certain equipment and others. Lease payments under finance leases for the year ended March 31, 2010 and for the six-month period ended March 31, 2009, amounted to ¥247 million ($2,660 thousand) and ¥146 million. For the six-month period ended March 31, 2009, DBJ Inc. recorded an impairment loss of ¥5 million 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 year ended March 31, 2010 and for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen		
	2010		
	Tangible fixed assets	Intangible fixed assets	Total
Acquisition cost	¥470	¥251	¥721
Accumulated depreciation	(213)	(108)	(321)
Accumulated impairment losses	(5)	—	(5)
Net leased property	¥251	¥143	¥394

	Millions of Yen		
	2009		
	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)		
	2010		
	Tangible fixed assets	Intangible fixed assets	Total
Acquisition cost	$5,056	$2,702	$7,758
Accumulated depreciation	(2,297)	(1,162)	(3,459)
Accumulated impairment losses	(57)	—	(57)
Net leased property	$2,702	$1,540	$4,243

Pro forma amounts of obligations under finance leases as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Due within one year	¥202	¥238	$2,180
Due after one year	204	406	2,193
Total	¥406	¥645	$4,373

Pro forma amounts of depreciation expense, interest expense and impairment loss under finance leases for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Depreciation expense	¥236	¥141	$2,542
Interest expense	9	6	105
Total	246	147	2,646
Impairment loss	¥ —	¥ 5	$ —

*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, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Due within one year	¥178	¥173	$1,921
Due after one year	215	109	2,317
Total	¥394	¥283	$4,238

25. 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.

26. Financial Instruments and Related Disclosures

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. DBJ Inc. applied the revised accounting standard and the new guidance effective March 31, 2010.

(a) The Situation of Financial Instruments

(1) Policy for Financial Instruments

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

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

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

The financial assets in DBJ Inc. are mainly investments and loans in domestic clients, which are exposed to credit risk that stems from customers' default of contracts and decline of their creditworthiness. Main categories of industries of debtors are transport and postal activities, manufacturing and others as of March 31, 2010. The changes of economic circumstances surrounding these industries may cause influence on fulfillment of their obligations. DBJ Inc. holds securities such as bonds, equities and investments in limited partnerships and other similar partnerships, which are exposed to issuer's credit risk, interest rate risk, price volatility risk and other risks. DBJ Inc. does not have any trading-related risk because it does not engage in trading (specified transactions).

Although corporate bonds and borrowings are exposed to cash liquidity risk and interest rate risk, these risks are hedged or controlled by matching of financing and investing, interest-rate swap agreements and other transactions. Foreign currency denominated loans, debentures and corporate bonds are exposed to exchange rate risk. DBJ Inc. mitigates this risk by matching foreign currency investments and loans with foreign currency corporate bonds and currency-related transactions.

DBJ Inc. utilizes derivative financial transactions such as interest-rate swap agreement and currency swap agreement in order to hedge or control the risks related to interest and currency. As for hedge accounting, DBJ Inc. applies the deferral hedge method or the accrual method to interest-rate swaps, and the assignment method to foreign currency swaps. Hedged items of interest-rate swaps are loans, borrowings, debentures and corporate bonds. Hedged items of foreign currency swaps are foreign-currency denominated loans, debentures and corporate bonds. According to the risk management policy, DBJ Inc. evaluates the effectiveness of the hedges by testing whether the derivatives are effective in reducing the risks associated with the hedged items.

(3) Risk Management for Financial Instruments

(i) Credit Risk Management

In accordance with the internal guidelines, DBJ Inc. utilizes credit exposure management and portfolio management for investment and loan. When making an investment or loan, DBJ Inc. examines the entity's project viability and the project's profitability. After that, DBJ Inc. sets ratings along with internal borrower rating system, grants credit amount, sets collateral and guarantee. The sales and credit analysis departments hold separate roles in the screening and administering of credit for individual loans and each department keeps the operations of the other in check. The Committee on Investment and Loan Decisions meets as needed to deliberate important issue concerning the management and governance of individual loans. DBJ Inc. performs a comprehensive analysis of data based on borrower ratings, and calculates the loan portfolio's overall exposure to credit risk, which is measured regularly to ensure that such risk remains within specified range of capital.

The credit risk of securities is managed in the same way as that of loans. In addition, DBJ Inc. regularly examines total risk which takes into account the market value of the securities. As for counterparty risk arising from derivative transactions, DBJ Inc. manages derivative transactions by continually monitoring the cost of restructuring its transactions and creditworthiness of each counterparty. Additionally, DBJ Inc. diversifies transactions among several counterparties to manage counterparty risk.

(ii) Market Risk Management

1) Interest Rate Risk Management

DBJ Inc. manages interest rate risk by asset/liability management. Details of risk management methods and procedures are determined on internal regulations, and ALM & Risk Management Committee has discussion about determination of policies on asset/liability management, monitoring of implementation and future plans. In addition, risk management department monitors interest and term of financial assets/debts overall. ALM & Risk Management Committee conducts regular monitoring with cash flow ladder analyses (gap analysis), value at risk (VaR), interest rate sensitivity analyses (basis point value), and other methods. As a part of asset/liability management, interest-rate swaps are conducted hedging interest rate risk.

2) Foreign Exchange Risk Management

Foreign currency receivable and bonds are exposed to the exchange rate risk, therefore those risks are hedged or controlled not only by setting off some foreign currency denominated investment and loan as foreign currency denominated corporate bond and debenture but also by making currency-related transactions.

3) Price Volatility Risk Management

When DBJ Inc. acquires financial assets entailing price volatility risk such as securities with market value, it follows in-house regulations and policies which have been developed taking into account market fluctuation risks, and risk management department involves in the decisions as necessary. Through regular monitoring, price volatility risks are reviewed on a timely basis and reported to ALM & Risk Management Committee periodically.

4) Derivative Transactions

About derivative transactions, the front office, the back office and the risk management department are separated from each other, and each department keeps the operations of the other in check based on in-house regulations.

(iii) Liquidity Risk Management on Financing

Risk management department monitors possession level of cash liquidity and report it to the ALM & Risk Management Committee periodically in line with in-house regulations of liquidity risk management on financing. The ALM & Risk Management Committee manages the liquidity risk by appropriate operations of financing and investing depending on the situations of risks.

(4) Supplementary Explanation on Fair Value of Financial Instruments

The fair value of financial instruments is measured at the quoted market price. If quoted price is not available, DBJ Inc. measures reasonably assessed price. Because assessed price is computed under certain conditions, it could differ in price according to the different conditions.

(b) Fair Values Information of Financial Instruments

The following are the carrying amount, fair value and differences between them as of March 31, 2010. Unlisted equities and others, whose fair value cannot be reliably determined, are excluded from the table below (see (2)).

	Millions of Yen		
	2010		
	Carrying amount	Fair value	Difference
Cash and due from banks	¥ 168,696	¥ 168,696	¥ —
Call loans and bills bought	125,000	125,000	—
Reverse repurchase agreements	179,991	179,991	—
Securities*1			
Held-to-maturity debt securities	438,009	453,073	15,063
Available-for-sale securities	516,442	516,442	—
Loans	13,514,661		
Allowance for loan losses*1	(201,403)		
	13,313,257	13,867,796	554,538
Total assets	¥14,741,396	¥15,310,998	¥569,602
Debentures*2	3,504,212	3,590,746	86,534
Call money and bills sold	153,000	153,000	—
Borrowed money	9,082,479	9,177,854	95,374
Corporate bonds	242,181	245,181	3,000
Total liabilities	¥12,981,873	¥13,166,782	¥184,908
Derivative transactions			
Derivative transactions not qualifying for hedge accounting	877	877	—
Derivative transactions qualifying for hedge accounting	16,174	16,174	—
Total derivative transactions	¥ 17,051	¥ 17,051	¥ —

	Thousands of U.S. Dollars (Note 1)		
	2010		
	Carrying amount	Fair value	Difference
Cash and due from banks	$ 1,813,156	$ 1,813,156	$ —
Call loans and bills bought	1,343,508	1,343,508	—
Reverse repurchase agreements	1,934,556	1,934,556	—
Securities*1			
Held-to-maturity debt securities	4,707,758	4,869,664	161,906
Available-for-sale securities	5,550,753	5,550,753	—
Loans	145,256,467		
Allowance for loan losses*1	(2,164,701)		
	143,091,766	149,051,980	5,960,214
Total assets	$158,441,497	$164,563,617	$6,122,120
Debentures*2	37,663,502	38,593,579	930,077
Call money and bills sold	1,644,454	1,644,454	—
Borrowed money	97,619,086	98,644,176	1,025,089
Corporate bonds	2,602,979	2,635,225	32,246
Total liabilities	$139,530,022	$141,517,434	$1,987,412
Derivative transactions			
Derivative transactions not qualifying for hedge accounting	9,432	9,432	—
Derivative transactions qualifying for hedge accounting	173,842	173,842	—
Total derivative transactions	$ 183,275	$ 183,275	$ —

*1. General and specific allowances for loan losses are deducted. Allowance for loan losses is set off against the carrying amount directly due to immateriality.
*2. Assets and liabilities arising from derivative transactions are presented on a net basis.

(1) The following are the Methods used to calculate the Fair Values of Financial Instrument.

Assets

(i) Cash and due from banks

For deposits without maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. For deposits with maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because the remaining maturity period of the majority of such deposits is short (maturity within 1 year).

(ii) Call loans and bills bought and Reverse repurchase agreements

For each of these items, the majority of transactions are short contract terms (1 year or less). Thus, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

(iii) Securities

The fair value of marketable equity securities is measured at market price. The fair value of bonds is measured at market price or quoted price from third party. For bonds without such price, the fair value is determined by discounting contractual cash flows at the rates that consist of the risk free rate and the credit risk premium that is based on types of securities, internal ratings and maturity length.

(iv) Loans

The fair value of loans is determined by discounting contractual cash flows at the rates that consist of the risk free rate and the credit risk premium that is based on types of loans, internal ratings and maturity length. Foreign currency swap contracts which meet the hedging requirements of the assignment method is qualified to loans, the contractual cash flows are based on the interest rate swap and foreign currency swap. For loans which are short contract terms (1 year or less), the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. With respect to the claims on debtors who are likely to become bankrupt or to be closely monitored, and for which future cash flows can reasonably be estimated, the fair values are determined by discounting expected cash flows that reflect expected loss at the risk free rate. For loans to obligors "legally bankrupt," "effectively bankrupt" and "possibly bankrupt," the reserve is provided based on the discounted cash flow method, or based on amounts expected to be collected through the disposal of collateral or execution of guarantees, carrying value net of the reserve as of the consolidated balance sheet date is the reasonable estimate of the fair values of those loans.

Liabilities

(i) Debentures

For floating rate debentures issued by DBJ Inc., the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. This is on the basis that the market interest rate is reflected in the fair value of such debentures because the terms of these were set within a short time period and that there has been no significant change in the creditworthiness of DBJ Inc. before and after the issuance. For fixed rate debentures with market prices, the fair value is determined based on their market price. For fixed rate debentures without market prices, the fair value is determined by discounting contractual cash flows based on types of maturity lengths (when interest rate swap contracts which meet the hedging requirements of the accrual method is qualified to debentures, the contractual cash flows are based on the interest rate swap) at the rates that consist of the risk free rate and the rate of certain costs applicable to DBJ Inc. Foreign currency swap contracts which meet the hedging requirements of the assignment method is qualified to debentures, the contractual cash flows are based on the interest rate and foreign currency swap.

(ii) Call money and bills sold

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

(iii) Borrowed money

For floating rate borrowed money, the carrying amount is presented as the fair value as the fair value approximates such carrying amount. This is on the basis that the market interest rate is reflected in the fair value of such borrowed money because the terms of these were set within a short time period for such variable rate borrowings and that there has been no significant change in the creditworthiness of DBJ Inc. nor consolidated subsidiaries before and after such borrowings were made. For fixed rate borrowed money, the fair values are determined by discounting contractual cash flows based on types of maturity lengths (when interest rate swap contracts which meet the hedging requirements of the accrual method is qualified to borrowings, the contractual cash flows are based on the interest rate swap) at the rates that consist of the risk free rate and the rate of certain costs applicable to DBJ Inc. or consolidated subsidiaries.

(iv) Corporate bonds
For floating rate corporate bonds issued by DBJ Inc., the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. This is on the basis that the market interest rate is reflected in the interest rate set within a short time period and that there has been no significant change in the creditworthiness of us before and after the issuance. For fixed rate corporate bonds with market prices, the fair value is determined based on their market price. For fixed rate corporate bonds without market prices, the fair value is determined by discounting contractual cash flows based on types of maturity lengths (when interest rate swap contracts which meet the hedging requirements of the accrual method is qualified to corporate bonds, the contractual cash flows are based on the interest rate swap) at the rates that consist of the risk free rate and the rate of certain costs applicable to DBJ Inc.

Derivatives
The information of the fair values for derivatives is included in Note 27.

(2) The following are the Financial Instruments whose Fair Value cannot be reliably determined as of March 31, 2010. These Securities are not included in the Amount in the Table summarizing Fair Values of Financial Instruments.

	Carrying amount	
	2010	
	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Money held in trust*1	¥ 30,740	$ 330,397
Unlisted corporate bonds*2	1,000	10,748
Unlisted equities*2, 3	182,031	1,956,488
Investments in limited partnerships and other similar partnerships*1	100,244	1,077,431
Unlisted other securities*2, 3	51,762	556,347
Total	¥365,778	$3,931,411

*1. Assets in trust and partnership assets which consist of financial instruments, whose fair value cannot be reliably determined, such as unlisted equities and other securities, are not subject to disclosing of fair values.
*2. Financial instruments for which quoted price is not available and fair value cannot be reliably determined, are not subject to disclosing of fair values.
*3. Impairment loss on financial instruments whose fair value cannot be reliably determined for the year ended March 31, 2010 is ¥22,036 million ($236,851 thousand). The breakdown is; unlisted equities ¥22,025 million ($236,733 thousand), unlisted other securities ¥10 million ($117 thousand).

(3) The following are the Maturity Analysis for Financial Assets and Securities with contractual Maturities as of March 31, 2010.

	Millions of Yen					
	2010					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Cash and due from banks	¥ 168,693	¥ —	¥ —	¥ —	¥ —	¥—
Call loans and bills bought	125,000	—	—	—	—	—
Securities						
Held-to-maturity dept securities with market values	12,877	52,417	50,772	160,360	109,630	51,956
Japanese government bonds	—	—	—	36,962	88,084	50,956
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	12,877	52,417	32,164	30,357	1,400	1,000
Other	—	—	18,608	93,040	20,145	—
Available-for-sale securities with contractual maturities*	270,123	132,651	51,790	5,636	27,616	3,906
Japanese government bonds	270,123	131,846	30,115	—	—	—
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	—	805	19,543	5,414	27,616	1,000
Loans*	1,588,852	3,272,241	3,012,066	2,217,335	1,937,528	845,194
Total	¥2,165,546	¥3,457,310	¥3,114,629	¥2,383,332	¥2,074,775	¥901,057

	Thousands of U.S. Dollars (Note 1)					
	2010					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Cash and due from banks	$1,813,126	$ —	$ —	$ —	$ —	$ —
Call loans and bills bought	1,343,508	—	—	—	—	—
Securities						
Held-to-maturity dept securities with market values	138,408	563,385	545,706	1,723,569	1,178,312	558,435
Japanese government bonds	—	—	—	397,279	946,737	547,687
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	138,408	563,385	345,706	326,290	15,047	10,748
Other	—	—	200,000	1,000,000	216,528	—
Available-for-sale securities with contractual maturities*	2,903,305	1,425,744	556,650	60,578	296,827	41,986
Japanese government bonds	2,903,305	1,417,089	323,683	—	—	—
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	—	8,654	210,053	58,192	296,827	10,748
Loans*	17,077,093	35,170,266	32,373,884	23,832,069	20,824,684	9,084,204
Total	$23,275,440	$37,159,395	$33,476,240	$25,616,216	$22,299,823	$9,684,626

Note: Obligations to "Legally Bankrupt," "Effectively Bankrupt" and "Possibly Bankrupt" amount to ¥641,730 million ($6,897,361 thousand) are not included as of March 31, 2010. The breakdown is; available-for-sale securities with contractual maturities ¥288 million ($3,096 thousand) and loans ¥641,442 million ($6,894,265 thousand).

(4) Maturity analysis for Debentures, Borrowed money and Other Liability with Interest as of March 31, 2010 are as follows:

	Millions of Yen					
	2010					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Call money and bills sold	¥ 153,000	¥ —	¥ —	¥ —	¥ —	¥ —
Borrowed money	855,251	2,367,711	2,119,138	1,315,011	1,174,964	1,250,401
Debentures and corporate bonds	403,134	986,668	588,692	507,071	499,806	761,020
Total	¥1,411,386	¥3,354,379	¥2,707,830	¥1,822,082	¥1,674,770	¥2,011,422

	Thousands of U.S. Dollars (Note 1)					
	2010					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Call money and bills sold	$ 1,644,454	$ —	$ —	$ —	$ —	$ —
Borrowed money	9,192,301	25,448,319	22,776,641	14,133,832	12,628,597	13,439,397
Debentures and corporate bonds	4,332,919	10,604,776	6,327,303	5,450,034	5,371,951	8,179,499
Total	$15,169,674	$36,053,095	$29,103,944	$19,583,866	$1,800,548	$21,618,896

27. Derivative Transactions

As noted in Note 26, DBJ Inc. applied ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures effective March 31, 2010." The accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010.

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

(1) Interest Rate-related Transactions

	Millions of Yen			
	2010			
	Contract amount			
	Total	Due after one year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps				
Receive fixed/ Pay float	¥594,493	¥591,975	¥11,424	¥11,424
Receive float/ Pay fixed	593,104	590,892	(6,874)	(6,874)
	—	—	¥ 4,550	¥ 4,550

	Millions of Yen			
	2009			
	Contract amount			
	Total	Due after one year	Fair value	Unrealized gains (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)			
	2010			
	Contract amount			
	Total	Due after one year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps				
Receive fixed/ Pay float	$6,389,660	$6,362,595	$122,796	$122,796
Receive float/ Pay fixed	6,374,724	6,350,947	(73,887)	(73,887)
	—	—	$ 48,909	$ 48,909

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

(2) Currency-related Transactions

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

	Millions of Yen			
	2009			
	Contract amount			
	Total	Due after one year	Fair value	Unrealized gains (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)			
	2010			
	Contract amount			
	Total	Due after one year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps	$1,047,910	$1,047,910	$ 3,544	$ 3,544
Forwards				
Sold	618,462	—	(9,572)	(9,572)
Bought	5,813	—	8	8
	—	—	$(6,020)	$(6,020)

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

(3) Equity-related Transactions

Not applicable.

(4) Bond-related Transactions

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

	Thousands of U.S. Dollars (Note 1)			
	2010			
	Contract amount			
	Total	Due after one year	Fair value	Unrealized gains (losses)
Listed				
Futures				
Sold	$1,075	$—	$ 0	$ 0
Bought	—	—	—	—
	—	—	$ 0	$ 0

*1. The above transactions are marked to market and changes in unrealized gains (losses) are included in the consolidated statement of operations.
*2. Fair values of listed transactions represent the closing price on the Tokyo Stock Exchange and other exchanges at the consolidated balance sheet date.

(5) Commodity-related Transactions

Not applicable.

(6) Credit Derivatives Transactions

	Millions of Yen			
	2010			
	Contract amount			
	Total	Due after one year	Fair value	Unrealized gains (losses)
Over-the-counter				
Credit default options				
Sold	¥390,449	¥190,449	¥(2,434)	¥(2,434)
Bought	56,000	36,000	(677)	(677)
	—	—	¥(3,112)	¥(3,112)

	Millions of Yen			
	2009			
	Contract amount			
	Total	Due after one year	Fair 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)

	Thousands of U.S. Dollars (Note 1)			
	2010			
	Contract Value			
	Total	Over one year	Market Value	Unrealized Gains (Losses)
Over-the-counter				
Credit default options				
Sold	$4,196,577	$2,046,964	$(26,170)	$(26,170)
Bought	601,892	386,930	(7,287)	(7,287)
	—	—	$(33,457)	$(33,457)

*1. The above transactions are marked to market and changes in unrealized gains (losses) are included in the consolidated statement of operations.
*2. Fair values are based on discounted present values or the counterparties' tendered price.
*3. 'Sold' means the underwriting of credit risk and 'Bought' means the transferring of credit risk.

(b) Derivative Transactions to which Hedge Accounting is qualified

(1) Interest Rate-related Transactions

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

		Thousands of U.S. Dollars (Note 1)		
		2010		
		Contract amount		
	Hedged item	Total	Due after one year	Fair value
Deferral method				
Swaps	Debentures, Borrowed money, Corporate bonds and Loans			
Receive fixed/ Pay float		$6,325,688	$6,291,799	$199,017
Receive float/ Pay fixed		568,612	518,397	(25,175)
Accrual method				
Swaps	Debentures, Borrowed money, Corporate bonds and Loans			
Receive fixed/ Pay float		2,996,647	2,914,867	*3
Receive float/ Pay fixed		7,325	6,051	
		—	—	$173,842

*1. DBJ Inc. applies the deferral method of hedge accounting primarily stipulated in "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in Banking Industry"(JICPA Industry Audit Committee Report No. 24).
*2. Fair values for the over-the-counter transactions are based primarily on discounted present values.
*3. The above interest rate swap contracts which qualify for the hedging requirements of the accrual method are not remeasured at fair value but the differential paid or received under the swap agreements are recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 26 "FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES" is included in that of hedged items such as debentures, borrowed money, corporate bonds and loans.

(2) Currency-related Transactions

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

	Hedged item	Thousands of U.S. Dollars (Note 1) 2010 Contract amount Total	Due after one year	Fair value
Translated at contractual rates	Foreign-currency debentures and loans			
Swaps		$1,773,415	$1,765,141	*
		—	—	—

Note: The above foreign currency swap contracts which qualify the hedging requirements of assignment method are not subject to the disclosure of fair value information. In addition, the fair value of such foreign currency rate swaps in Note 26 "FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES" is included in that of hedged items such as foreign-currency debentures and loans.

(3) Equity-related Transactions

Not applicable.

(4) Bond-related Transactions

Not applicable.

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, 2010 and 2009 are summarized below.

(a) Securities

(1) Held-to-maturity Debt Securities as of March 31, 2010

		Millions of Yen 2010 Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	¥ 77,187	¥ 77,530	¥ 342
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	73,571	79,075	5,504
	Other	113,185	124,508	11,322
Sub-total		263,944	281,114	17,169
Fair value does not exceed carrying amount	Japanese government bonds	98,816	98,555	(260)
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	56,645	54,914	(1,731)
	Other	18,608	18,489	(118)
Sub-total		174,070	171,959	(2,110)
Total		¥438,015	¥453,073	¥15,058

		Thousands of U.S. Dollars (Note 1)		
		2010		
		Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	$ 829,618	$ 833,298	$ 3,680
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	790,750	849,907	59,158
	Other	1,216,528	1,338,227	121,699
Sub-total		2,836,896	3,021,432	184,536
Fair value does not exceed carrying amount	Japanese government bonds	1,062,085	1,059,281	(2,804)
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	608,834	590,227	(18,607)
	Other	200,000	198,723	(1,277)
Sub-total		1,870,920	1,848,231	(22,689)
Total		$4,707,816	$4,869,664	$161,848

(2) Held-to-maturity Debt Securities with Fair Values as of March 31, 2009

	Millions of Yen				
	2009				
			Unrealized gains (losses)		
	Carrying amount	Fair value	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)
Total	¥152,289	¥148,953	¥(3,336)	¥197	¥(3,533)

Note: Fair value is based on the closing price at the period end.

(3) Available-for-sale Securities as of March 31, 2010

		Millions of Yen		
		2010		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	¥ 14,588	¥ 9,072	¥ 5,516
	Bonds	198,919	197,116	1,803
	Japanese government bonds	152,001	151,118	882
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	46,918	45,997	920
	Other	7,459	3,339	4,119
Sub-total		220,967	209,527	11,439
Carrying amount does not exceed cost	Equities	6,935	7,644	(709)
	Bonds	286,833	286,932	(99)
	Japanese government bonds	280,083	280,144	(60)
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	6,749	6,788	(38)
	Other	21,706	21,756	(50)
Sub-total		315,474	316,333	(858)
Total		¥536,442	¥525,861	¥10,580

		Thousands of U.S. Dollars (Note 1)		
		2010		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	$ 156,801	$ 97,508	$ 59,292
	Bonds	2,138,000	2,118,618	19,382
	Japanese government bonds	1,633,722	1,624,237	9,485
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	504,278	494,382	9,897
	Other	80,172	35,892	44,280
Sub-total		2,374,973	2,252,019	122,955
Carrying amount does not exceed cost	Equities	74,539	82,166	(7,626)
	Bonds	3,082,890	3,083,966	(1,067)
	Japanese government bonds	3,010,356	3,011,008	(652)
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	72,544	72,958	(414)
	Other	233,302	233,840	(537)
Sub-total		3,390,741	3,399,972	(9,230)
Total		$5,765,715	$5,651,990	$113,724

(4) Available-for-sale Securities with Fair Values as of March 31, 2009

	Millions of Yen				
	2009				
			Unrealized gains (losses)		
	Cost	Carrying amount (Fair value)	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)
Total	¥747,247	¥743,531	¥(3,716)	¥914	¥(4,630)

Note: Carrying amount above represents the fair values determined based on the closing price at the six-month period.

(5) Available-for-sale Securities sold as of March 31, 2010 and 2009

	Millions of Yen		
	2010		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	¥ 16,143	¥1,116	¥2,369
Bonds	250,453	151	19
Japanese government bonds	249,971	151	—
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	481	—	19
Other	343	111	126
Total	¥266,940	¥1,380	¥2,515

	Thousands of U.S. Dollars (Note 1)		
	2010		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	$ 173,509	$12,004	$25,466
Bonds	2,691,891	1,631	206
Japanese government bonds	2,686,714	1,631	—
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	5,177	—	206
Other	3,694	1,198	1,364
Total	$2,869,094	$14,834	$27,036

	Millions of Yen		
	2009		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Available-for-sale securities	¥6,170	¥3,415	¥327

(6) Held-to-maturity Debt Securities and Available-for-sale Securities whose Fair Values are not readily determinable as of March 31, 2009

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2009	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
Total	¥307,715	$3,132,597

(7) Change in Classification of Securities

Reclassification from held-to-maturity debt securities to available-for-sale securities due to deterioration of issuers' creditworthiness amounted to ¥28,926 million ($310,901 thousand) for the year ended March 31, 2010.

(8) Redemption Schedule of Available-for-sale Securities with maturities and Held-to-maturity Debt Securities as of March 31, 2009

	Millions of Yen			
	2009			
	Maturity			
	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	—
Total	¥660,550	¥151,850	¥120,211	¥1,000

(b) Money Held in Trust

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

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

	Millions of Yen	
	2009	
	Carrying amount	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)	
	2010	
	Carrying amount	Net unrealized loss on the consolidated statement of operations
Money held in trust for the purpose of investment	$270	$(27)

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

	Millions of Yen				
	2010				
			Unrealized gains (losses)		
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	¥30,715	¥28,115	¥2,599	¥2,618	¥(18)

	Millions of Yen				
	2009				
	Acquisition cost	Carrying amount	Unrealized gains (losses)		
			Net	Gains	(Losses)
Other money held in trust	¥28,074	¥24,860	¥(3,213)	¥5	¥(3,219)

	Thousands of U.S. Dollars (Note 1)				
	2010				
			Unrealized gains (losses)		
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	$330,127	$302,187	$27,940	$28,141	$(201)

(c) 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)
	2010	2009	2010
Unrealized loss on			
available-for-sale securities	¥ 9,819	¥(3,254)	$105,538
Other money held in trust	2,599	5	27,940
Deferred tax assets		1,631	
Deferred tax liabilities	(1,204)		(12,948)
	11,214	(1,617)	120,529
Amount corresponding to minority interests	(117)	(46)	(1,264)
DBJ Inc.'s interest in net unrealized gains on available-for-sale securities held by affiliates accounted for by the equity method	(5)	(3)	(55)
Unrealized loss on available-for-sale securities, net of taxes	¥11,091	¥(1,667)	$119,211

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

29. Related Party Transactions

Related party transactions for the year ended March 31, 2010 and for the six-month period ended March 31, 2009 are as follows:

				Amounts of the transactions		Balance at March 31, 2010	
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	Underwritten additional share *1	—	¥ 181,194	$ 1,947,485	¥ —	$ —
		Borrowings *2	Borrowed money	300,000	3,224,420	5,402,900	58,070,729
		Repayments		934,240	10,041,273		
		Payment for interest	Accrued amount payable	93,596	1,005,976	19,909	213,986
		Guarantees *3	—	2,255,851	24,246,040	—	—

				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 *5	¥ 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 *3	—	2,072,206	21,095,455	—	—

*1. DBJ Inc. has allocated new shares issued at ¥50,000 ($537) per share to a third party.
*2. DBJ Inc. has borrowed from the fiscal investment and loan program funds, and applied interest rates for fiscal investment and loan. The last redemption period is November 20, 2029 without putting up collateral.
*3. The Guarantees are for debentures issued by DBJ Inc. free of guarantee charge.
*4. According to Article 2, item 5 of the Japan Finance Corporation Law, DBJ Inc. has borrowed ¥3,199,746 million ($34,391,079 thousand) from the Japan finance corporation relating to the crisis response business.
*5. The interest rate of borrowed money is from 0.00% to 4.75%, and the last redemption period is March 20, 2029.

30. Subsequent Event

On June 29, 2010, the shareholders meeting resolved the following appropriations of retained earnings. After that, the timing and amounts for dividends were authorized by the Finance Minister on the same day:

Appropriations of Retained earnings as of March 31, 2010

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Year-end cash dividends—Common stock (¥230-$2.47 per share)	¥10,033	$107,841

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Development Bank of Japan Inc. and consolidated subsidiaries (the "Bank") as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in equity, and cash flows for the year ended March 31, 2010 and the six-month period ended March 31, 2009, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Development Bank of Japan Inc. and consolidated subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the year ended March 31, 2010 and the six-month period ended March 31, 2009, in conformity with accounting principles generally accepted in Japan.

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

Deloitte Touche Tohmatsu LLC

June 21, 2010
(June 29, 2010 as to Note 30)

Member of
Deloitte Touche Tohmatsu

Non-Consolidated Balance Sheets (Unaudited)

Development Bank of Japan Inc.
As of March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note)
	2010	2009	2010
Assets			
Cash and due from banks	¥ 128,309	¥ 58,386	$ 1,379,074
Call loans	125,000	145,000	1,343,508
Reverse repurchase agreements	179,991	375,966	1,934,556
Money held in trust	27,193	23,981	292,279
Securities	1,281,454	1,226,683	13,773,156
Loans	13,538,070	12,026,675	145,508,064
Other assets	89,057	88,436	957,195
Tangible fixed assets	162,105	162,367	1,742,316
Intangible fixed assets	5,072	4,573	54,523
Deferred tax assets	44,326	27,915	476,425
Customers' liabilities for acceptances and guarantees	195,172	160,276	2,097,727
Allowance for loan losses	(200,587)	(273,813)	(2,155,933)
Allowance for investment losses	(7,919)	(9,015)	(85,117)
Total assets	¥15,567,245	¥14,017,435	$167,317,772
Liabilities and equity			
Liabilities:			
Debentures	¥ 3,504,212	¥ 3,431,597	$ 37,663,502
Call money	153,000	—	1,644,454
Borrowed money	9,079,459	8,064,872	97,586,627
Corporate bonds	242,181	81,423	2,602,979
Other liabilities	49,594	169,143	533,048
Accrued bonuses to employees	2,150	2,217	23,108
Accrued bonuses to directors and corporate auditors	22	20	238
Reserve for employees' retirement benefits	32,495	32,023	349,263
Reserve for directors' and corporate auditors' retirement benefits	34	11	373
Reserve for contingent losses	2,815	—	30,259
Reserve for losses on headquarter relocation	6,536	—	70,253
Acceptances and guarantees	195,172	160,276	2,097,727
Total liabilities	13,267,674	11,941,586	142,601,832
Equity:			
Common stock authorized, 160,000 thousand shares in 2010 and 2009; issued, 43,623 thousand shares in 2010 and 40,000 thousand shares in 2009	1,181,194	1,000,000	12,695,550
Capital surplus	1,060,466	1,157,715	11,397,962
Retained earnings (deficit)	39,834	(97,248)	428,148
Unrealized gain (loss) on available-for-sale securities	7,092	(2,425)	76,235
Deferred gain on derivatives under hedge accounting	10,982	17,808	118,045
Total equity	2,299,571	2,075,849	24,715,941
Total liabilities and equity	¥15,567,245	¥14,017,435	$167,317,772

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥93.04=$1.00, the effective exchange rate prevailing as of March 31, 2010, has been used in the conversion.

Non-Consolidated Statements of Operations (Unaudited)

Development Bank of Japan Inc.
For the year ended March 31, 2010 and for the six-month period ended March 31, 2009

	Millions of Yen		Thousands of U.S. Dollars (Note)
	2010	2009 (6 months)	2010
Income			
Interest income:	¥299,429	¥ 135,733	$3,218,284
Interest on loans	278,493	131,160	2,993,269
Interest and dividends on securities	13,438	4,064	144,437
Interest on call loans	55	14	594
Interest on reverse repurchase agreements	322	387	3,462
Interest on due from banks	100	106	1,085
Interest on swaps (net)	6,996	—	75,196
Other interest income	22	—	241
Fees and commissions	15,768	4,626	169,482
Other operating income	19,880	632	213,672
Other income	14,073	10,873	151,260
Total income	**349,151**	**151,865**	**3,752,698**
Expenses			
Interest expense:	180,058	83,995	1,935,279
Interest on debentures	55,409	25,991	595,543
Interest on call money and bills sold	64	0	693
Interest on borrowed money	122,474	55,906	1,316,364
Interest on corporate bonds	2,105	216	22,631
Interest on swaps (net)	—	1,880	—
Other interest expense	4	0	49
Fees and commissions	1,028	140	11,057
Other operating expenses	34,059	10,730	366,072
General and administrative expenses	31,722	15,225	340,953
Other expenses	51,655	157,476	555,195
Total expenses	**298,524**	**267,567**	**3,208,556**
Income (loss) before income taxes	**50,626**	**(115,701)**	**544,142**
Income taxes:			
Current	25,308	20,016	272,021
Deferred	(14,516)	(6,490)	(156,027)
Total income taxes	**10,792**	**13,525**	**115,994**
Net income (loss)	**¥ 39,834**	**¥(129,227)**	**$ 428,148**

	Yen		U.S. Dollars (Note)
Per share of common stock			
Basic net income (loss)	¥969.04	¥(3,230.68)	$10.42

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥93.04=$1.00, the effective exchange rate prevailing as of March 31, 2010, has been used in the conversion.

Non-Consolidated Statements of Changes in Equity (Unaudited)

Development Bank of Japan Inc.
For the year ended March 31, 2010 and for the six-month period ended March 31, 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2010	2009 (6 months)	2010
Common stock:			
Balance at beginning of financial period	¥1,000,000	¥1,000,000	$10,748,065
Issuance of new shares of common stock	181,194	—	1,947,485
Balance at end of financial period	1,181,194	1,000,000	12,695,550
Capital surplus:			
Balance at beginning of financial period	1,157,715	1,157,715	12,443,199
Transfer from capital surplus to retained earnings	(97,248)	—	(1,045,237)
Balance at end of financial period	1,060,466	1,157,715	11,397,962
Retained earnings (deficit):			
Balance at beginning of financial period	(97,248)	—	(1,045,237)
Transfer from capital surplus to retained earnings	97,248	—	1,045,237
The amount of tax effect adjustment due to change in legal structure	—	31,978	—
Net income (loss)	39,834	(129,227)	428,148
Balance at end of financial period	39,834	(97,248)	428,148
Unrealized gain (loss) on available-for-sale securities:			
Balance at beginning of financial period	(2,425)	—	(26,074)
Net change during the financial period	9,518	(2,425)	102,309
Balance at end of financial period	7,092	(2,425)	76,235
Deferred gain on derivatives under hedge accounting:			
Balance at beginning of financial period	17,808	—	191,410
Net change during the financial period	(6,825)	17,808	(73,365)
Balance at end of financial period	10,982	17,808	118,045
Total equity	**¥2,299,571**	**¥2,075,849**	**$24,715,941**

Notes: 1. Beginning of financial period, 2010 is April 1, 2009 and 2009 (6 months) is October 1, 2008, respectively. End of financial period, 2010 is March 31, 2010 and 2009 (6 months) is March 31, 2009, respectively.
2. Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥93.04=$1.00, the effective exchange rate prevailing as of March 31, 2010, has been used in the conversion.

Capital Adequacy Status

Capital adequacy ratios were calculated in accordance with the guidelines stipulated by Article 14-2 of the Banking 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 2010), 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 DBJ does not conduct trading (specific transactions) operations, and as Article 4 and Article 16 of the Capital Adequacy Ratio Notification apply, the market risk equivalent amount was not calculated.

[1] Capital Adequacy Ratio Status (Consolidated)

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 13 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 DBJ resulting from the decline in or disappearance of the value of credit assets, owing to the worsening credit standing of clients for loans or debt guarantees. These risks include expected losses (EL), or losses that on average can be expected to occur within a certain measurement period; and unexpected losses (UL), which go extend beyond the boundaries of losses that, on average, are expected within a period of time. DBJ periodically compares UL and capital to measure the amount of capital in surplus. (b) Rating Agencies Eligible to Weight Risks The rating agencies that DBJ uses for weighting risk are among the four that the FSA has named eligible to perform such weighting. 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 DBJ 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	DBJ regularly refers to the ratings and credit amounts of transaction counterparties to determine the advisability of entering a transaction or to understand the risks of existing transactions.
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. DBJ conducts risk management in line with changes in rating level. In addition to rating its exposure when making new acquisitions, DBJ reviews these ratings periodically. DBJ's involvement in securitized transactions is typically that of an investor, and in principle the exposure acquired through such transactions continues until the instrument's maturity. **(b) Methods Used to Calculate Credit Risk Asset Amount of Securitization Exposure** DBJ employs the standardized approach for these calculations. **(c) Method of Accounting for Securitized Transactions** DBJ's involvement in securitized transactions is that of an investor. DBJ accounts for these transactions in accordance with the "Accounting Standard for Financial Instruments." **(d) Rating Agencies Eligible to Weight Risks by Type of Securitization** 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	Based on Article 4 of the Capital Adequacy Ratio Notification, DBJ includes in its calculation method no market risk equivalent amount.
9. Operational risk	**(a) Overview of Risk Management Policies and Procedures** DBJ defines operational risk as the risk of loss arising from internal processes, the activities of officers and employees or systems that are inappropriate or non-functioning, or from extrinsic events. DBJ establishes its management structure and basic risk management policy pertaining to management methods after considering the wide range of operational risks that it potentially faces, such as operational risk, systems risk, legal risk, human risk, tangible asset risk and reputational risk. DBJ designates operational risk officers at each of its offices. These personnel are charged with establishing data collection procedures, remaining aware of risks and creating risk databases. In line with the increasing level of sophistication and complexity of the financial business, DBJ addresses various operational risks by establishing or reinforcing management methods and preparations to appropriately identify, evaluate, measure, monitor and control these risks. **(b) Method Used to Calculate Operational Risk Equivalent Amount** DBJ uses the basic indicator approach to calculate these risks.
10. Overview of Risk Management Policies and Procedures Regarding Exposure to Shares and Other Equity Investments and Capital Injections into the Banking Book	DBJ defines investment risk as its risk of sustaining a partial or total loss on the economic value of assets (including off-balance-sheet assets), owing to such factors as the worsening of an investee's financial conditions or to fluctuations in the market environment. For newly acquired exposure, DBJ considers the balance between investment risk and potential return in each field of investment. Thereafter, DBJ regularly conducts performance evaluations on its exposure.

11. Interest Rate Risk on the Banking Book

(a) Overview of Risk Management Policies and Procedures

Long-term, fixed-rate loans make up the majority of the DBJ's lending, and DBJ seeks to reduce its interest rate risk by raising funds featuring similarly long-term, fixed rates. We also employ the value at risk (VaR) and the Basel II standardized interest rate shock* method to compute various risks from the standpoint of their economic value.

We regularly compare VaR and 200bpValue against capital to ensure that interest rate risk remains within a specified range of capital.

* Measurement methods are described in (ii) and (iii) of (b).

(b) Overview of Methods for Calculating Interest Rate Risk Used by the Bank for Internal Control of the Banking Book

DBJ calculates interest rate risk based on the following method.

(i) VaR: Use a historical method of measurement with a one-year holding period, a five-year time horizon and a 99.9% confidence level

(ii) Measure interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon

(iii) 200bpValue: Use a 2% parallel shift in a standardized interest rate shock to measure the change in economic value

((ii) and (iii) are methods for measuring the standardized interest rate shock under Basel II.)

Quantitative Disclosure

1. 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, 2010	March 31, 2009
(a) Capital requirement to total credit risk		753,183	702,205
(1) Exposure by portfolio to which standardized approach applied		708,121	650,833
(i) Japanese government and regional municipal entities		0	0
(ii) Exposure to financial institutions		6,443	5,111
(iii) Exposure to corporations		665,586	613,433
(iv) Equity exposure		18,123	16,536
(v) Other exposure		17,968	15,752
(2) Securitization risk exposure		45,062	51,372
(b) Capital requirement to market risk		—	—
(c) Capital requirement to operational risk		17,064	14,234
(d) Consolidated total capital requirement ((a) + (b) + (c))		770,248	716,440
(e) Consolidated capital ratio and consolidated Tier I ratio	Capital ratio	19.13%	18.88%
	Tier I ratio	23.83%	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, 2010	March 31, 2009
Loans	12,970,521	11,562,800
Equities, funds	255,014	216,535
Commitments and customers' liabilities for acceptances and guarantees	396,136	379,029
Bonds (JGBs and corporate bonds, etc.)	916,690	888,443
Repurchase agreement/call loan	304,998	520,972
Other	496,229	375,860
Total	15,339,590	13,943,641

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

(1) By region

(Millions of yen)

	March 31, 2010	March 31, 2009
Domestic total	15,338,656	13,943,566
Overseas total	934	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, 2010	March 31, 2009
Manufacturing	3,514,512	2,832,973
Forestry and fisheries	1,063	1,221
Mining	36,243	26,965
Construction	25,622	58,995
Wholesale and retail	1,130,017	875,540
Finance and insurance	1,134,074	1,149,726
Real estate	1,439,661	1,276,177
Transportation and communications	4,275,122	4,064,028
Electrical, gas and water	1,879,565	2,028,789
Services	965,183	1,137,269
Other	938,522	491,953

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2010	March 31, 2009
Five years or less	5,884,768	5,043,231
More than five years, up to 10	5,715,819	4,818,836
More than 10 years, up to 15	2,336,480	2,646,779
More than 15 years	913,910	1,040,599
No maturity date	488,611	394,194

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

	March 31, 2010	March 31, 2009
Risk weight 0%	895,996	753,431
Risk weight 10%	175,621	294
Risk weight 20%	4,074,386	4,624,103
Risk weight 50%	3,932,772	2,743,958
Risk weight 100%	6,021,593	5,444,070
Risk weight 150%	20,732	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, 2010	March 31, 2009
Eligible financial collaterals	179,985	375,963
Guarantees or credit derivatives	1,619,222	1,852,601

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

(Millions of yen)

		March 31, 2010	March 31, 2009
Equivalent credit calculation method		Current exposure method	Current exposure method
Gross restructuring cost		116,247	117,323
Gross add-on, by transaction type		110,838	103,801
	Interest rate transactions	68,724	60,822
	Foreign exchange transactions	39,314	40,079
	Credit derivative transactions	2,800	2,900
Reducing credit equivalent amounts through netting		124,489	110,391
Net equivalent credit		102,596	110,732
	Net restructuring cost	43,590	53,719
Notional amounts of credit derivatives for calculated credit equivalent amount by type of credit derivative, by protection purchase or provision	Credit default swaps provision	390,449	861,210
	Credit default swaps purchase	56,000	451,100
Notional amounts 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, 2010	March 31, 2009
Structured finance	723,423	613,337
Credit derivatives	290,299	739,574
Funds*	189,701	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, 2010	March 31, 2009
Risk weight	20%	Balance	380,274	594,454
		Capital requirement	6,084	9,511
Risk weight	50%	Balance	31,334	201,778
		Capital requirement	1,253	8,071
Risk weight	100%	Balance	311,581	261,237
		Capital requirement	24,926	20,899
Risk weight	350%	Balance	36,440	35,000
		Capital requirement	10,203	9,800
Risk weight	Capital deductions	Balance	429,016	437,337
		Capital requirement	—	—
Risk weight	Other*	Balance	14,776	15,958
		Capital requirement	2,594	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, 2010	March 31, 2009
Structured finance	239,982	244,482
Funds*	189,701	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, 2010	March 31, 2009
Credit risk assets	32,361	38,635

7. Items Related to Market Risk

DBJ falls into the category indicated in Article 4 of the Capital Adequacy Ratio Notification. Consequently, calculation of the market risk equivalent amount was not performed.

8. Items Related to Shares and Other Equity Investments and Capital Injections into the Banking Book

(Millions of yen)

	March 31, 2010	March 31, 2009
(a) Market value of below-listed items as included within categories in the consolidated balance sheets		
Exposure to listed shares	25,236	28,961
Exposure to other equity investments and capital injections	225,851	180,170
(b) Gains or losses on the sale of equity investments or shares	(1,199)	3,204
Gain or loss on write-off of equity exposure	22,334	14,558
(c) Gains or losses from valuation recognized on the consolidated balance sheets but not recognized on the consolidated statements of income	11,091	(1,667)
(d) Included amount stipulated in Article 6, Paragraph 1, Item 1 of the Capital Adequacy Ratio Notification	5,590	—

Notes: 1. The Group has no gains or losses from valuation recognized on the consolidated balance sheets or the consolidated statements of income.
2. The Group has no exposure to shares to which Article 13 of the Supplementary Provisions to the Capital Adequacy Ratio Notification applies.

9. Amount of Exposure Applied for the Deemed Calculation of Credit Risk Assets

As DBJ employs the standardised approach for calculating credit risk, this item does not apply.

10. Interest Rate Risk in the Banking Book

	March 31, 2010	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: ¥8.3 billion	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥19.4 billion

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

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, DBJ quantifies credit risk, interest rate risk and operational risk, compares the total risk amount with total capital and measures the capital surplus. This surplus enables DBJ to respond to unquantifiable risks and unforeseen events, decide whether to take new financing risks and establish the operating directions.
3. Credit Risk	**(a) Overview of Risk Management Policies and Procedures** Credit risk refers to the risk of loss to DBJ resulting from the decline in or disappearance of the value of credit assets, owing to the worsening credit standing of clients for loans or debt guarantees. These risks include expected losses (EL), or losses that on average can be expected to occur within a certain measurement period; and unexpected losses (UL), which go extend beyond the boundaries of losses that, on average, are expected within a period of time. DBJ periodically compares UL and capital to measure the amount of capital in surplus. **(b) Rating Agencies Eligible to Weight Risks** The rating agencies that DBJ uses for weighting risk are among the four that the FSA has named eligible to perform such weighting. 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 DBJ is aware of the current status of its collateral property.
5. Overview of Risk Management Policies and Procedures Related to Risk Involving Counter-parties in Derivative Product Transactions and Transactions with Long Settlement Periods	DBJ regularly refers to the ratings and credit amounts of transaction counterparties to determine the advisability of entering a transaction or to understand the risks of existing transactions.
6. Securitization Exposure	**(a) Overview of Risk Management Policies and Procedures** Excluding credit derivatives, the majority of DBJ's securitization exposure falls into the category of specialised lending (Item 47, Article 1, of the Capital Adequacy Ratio Notification) employing internal rating methods. Different from the internal ratings that are applied to standard corporate credit, this exposure is given a rating by using a grading system applied to match the characteristics of specialised lending. DBJ conducts risk management in line with changes in rating level. In addition to rating its exposure when making new acquisitions, DBJ reviews these ratings periodically. DBJ's involvement in securitized transactions is typically that of an investor, and in principle the exposure acquired through such transactions continues until the instrument's maturity. **(b) Methods Used to Calculate Credit Risk Asset Amount of Securitization Exposure** DBJ employs the standardized approach for these calculations. **(c) Method of Accounting for Securitized Transactions** DBJ's involvement in securitized transactions is that of an investor. DBJ accounts for these transactions in accordance with the "Accounting Standard for Financial Instruments. **(d) Rating Agencies Eligible to Weight Risks by Type of Securitization** 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	Based on Article 16 of the Capital Adequacy Ratio Notification, DBJ includes in its calculation method no market risk equivalent amount.
8. Operational risk	**(a) Overview of Risk Management Policies and Procedures** DBJ defines operational risk as the risk of loss arising from internal processes, the activities of officers and employees or systems that are inappropriate or non-functioning, or from extrinsic events. DBJ establishes its management structure and basic risk management policy pertaining to management methods after considering the wide range of operational risks that it potentially faces, such as operational risk, systems risk, legal risk, human risk, tangible asset risk and reputational risk. DBJ designates operational risk officers at each of its offices. These personnel are charged with establishing data collection procedures, remaining aware of risks and creating risk databases. In line with the increasing level of sophistication and complexity of the financial business, DBJ addresses various operational risks by establishing or reinforcing management methods and preparations to appropriately identify, evaluate, measure, monitor and control these risks. **(b) Method Used to Calculate Operational Risk Equivalent Amount** DBJ uses the basic indicator approach to calculate these risks.
9. Overview of Risk Management Policies and Procedures Regarding Exposure to Shares and Other Equity Investments and Capital Injections into the Banking Book	DBJ defines investment risk as its risk of sustaining a partial or total loss on the economic value of assets (including off-balance-sheet assets), owing to such factors as the worsening of an investee's financial conditions or to fluctuations in the market environment. For newly acquired exposure, DBJ considers the balance between investment risk and potential return in each field of investment. Thereafter, DBJ regularly conducts performance evaluations on its exposure.
10. Interest Rate Risk on the Banking Book	**(a) Overview of Risk Management Policies and Procedures** Long-term, fixed-rate loans make up the majority of the DBJ's lending, and DBJ seeks to reduce its interest rate risk by raising funds featuring similarly long-term, fixed rates. We also employ the value at risk (VaR) and the Basel II standardized interest rate shock* method to compute various risks from the standpoint of their economic value. We regularly compare VaR and 200bpValue against capital to ensure that interest rate risk remains within a specified range of capital. * Measurement methods are described in (ii) and (iii) of (b). **(b) Overview of Methods for Calculating Interest Rate Risk Used by the Bank for Internal Control of the Banking Book** DBJ calculates interest rate risk based on the following method. (i) VaR: Use a historical method of measurement with a one-year holding period, a five-year time horizon and a 99.9% confidence level (ii) Measure interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon (iii) 200bpValue: Use a 2% parallel shift in a standardized interest rate shock to measure the change in economic value ((ii) and (iii) are methods for measuring the standardized interest rate shock under Basel II.)

Quantitative Disclosure

1. Items Related to Capital Adequacy Level

(Millions of yen)

		March 31, 2010	March 31, 2009
(a) Capital requirement to total credit risk		753,259	701,671
(1) Exposure by portfolio to which standardized method applied		708,297	650,299
(i) Japanese government and regional municipal bodies		0	0
(ii) Exposure to financial institutions		5,858	5,020
(iii) Exposure to corporations		667,640	612,793
(iv) Equity exposure		17,038	16,805
(v) Other exposure		17,759	15,680
(2) Securitization risk exposure		44,961	51,372
(b) Capital requirement to market risk		—	—
(c) Capital requirement to operational risk		16,971	14,222
(d) Non-consolidated total capital requirement ((a) + (b) + (c))		770,231	715,893
(e) Non-consolidated capital ratio and non-consolidated Tier I ratio	Capital ratio	18.79%	18.70%
	Tier I ratio	23.59%	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, 2010	March 31, 2009
Loans	12,967,415	11,552,191
Equities, funds	277,622	228,976
Commitments and customers' liabilities for acceptances and guarantees	396,136	378,629
Bonds (JGBs and corporate bonds, etc.)	916,690	888,443
Repurchase agreement/call loan	304,998	520,972
Other	452,133	364,641
Total	15,314,996	13,933,855

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

(1) By region

(Millions of yen)

	March 31, 2010	March 31, 2009
Domestic total	15,314,996	13,933,855
Overseas total	—	—

Note: DBJ has no overseas sales locations.

(2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2010	March 31, 2009
Manufacturing	3,514,512	2,832,973
Forestry and fisheries	1,063	1,221
Mining	36,243	26,965
Construction	25,622	58,995
Wholesale and retail	1,130,017	875,540
Finance and insurance	1,181,018	1,164,797
Real estate	1,467,664	1,276,177
Transportation and communications	4,275,122	4,064,028
Electrical, gas and water	1,879,565	2,028,789
Services	966,249	1,138,241
Other	837,916	466,123

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2010	March 31, 2009
Five years or less	5,884,768	5,042,831
More than five years, up to 10	5,715,819	4,818,836
More than 10 years, up to 15	2,336,480	2,646,779
More than 15 years	913,910	1,040,599
No maturity date	464,017	384,808

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

(Millions of yen)

	March 31, 2010	March 31, 2009
Risk weight 0%	895,996	753,431
Risk weight 10%	175,621	294
Risk weight 20%	4,037,850	4,618,368
Risk weight 50%	3,932,772	2,743,836
Risk weight 100%	6,031,105	5,438,599
Risk weight 150%	20,732	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, 2010	March 31, 2009
Eligible financial collaterals	179,985	375,963
Guarantees or credit derivatives	1,619,222	1,852,601

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

(Millions of yen)

		March 31, 2010	March 31, 2009
Equivalent credit calculation method		Current exposure method	Current exposure method
Gross restructuring cost		116,247	117,323
Gross add-on, by transaction type		110,838	103,801
	Interest rate transactions	68,724	60,822
	Foreign exchange transactions	39,314	40,079
	Credit derivative transactions	2,800	2,900
Reducing credit equivalent amounts through netting		124,489	110,391
Net equivalent credit		102,596	110,732
	Net restructuring cost	43,590	53,719
Notional amounts of credit derivatives for calculated credit equivalent amount by type of credit derivative, by protection purchase or provision	Credit default swaps provision	390,449	861,210
	Credit default swaps purchase	56,000	451,100
Notional amounts 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 DBJ is the originator

Not applicable.

(b) Securitization exposure in which DBJ is an investor

(1) Retained securitization exposure amount and breakdown by major underlying asset type

(Millions of yen)

	March 31, 2010	March 31, 2009
Structured finance	692,668	586,961
Credit derivatives	290,299	739,574
Funds*	227,244	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, 2010	March 31, 2009
Risk weight	20%	Balance	380,274	594,454
		Capital requirement	6,084	9,511
Risk weight	50%	Balance	31,334	201,777
		Capital requirement	1,253	8,071
Risk weight	100%	Balance	311,581	261,237
		Capital requirement	24,926	20,898
Risk weight	350%	Balance	36,083	35,000
		Capital requirement	10,103	9,800
Risk weight	Capital deductions	Balance	436,162	443,636
		Capital requirement	—	—
Risk weight	Other*	Balance	14,776	15,958
		Capital requirement	2,594	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, 2010	March 31, 2009
Structured finance	210,668	218,414
Funds*	226,160	225,527

* 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, 2010	March 31, 2009
Credit risk assets	32,361	38,635

6. Items Related to Market Risk

DBJ falls into the category indicated in Article 16 of the Capital Adequacy Ratio Notification. Consequently, calculation of the market risk equivalent amount was not performed.

7. Items Related to Shares and Other Equity Investments and Capital Injections into the Banking Book

(Millions of yen)

	March 31, 2010	March 31, 2009
(a) Market value of below-listed items as included within categories in the non-consolidated balance sheets		
Exposure to listed shares	24,806	28,492
Exposure to other equity investments and capital injections	218,228	186,518
(b) Gains or losses on the sale of equity investments or shares	(1,804)	3,236
Gain or loss on write-off of equity exposure	21,358	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	7,092	(2,425)
(d) Included amount stipulated in Article 18, Paragraph 1, Item 1 of the Capital Adequacy Ratio Notification	3,697	—

Notes: 1. The Group has no gains or losses from valuation recognized on the non-consolidated balance sheets or the non-consolidated statements of income.
2. The Group has no exposure to shares to which Article 13 of the Supplementary Provisions to the Capital Adequacy Ratio Notification applies.

8. Exposure Applied for the Deemed Calculation of Credit Risk Assets

As DBJ employs the standardised approach for calculating credit risk, this item does not apply.

9. Interest Rate Risk in the Banking Book

	March 31, 2010	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: ¥8.3 billion	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥19.4 billion

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