Applying Financial Expertise to Design the Future

Annual Report & CSR Report

2012

Development Bank of Japan Inc.

Profile (As of September 1, 2012)

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. Act (Act No. 85 of 2007)
President:	Toru Hashimoto
Number of employees:	1,147 (As of March 31, 2012)
Capital:	¥1,198,316 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, 17; non-consolidated subsidiaries, 23; and affiliated companies, 15 (As of March 31, 2012)
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:	¥15,563.2 billion (As of March 31, 2012)
Loans:	¥13,704.9 billion (As of March 31, 2012)
Capital adequacy ratio:	18.30% (As of March 31, 2012)
Issuer ratings:	Aa3 (Moody's Investors Service, Inc.), A+ (Standard & Poor's Corp.), AA (Rating and Investment Information, Inc.), AAA (Japan Credit Rating Agency, Ltd.)

Note: Information above is 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

Issues Japan Faces and DBJ's Role in Resolving Them

The Japanese economy faces a number of pressing issues. Following the Great East Japan Earthquake, these include the need for restoration and reconstruction, as well as electrical power supply problems. Also of growing concern is the hollowing out of industry, owing to yen appreciation. The economy also confronts structural issues, such as deflation, a lower birth rate and an increase in the average age. Furthermore, we face concerns about the impact of the European debt crisis on international financial and capital markets and the world economy.

In light of these issues and the expected changes in the socioeconomic environment, DBJ will continue working toward Japan's socioeconomic development in the ways described below, by leveraging its characteristics: a long-term perspective, large size, integrated investment and loans, and a neutral standpoint.

First, by supplying risk capital in an appropriate manner, DBJ's financial function is to help reinforce Japan's financial markets. At the same time, to counter the hollowing out of Japanese industry we are helping to rebuild the industrial infrastructure and aiding the reconstruction of the Japanese industrial structure. Furthermore, DBJ is supporting growth in fields that should help to expand Japan's economic frontiers.

In addition, we are taking an active role in providing a safety net for financial markets, responding expeditiously and proactively to such events as financial crises and the Great East Japan Earthquake.

While filling these roles, as a joint stock company we manage DBJ as an autonomous entity, introducing initiatives that are designed to boost our profits.

Specific DBJ Initiatives

Based on these precepts, in the preceding fiscal year DBJ formulated its second medium-term management plan, which is a three-year plan designed to respond appropriately to current issues such as the Great East Japan Earthquake. At the same time, the plan targets the reconstruction of the Japanese industrial structure and aims to proactively support growth fields.

DBJ responded to the Great East Japan Earthquake by fully leveraging its accumulated expertise and networks and making a full-fledged effort to support general industries in the affected region. As a designated financial institution for crisis response operations, we met current financial demands providing financing for crisis response operations amounting to approximately ¥1 trillion (as of March 31, 2012). In addition, on its own initiative DBJ responded to capital funding needs by forming restoration funds in cooperation with regional banks in the affected area, thereby putting in place a detailed support structure.

As part of our efforts to rebuild the industrial structure and support growth fields, we established the DBJ Smart Japan Program to support our own financing activities to boost global competitiveness and target community development and the environment and energy fields, among others. In growth fields in particular, in addition to having a financial aspect, our efforts focus on nurturing the seeds of success. Given Japan's lower birth rate and increase in the average age, encouraging the participation of women has become essential to supporting economic activity. Recognizing this situation, we set up the Women Entrepreneurs Center (DBJ-WEC). Specific center activities commenced in June 2012, when we held a business competition targeting female entrepreneurs.

Going forward, DBJ will continue playing the roles referred to earlier as it contributes to addressing the issues faced by the Japanese economy.

Meeting Our Corporate Social Responsibilities

We believe that a company's corporate social responsibilities center on a commitment to creating social value through its operations. We meet this responsibility through business activities that address a host of societal needs and issues, and via our financial services. Accordingly, our business endeavors themselves form the base of our CSR activities. We plan to continue increasing our CSR efforts by increasing our sensitivity to societal needs and raising the level of the solutions that we provide.

July 2012

T. Hashimoto

Toru Hashimoto
President & CEO
Development Bank of Japan Inc.

Toward the Future Prosperity of Japan

Our Initiatives to Address the Issues Our Clients Face

Initiatives in the Energy Sector

Providing Investments and Loans to Ensure a Stable, Long-Term Supply of Energy to Core Industries

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Initiatives in the Transportation Sector

Providing Investments and Loans to Increase Transportation Capabilities and Efficiency, Build and Upgrade Transportation Infrastructure That Has Deteriorated Over Time and Addressing the Aging Population and Responding to Environmental Issues

P.8

Initiatives in the Urban Development (Real Estate) Sector

Supporting Real Estate Development, Utilization and Liquidization through Various Financing Schemes, Including Securitization

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Initiatives in the Environmental Business Sector

Promoting Investment and Loans That Address Global Environmental Issues from a Long-Term, Neutral and Public-Minded Perspective

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Initiatives in the Healthcare and Welfare Sectors

Supporting Initiatives That Maintain or Improve the Quality of Healthcare and Welfare in Japan through Finance, Consulting and Provision of Information

P.14

DBJ's corporate philosophy is "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 help them achieve their future prosperity." In accordance with this philosophy, we provide financial services to contribute to the future prosperity of Japan.

Restructuring and Revitalization Initiatives

Supporting Increases in Clients' Corporate Value through Financial Methods That Contribute to Business Restructuring and Industry Revitalization, Thereby Increasing Competitiveness

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Social Infrastructure Initiatives

Leveraging Experience and Expertise Gained during Our Time as a Policy-Based Financial Institution to Provide Appropriate Solutions and Investments and Loans to Help Build and Enhance Social Infrastructure

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Community Revitalization Initiatives

Providing Optimal Solutions by Forming Networks That Connect Local Companies and Government Bodies, Economic Organizations, Chambers of Commerce and Other Institutions

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Overseas Business Initiatives

Supporting Foreign Companies Investing in Japan and Japanese Companies Expanding in Overseas Markets Where High Growth Can Be Expected

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Initiatives Targeting Crisis Response Operations

Maintaining Our Long-Term Perspective Even in Times of Large-Scale Natural Disasters and Other Emergencies That Have Far-Reaching Impacts, Fulfilling Our Role as a Provider of Safety Nets That Are Dynamic and Proactive

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Initiatives in the Energy Sector

DBJ supports the growth of Japanese industry through its investments and loans for resource development, oil storage and other initiatives. Against the backdrop of global warming, we also support clients' efforts to encourage and promote renewable energy from solar power, wind, biomass and other sources.

As of March 31, 2012, our balance of loans in the electric power, gas, heat and water sector totaled ¥2,357.8 billion, accounting for 17.2% of total loans, by industry.

See pages 79–80

Energy

¥2.3 trillion

Balance of loans in the electric power, gas, heat and water sector

(As of March 31, 2012)

Initiatives in the Transportation Sector

DBJ is involved in a wide range of initiatives in the development and improvement of transportation infrastructure (including railroads, airports, airlines, buses and roads). We also take part in the formation of a wide range of projects from a long-term perspective, to support collaboration among multiple companies from a position of neutrality.

As of March 31, 2012, our balance of loans in the transportation infrastructure sector (to transportation providers) totaled ¥2,977.9 billion, accounting for 21.7% of total loans, by industry.

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¥2.9 trillion

Balance of loans in the transportation infrastructure sector

(As of March 31, 2012)

Transportation

Initiatives in the Urban Development (Real Estate) Sector

DBJ's long-term financing of real estate projects 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 by leveraging our accumulated expertise and networks.

In fiscal 2011, we introduced the DBJ Green Building Certification, which is designed to provide financial support for environmental and socially considerate initiatives.

As of March 31, 2012, our balance of loans in the real estate sector totaled ¥1,615.3 billion, accounting for 11.8% of total loans, by industry.

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Real Estate

¥1.6 trillion

Balance of loans to the real estate sector

(As of March 31, 2012)

Initiatives in the Environmental Business Sector

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 projects over the past 40 years.

In fiscal 2004, DBJ began employing environmental ratings in its financing based on knowledge we have cultivated for over four decades.

As of March 31, 2012, we had provided such financing to more than 310 companies, with the cumulative total amounting to ¥491.2 billion.

See pages 84–86, 101–103

¥491.2
billion

Cumulative amount of DBJ Environmentally Rated Loan Program

(As of March 31, 2012)

Environment

Initiatives in the Healthcare and Welfare Sectors

DBJ is engaged in maintaining and improving the quality including access, cost and technological standards of each area of healthcare in Japan through finance, consulting and the dissemination of information. As well as providing consulting services that include the development of business plans to support improvements in hospital management, DBJ studies and conducts research into a variety of medical issues.

As of March 31, 2012, our balance of loans in the healthcare sector stood at ¥46.9 billion, up 4.7% from the preceding fiscal year.

See pages 87–89


Up 4.7 %
Year-on-year increase in loans in the healthcare sector
(As of March 31, 2012)
Healthcare

Restructuring and Revitalization Initiatives

In an environment marked by sluggish domestic demand and shifts in the demand structure, increasingly stringent competition and accelerating change in the corporate business climate, needs are growing for business and industry restructuring and corporate revitalization that enhances corporate value by bolstering competitiveness.

Through debtor-in-possession financing, DBJ helps supply the short-term cash flow that is essential to revitalization. We also provide buyout financing and mezzanine financing to assist corporate acquisitions and capital restructuring. Through total solutions such as these, DBJ supports business restructuring and revitalization.

See pages 90–92

Provided
Japan's first
DIP financing in 2001

Restructuring

Social Infrastructure Initiatives

Since the era of reconstruction following World War II, DBJ has supported the development and advancement of Japanese economy and society. For the development and further sophistication of Japan's economy and improvements to quality of life, DBJ applies its experience and expertise to support the efforts of its clients to build and improve the social infrastructure.

As of March 31, 2012, DBJ's balance of loans for social infrastructure (electric power, gas, heating, water, telecommunications, transport and real estate) totaled ¥7,521.5 billion.

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¥7.5 trillion

Balance of loans in the electric power, gas, heating, water, telecommunications, transport and real estate sector

(As of March 31, 2012)

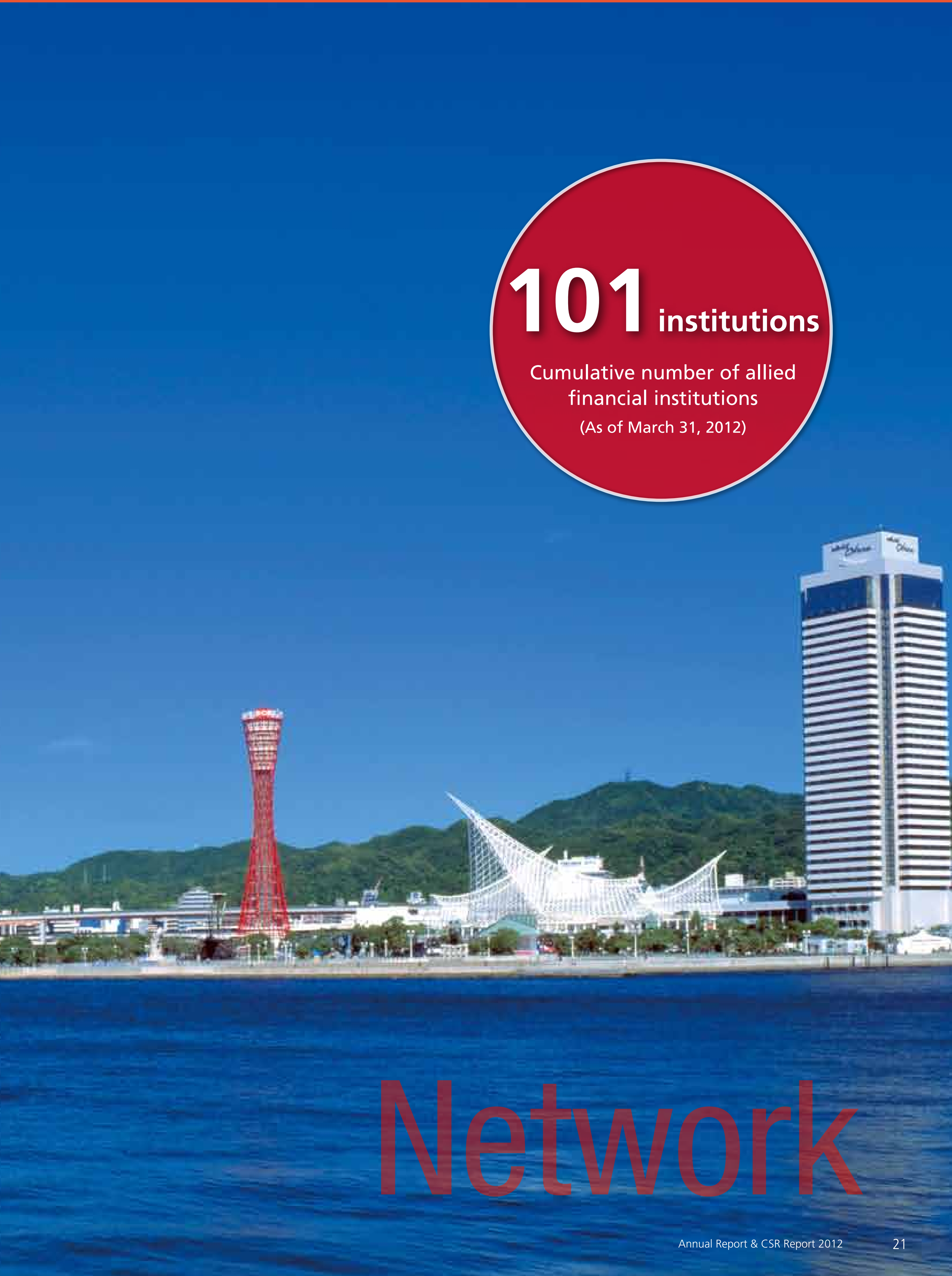
Infrastructure

Community Revitalization Initiatives

DBJ provides optimal solutions from a long-term perspective that are designed to realize a prosperous lifestyle. To this end, we stimulate regional economies, build local infrastructures and construct wide-ranging networks as we strive to tackle the variety of issues facing the regions. Furthermore, DBJ maintains close relationships with regional financial institutions, which have excellent insights 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, thereby enhancing trust-based relationships and helping to achieve community revitalization.

As of March 31, 2012, a cumulative total of 101 financial institutions had entered into business alliances with DBJ.

See pages 95–98



101 institutions

Cumulative number of allied financial institutions
(As of March 31, 2012)

Network

Overseas Business Initiatives

Since its conversion to a joint-stock company in October 2008, DBJ has enthusiastically embraced international business.

We are building 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, 2012, more than 35 countries were targeted for investments and loans.

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More than
35 countries

Number of countries targeted for investments and loans
(As of March 31, 2012)

Overseas

Initiatives Targeting Crisis Response Operations

DBJ began crisis response operations as a designated financial institution on October 1, 2008.

Since March 2011, when the Great East Japan Earthquake struck, we have poured all our energy into initiatives to support the restoration and reconstruction of the disaster-stricken region. In addition to implementing crisis responses targeting clients affected directly and indirectly by the disaster, DBJ is making a proactive effort to support increases in the production of materials needed for restoration and reconstruction.

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Crisis Response

Reconstruction Support

Consolidating useful knowledge and financial expertise

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 unique 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

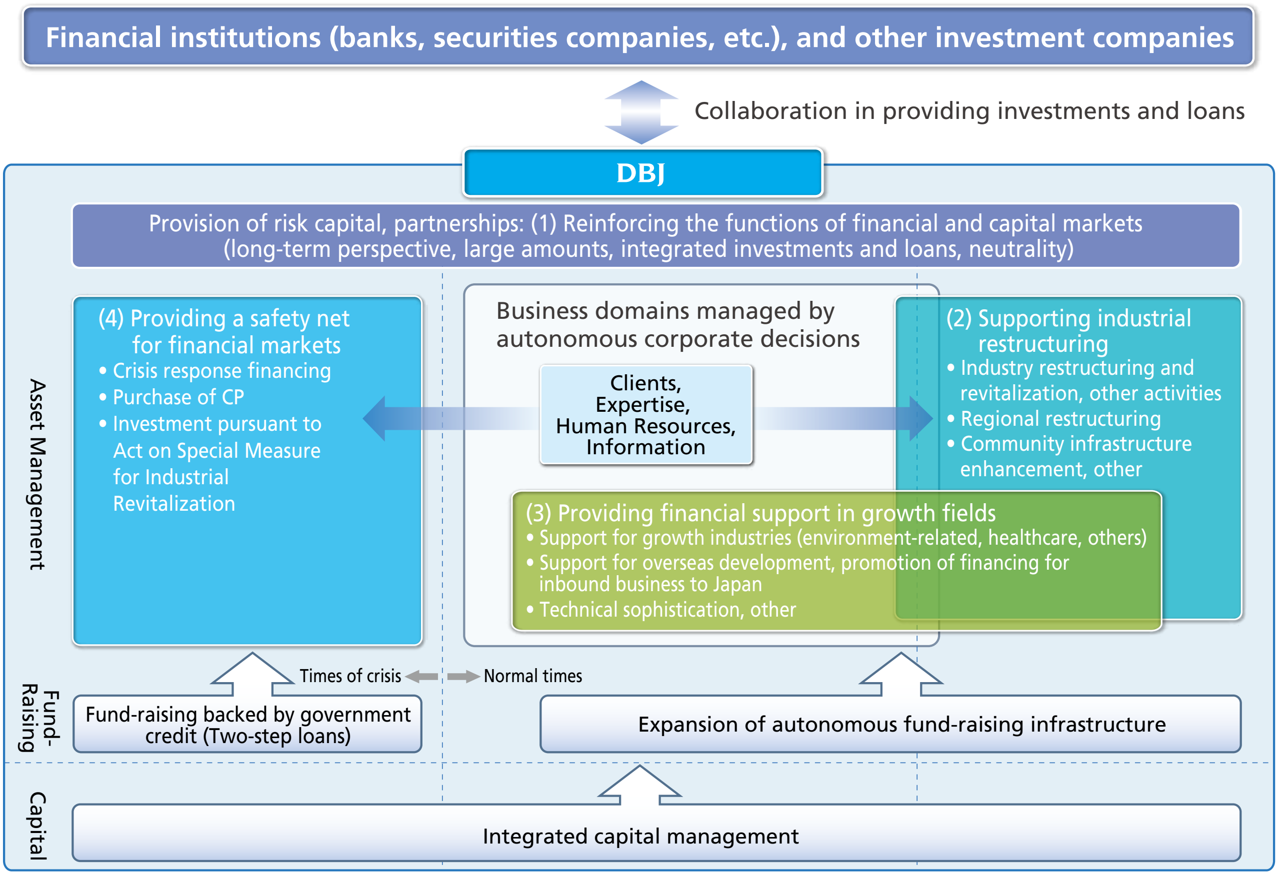
The shade of blue in "DBJ" represents a prosperous future, youthfulness and growth potential.

DBJ's Target Business Model

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

DBJ's Roles

DBJ has continued to offer distinctive financial services through its integrated investments and loans, and will fulfill four key roles in financial and capital markets as it addresses the changes that are expected to take place in the socioeconomic environment.



Overview of DBJ's Second Medium-term Management Plan (Announced May 25, 2011)

After embarking on a new stage as Development Bank of Japan Inc. on October 1, 2008, throughout our First Medium-term Management Plan, "Challenge 2010," which covered two and a half years to the fiscal year ended March 31, 2011, we focused on establishing integrated investment and loan services and building a foundation of core strengths with the aim to further solidify our business base.

Based on the achievements made and the challenges confronted under our First Medium-term Management Plan, and in light of the unprecedented economical and social restoration and reconstruction challenges caused by the Great East Japan Earthquake, we have launched our Second Medium-term Management Plan "Endeavor 2013" to cover the next three fiscal years through March 31, 2014.

Basic Policies of Endeavor 2013, the Second Medium-term Management Plan (Fiscal Years from April 1, 2011, to March 31, 2014)

1. The Great East Japan Earthquake resulted in an unprecedented level of complex catastrophe. It is essential that disaster recovery measures be: (1) implemented on a step-by-step basis according to each stage towards recovery, and (2) tailored to meet specific needs of varying regions and different disaster categories.

   As we position crisis response as one of our major roles, we are committed to expending every effort to support restoration and reconstruction from the devastating damage caused to our economy and society. To this end, we will leverage our rich financial experience in regional, industrial, energy and infrastructure development projects accumulated through our unique financial capabilities in providing long-term debt and equity capital.
2. In addition to responding to the disaster, we are committed to building a solid foundation on which to grow by steadily implementing the growth strategy set forth in "Endeavor 2013": namely, (1) to focus on strategic priorities among existing business, (2) to further diversify our financial service, and (3) to enhance investment in human capital.

Key Measures under Endeavor 2013, the Second Medium-term Management Plan

◆**Implementing integrated investment and loan services**
- Provide optimal financing products and services that best suit customer needs
- Primary focus on medium risk investments and loans

◆**Focusing on strategic priority industries and segments**
- Concentrate on restoration and reconstruction efforts in response to the Great East Japan Earthquake in the near term
- Focus on following areas to promote Japan's long-term growth
  - Strengthening existing business: energy, logistics and transportation, urban development
  - Supporting industries with growth potential: environment, healthcare
  - Industry reorganization and revival
  - Infrastructure, regional development

◆**Accelerating expansion in global markets**
- Facilitate our customers' growth strategies in overseas markets
- Focus primarily on Asia, strengthen structured finance

◆**Diversifying sources of funds**
- Strengthen capabilities to raise funds relying on its own credit standing
- Utilize securitization etc.

◆**Strengthening non-asset business**
- Diversify fee-based revenue streams

Human Resources and Business Process

◆**Strengthening investment in human resources**
- Strategic allocation of human resources (strategic priorities and new business development)
- Training professionals equipped with skills required in strategic business
- Fostering young professionals

◆**Business process management and risk management**
- Enhancing business process and risk management system that properly helps drive strategic business decisions

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 investments and loans 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.

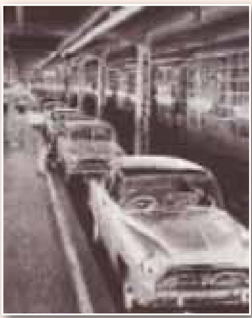
Improvements to quality of life and stable supply of energy

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

Sony Corporation: Trinitron color television factory

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

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

New urban center formation through redevelopment of purification plant site

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

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 communities, 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.

Providing integrated investment and loan services and conducting crisis response operations

Development Bank of Japan Inc. was established on October 1, 2008, as a special stock company through conversion to a joint-stock company. By applying its distinctive financial services through integrated investments and loans, DBJ addresses the various issues that clients face. At the same time, we fulfill our unique role by serving as a designated financial institution for crisis response operations, responding to financial crises and helping to meet the restoration and reconstruction challenges presented by the Great East Japan Earthquake.

Economic bubble

1985–1995

Post-bubble

1996–2000

Structural reform

From 2001

October 1, 2008: 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.

V-Lease Corporation

By applying the expertise it has cultivated to date, DBJ entered the business of operating leases for aircraft engines, of which core parts are produced by Japanese companies involved in heavy industry. Through this business, we aim to promote the further development of the Japanese airline industry.

Privatizing DBJ

Development Bank of Japan Inc.
Established as a Joint-stock Company (Privatized) on October 1, 2008

Development Bank of Japan Inc. was established on October 1, 2008, under the terms of the Development Bank of Japan Inc. Act (Act No. 85, 2007; the "New DBJ Act") approved by the Japanese Diet on June 6, 2007, as part of the Act on Promotion of Administrative Reform for Realization of Small and Efficient Government (Act No. 47, 2006; the "Administrative Reform Promotion Act") approved by the Japanese Diet in May 2006, 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 Act. Under Article 15, Paragraph 1, of the same act, 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 Act.

Highlights of the New DBJ Act

Provision of Credit

The object of the New DBJ Act 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 act provided for long-term borrowing from the private sector.

	Predecessor	New DBJ
Loans	Yes	Yes
Equity investments	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.

Revision to the New DBJ Act (June 2009)

Since its establishment, DBJ has been engaged in crisis response operations as a designated financial institution. However, to reinforce DBJ's financial structure through government capital contribution and enable DBJ to introduce more broad-ranging initiatives in response to the global financial and economic crisis that commenced in autumn of 2008, the Act for Partial Amendment of the Development Bank of Japan Inc. Act ("revision to the New DBJ Act") was passed into law by the Japanese Diet on June 26, 2009, and the act was promulgated and went into effect on July 3, 2009.

Under the New DBJ Act, DBJ was to have achieved full privatization within five to seven years after its establishment. With the act's revision, the target date was extended to five to seven years after March 31, 2012. DBJ was to have become fully privatized within approximately five to seven years of April 1, 2012. At the end of fiscal 2011, the government was planning a review of DBJ's organization, which was to have included the future of government-held shares.

Note: Please refer to pages 136–142 for details of the New DBJ Act, the revision to the New DBJ Act and the Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake.

Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake (May 2011)

On May 2, 2011, in response to the damage caused by the Great East Japan Earthquake, the Act for Extraordinary Expenditure and Assistance to Cope with Great East Japan Earthquake (Act No. 40 of 2011; the Act for Extraordinary Expenditure), which included the partial revision to the New DBJ Act, was passed into law by the Japanese Diet.

The revision to the New DBJ Act in Accordance with the Act for Extraordinary Expenditure extended by three years (to March 31, 2015) the period for government capital contribution in order to facilitate DBJ's implementation of crisis response operations. Furthermore, the target date has been extended to five to seven years from April 1, 2015. The government is now planning a review of DBJ's organization, which will include the future of government-held shares, by the end of fiscal 2014. The government will continue to hold its shares until then.

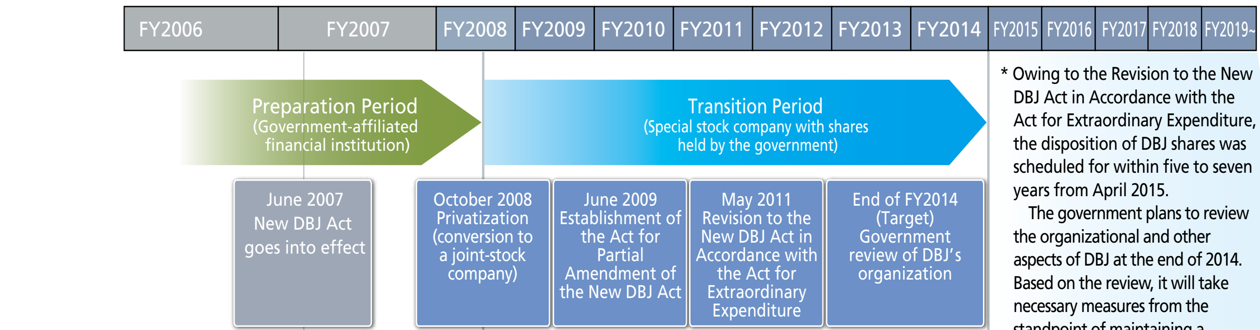
Revision to the New DBJ Act in Accordance with the Act for Extraordinary Expenditure

The Amendment of the Development Bank of Japan Inc. Act (based on establishment of the Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake) was passed at an Upper House plenary session of the ongoing 177th ordinary session of the Diet.

The act was revised to facilitate implementation of DBJ's crisis response operations with regard to the damage resulting from the Great East Japan Earthquake. The main thrust of the revisions is as follows.

- ◆To strengthen DBJ's financial base in order to facilitate a smooth response to crisis response operations, the period during which the government may make additional capital contributions to DBJ has been extended by three years, until March 31, 2015. Furthermore, the period for requiring the redemption of delivery bonds has similarly been extended by three years, to June 30, 2015.
- ◆In addition to extending the period for repayment of capital contribution and redemption of delivery bonds, the act extends the disposition period for government-held shares in DBJ. Whereas existing provisions stipulated a target of "approximately five to seven years after April 1, 2012," the revised act states that the government must dispose of all of its shares in DBJ by "approximately five to seven years after April 2015."
- ◆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, to ensure the proper implementation of crisis response operations, its organizational structure, including crisis response operations and the future of government-owned shares, are to be reviewed and necessary measures are to be taken. The target deadline for such activities is revised to the end of fiscal 2014.

● **Legal Basis for Revision to the New DBJ Act**



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 Act	Based on New DBJ Act
Fund-raising	Government-guaranteed bonds, FILP agency bonds, independent financing	Independent funding, government-guaranteed bonds and FILP agency bonds

* Owing to the Revision to the New DBJ Act in Accordance with the Act for Extraordinary Expenditure, the disposition of DBJ shares was scheduled for within five to seven years from April 2015.

The government plans to review the organizational and other aspects of DBJ at the end of 2014. Based on the review, it will take necessary measures from the standpoint of maintaining a constant level of participation in DBJ, including the possibility of holding more than one-third of DBJ's shares at any given time.

The government shall not dispose of its shares in DBJ until the necessary measures described above have been taken.

Overview of Operations in Fiscal 2011

Operating Results

Financial-Economic Environment

During the fiscal year ended March 31, 2012, confusion over the Greek debt crisis continued from the previous year and evolved into concerns of a broader European debt crisis. These fears spread out into the real economy, causing the European economy to decelerate sharply. Plagued by a stalemate over fiscal and monetary policies, the U.S. economy showed stronger signs of faltering on the road to recovery.

In the corporate sector, supply chains that were interrupted by the Great East Japan Earthquake were restored and production activities returned to normal in the first half of the fiscal year. However, the recovery remained gradual, as more rapid deceleration in the world economy and ongoing yen appreciation caused exports to fall off in the second half.

For households, the number of people in employment returned to pre-disaster levels but income conditions remained problematic. In the household sector, consumer sentiment improved in line with progress on restoration and reconstruction following the Great East Japan Earthquake. This factor, plus measures to support automobile purchases, prompted a return in consumption to pre-disaster levels. Housing starts remained generally flat.

On the financial front, as the impact of the European debt crisis spread, uncertainty about the financial system prompted heightened efforts to hedge risks. However, owing to EU support measures this uncertainty appeared to be nearing resolution toward the end of the fiscal year.

In Japan, the fund-raising environment worsened shortly after the Great East Japan Earthquake, but monetary easing helped to improve this situation.

Long-term interest rates (yields on 10-year Japanese government bonds) remained at around 1%, as investors fled to the relative safety of Japanese government bonds.

Owing to the delayed recovery in the world economy and low interest rate policies in the United States, the differential between Japanese and U.S. interest rates shrank and yen appreciation continued to the neighborhood of 75 yen to the U.S. dollar. The yen also appreciated to around 97 yen to the euro on the back of the European debt crisis. The yen depreciated to some degree against both currencies toward the end of the fiscal year, as the sense of risk waned in both cases, as well as due to the Bank of Japan's introduction of looser monetary policies.

The Nikkei stock average, in the ¥9,000 range on March 31, 2011, fell to the ¥8,000 neighborhood by September 30. By the end of the fiscal year, however, the Nikkei had rebounded to around ¥10,000.

Demand shortfalls continued to put downward pressure on prices, but the year-on-year decrease in consumer prices (excluding perishable goods) was small, affected by high energy prices.

Progress and Results of DBJ Group Operations

Review of the Year Ended March 31, 2012

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, 2012. 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, non-recourse 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, 2012, we provided ¥2,849.0 billion in loans, including loans for crisis response operations.

For details regarding business loans in response to the financial crisis, please refer to the section on page 60 entitled "Results of 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 goals 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 under review, in tandem with regional financial institutions in the disaster-afflicted area, we established the Great East Japan Earthquake Reconstruction Fund to support the restoration and reconstruction of companies affected by the Great East Japan Earthquake, and we provided risk capital through this fund. Owing to these activities, ¥78.0 billion was allocated to investing activities during the year.

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 provide consulting on projects that help invigorate regional communities and assign advisors to support these activities. During the year, investment and loan commissions and fees from M&A and other advisory services amounted to ¥7.8 billion.

Subsidiaries

In August 2011, we invested in Hitachi Capital Securities Co., Ltd., to enhance the financial methods that we have available to meet increasingly diverse customer needs, including those for disaster response and reconstruction.

To clarify the connection with DBJ, on October 1, 2011, the company's name was changed to DBJ Securities Co., Ltd.

Loans and Investments and Fund-Raising Conditions (Flow)

(Billions of yen)

	For the Year Ended March 31, 2011	**For the Year Ended March 31, 2012**
Loan and investment balance	**2,116.6**	**2,927.0**
Loans*1	**2,034.4**	**2,849.0**
Investment*2	**82.2**	**78.0**
Funds raised	**2,116.6**	**2,927.0**
Fiscal Investment and Loans	**513.4**	**801.4**
Of which, FILP agency bonds*3	**300.0**	**500.0**
Of which, government-guaranteed bonds (domestic)	**79.5**	**179.0**
Of which, government-guaranteed bonds (overseas)*4	**133.8**	**122.4**
Corporate bonds (FILP bonds)*4, 5	**80.0**	**263.1**
Long-term debt*6	**320.1**	**1,170.7**
Recovery, etc.	**1,203.0**	**691.7**

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. Of government-guaranteed bonds and corporate bonds denominated in foreign currencies, appropriated government-guaranteed bonds and corporate bonds are converted to yen at market rates according to the conditions at the time of settlement.
5. Does not include short-term corporate bonds.
6. Long-term debt borrowed from Japan Finance Corporation in conjunction with crisis response operations during the fiscal year ended March 31, 2011, amounted to ¥138.7 billion and during the fiscal year ended March 31, 2012, amounted to ¥959.7 billion.

Overview of Consolidated Operating Performance

Consolidated Financial Highlights

(Billions of yen)

	For the Year Ended March 31, 2011	**For the Year Ended March 31, 2012**
Total income	363.8	**330.2**
Net income	101.5	**77.3**
Total assets	14,845.2	**15,579.8**
Loans	13,031.4	**13,645.4**
Securities	1,165.5	**1,176.6**
Total liabilities	12,435.2	**13,118.8**
Borrowed money	8,576.4	**9,170.5**
Debentures and corporate bonds	3,629.3	**3,671.8**
Total equity	2,409.9	**2,461.0**
Common stock	1,181.1	**1,187.7**
Capital adequacy ratio (BIS standard)	20.50%	**18.56%**
Ratio of risk-monitored loans (Banking Act base)	1.28%	**1.47%**
Return on equity	4.31%	**3.18%**
Return on assets	0.67%	**0.51%**
Number of employees	1,203	**1,270**

Consolidated operating performance during the year under review is described below.

Consolidated Income and Expenses

During the period, DBJ posted total income of ¥330.2 billion, down ¥33.6 billion from the previous fiscal year. Of this amount, interest income generated ¥277.3 billion, down ¥21.5 billion, and fees and commissions fell ¥0.5 billion, to ¥9.4 billion. Other operating income dropped ¥7.1 billion, to ¥5.5 billion, while other income dropped ¥4.4 billion, to ¥37.8 billion.

Total expenses were ¥220.0 billion, falling ¥39.4 billion. This amount included interest expenses of ¥155.5 billion, down ¥16.7 billion, expenses on fees and commissions of ¥0.5 billion, falling ¥0.0 billion, other operating expenses of ¥2.6 billion, dropping ¥9.3 billion, and general and administrative expenses of ¥37.8 billion, which rose ¥1.1 billion, as well as other expenses of ¥23.4 billion, which decreased ¥1.4 billion.

Net interest income fell ¥4.8 billion, to ¥121.8 billion, whereas net fees and commissions dropped ¥0.4 billion, to ¥8.9 billion, down year on year, but net other operating income rose ¥2.2 billion, to ¥2.9 billion. However, DBJ recorded net other income of ¥14.4 billion, expanding ¥10.1 billion, owing mainly to income on recovery of bad debts, in line with a change in accounting standards.

DBJ posted extraordinary income of ¥10.9 billion, up ¥1.6 billion, for the year stemming from gain on settlement of the substitutional portion of the governmental pension program due to return of corresponding plan assets. Consequently, income before income taxes and minority interests came to ¥110.2 billion, up ¥5.8 billion from the previous fiscal year.

After posting current income taxes of ¥21.4 billion, ¥21.1 billion more than in the preceding fiscal year, deferred income taxes amounted to ¥10.4 billion, up ¥9.5 billion, and minority interests in net income dropped ¥0.5 billion, to ¥0.9 billion. As a result, consolidated net income came to ¥77.3 billion, ¥24.2 billion less than in the previous term.

Consolidated Assets, Liabilities and Equity

As of March 31, 2012, total assets amounted to ¥15,579.8 billion, up ¥734.6 billion from one year earlier. Of that amount, loans were ¥13,645.4 billion, improving ¥613.9 billion, and securities rose ¥11.0 billion, to ¥1,176.6 billion. In addition to a response to the financial crisis, the increase in loans reflects higher provision of loans to electric power companies, given the subdued market reception to issuance of electric utility bonds.

Call loans and bills bought amounted to ¥89.5 billion at the end of the term, an increase of ¥27.6 billion, and reverse repurchase agreements were ¥152.8 billion, up from zero the previous year. These figures represent the temporary investment of excess cash on hand.

Total liabilities as of March 31, 2012, stood at ¥13,118.8 billion, ¥683.5 billion more than a year earlier. Of this amount, debentures and corporate bonds came to ¥3,671.8 billion, an increase of ¥42.4 billion, and borrowed money was ¥9,170.5 billion, rising ¥594.0 billion.

The increase in borrowed money mainly reflected borrowings (two-step loans) from the Japan Finance Corporation to fund crisis response operations related to the Great East Japan Earthquake, as well as borrowings from commercial financial institutions.

Also, acceptances and guarantees came to ¥128.5 billion, down ¥16.5 billion.

Total equity at the end of the period was ¥2,461.0 billion, up ¥51.0 billion from one year earlier. The primary reason for this rise was higher net income. This increase stemmed from the ¥6,170 million redemption of delivery bonds in December 2011 and ¥424 million in March 2012.

Also, in June 2012, at the DBJ's General Meeting of Shareholders a resolution was passed to award dividends on common stock. This dividend had a record date of March 31, 2012, and a total amount of ¥50.0 billion, for dividends per share of ¥1,147, resulting in a payout ratio of 50.01%.

The unrealized gain on available-for-sale securities that DBJ holds independently, as well as shares in listed companies that DBJ owns through funds, came to ¥19.3 billion, up ¥6.1 billion compared with the preceding term. This amount includes valuation gains on shares in listed companies.

Status of Risk-Monitored Loans

DBJ is not subject to the provisions of the Banking Act or the Act on Emergency Measures for the Revitalization of the Financial Functions (Act No. 132 of 1998), 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 ¥199.9 billion, accounting for 1.47% of total loans.

Profit and Loss Surrounding the Conversion to a Joint-Stock Company (Consolidated)

(Billions of yen)

	For the Six-Month Period Ended March 31, 2009	For the Year Ended March 31, 2010	For the Year Ended March 31, 2011	**For the Year Ended March 31, 2012**
Gross operating profit	45.8	121.8	136.7	**133.6**
Net operating profit (after addition to the general provision for loan losses)	(75.6)	86.7	100.0	**95.7**
Income before income taxes and minority interests	(118.1)	51.1	104.3	**110.2**
Total income taxes	(13.5)	(10.8)	(1.3)	**(31.9)**
Net income	(128.3)	39.8	101.5	**77.3**
Total dividend amount*	—	10.0	50.0	**37.3**

* Record dates correspond to the total amounts of dividends for those respective fiscal years.

Overseas Business

Since its conversion to a joint-stock company in October 2008, DBJ has worked to make a full-fledged entry into international business, 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. Through these efforts we are promoting domestic and overseas financial institutions.

As one aspect of its efforts to build bases overseas, DBJ established DBJ Singapore Limited as a wholly owned subsidiary in December 2008, and another wholly owned subsidiary, DBJ Europe Limited, commenced operations in November 2009.

By maintaining intensive collaboration 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

Covering the Americas, the New York Representative Office monitors financial, industrial and economic trends as well as economic policies and urban and infrastructure development and other trends. 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 overseas companies that are considering entry into the Japanese market.

DBJ Singapore Limited

Established:	December 2008
Capital:	S$1,000,000
Business:	Investments and loan support and advisory services
Address:	9 Raffles Place, #30-03 Republic Plaza, Singapore 048619
CEO & Managing Director:	Takashi Sugiyama

DBJ Europe Limited

Established:	November 2009
Capital:	€7,500,000
Business:	Investments and loan support and advisory services
Address:	Level 20, 125 Old Broad Street, London EC2N 1AR, U.K.
CEO:	Takeshi Kiriyama

Business Tie-Ups with Overseas Institutions

To enhance its financial services, DBJ leverages its business alliances with the following overseas institutions.

International Finance Corporation (IFC)
A member of the World Bank Group and an international financial institution, conducting investment and loan operations primarily in developing countries

China Development Bank
Policy-based financial institution (converted to joint-stock company in 2008) handling financing for infrastructure and core industries in China

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

Bangkok Bank
A major Thai bank that works with Japanese regional banks to provide lending denominated in local currency to small and medium-sized regional Japanese companies

DBJ Asia Financial Support Center Opens

In June 2011, DBJ opened the DBJ Asia Financial Support Center to provide local information and offer consulting services to regional banks supporting efforts by medium-sized companies and other entities in their regions to promote business in other parts of Asia.

The center's roles are to liaise with regional banks throughout Japan and help meet the various needs of local medium-sized companies and other entities to develop their operations in Asia. We achieve this by leveraging the DBJ Group's information network, which includes public financial institutions in Asian countries.

As of May 31, 2012, 64 regional banks were members. By country, 60% of inquiries were related to three countries: China, Thailand and Vietnam. By type of inquiry, 60% were investment- or cash-related. DBJ will continue working to strengthen the transmission of information related to Asia.

Membership in the Long-Term Investors Club

The Long-Term Investors Club (LTIC) was established in 2009 as the global platform for cooperation among financial institutions in charge of long-term investment in various countries, reflecting the change in financial environment after the Global Financial Crisis. With members numbering 15 institutions from all over the world including DBJ, LTIC promotes in areas such as information sharing in long-term financing, academic studies and research and co-investments.

In July 2012, DBJ joined LTIC as the first financial institution from Japan.

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.

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:	2-2-1, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
President:	Takashi Ando

DBJ Capital Co., Ltd.

Since 1996, the DBJ Group has invested in venture companies that can be expected to achieve high rates of growth, in an effort to support the creation of new industries in Japan. In June 2010, DBJ Capital Co., Ltd., got off to a new start involving the reconfiguration of its system for managing investment assets.

DBJ Capital aims to contribute to the growth and development of firms requiring capital by leveraging its expertise in evaluating technology and business and its venture business investment experience.

Outline of DBJ Capital Co., Ltd.

Established:	October 2005 (Commenced operations on June 30, 2010)
Capital:	¥99 million
Business:	Investment in venture companies
Address:	2-6-2, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
President & CEO:	Akira Ogasawara

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

DBJ-IA was established to promote added-value creative equity financing (the "Value for Growth" Investment Program) to support growth strategies from a medium- to long-term standpoint emphasizing relationships of mutual trust with entities receiving investment funds.

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 as well as assigning human resources.

Outline of DBJ Investment Advisory Co., Ltd.

Established:	December 2009
Capital:	¥68 million
Business:	Operations related to DBJ's value-added equity investment
Address:	1-9-1, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
President & CEO:	Hiroshi Murakami

DBJ Securities Co., Ltd.

DBJ converted Hitachi Capital Securities Co., Ltd., to a subsidiary in August 2011 in a move to augment the financing methods available to it to meet increasingly diverse client needs. Given DBJ's increasing involvement with the company, in October 2011 the company's name was changed to DBJ Securities Co., Ltd.

DBJ Securities provides a securities function to complement the DBJ Group's investment and loan functions, thereby increasing the number of financial solutions that the Group can offer its clients.

Outline of DBJ Securities Co., Ltd.

Established:	October 1998
Capital:	¥500 million
Business:	Securities business
Address:	2-15-12, Nishi-Shinbashi, Minato-ku, Tokyo 105-0003, Japan
President & CEO:	Hiroshi Sakamaki

DBJ Asset Management Co., Ltd.

Established as a real estate fund investment company in December 2006, in July 2012 DBJ Asset Management Co., Ltd., made a new start as an asset management company wholly owned by DBJ.

In line with DBJ's corporate philosophy, going forward the company will operate as a quality and highly reliable asset management company serving the needs of long-term investors. Centering on the real estate business, the company will respond to diverse demands for risk capital as it works to contribute to the development and increasing sophistication of financial functions in Japan.

Outline of DBJ Asset Management Co., Ltd.

Established:	December 2006
Capital:	¥100 million
Business:	Real estate fund investments, etc.
Address:	2-2-2, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
President & CEO:	Masataka Ito

Topics

2011

Apr.

●Established the Tohoku Revival Reinforcement Office as an initiative to support the restoration and reconstruction of the Tohoku region, which was devastated by the Great East Japan Earthquake (See page 62.)

●Established the DBJ Green Building Certification targeting environmentally and societally friendly real estate (See page 51.)

May

●Amendment of the Development Bank of Japan Inc. Act, based on establishment of the Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake passed into law (See pages 33 and 141.)

●Passing of supplementary budget for fiscal 2011 (May 2, 2011), in which ¥2.5 trillion was earmarked for Japan Finance Corporation crisis response operations targeting medium-sized and large companies

●Formulation of Endeavor 2013, the second medium-term management plan (See page 29.)

Jun.

●Opening of the DBJ Asia Financial Support Center (See pages 38 and 57.)

●Formation with the Japan Auto Parts Industries Association of the Supply Chain Support Limited Partnership (See page 64.)

Jul.

●Opening of the Comprehensive Special Zone Support and Counseling Center to promote industry's increased international competitiveness and support community revitalization from a financial perspective

Aug.

●Joint formation with regional banks of the Great East Japan Earthquake Reconstruction Fund (See page 64.)

●Announcement of Capital Investment Planning Survey (Nationwide and by Region) survey results (See page 67.)

Oct.

●Establishment of the DBJ Smart Japan Program to ensure the sustainability of the Japanese economy amid a changing external environment (See page 52.)

Nov.

●Establishment of the Women Entrepreneurs Center and holding of new business plan competition targeting female entrepreneurs (See page 57.)

●Signing of the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) (See page 103.)

Dec.

●Exhibited and conducted presentation at Japan's largest environmental exhibition, Eco-Products 2011 (11th consecutive year) (See page 76.)

●Opening of Special Zones for Reconstruction Support and Counseling Center support regions affected by the Great East Japan Earthquake

●Settling of investment and loan plans for the fiscal year ending March 31, 2013

The result of the draft budget compiled for the fiscal year ending March 31, 2013 (Cabinet decision on December 24, 2011) was for aggregate investment and financing of ¥1.85 trillion, comprising ¥850 billion in fiscal investments and loans and ¥1 trillion to be funded independently by DBJ.

2012

Jan.

●New Financing Employing DBJ Disaster Preparedness Ratings introduced in *Global Risk Report 2012*, published by the World Economic Forum

May

●Creation of the DBJ Visionary Hospital Program to support initiatives by excellent hospitals (See page 52.)

●Receipt of two awards, for Great East Japan Earthquake Reconstruction Fund Formation and Opening of the DBJ Asia Financial Support Center, in the Regional Economic Promotion Division at the ADFIAP annual meeting (See page 77.)

Jun.

●Holding of First DBJ Women Entrepreneurs New Business Plan Competition award ceremony (See page 57.)

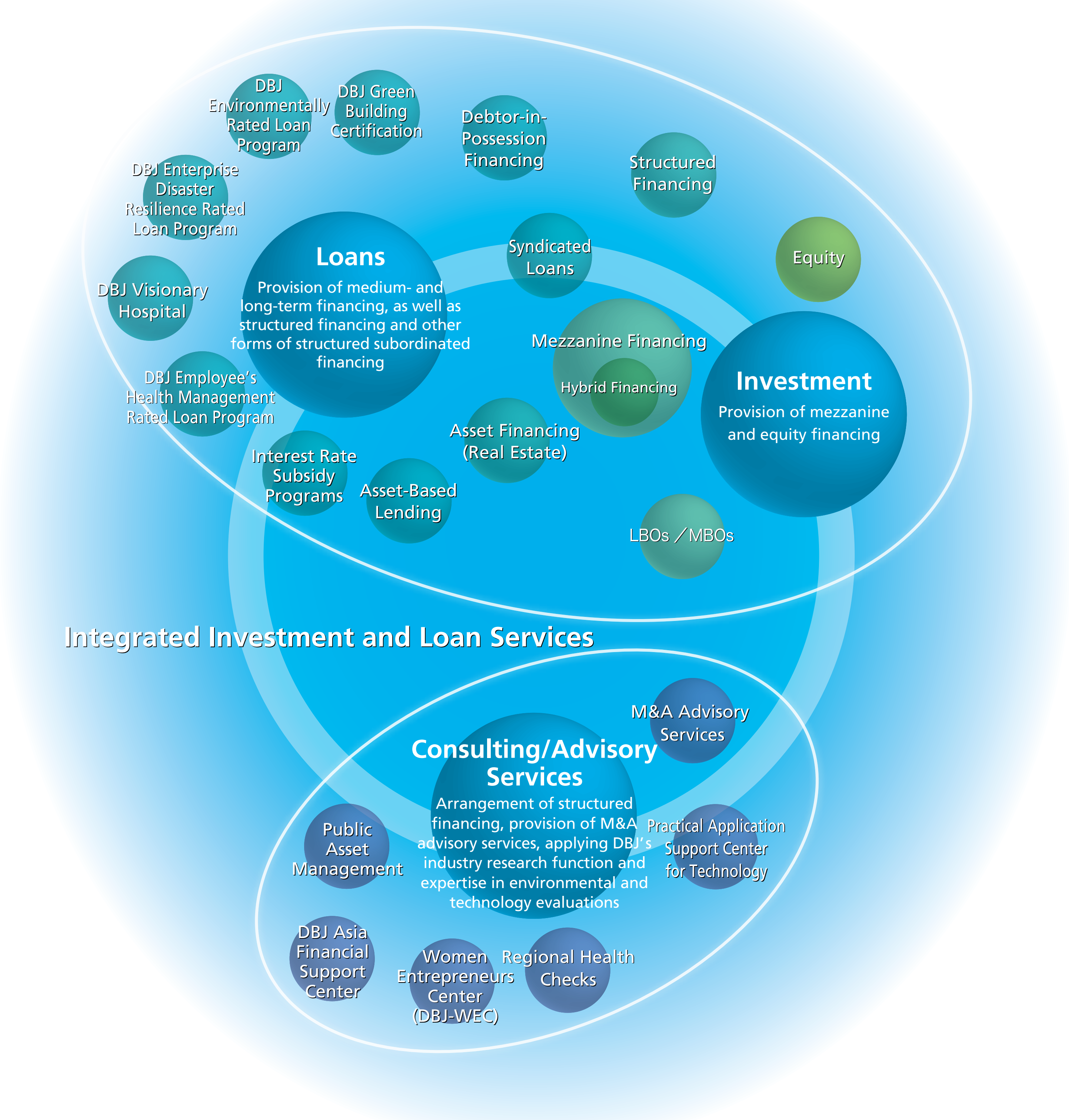
DBJ's Businesses

To resolve the various issues that society faces and become its 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.



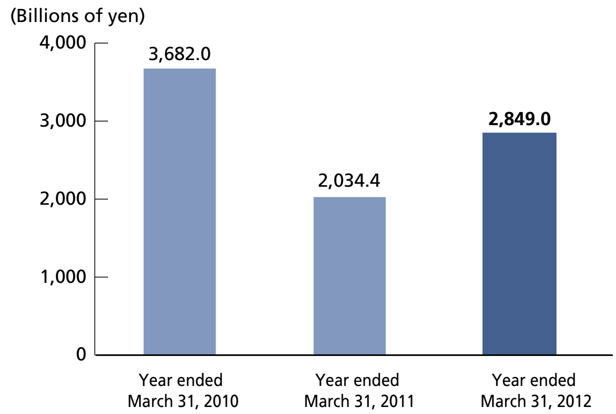
Note: DBJ-designated analysis is required for investment and loan services.

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 non-recourse 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)



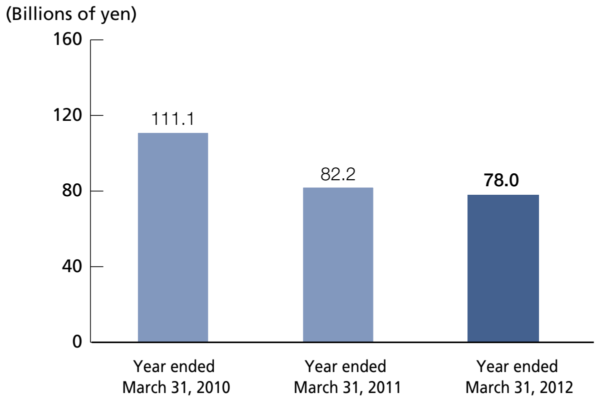
Note: Figures, including those for corporate bonds, are on a management accounting basis.

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)



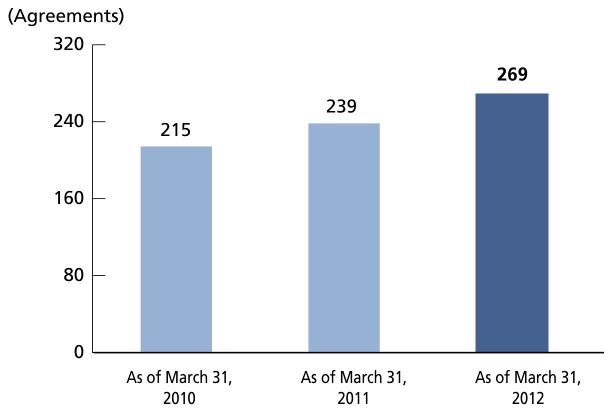
Note: Figures, including those for securities, money held in trust and other assets (funds), are on a management accounting basis.

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)



Investments and Loans

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

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 structures. We offer funding support, mezzanine financing and financing that employs equity and other methods.

The case study section on pages 78 through 100 introduces DBJ's "CSR through Investment, Loan and Other Businesses."

Loan Procedures

DBJ is ready at all times to discuss with its clients optimal financial solutions, as well as the specific terms and conditions DBJ can offer, including interest rates and loan maturities.

Financing terms are discussed after DBJ has conducted comprehensive due diligence of the businesses of its client companies, including assessment of their present business status, project plans and profitabilities.

Financing Conditions

- **Loan Amounts**
  Loan amounts are determined through consultation based on client financing plans.
- **Loan Terms**
  Appropriate loan maturities are set in consultation with our client companies according to factors such as repayment plans, business profitability and the expected life of equipment or facilities.
- **Interest Rates**
  DBJ sets interest rates in line with loan periods and risk. Fixed- and floating-rate loans are both available. DBJ also considers the application of various interest rate subsidy programs.
- **Collateral/Guarantees**
  Loans may require collateral and guarantees, depending on due diligence results.

Note: Please be aware that, based on due diligence results, DBJ may not be able to provide the loans that prospective borrowers anticipate.

Medium- to Long-Term Loans

By leveraging the long-term financing expertise it cultivated as a policy-based financial institution, DBJ provides loans to clients to match their medium- to long-term financing needs. When providing funds, clients first look 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 grace period may be implemented.

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.

Mezzanine Financing

Mezzanine financing is an intermediate financing method that is between typical senior bank loans and equity finance in terms of risk.

Although mezzanine financing is riskier because its payment is subordinated to senior loans, it plays an important role in markets such as the United States, which have a broad range of investors with diverse investment appetites. Mezzanine financing helps to secure the economics of the investment by setting adequate interest rate and dividend levels to correspond to the intermediate risk. Depending on clients' financing plans and capital policies, flexible mezzanine financing can be set. In recent years, demand for mezzanine 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 risk capital that may be difficult to obtain through senior loans. Such financing also prevents dilution of the voting rights of existing shareholders. Redemption and exit methods can be set to be flexible.

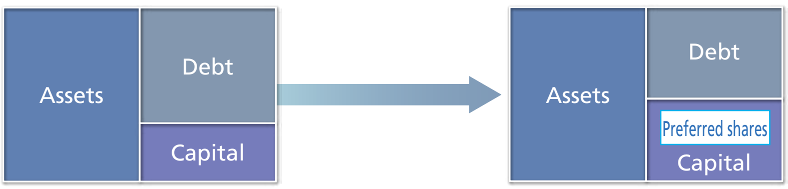
From a long-term perspective, DBJ helps clients resolve their balance sheets issues through total financing solutions that range from structuring and arrangement to providing risk capital.

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

● Case Studies: Mezzanine Financing

Case 1: Resolving an Undercapitalization Issue

Before capital expansion / After capital expansion

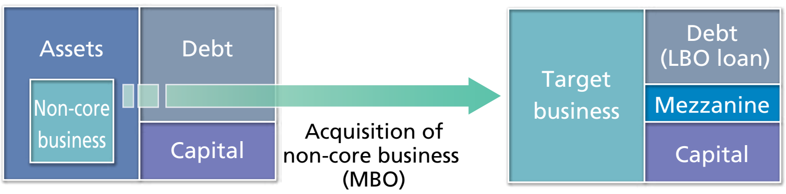


Objective

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

Parent company / Recipient company

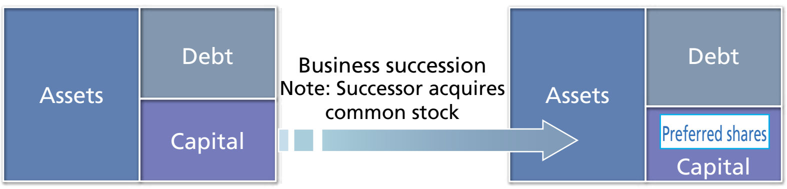


Objective

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

Former company (current company) / New company (recipient)



Objective

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

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 supports their long-term development. After making equity investments, DBJ provides total solutions involving its networks and strengths in information, industry research and financing technologies, helping clients maximize their long-term corporate value. In fiscal 2010, DBJ enhanced its "added-value creative equity financing to support corporate growth strategies ("Value for Growth" Investment Program)." This approach aims to realize the corporate growth strategies (M&A, capital and overseas) of the Japanese entities receiving the equity investment. Its aim is to support corporate value enhancement over the medium to long term.

Through equity investment, DBJ shares in its clients' growth and successes, contributing to a more prosperous future.

Client Needs

- Growing needs for operational selection and focus
- Formulation of growth strategies for globalization
- Growth strategies making use of the capital markets (M&A, 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, industry research and financing technologies

Results

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

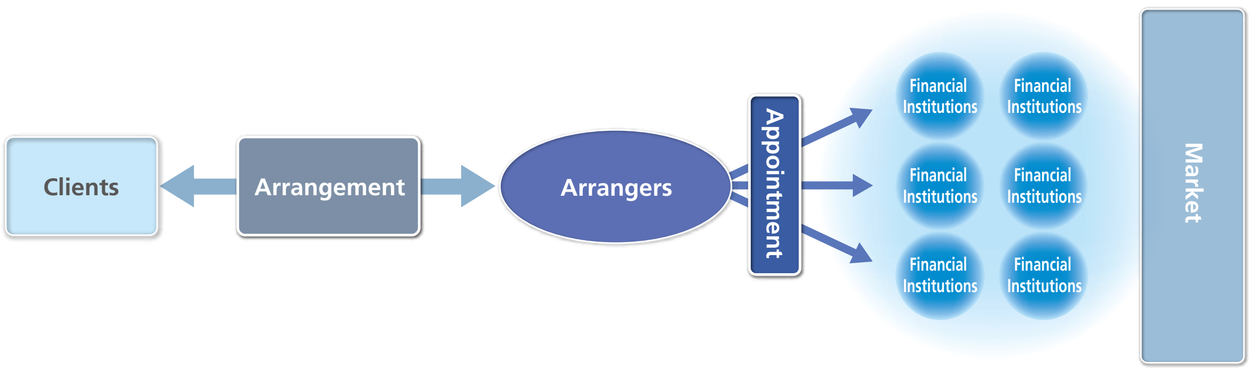
▶▶ Structured Financing, Financial Technologies

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 the DBJ Environmentally Rated Loan Program, helps raise the value-added level of services it provides.



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).

Since its privatization (conversion to a joint-stock company) in 2008, DBJ has maximized its unique characteristics to meet Japanese companies' increasingly diverse and global needs. We provide all-around support by offering clients in Japan and overseas with project finance, PFIs, object finance, securitization and various other financial products and optimal financing methods (senior loans, mezzanine loans, equity, etc.).

● Project Financing

We have a wealth of expertise in helping companies in the energy and infrastructure sectors—primarily with regard to large-scale projects—find project financing that they can repay through project cash flow, without relying on specific corporate creditworthiness or collateral value. Such finance solutions we provide help them raise funds and support their efforts to control risks.

● Object Financing

DBJ helps clients determine optimal financing methods that take advantage of the cashflow-generating characteristics of assets with special features, such as ships, airplanes and railcars, as well as supporting their efforts to control risks.

● Securitization

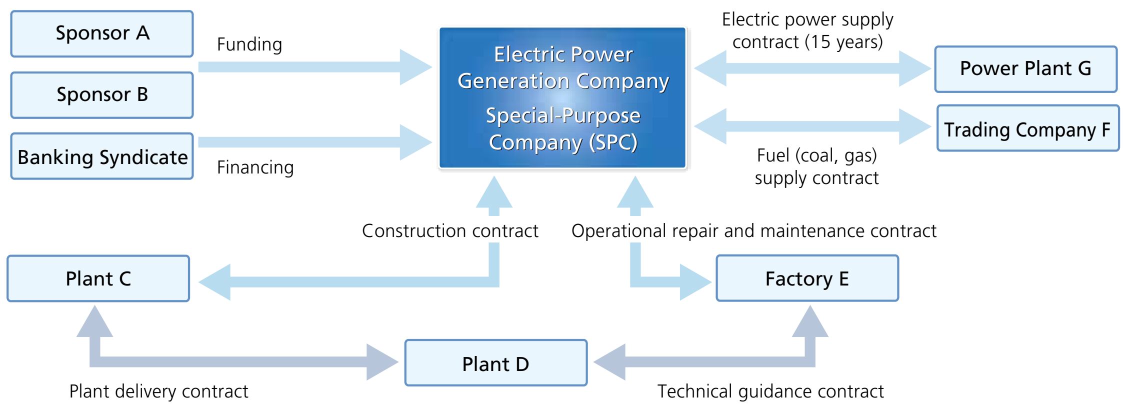
Through finance methods such as liquidation and securitization of receivables focusing on their future cash flows, and through whole business securitization in which debts are repaid through future cash flows generated by a particular business, DBJ supports its clients' finance strategies and helps optimize their funding. A method known as whole business securitization enables certain businesses to securitize their entire operations, backed by future cash flows. We help clients raise funds in optimal ways that match their financing strategies.

● PFIs and PPPs

Since the facilitation of the PFI Act* in 1999, DBJ has accumulated expertise by taking advantage of its strong relations with public-sector entities. The support we have provided to numerous clients in this category has turned us into an industry leader in PFIs. Taking advantage of this store of knowledge, we provide numerous types of support to help clients who are considering PFI/PPP initiatives in Japan and overseas to resolve the issues they face.

* Act on Promotion of Private Finance Initiative

● Project Financing Example: Electric Power Generation Project



Asset Financing (Real Estate)

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

Liquidization Financing

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

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

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

Development Financing

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

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

DBJ's Distinguishing Features in Asset Financing

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

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.

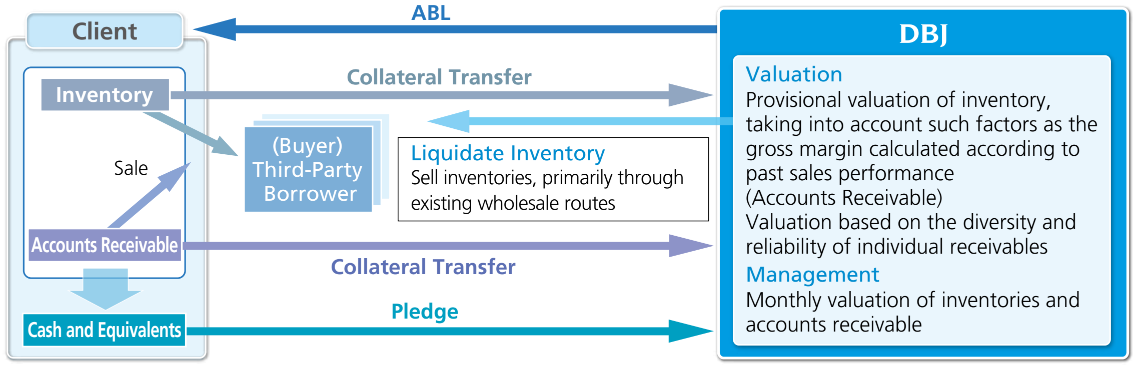
As a financial advisor, DBJ ties together all MBO-related details, arranges investment and mezzanine financing, and works out joint equity financing with sponsors. The ability to handle this range of activities allows DBJ to offer LBO/MBO solutions.

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.

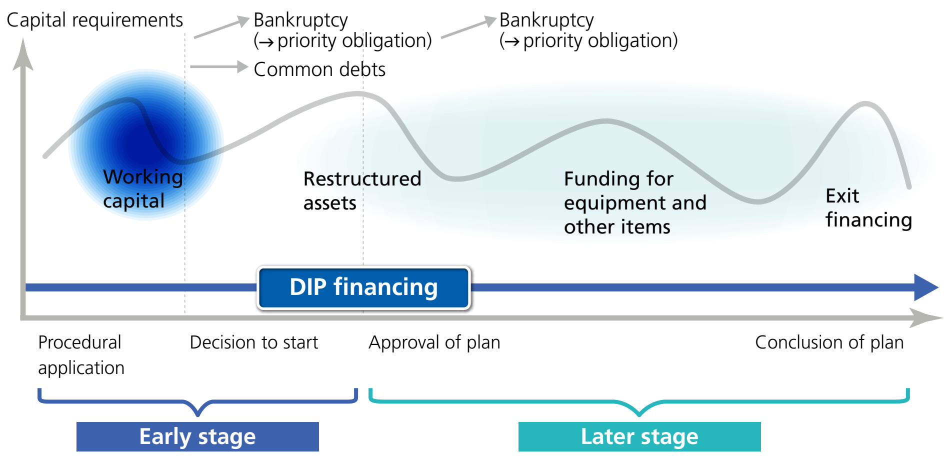


Debtor-in-Possession Financing

Non-performing 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 Act 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.



▶▶ Certification and Unique Programs

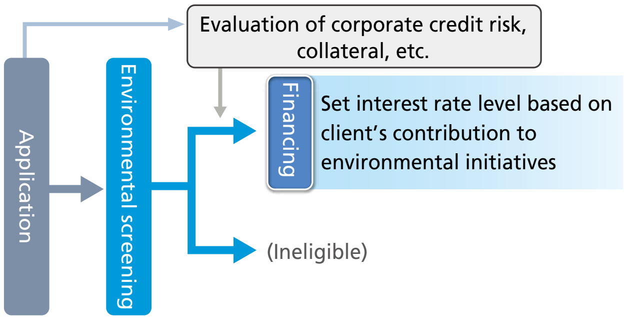
DBJ Environmentally Rated Loan Program

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 its DBJ Environmentally Rated Loan Program based on knowledge cultivated for over five decades. DBJ developed a screening (rating) system that scores companies on the level of their environmental management and then applies one of three different interest rates reflecting that effort. This was the world's first incorporation of environmental ratings in financing menus. In fiscal 2007, we launched an interest rate subsidy program based on environmental ratings to advance global warming countermeasures.

Employing the experience we gained through the DBJ Environmentally Rated Loan Program, in fiscal 2010 we began offering a service to help regional banks develop evaluation tools to use in performing their own environmental ratings. Through such initiatives, we aim to augment environmental financing and encourage its proliferation in Japan.

● Overview of DBJ Environmentally Rated Loan Program



Features

- Varying interest rate levels based on environmental ratings
- Screening sheet containing 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
  Convening of the Environmental Ratings Advisory Committee, seeking advice from outside experts and renewing annual visits
- Ratings determined through interviews with clients
- Applicability to a wide range of clients

DBJ Enterprise Disaster Resilience Rated Loan Program

DBJ's financing track record includes schemes to supporting the recovery of disaster-stricken areas through anti-disaster measures and financing related to disaster recovery.

In addition, from the standpoint of business continuity DBJ assists clients' total enterprise risk management efforts, including the formulation of business continuity plans (BCPs), the earthquake-proofing of facilities and the preparation of IT backup systems. At the same time, DBJ provides new financing methods to assist disaster recovery, including recovery finance and alternative risk transfer finance.

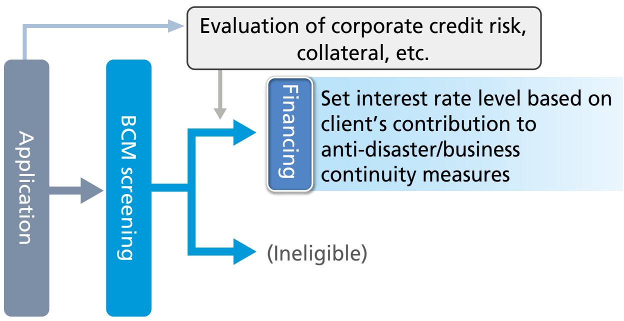
In fiscal 2006, we introduced Financing Employing DBJ Disaster Preparedness Ratings, which evaluate companies and select those engaged in high-level initiatives and anti-disaster and business continuity measures and provide them with preferential interest rate financing as a reward for their excellent disaster preparedness. Financing conditions are set on the basis of the assessment. In this manner, we introduced the world's first disaster preparedness-based financing method.

We revised our financing menus substantially in 2011 as a result of the Great East Japan Earthquake. Enterprise business continuity activities are assessed comprehensively, including resilient strategies and systems for recovering in the event a crisis materializes.

The DBJ Disaster Preparedness Rating (1) is an expression of the evaluation results and (2) promotes broad awareness of the concept of BCM. Aiming to realize the goal of a "resilient Japanese society through disaster preparedness ratings," in 2012 we changed the name of these ratings to the "DBJ Enterprise Disaster Resilience Rated Loan Program."

We will promote enterprise risk management and business continuity through the DBJ Enterprise Disaster Resilience Rated Loan Program.

● Overview of the DBJ Enterprise Disaster Resilience Rated Loan Program



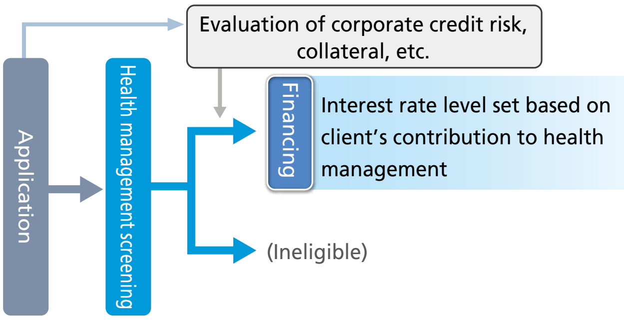
Features

- Varying interest rate levels based on BCM Ratings
- Fair and neutral assessment of global crisis management trends
  Based on information exchanges with the Japanese Cabinet Office, World Economic Forum, NPOs and other experts, developed a screening sheet containing approximately 100 questions. We convene an Advisory Committee to elicit advice from outside experts and renew visits each year.
- Ratings determined through interviews with clients
- Applicability to a wide range of clients

DBJ Employee's Health Management Rated Loan Program

In April 2008, the Ministry of Health, Labour and Welfare introduced a special health checkup system, and the Japanese Diet is discussing making it mandatory for businesses to provide mental health checks. This is one example of the growing importance being placed on maintaining the health of corporate employees. As Japan's working population is expected to shrink, achieving higher levels of human productivity has become an issue of growing importance. With these social conditions as a backdrop, the DBJ Employee's Health Management Rated Loan Program aims to popularize and promote the concept of health management. DBJ has applied to take on Ministry of Economy, Trade and Industry (METI) survey operations. As part of this effort, we use an evaluation system that we have developed to assess companies and select those that are superior in terms of their consideration for employee health and offer them financing terms in line with their assessment levels. We have used a specialized method for introducing an "employee's health management rating," making DBJ the first in the world to offer such a financing menu.

● Overview of DBJ Employee's Health Management Rated Loan Program



Features

- Varying interest rate levels based on employee's health management ratings
- Formation of "health management consortium" with institutions focused on preventive healthcare and development of screening sheet to promote the Health Management Project as an ancillary activity for METI
- Ratings determined through interviews with clients
- Applicability to a wide range of clients

DBJ Green Building Certification

Applying the expertise and networks accumulated over many years of real estate financing, the DBJ Environmentally Rated Loan Program and expertise in other environment-related areas, DBJ inaugurated DBJ Green Building Certification in fiscal 2011.

In addition to providing support through investments and loans to meet financial needs for real estate development, refurbishment and other activities to clients who own or manage real estate that is environmentally and societally considerate (green buildings), through this certification program, an advanced and unique initiative from a financial institution. DBJ also supports environmentally and societally considerate real estate operations among its clients and provides support from such aspects as PR, IR and CSR.

● Overview of the DBJ Green Building Certification

Evaluation Items For environmentally and societally considerate real estate, evaluation items include the three characteristics indicated below.

Ecology
Reducing the burden buildings place on the environment
- Building's environmental performance
- Energy savings, conservation of resources, renewable energy

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Amenity & Risk Management
Comfort, safety and security
- Safety and security of people who use buildings
- Comfort and convenience for people who use buildings

＋

Community & Partnership
Consideration for and communication with stakeholders
- Relationships with the surrounding environment and region
- Communications between owners and stakeholders

Certification Results Clients scoring above a certain level are certified in one of four categories, depending on the status of their initiatives.

DBJ Green Building Platinum ★★★★	DBJ Green Building Gold ★★★	DBJ Green Building Silver ★★	DBJ Green Building Bronze ★
Buildings that are top class in Japan for their consideration for the environment and society	Buildings that are extremely superior in their consideration for the environment and society	Buildings that are very superior in their consideration for the environment and society	Buildings that are superior in their consideration for the environment and society

DBJ Visionary Hospital Program

In recent years, hospitals have been the source of increasing attention for the role they play as bases for safety and security in regional societies. In May 2012, we introduced the DBJ Visionary Hospital program to support the advancement of medical functions, as well as to encourage proactive environmental consciousness, disaster prevention and business continuity measures. For institutions that have had their hospital functions certified by the Japan Council for Quality Health Care, DBJ uses the environmental assessment and BCM evaluation system it developed to certify hospitals as DBJ Visionary Hospitals (namely, those that have in place superior environmental consciousness, disaster prevention and business continuity measures), offering them a financing menu with financing terms set according to their assessments. Through this measure, DBJ supports hospitals' efforts to continue providing good healthcare in regional societies.

DBJ Smart Japan Program

To ensure the sustainability of the Japanese economy amid changes in the external environment, such as post-disaster restoration and reconstruction, yen appreciation, the European financial crisis and the disruption of supply chains that include overseas elements, DBJ has created a support structure to provide funding in the areas of "raising competitiveness to global levels," "community development," and "environment and energy" and has earmarked approximately ¥500 billion for this purpose.

DBJ Smart Japan Program

Raising Competitiveness to Global Levels

Technology, overseas development and alliance, corporate revitalization and restructuring, sightseeing, medical and healthcare, etc.

[Examples]

- Support for growth of companies aiming for a leading share of the global market
- Industry restructuring to boost international competitiveness
- International business development
- Establishment of tourism facilities to encourage overseas tourists to visit Japan
- Establishment of medical centers that serve the healthcare needs of a wide area

Community Development

Special zone for reconstruction, comprehensive special zones, BCPs, investment in earthquake-proofing and other disaster prevention measures, etc.

[Examples]

- Community development in special zone for reconstruction in the disaster-stricken region
- Establishment of key facilities in comprehensive special zones
- Investment in earthquake-proofing by companies that have received BCM Ratings
- Creation of eco-towns linked with corporate activities

Environment and Energy

Support for renewable energy, the popularization of low-carbon products, etc.

[Examples]

- Mega solar construction and other renewable energy projects
- Support for the popularization of low-carbon products using leases

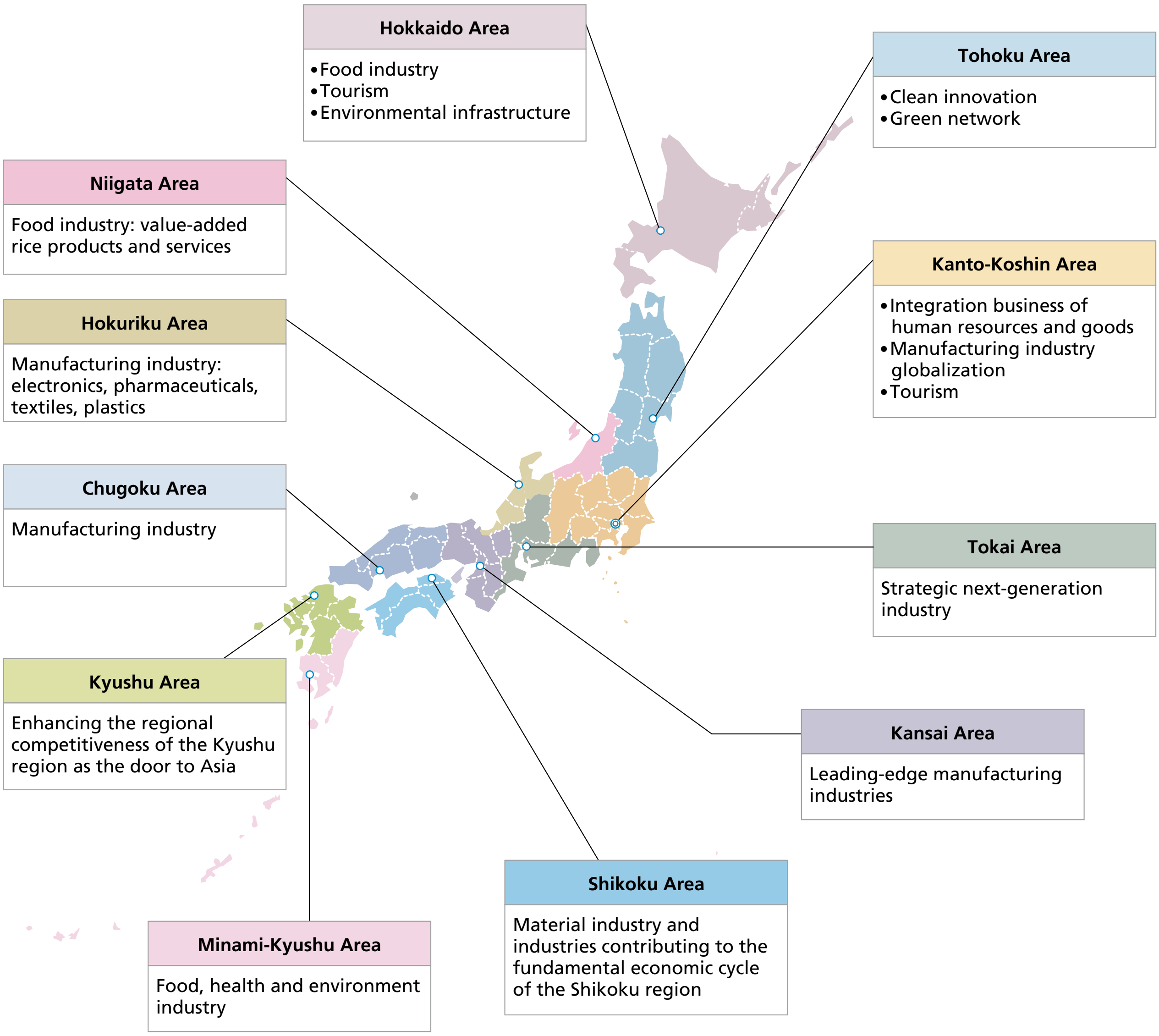
Regional Areas *Genki* Program

Currently, facing the challenges of population constraints, financial limitations, environmental restrictions and global competition, Japan's 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.

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

● Regional Areas *Genki* Program



▶▶ Safety Nets and Public Programs

Interest Rate Subsidy Programs

Interest rate subsidy programs are schemes whereby financial institutions provide financing for specific businesses to promote specific industries. Alternatively, they may target operators of specific businesses. Under these programs, the Japanese government or other organizations provide subsidies corresponding to all or part of the interest payments, thereby reducing the interest burden on the borrower.

Interest Rate Subsidy Program Menu

- **Interest rate subsidy programs that support the revitalization of regional communities**
  These interest rate subsidy programs are provided to businesses recommended by the national government in line with the regional revitalization plans of regional municipal bodies certified by the national government.
- **Interest rate subsidy programs for the development of regional telecommunications and broadcasting businesses**
  These interest rate subsidy programs can be used by clients pursuing regional telecommunications or broadcasting businesses in accordance with legally prescribed guidelines.
- **Interest rate subsidy system for internationally strategic comprehensive special zones, interest rate subsidy system for comprehensive special zones targeting community revitalization**
  These interest subsidy systems target operations endorsed by the national government in line with government plans for comprehensive special zones of regional municipal bodies.
- **Interest rate subsidy system for special zone for reconstruction**
  This interest subsidy system targets operations endorsed by the national government in accordance with the reconstruction plans of regional municipal bodies designated by the national government in the areas identified in the Law for Special Zone for Reconstruction (227 towns and cities).
- **Interest rate subsidy programs for crisis response operations**
  These interest rate subsidy programs can be used by clients who have sustained damage during a crisis certified as such by the government and who meet program requirements. At present, such subsidies are being provided to clients affected by the Great East Japan Earthquake and to a special desk for consulting on measures to counter yen appreciation.
- **Interest rate subsidy programs for the promotion of environmentally conscious management (interest rate 1% subsidy)**
  These interest rate subsidies are for fixed investment and the promotion of research and development to prevent global warming, and target clients involved in businesses working toward the reduction of energy-derived CO_2 emissions, that qualify for the DBJ Environmentally Rated Loan Program, and that have pledged to improve unit CO_2 emissions or reduce overall CO_2 emissions by more than 5% within five years.
- **Interest rate subsidy programs to fund domestic oil and natural gas development (continental shelf interest rate subsidy)**
  These interest rate subsidy programs can be used by clients involved in oil or natural gas development businesses in Japan.
- **Interest rate subsidy programs to fund fixed investment for using natural gas and other resources (natural gas and other resources interest rate subsidy)**
  These interest rate subsidy programs can be used by clients that are making fixed investment involving the use of natural gas and other resources.
- **Interest rate subsidy programs to fund specific and other facilities related to the rationalization of energy use and to promote the introduction of special equipment (energy conservation interest rate subsidy)**
  These interest rate subsidy programs can be used by clients who are promoting the conservation of energy.
- **Interest rate subsidy programs to fund effective resource use and other activities**
  These interest rate subsidy programs can be used by clients who are using resources effectively.

Crisis Response Operations

Crisis response operations on the basis of the Japan Finance Corporation Act (Act No. 57 of 2007, later updated) consist of the provision of necessary funds during such crises as disruptions in domestic or overseas financial markets or large-scale natural disasters. The Japan Finance Corporation (JFC) provides risk and other support from the Japanese government via designated financial institutions as funds for responding to crisis-related damage.

At the time of its establishment, DBJ was designated as such a financial institution, as was Shoko Chukin Bank Limited. In accordance with this designation, DBJ commenced its crisis response operations in October 2008.

In the fiscal 2011 supplementary budget (passed on May 2, 2011), ¥2.5 trillion was earmarked for JFC Great East Japan Earthquake crisis response operations targeting medium-sized and large companies.

This supplementary budget having been passed, as a designated financial institution for the crisis response operations DBJ set up a full-fledged structure to facilitate implementation of crisis response operations for clients affected both directly and indirectly by the disaster. In addition, DBJ is making a proactive effort to support increases in the production of materials needed for restoration and reconstruction in the aftermath of the recent disaster. (See pages 59–65.)

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 services case studies on page 92 introduce DBJ's "CSR through Investment, Loan and Other Businesses" approach.

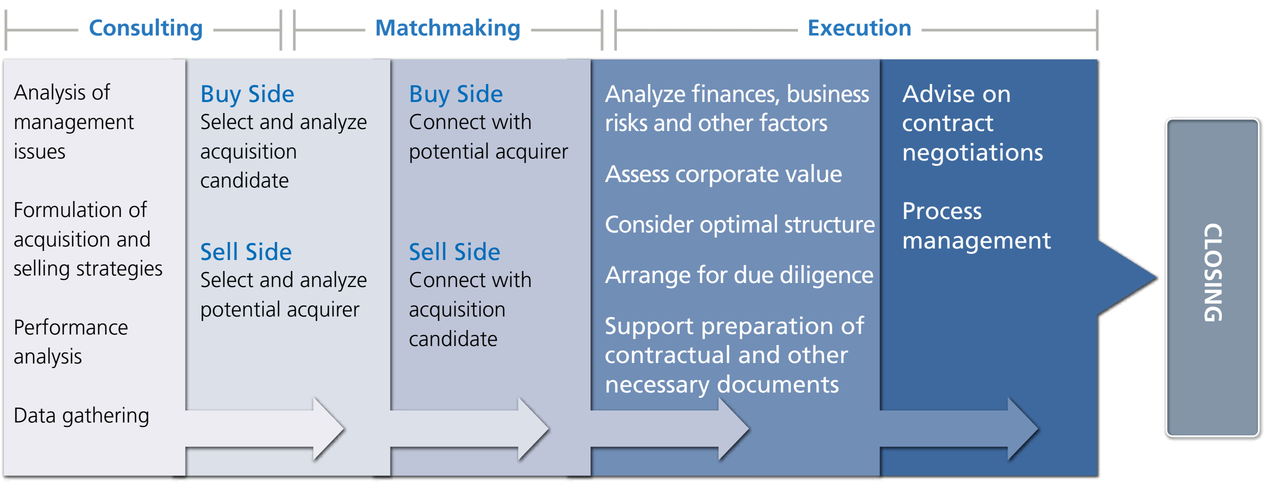
M&A Advisory Services

As corporate development options diversify, M&A activity is growing more prevalent amid the expansion business overseas—centered on Asia, both for businesses restructuring operationally and for industry restructuring overall. Mergers and acquisitions can be a method for achieving higher business efficiency, 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 experience we have gained through many years of providing loan and project support from a neutral, 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 insights 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**



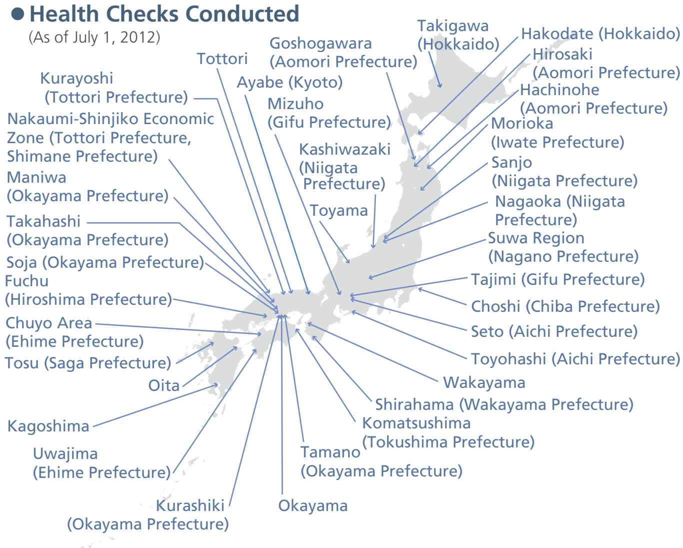
Regional Health Checks

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. We have taken part in 36 such projects to date.

● Health Checks Conducted

(As of July 1, 2012)



Practical Application Support Center for Technology

DBJ established the Practical Application Support Center for Technology in February 2004 to help manufacturers 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 create value in technology. Through evaluation, survey analysis and the proposal of future business models from the perspective of technology management, recommendations and technology management training, we support companies in the manufacturing sector in the development of new value.

For clients and other companies across a broad spectrum in the manufacturing sector, we support ecosystems (relations between companies) from the viewpoint of innovations (new combinations) that include the consideration of technology management strategies to resolve global issues and the creation of business models. We provide additional evaluations based on our expertise in operational screening and help clients, including through consultations on business and financial strategies, consider optimal long-term strategies and business plans.

From a neutral and specialized standpoint, DBJ serves as a good industry-related consultation partner to management, leveraging its overall base of knowledge related to manufacturing management to help clients enhance their corporate value and contribute to the development of Japanese manufacturing.

● Changes in the Manufacturing Business Environment

	Past	Future
Ways to create value	Values of products themselves	Technical expertise to take a global lead Combination of diverse elements, including products and services
Desired capabilities	Increasing performance and functionality Raising efficiency, lowering costs	Valuable design expertise and ability to communicate with society Overwhelming expertise in manufacturing technologies and quality management capabilities
The background of the times	Mass production Catching up with Europe and the United States	Increasing uncertainty due to more-global and flatter markets Advances by companies from emerging markets Dramatic advancement in ICT

DBJ Asia Financial Support Center

DBJ opened the DBJ Asia Financial Support Center in June 2011 to provide local information and consulting services to regional banks supporting efforts by medium-sized companies and other entities in their regions to promote business in other parts of Asia.

The center's roles are to liaise with regional banks throughout Japan and help meet the various needs of local medium-sized companies and other entities to develop their operations in Asia. Specifically, when local medium-sized companies seek to expand their operations in Asia, we provide their regional banks with necessary information on investment and the current environment, including industry trends. In addition, when companies are recommended to us by regional banks, we provide individual consulting services by leveraging the DBJ Group's information network, which includes development banks and other public financial institutions in Asian countries. We provide this information to the companies via their regional banks.

With regard to its services, in June 2011 the center entered into a comprehensive agreement on collaboration with Hitotsubashi University. Based on this accord, the two entities will work to strengthen the transmission of information related to Asia through collaboration in a host of areas, including Asia-related joint research and personnel exchanges.

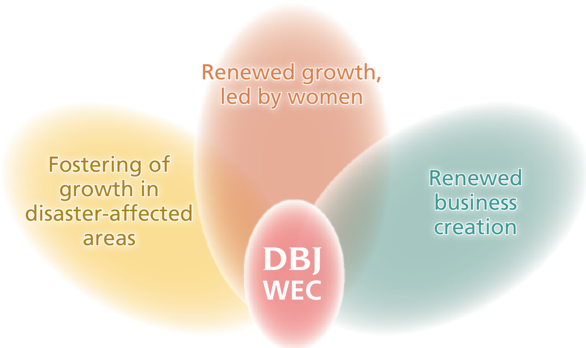
As of May 31, 2012, 64 regional banks were members of the center. Breaking down inquiries by country, 60% were in relation to China, Thailand or Vietnam, while 60% of the inquiries concerned investments or funding. DBJ will continue augmenting its ability to disseminate information related to Asia.

Women Entrepreneurs Center (DBJ-WEC)

Japan faces a number of issues, including economic sluggishness, a decrease in the working population prompted by a lower birth rate and an increase in the average age, and reconstruction following the Great East Japan Earthquake. Amid these conditions, expectations are rising for business startups by enterprising women. However, such startups require extensive support, including on the aspects of information, networks and financing.

To this end, DBJ established the Women Entrepreneurs Center (DBJ-WEC) in November 2011 as a platform to provide comprehensive support, including funding, networks and startup expertise, for women seeking to start new businesses or grow existing enterprises.

To cultivate and foster new businesses, DBJ-WEC will annually hold a business plan competition targeting women entrepreneurs. The winner of the competition will be awarded an incentive payment of up to ¥10 million. Additionally, DBJ-WEC offers all participants a variety of support on the planning front, such as by connecting them with experienced entrepreneurs and experts in various fields, providing startup expertise and advice and introducing them to networks after the competition.



DBJ Women Entrepreneurs Center

Award ceremony of the first DBJ Women Entrepreneurs New Business Plan Competition

First winner of the grand prize (¥10 million): Ms. Yuriko Kato

Public Asset Management

Public asset management describes the method of looking at the public assets owned by government bodies from a management perspective for the purposes of overall planning, control, use and disposal.

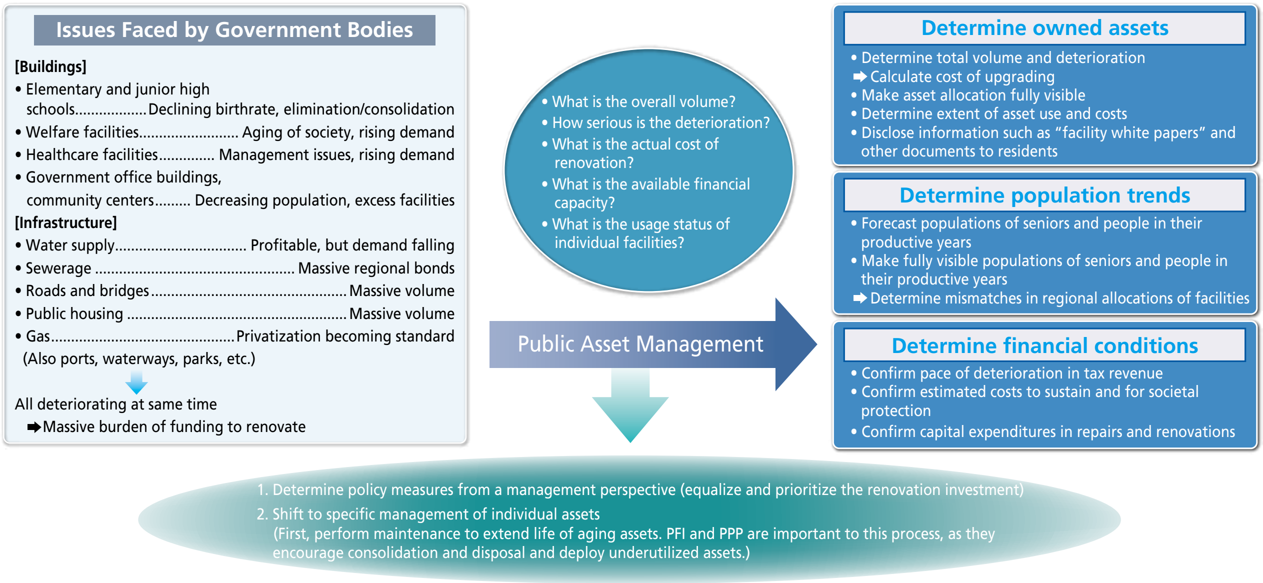
The public assets owned by government bodies are large and varied. They include buildings, such as schools, public offices and community centers, as well as waterworks, sewerage, roads and other infrastructure. Two major issues have come to the fore in this category in recent years.

The first is that facilities that were built in a concentrated period during Japan's era of high economic growth are now deteriorating rapidly. Because many public assets were built at around the same time, their deterioration is also simultaneous. The second issue is a mismatch between the population—which is shrinking and changing in its makeup—and the supply of facilities needed to serve the needs of residents. Going forward, as the overall population shrinks and the average age rises, government bodies will face major changes in the amount and types of public assets that are necessary.

However, long-term economic malaise and a decrease in the percentage of the population in their productive years means that tax revenues are down and welfare budgets are increasing. Owing to factors such as these, it is difficult to secure the budgets necessary to renovate or reallocate public assets that have deteriorated.

For this reason, government bodies must quickly embark on the management of public assets and conduct sustainable urban management.

DBJ is working with the Japan Economic Research Institute Inc. to determine the status of owned assets and calculate their future cost, among other activities. Public asset management advisory services are just one of the initiatives we offer.



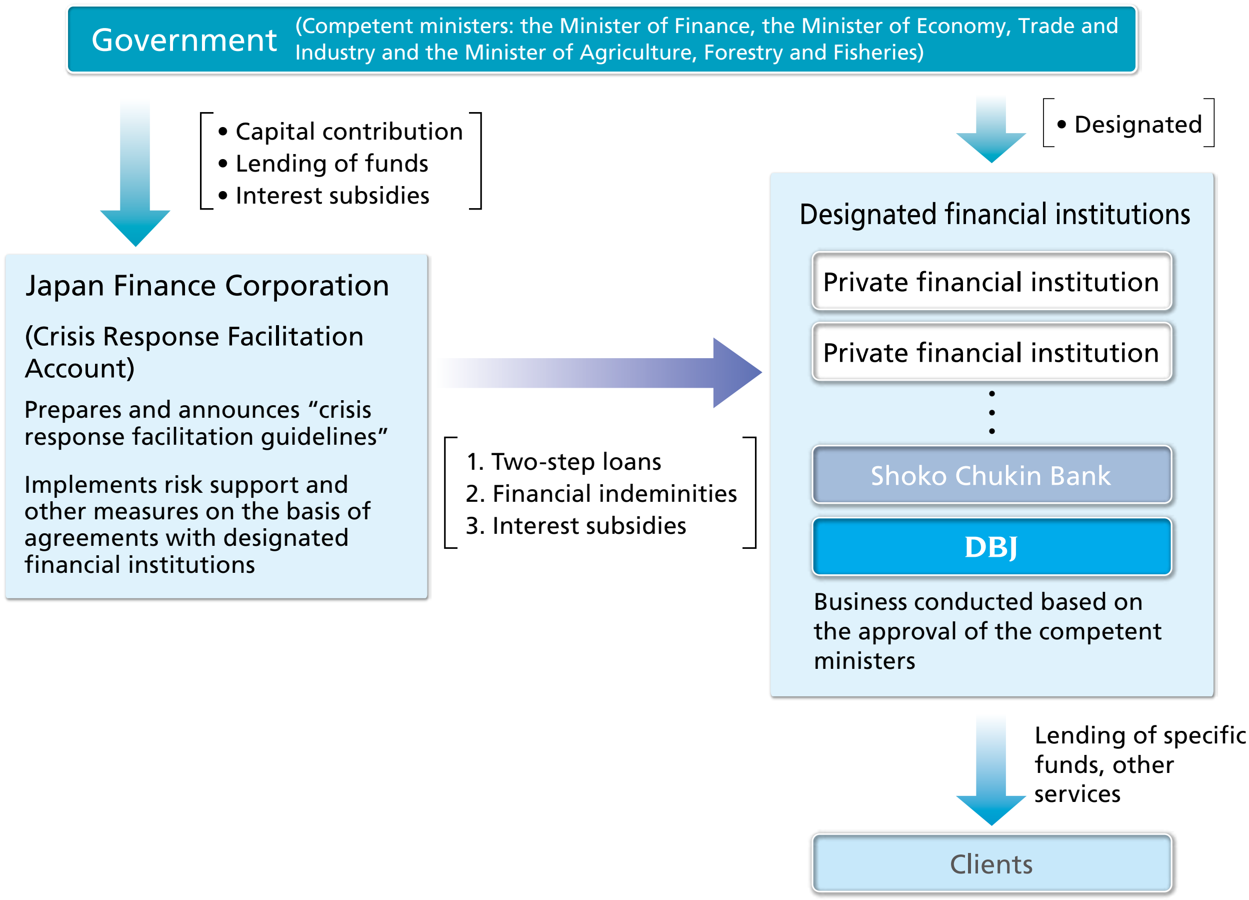
Crisis Response Operations

Crisis response operations, on the basis of the Japan Finance Corporation Act (Act No. 57 of 2007, later updated) consist of the provision of necessary funds during such crises as disruptions in domestic or overseas financial markets or large-scale disasters. The Japan Finance Corporation (JFC) provides risk and other support from the Japanese government via designated financial institutions as funds for responding to crisis-related damage.

These funds 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 indemnity 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. In accordance with this designation, DBJ commenced its crisis response operations in October 2008.

● Crisis Response Operations Scheme



The Great East Japan Earthquake

In response to the Great East Japan Earthquake, which occurred on March 11, 2011, as a designated financial institution for crisis response operations DBJ set up a full-fledged structure to facilitate the all-around operation of crisis response operations for clients affected both directly and indirectly by the disaster.

Please see pages 62–65 for "Initiatives Related to the Great East Japan Earthquake."

Results of Crisis Response Operations

On October 30, 2008, 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, augmented 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 Revision to the New DBJ Act went into force and was promulgated on July 3, 2009. These measures paved the way to reinforce DBJ's financial structure and facilitate crisis response operations.

For cases following the Great East Japan Earthquake, which occurred on March 11, 2011, the Japanese government began conducting crisis certifications on March 12, 2011. Upon notification of such certifications, the implementation period for crisis response operations was re-extended. (Meanwhile, the implementation period for certain projects, such as those involving "incidents related to confusion in the international financial order" concluded on March 31, 2011.)

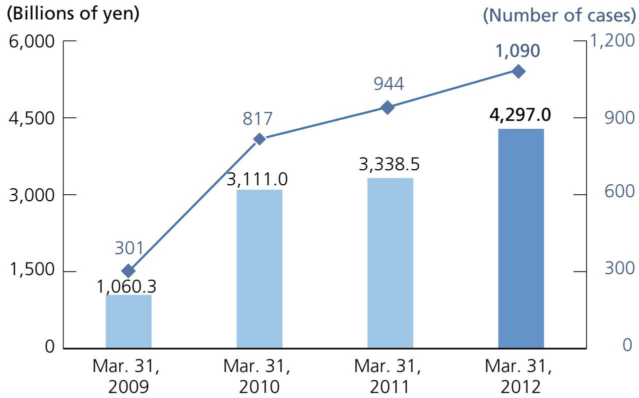
As of March 31, 2012, DBJ's loan performance and commercial paper acquisitions of crisis countermeasure loans were as follows.

- Cumulative loans: ¥4,297.0 billion (1,090 cases)
- Cumulative loans executed with loss guarantee agreements: ¥238.3 billion (46 cases, including those slated for application to JFC)
- Cumulative commercial paper acquisitions: ¥361.0 billion (68 cases)

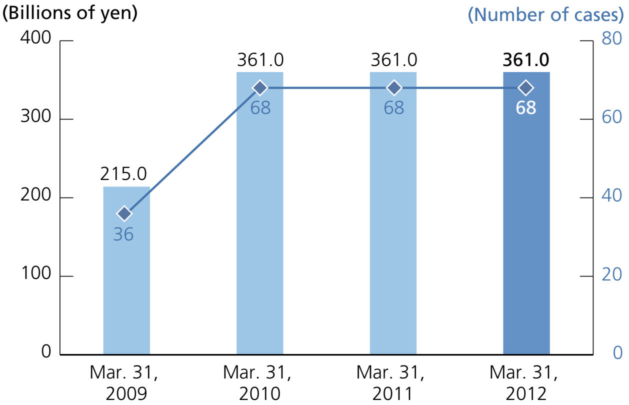
*1 Of the ¥67.0 billion in loans executed with loss guarantee agreements to Japan Airlines in relation to crisis response operations, ¥47.0 billion (amount confirmed in April 2011 owing to DBJ's completion of corporate rehabilitation procedures) in compensation was ultimately provided by the Japan Finance Corporation on the basis of this agreement.

*2 The commencement of corporate rehabilitation procedures for DBJ business partner Elpida Memory, Inc., was set for March 23, 2012. A portion of loans provided by DBJ were covered by an agreement for the reimbursement of loss guarantee transactions with the Japan Finance Corporation. Going forward, if these loans become uncollectable or in the event of capital deterioration, DBJ will request that the Japan Finance Corporation provide a compensation payment. The agreement between DBJ and the Japan Finance Corporation for the reimbursement of loss guarantee transactions on loans provided by DBJ include ¥10.0 billion in loans executed with loss guarantee agreements for conducting crisis response operations, as well as an investment amount of ¥28.4 billion as a designated operator set forth in the Law on Special Measures for Industrial Revitalization and Innovation. The above-stated amount does not include interest, damages or other charges. Based on this agreement for the reimbursement of loss guarantee transactions, the amount that DBJ may receive as compensation payment from the Japan Finance Corporation is a maximum of ¥27.7 billion. This includes an 80% compensation of the investment amount (¥22.7 billion) and a 50% compensation for the loans provided by DBJ (¥5.0 billion).

● **Loans as Crisis Countermeasures (Cumulative)**



● **Commercial Paper Acquisition as Crisis Countermeasures (Cumulative)**



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 a 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)

Successful Safety Net Initiatives

1995	Reconstruction following the Great Hanshin-Awaji Earthquake
1997	Financial climate response (credit crunch)
2000	Reconstruction following Mt. Usu eruption
	Restoration support following torrential rains in the Tokai Region
2001	Terrorist attacks on the United States
	SARS countermeasures, BSE countermeasures
2004	Reconstruction following the Chuetsu Offshore Earthquake
2005	Reconstruction following the Fukuoka Prefecture Western Offshore Earthquakes
2006	Asbestos countermeasures
	Response to major rise in crude oil prices
2007	Reconstruction following the Noto Peninsula Earthquake
	Reconstruction following the Mid Niigata Prefecture Earthquake
2008	Reconstruction following the Iwate-Miyagi Nairiku Earthquake
	Financial crisis response
2010	Yen appreciation and other countermeasures
2011	Reconstruction following the Great East Japan Earthquake

Initiatives Related to the Great East Japan Earthquake

Crisis Response Operations

In the fiscal 2011 supplementary budget (passed on May 2, 2011), ¥2.5 trillion was earmarked for the Japan Finance Corporation (JFC) for Great East Japan Earthquake crisis response operations targeting medium-sized and large companies.

This supplementary budget having been passed, as a designated financial institution for the crisis response operations DBJ set up a full-fledged structure to facilitate implementation of crisis response operations for clients affected both directly and indirectly by the disaster. In addition, DBJ is making a proactive effort to support increases in the production of materials needed for restoration and reconstruction in the aftermath of the recent disaster.

Responding to Electrical Power Supply Problems

Following the Great East Japan Earthquake, Japan's electric power utilities have been compelled to suspend operations at their nuclear power plants. Accordingly, the stable supply of electricity has become an important issue from the standpoint of maintaining or strengthening Japan's economic and industrial competitiveness. The need to secure alternate forms of fuel has caused electric utilities' costs to increase and required them to introduce new safety measures, both of which were expected to deteriorate their balance of revenues and expenses. Because of the difficulty the utilities would have in issuing corporate bonds, DBJ responded quickly in collaboration with private financial institutions to secure the funding needed to ensure a stable supply of electricity.

In the preceding fiscal year, DBJ worked to accurately determine the funding needs of each power company. In particular, we collaborated with The 77 Bank, Ltd., a local financial institution, to arrange a syndicated loan for Tohoku Electric Power Co., Inc., totaling ¥120.0 billion. Numerous financial institutions participated, providing broad-ranging support from a financial perspective for efforts to restore Tohoku Electric Power facilities that were directly affected by the disaster.

Response to TEPCO Needs

First, in April 2011 DBJ collaborated with leading banks to provide Tokyo Electric Power Company, Incorporated (TEPCO), with financing needed to provide long-term working capital, including for fixed investment for restoration immediately after the accident and for fuel costs.

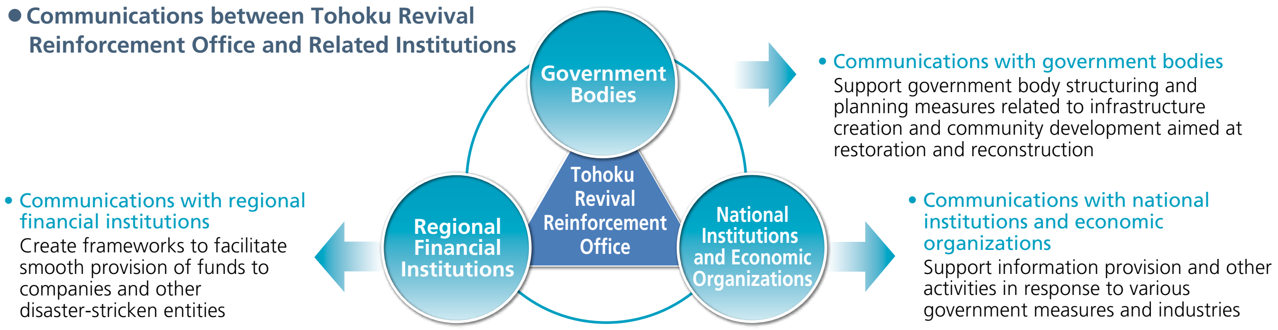
Recognizing that the most important issue for TEPCO lies in balancing appropriate compensation payments to victims and providing a stable supply of electricity, in September 2011 we launched the Nuclear Damage Liability Facilitation Fund. This was followed in November 2011 by the establishment of a backup commitment line to enable empathy and other compensation payments according to an emergency special business plan approved by the minister of finance. Thereafter, in May 2012 the minister of finance approved a comprehensive special business plan supporting the utility's efforts to become a "new TEPCO." As a financial institution, we recognize the importance of responding to this need and cooperating with related parties as we continue to support both a stable supply of electricity and the payment of appropriate compensation to victims.

Tohoku Revival Reinforcement Office

On April 21, 2011, DBJ established the Tohoku Revival Reinforcement Office within the Tohoku Branch to consolidate and better provide companywide knowledge and financial expertise toward the restoration and reconstruction of the Tohoku region, which was affected by the Great East Japan Earthquake that struck on March 11, 2011.

The Tohoku Revival Reinforcement Office has a cross-departmental structure that spanning the Regional Planning Department, Financial Institution Department, and other departments and branches. The office provides beneficial information related to restoration and reconstruction and communicates with government bodies, national institutions, economic organizations and regional financial and other institutions to conduct surveys and introduce plans.

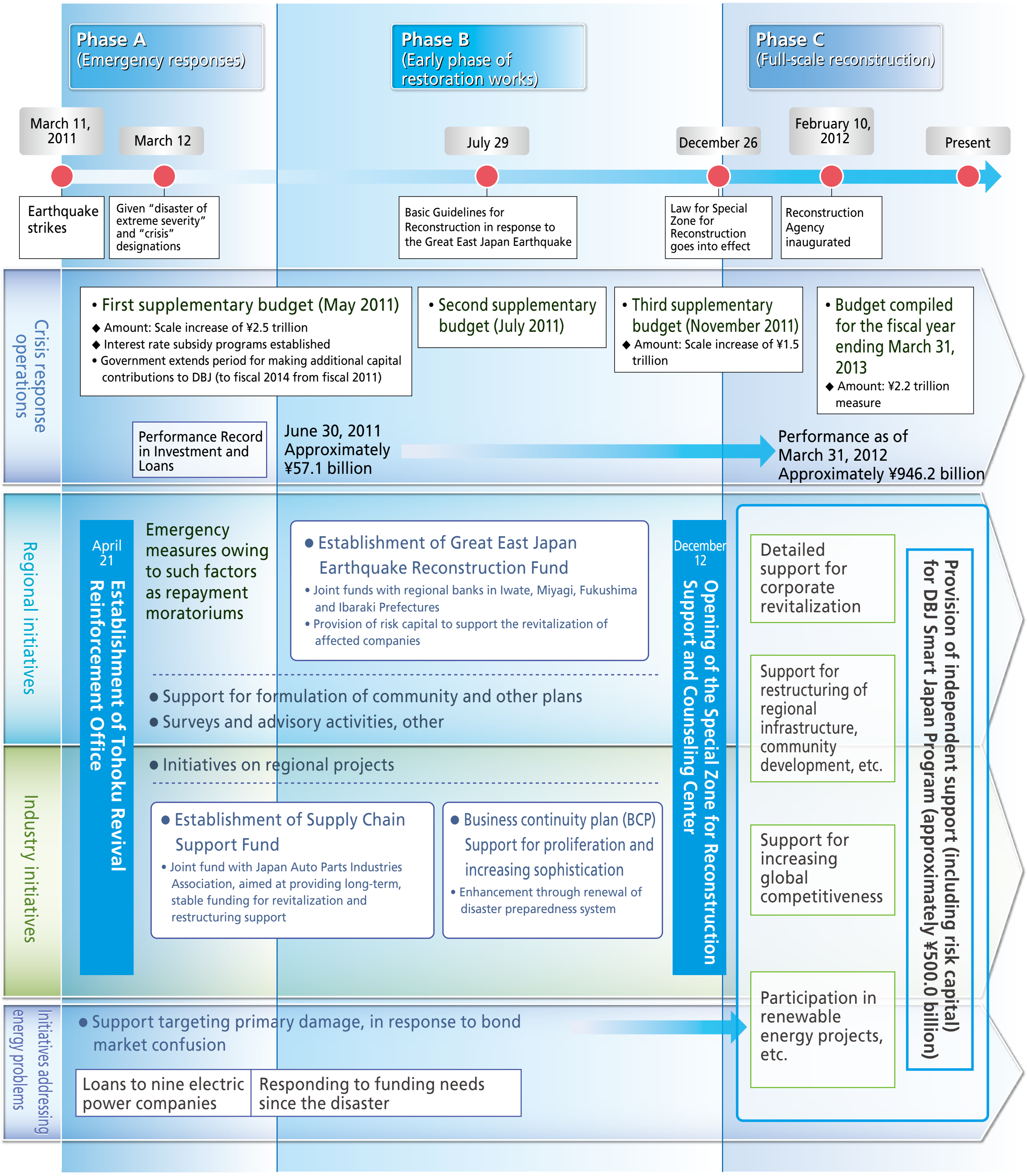
● **Communications between Tohoku Revival Reinforcement Office and Related Institutions**



Restoration and Reconstruction Issues and Responses

The Great East Japan Earthquake was a complex major disaster, an infrequent type even on a global scale. We believe that restoration and reconstruction measures must be implemented on a step-by-step basis, in chronological order. Also, given the broad expanse of the damaged region, restoration and reconstruction measures must take into careful consideration the regions where they are being introduced and the type of damage they are targeting.

● Restoration and Reconstruction Support through Investment and Loan Activities



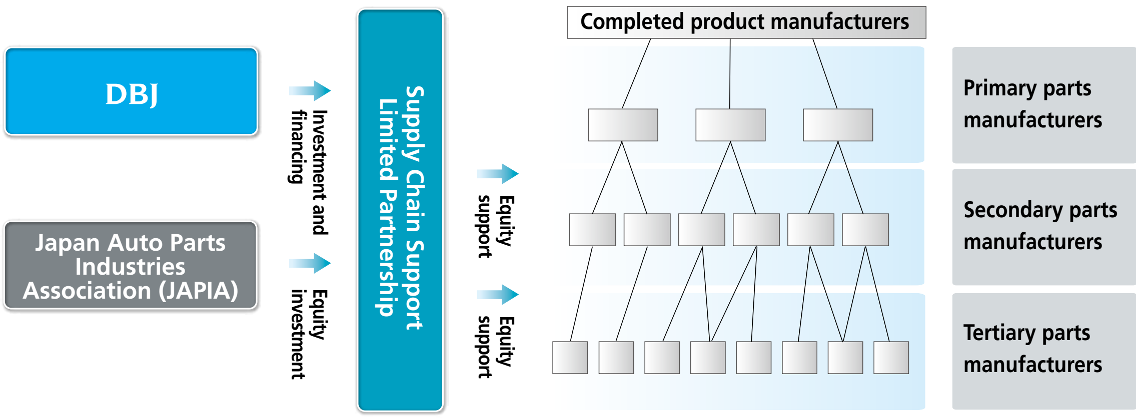
Supply Chain Support Fund

In June 2011, DBJ joined the Japan Auto Parts Industries Association (JAPIA) to form the Supply Chain Support Limited Partnership. The partnership was formed to support the reconstruction of automotive supply chains (parts procurement networks) that were affected by the Great East Japan Earthquake.

The Great East Japan Earthquake disrupted the automotive industry's supply chains. This fact, compounded by electric power supply problems created uncertainties about when the automotive industry production would resume.

Through the establishment of this fund, DBJ aimed to provide long-term stable funding through equity-type funds for companies supporting the supply chains employed by Japan's automotive industry. By assisting the industry in such aspects as reconstruction following the earthquake, and supporting business and industry restructuring, we aim to recover the confidence in the industry as a responsible global supplier and toughen the supply chain. As a result, we aim to respond to the mandate of helping to rebuild one of Japan's backbone industries and contribute to its redevelopment and management stability.

● **Structure of the Supply Chain Support Fund**



Great East Japan Earthquake Reconstruction Fund

DBJ and financial institutions in areas affected by the earthquake formed the Great East Japan Earthquake Reconstruction Fund to support the restoration and reconstruction of companies that sustained damage in the earthquake.

The fund is aimed at providing support for the reconstruction of prominent regional companies that were temporarily affected by the disaster. The fund provides such companies with risk capital that makes uses of such instruments as subordinated loans and preferred shares, with the aim of supporting the early reconstruction of the disaster-stricken region.

Name	Iwate *Genki Ippai* Investment Limited Partnership	Fukushima Booster Fund Investment Limited Partnership	Miyagi Reconstruction Bridge Investment Limited Partnership	Ibaraki *Kizuna* Investment Limited Partnership
Scale of fund	¥5.0 billion (initially)			
Established	August 2011	August 2011	August 2011	September 2011
General partnerships (GPs)	Tohoku Fukko Partners Co., Ltd.			SFG Partners Inc.
Limited partnerships (LPs)	DBJ and The Bank of Iwate, Ltd.	DBJ and The Toho Bank, Ltd.	DBJ and The 77 Bank, Ltd.	DBJ and The Joyo Bank, Ltd.
Period	Investment period of three years, duration of 10 years (If necessary, however, it is possible to extend the investment period by up to two years and the duration by up to five years.)			

Providing Information

Specific Measures and Issues for Great East Japan Earthquake Reconstruction—Six Proposals for Creative Reconstruction Assuming Financial Limitations (July 2011)

Facing the question of how to recover from the Great East Japan Earthquake, creative reconstruction is necessary, taking into account the financial issues that existed prior to the earthquake and looking toward the growth of Japanese industry. Sharing a sense of urgency, DBJ and The Canon Institute for Global Studies cooperated in formulating a specific policy and preparing a report on recommendations.

This proposal covers six areas: (1) community development, (2) waterworks and sewerages, (3) medical care and welfare, (4) agriculture, (5) university research functions and (6) PFIs. Although the list of areas covered in the proposal is not exhaustive, it provides grounds for consideration by related parties when formulating future reconstruction plans.

Survey on Corporate Disaster Prevention and Business Continuity Efforts following the Great East Japan Earthquake—The Accumulation of Sustainable BCPs and Competitive Reconstruction (September 2011)

Taking into account the Great East Japan Earthquake, the issue of how companies will introduce future disaster prevention and business continuity initiatives has taken on increased importance.

Taking these conditions into consideration, this survey elicits the cooperation of approximately 30 companies. Emergency hearings were held and questionnaires distributed to corporate personnel in charge of disaster prevention and their respective BCPs. As a result, based on the awareness and conditions of the companies involved, the state of existing disaster prevention and business continuity initiatives was verified. We also considered how the companies would address these issues in the future and considered improvements, summarizing efforts to support corporate business continuity.

Specific Measures Targeting Reconstruction following the Great East Japan Earthquake—Seven Proposals for Creating Industries that Leverage the Functions of Tohoku University (December 2011)

Restoring the lifestyles that were lost during the disaster requires that working locations and reconstruction activities be considered in tandem. From this starting point, we consider it extremely important to harness the functions performed by Tohoku University, which is one of Japan's leading centers of knowledge, to unleash the region's potential, creating new businesses and industries to generate employment and reconstructing the disaster-stricken region. Having a shared awareness of this issue, DBJ and Value Management Institute, Inc., cooperated in drafting a specific policy proposal.

Seven areas—(1) renewable energy, (2) distributed power sources, (3) electronic medical records, (4) remote healthcare, (5) nursing and welfare robots, (6) urban mines and (7) micro-electromechanical systems (MEMS)—are covered by the current proposal, analyzing research themes being pursued by Tohoku University and drawing up specific projects linking these themes to new industries.

A Year after the Great East Japan Earthquake—Verification, Area-Specific Data on Restoration and Reconstruction and Future Issues (April 2012)

Now that a year has passed since the Great East Japan Earthquake, the characteristics of different areas have grown more distinct. Therefore, in order to analyze the data and produce future strategies, we have summarized area-specific data according to (1) the current status of the disaster-stricken region, (2) the status of formulation of reconstruction plans by government bodies, (3) key related legislation and budget measures, and (4) economic, corporate and regional financial trends.

Study Group on Regional Reconstruction

To encourage the creative reconstruction of the Tohoku region and throughout the entire area afflicted by the Great East Japan Earthquake, DBJ established the Study Group on Regional Reconstruction (chaired by University of Tokyo Professor, Takashi Onishi), comprising experts in such fields as community development, disaster preparedness and regional public finance.

The Great East Japan Earthquake, which combined an earthquake, tsunami and nuclear accidents, caused damage on a massive scale. This unprecedented disaster will have serious repercussions for Japan's economy, industry and society.

The group is expected to consider specific measures to foster the necessary creative reconstruction in the stricken areas, including Tohoku, such as a strategic project aiming for a "Calamity-Proof Nation (Strong in the Face of Major Disaster)," from three perspectives: (1) safety and security, (2) regional entities and (3) looking to the future. The study group met for the first time on May 18, 2011, and had convened six more times by March 2012, meeting in Tokyo and Sendai. In March 2012, the group produced a report recommending that in addition to repairing physical damage, creative reconstruction was needed that combined sustained industry promotion and the lifestyle infrastructure by leveraging private-sector expertise and stronger ties with the public sector (the need for earthquake reconstruction PPPs, reconstruction and community development companies, and support functions).

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.

The report explains domestic and overseas economic trends through an analysis of economic and financial indices published each month. In recent years, the global economic and financial markets have grown more closely linked. With regard to these global markets, the report aims to further that integration by introducing overseas fiscal and monetary policy and commenting on current topics.

In addition, the report addresses topics that are timely from the perspective of industrial trends.

"Forecasting Market Scale for Mass Retailers of Home Electronics Based on Units Owned by Households" (Preliminary Calculation)

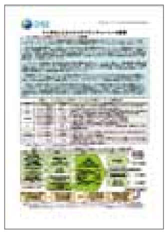
(*DBJ Monthly Overview*, No. 165, October 2011)

Although the size of the domestic retail market for home electronics is essentially unchanged, mass retailers of home electronics account for a larger portion of this market each year. In 2010, their share of the market exceeded 70%.

This report, assuming that "home electronics products are items owned by households," seeks to answer "how many items households own overall" and "how many years elapse until they replace them." Taking this approach, the report forecasts the scale of the domestic home electronics retail market and makes individual estimates for key items that account for more than 50% of total sales: televisions, personal computers and white goods (lifestyle appliances). The report then estimates the size of the home electronics retail industry and the market scale of mass retailers of home electronics through 2015.

"Impact of the Flooding in Thailand on the HDD Supply Chain"

(*DBJ Monthly Overview*, No. 166, November 2011)



Thailand plays a central role in the supply chain for hard disk drives (HDDs), which are key components used in personal computers, video players and other electronics. Consequently, the impact of the record-level deluge that affected Thailand in 2011 rippled throughout the world, affecting final product supplies. This report looks at the extent to which the flooding in Thailand damaged manufacturers of HDDs and components and the long-term impact on Japanese companies of the HDD supply chain coming to an operational standstill, and makes specific recommendations for HDD-related manufacturers.

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.

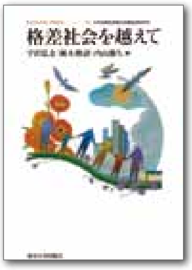
"Determining Factors of Environmental Activities and Corporate Value—Analysis Based on Case Studies of Financing Employing Environmental Ratings"

(*Economics Today*, Vol. 31, No. 1, April 2010)

Assuming that the market values corporate environmental consciousness activities, which thereby affects corporate value, we have conducted an empirical analysis of the relationship between environmental activities and corporate value and individual corporate data based on newspaper reports related to DBJ Environmentally Rated Loan Program. The results of this analysis suggest that environmental consciousness activities and taking advantage of Financing Employing Environmental Ratings boost companies' corporate value and profitability. The result also indicates that shareholder composition and fund-raising capabilities are determining factors in corporate decision-making on whether to employ such financing.

"Beyond a Disparate Society"

(Hirofumi Uzawa, Toshiaki Tachibanaki, Katsuhisa Uchiyama [eds.], University of Tokyo Press, June 2012)

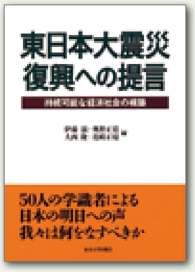


This collection of essays shares the recognition among its authors that Japan exists within a disparate society, and develops the thesis that its incongruousness is not conducive to the stable and sustained development of Japanese society. Each chapter focuses on the theme of institutional capital (public finance, private finance, education, societal protection, etc.) as shared social capital, raises topics of the cities and the environment and discusses their relationship to a disparate society. The collection looks toward the formation of a less-disparate small society, describes the vision needed to achieve sustained development and discusses the role of shared social capital.

"The Great East Japan Earthquake—Recommendations for Reconstruction for the Formulation of a Sustainable Society"

(Shigeru Ito, Masahiro Okuno, Takashi Onishi and Masaharu Hanazaki [ed.], University of Tokyo Press, July 2011)

The Great East Japan Earthquake highlighted that the Japanese economy and society is built on an extremely fragile base. With the earthquake having shaken some very fundamental values, this report examines initiatives suitable for reconstructing the disaster-stricken region and rebuilding the Japanese economy and society.



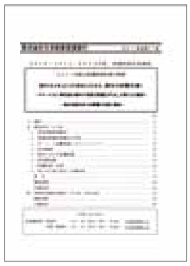
This report summarizes disaster reconstruction recommendations by 50 academics who are at the forefront of such fields as economics, urban theory and industry theory. The report is divided into three sections, Part I: Regional Revitalization; Part II: Challenges for the Japanese Economy; and Part III: Reconstruction and Japanese Society.

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 2011 Survey of Capital Investment Plans for Years to March 31, 2011, 2012 and 2013,"
(*Surveys*, No. 103, September 2011)



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 Environmentally Rated Loan Program, 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 the corporate business continuity plans companies have established. In fiscal 2006, we incorporated survey results to form the basis for Financing Employing DBJ Disaster Preparedness Ratings, which we use in our financing considerations. Financing Employing DBJ Disaster Preparedness Ratings was substantially revised in August 2011. Thereafter, the name of this system was changed in 2012 to the DBJ Enterprise Disaster Resilience Rated Loan Program.

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—head office, 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 56.)

"Fiscal 2012 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, Takashi Onishi, University of Tokyo professor and president of the Science Council of Japan, contributed a special section entitled "Issues Related to Restoration and Reconstruction Following the Great East Japan Earthquake."

"Issues and Outlook for Tohoku Tourism, Centering on Overnight Travel—Based on an Earthquake Impact Study"

This report looks at the domestic overnight tourism industry, which was significantly affected by the Great East Japan Earthquake, summarizing the industry's issues and prospects. Leveraging the expertise that DBJ has accumulated involving the ryokan (Japanese-style inn) tourism and related industry business, this study involves interviews with various experts and takes an approach combining a written survey with field research.

"Research Group on Development of the Reconstruction Region Report"

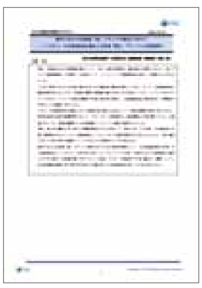
Earthquake reconstruction efforts are currently in full swing in each of the affected regions. This report argues that in addition to physical improvement, the areas could leverage and retain creative wisdom and methods, as well as private-sector expertise. The report then makes specific recommendations on initiatives for promoting industrial and lifestyle infrastructures.

Branch Reports

Hokkaido Branch

"Establishing Hokkaido Food Products as a Recognized Brand Overseas—Brand Synergies between Hokkaido Food Products and Hokkaido Tourism" (*Mini Report*, May 2011)

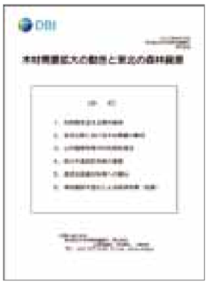
In the aftermath of the Great East Japan Earthquake and the nuclear power plant accidents, overseas consumers are exercising voluntary restraint toward Japanese food and food products originating in Japan, and some restrictions are in place. However, initiatives to encourage food exports are essential to the future of Hokkaido.



This report clarifies the cachet enjoyed by Hokkaido food products that are exported overseas, and then speculates that initiatives to promote exports of these products depend on (1) getting Japanese restaurants overseas to communicate the attraction of Hokkaido food products by featuring them on special menus and (2) breaking down the barriers to food product exports from Hokkaido by appealing to their brand strength and price competitiveness and by strengthening the region's ability to establish sales routes. As specific examples, the report suggests that overseas promotions that emphasize authentic flavors of Hokkaido *ramen* (noodle) shops would expand exports of Hokkaido food products and proposes exporting Hokkaido ice cream by forging links among companies within the prefecture.

Tohoku Branch

"Growing Demand for Lumber and Tohoku's Forest Resources" (*Survey Report*, March 2012)



This report studies future trends in lumber demand, based on the assumption that we are entering an era that will take advantage of Tohoku's forest resources. Demand for lumber is expected to increase, owing to the Act for Promotion of Use of Wood in Public Buildings, which went into effect in October 2010, as well as the promotion of technologies for designing fire-resistant wooden structures. As an example showing that making public buildings of wood is cost effective, this study imagines the case of all school facilities in Tohoku's six prefectures being constructed of wood. The report provides preliminary estimates of the value of demand created and the resulting increase in employment.

Niigata Branch

"Considerations on Rebuilding Food and Agriculture Growth (Export) Strategies" (*Recommendation Report*, March 2012)

This report analyzes the gap between the reputation that Japanese food enjoys overseas and actual exports. The report identifies an insufficient Japanese response to international rules pertaining to food exports as one reason for the gap. It discusses mainstay Japanese products—fish, rice and sake—and recommends response measures for each. Having implemented a Web-based questionnaire for overseas consumers, the report analyzes the perceived image of Japanese food and the impact of the Great East Japan Earthquake.

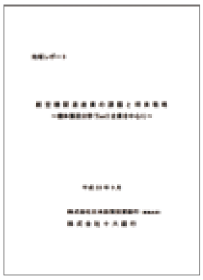
Hokuriku Branch

"Study on Hokuriku Companies' Awareness of Business Continuity Plans (BCPs)—Enhancing the Business Continuity of Companies in Hokuriku" (*Survey Report*, March 2012)

This report examines companies whose headquarters are located within the three prefectures of the Hokuriku region, determining their level of awareness of many risks, including a large-scale disaster or major accident, and then studying what preparatory steps are in place. Specifically, the report looks at the results of a questionnaire sent out to companies to determine their status of BCP formulation and preparedness for interruptions in the supply chain, and suggests ways for Hokuriku companies to enhance business continuity.

Tokai Branch

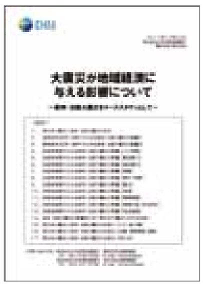
"Issues and Future Strategies for the Aircraft-Related Industry—Focusing on Second-Tier Companies Involved in Airframe Construction" (*Region Report*, September 2011)



DBJ and The Juroku Bank, Ltd., cooperated in the publication of this report as one aspect of their business cooperation agreement. The report examines the current state of the aircraft industry, describing industry trends in countries of key overseas demand, new entries into emerging markets, and the maintenance, repair & overhaul (MRO) industry. At the same time, the report looks at the results of a briefing (conducted in cooperation with The Juroku Bank, Ltd.) by suppliers involved in airframe structures in the Tokai region, the area of highest concentration for the aircraft industry. After describing the current state of the industry and looking into the issues it faces, the report offers six recommendations for future development. It looks at Japan in comparison with the Canadian province of Quebec, extracting the issues associated with Japan's aircraft cluster policy and considering three initiatives for the future.

Kansai Branch

"Impact of a Major Earthquake on the Regional Economy—Case Study of the Great Hanshin-Awaji Earthquake" (*Survey Report*, December 2011)



This report analyzes various indicators in the region affected by the recent Great East Japan Earthquake in comparison with trends before and after the Great Hanshin-Awaji Earthquake. Topping the list of comparisons are the earthquakes' economic-related effects on the respective regions—GDP, population trends, commerce, domestic finances and labor, tourism and reconstruction demand. The report then offers a multitude of multifaceted recommendations for the disaster-stricken region.

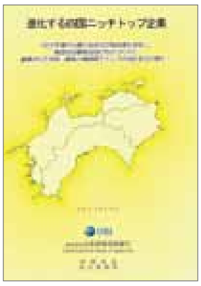
Chugoku Branch

"Study on the Shift to Urban Concentration in a Society Characterized by a Decreasing and Aging Population" (*Region Report*, May 2012)

This study, which DBJ conducted in cooperation with The Chugoku Electric Power Co., Ltd., is based on advance research into urban concentration. It looks at five cities in the prefectures that comprise the Chugoku region, grouping them by DID* population, population density and patterns of changes in area, and analyzing the balance between the concentration of people in the areas of highest population (regions where populations and urban facilities are densest) and the buildup of urban facilities. The report also introduces methods of creating urban facilities in line with the shift toward urban concentration and looks at the model in place in the Chugoku region, looking at directional patterns in the urban shift and suggesting points to keep in mind.

* An acronym for "densely inhabited district." Wards, which are the basic unit used in Japan's national census, are used as the base unit. DID describes areas with concentrated regional populations in areas of high population density within the borders of cities, wards, towns and villages.

Shikoku Branch



"Evolving Shikoku Companies at the Top of Their Niches" (*Survey Report*, October 2011)

Many companies in Shikoku operate in niche fields, on either a national or an international level, and this factor is considered to be one of the distinguishing characteristics of Shikoku's economy. This report introduces companies headquartered in Shikoku that have top shares in their niche fields, listing the characteristics of their business developments to date, products they handle and their distinguishing characteristics from a management perspective. The report then discusses the reasons behind these companies' emergence at the top of their fields and future aspects of community revitalization.

Kyushu Branch

"Impact of the Opening of *JR HAKATA CITY*—Tenjin and Hakata: Changes in Behavior and Their Appeal" (*Survey Report*, November 2011)

March 2011 marked the start of business for the *JR HAKATA CITY* station building and the opening of the Kyushu Shinkansen route, accompanied by expectations of renewed vigor for the Kyushu region. This report summaries and analyzes environmental changes after the opening of *JR HAKATA CITY* in "Tenjin and Hakata: A 1,000-Person Questionnaire" and "Changes Following the Opening of *JR HAKATA CITY*." Looking at answers to the Tenjin and Hakata questionnaire, the report highlights the characteristics of both regions, concluding that, "The attractiveness of each has increased. The regions have overcome the difficulties they faced and the overall increase in the attractiveness of Tenjin and Hakata has led to further development in Fukuoka."

Minami-Kyushu Branch

"The Chinese Business Environment, as Seen from Shanghai" (Lecture, September 2011)

To invigorate the local economy, Kyushu, which has abundant tourist resources, needs to increase its number of overseas tourists to supplement the benefits it receives from its domestic tourism. Above all, it is important for the region to focus on tourists from China, which is geographically close and enjoying rapid economic growth.

To attract tourists from China, first the region needs to understand current Chinese economic and political conditions. To this end, the head of the Shanghai office of DBJ Business Investment Co., Ltd., a DBJ subsidiary, spoke to the Industrial Promotion Committee, sponsored by the Kagoshima Association of Corporate Executives.

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, 2011, to March 31, 2012
	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:	September 2012
Next publication:	September 2013 (previous publication: September 2011; frequency: annual)

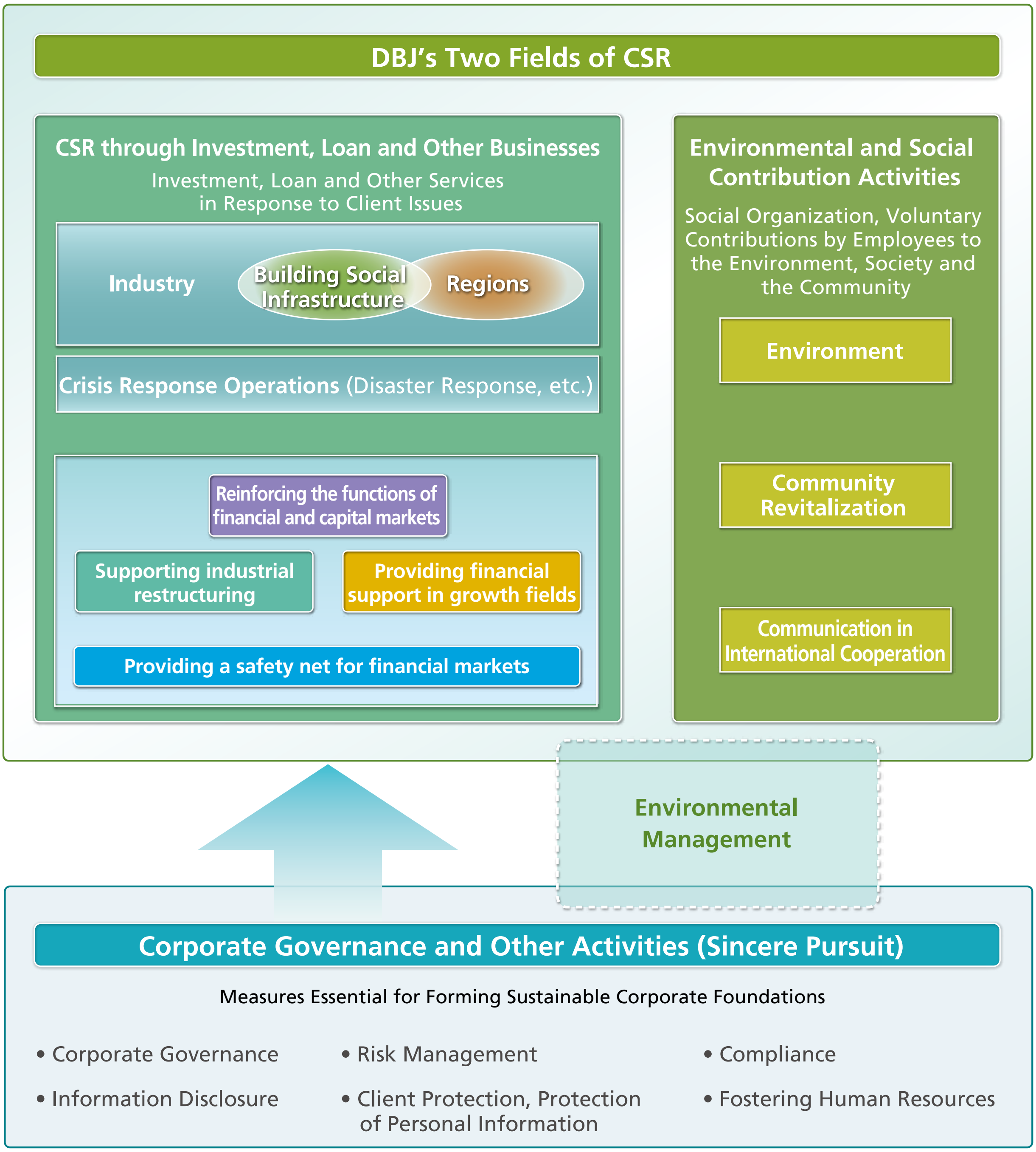
Reference Guidelines

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

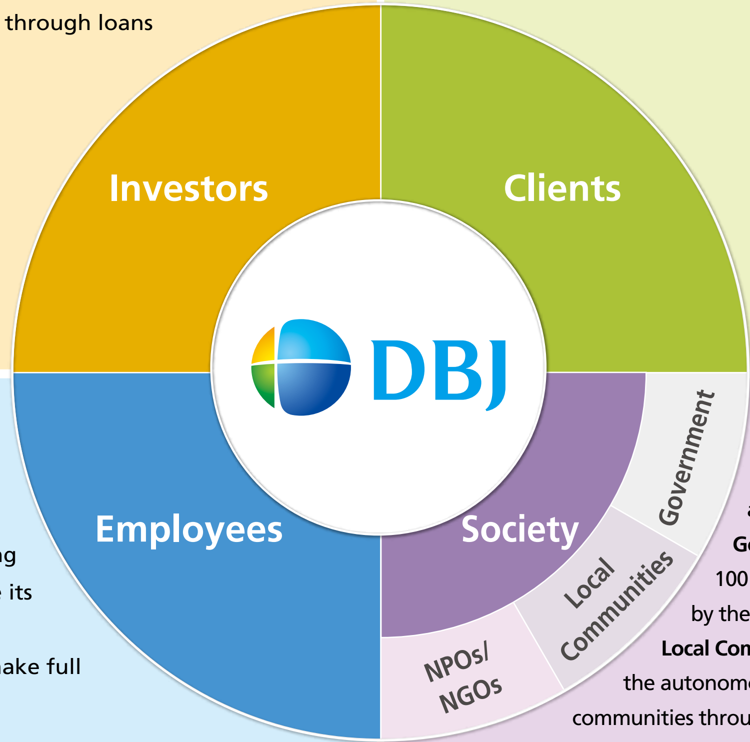


Fields of CSR Implementation at DBJ

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.



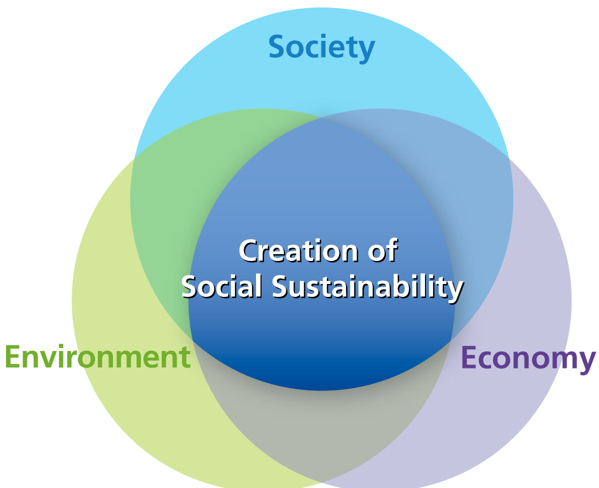
As of March 31, 2012, DBJ's employees numbered 1,147. DBJ employee training is designed to enable its employees to act autonomously and make full use of their abilities.

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 society, environment 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.

Economic issues are tied to DBJ's investments and loans, and its 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.

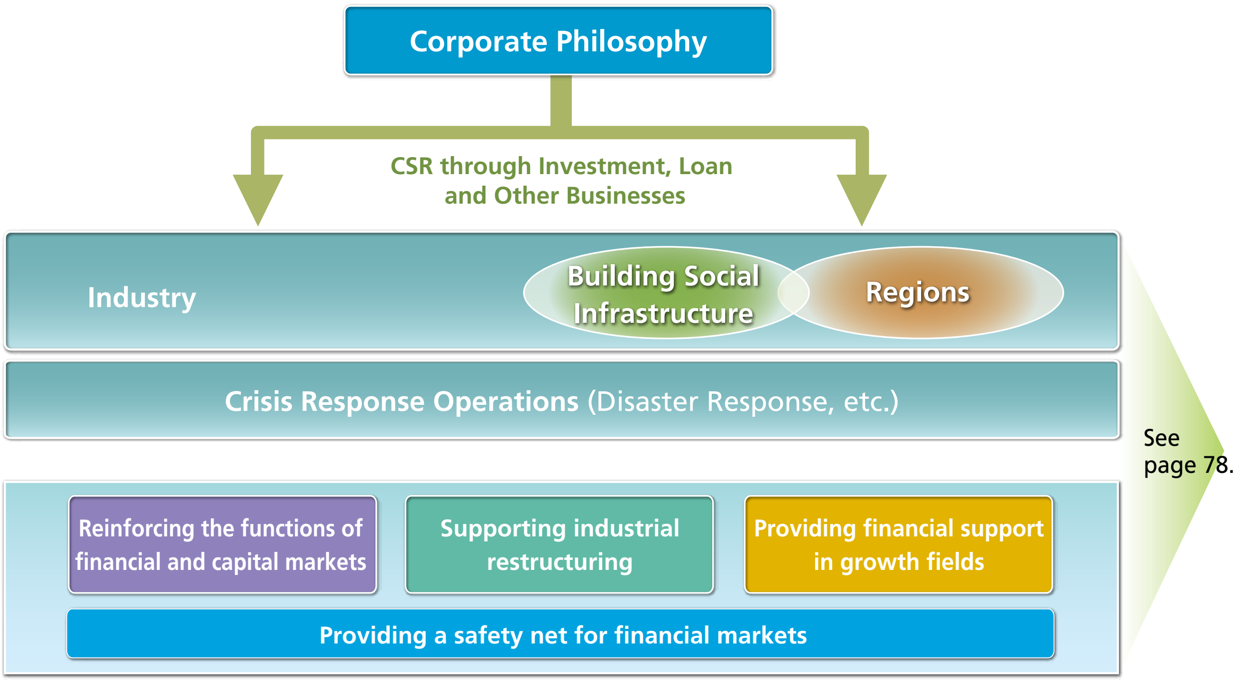
CSR through Investment, Loan and Other Businesses

Due consideration of compliance issues is a prerequisite for the sustainable development of enterprises. Accordingly, it is important that a corporation's business activity 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 service platforms for investments and loans to be of vital importance.

Specifically, DBJ will apply the distinctive features and financial services that it has realized in the past to provide various solutions to clients that cover expected changes and other issues that are forecast for the economic and social environments. In this way, DBJ will fulfill its four roles: reinforcing the functions of financial and capital markets, supporting industrial restructuring, providing financial support in growth fields and providing a safety net for financial markets.



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 fiscal 2001. Through display panels, we introduce various DBJ activities, such as the DBJ Environmentally Rated Loan Program and the DBJ Enterprise Disaster Resilience Rated Loan Program. In fiscal 2011, this year we also lectured on the theme of "New Trends in Environmental Financing," attracting numerous visitors to our booth.

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.

"Eco Presentation Stage"
(Eco-Products 2011)

*The "eco japan cup" is sponsored by public and private entities, including Japan's Ministry of the Environment, Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Internal Affairs and Communications, Sumitomo Mitsui Banking Corporation, Environmental Business Women 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.

Communication on 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.

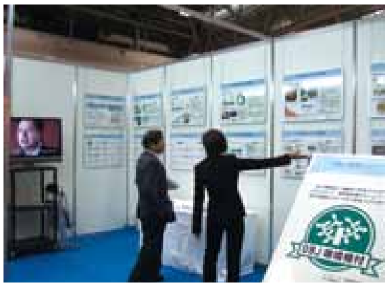
In our Regional Health Checks, we discuss objective indicators and original analytical methods with residents and help them identify their community's issues and potential. DBJ employees interview community stakeholders in advance, study the region's resources and, on the final day, hold a participatory workshop with residents. (See page 56.)

Tokai Branch

Messe Nagoya

Messe Nagoya 2011 was held to carry forth the philosophies of the 2005 World Exposition, Aichi, Japan (in the areas of the environment, science and technology, and international cooperation).

DBJ's initiatives were introduced at this exposition, including the environmentally related DBJ Environmentally Rated Loan Program and disaster preparedness related DBJ Enterprise Disaster Resilience Rated Loan Program.



Messe Nagoya 2011

Communication in International Cooperation

DBJ holds seminars for developing countries' governmental and developmental financial institutions, primarily those in Asia, describing the Bank's experience in applying policy-based financing to support the reconstruction and growth of the industrial economy of postwar Japan. Participants also benefit from our accumulated expertise in 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. Furthermore, through collaboration with such institutions as the World Bank and the Japan International Cooperation Agency, we provide comprehensive technological cooperation to such banks as China Development Bank and the Infrastructure Development Bank of Malaysia. Notable in 2011 were such projects as one to support credit risk management at Vietnam Development Bank (annually since 2008) and a detailed design project for the Development Bank of Mongolia (since 2009) in response to requests from their respective governments.

DBJ is a member of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP, based in Manila, the Philippines), and since 1976 we have been networking with financial institutions from China, South Korea, ASEAN countries, India and other areas. In 2012, the meeting was held in Istanbul, Turkey. We received an ADFIAP Award related to our activities on the Great East Japan Earthquake Reconstruction Fund, providing us with an opportunity to describe Japan's recovery from the disaster and future growth plans in an overseas forum.

Presentation of the ADFIAP Award

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 2011 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 2012, DBJ's contributions totaled ¥733,320—enough to provide 36,666 meals.

*TABLE FOR TWO is a program run by the non-profit 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

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 will apply the distinctive features and financial services that it has realized in the past to provide various solutions to clients that cover expected changes and other issues that are forecast for the economic and social environments. In this way, DBJ will fulfill its four roles: reinforcing the functions of financial and capital markets, supporting industrial restructuring, providing financial support in growth fields and providing a safety net for financial markets.

CSR through Investment, Loan and Other Businesses

Industry | Building Social Infrastructure | Regions

Crisis Response Operations (Disaster Response, etc.)

Reinforcing the functions of financial and capital markets

DBJ bolsters its partnership with other financial institutions and helps to reinforce the functions of Japan's financial and capital markets and through the appropriate provision of risk capital to the market by leveraging the uniqueness of our financing—long terms, large scale, an approach that integrates investment and loans, and neutrality.

Supporting industrial restructuring

We provide financial support for the reconstruction of the Japanese industrial structure that supports social and economic activities.

Providing financial support in growth fields

DBJ provides financial support to help achieve Japan's long-term strategies.

Providing a safety net for financial markets

We respond swiftly in times of market dysfunction and other crises.

Case Studies

Energy

Varied energy usage is essential to ensure the long-term, stable supply of energy. Also, international interest in using solar power, wind power, biomass and other renewable energy is mounting amid ongoing concerns about global warming. Utilization of renewable energy is essential for curbing greenhouse gas emissions and realizing a low-carbon society.

Case Study: Soma Kyodo Power

Soma Kyodo Power Company, Ltd., headquartered in the city of Soma, Fukushima Prefecture, operates a thermal power generation plant and is a wholesale supplier of electricity.

Although the company's power plant and other facilities were heavily damaged in the Great East Japan Earthquake, quick recovery efforts on damaged facilities to secure the stable supply of electric power enabled the resumption of electric power generation in December 2011.

DBJ arranged recovery financing in the form of a syndicated loan to the Soma Kyodo Power Company for its Shinchi power plant, located in Shinchi-machi, Fukushima Prefecture, which was damaged in the Great East Japan Earthquake.

Power plant before the earthquake

Coal unloader after the earthquake

Coal unloader repaired after the earthquake

Case Study: Showa Shell Sekiyu

Showa Shell Sekiyu K.K., headquartered in Minato-ku, Tokyo, is a Japanese oil refiner and distributor. While maintaining a strong foundation in the oil business, the company is enterprisingly developing a next-generation CIS photovoltaic cell* project via wholly owned subsidiary Solar Frontier K.K., aiming to turn it into an energy business to help realize a low-carbon society. In February 2011, the company's No. 3 photovoltaic cell plant (Kunitomi Plant)—one of the world's largest—commenced operations in Miyazaki Prefecture. Together with plants No. 1 and No. 2, which are already in operation, it aims to expand annual production to approximately one gigawatt and to acquire 10% of the global market.

The new plant satisfies the requirements of a designated business under Paragraph 4, Article 2, of the Bill on the Promotion of Businesses to Develop and Manufacture Energy and Environmentally Friendly Products. Accordingly, on March 22, 2011, the plant received the first certification under the Specified Business Plan of the Ministry of Economy, Trade and Industry (METI).

Given this certification, DBJ financed Showa Shell Sekiyu as a designated financial institution defined in Article 8 of the same legislation.

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

Solar Frontier's Kunitomi Plant

Energy

Case Study: INPEX

INPEX Corporation, headquartered in Minato-ku, Tokyo, is Japan's largest oil and natural gas development company. It was founded in October 2008 through a merger between the previous INPEX, a leading oil and natural gas development company overseas, and Teikoku Oil Co., Ltd., a pioneer in oil and natural gas development in Japan.

INPEX is constructing a liquefied natural gas (LNG) acceptance base in Naoetsu Port (in the city of Joetsu, Niigata Prefecture) scheduled to begin operations in 2014. INPEX is planning to receive LNG produced by Ichthys LNG Project (Australia) and Abadi LNG Project (Indonesia) at this LNG acceptance base, using the company's existing natural gas pipeline network to distribute LNG vapor to areas mainly in the Kanto-Koshinetsu region. INPEX plans on promoting business aggressively to create a global gas supply chain.

DBJ provided financing to INPEX to ensure sufficient natural gas provision capabilities over the medium to long term and support stable gas provision.

Naoetsu LNG acceptance base under construction

Case Study: Seajacks International

Seajacks International Ltd. (hereinafter, "SJ," headquartered in Great Yarmouth, Norfolk, England), established in 2006, owns and operates offshore wind power generator installations. SJ, a leading company in its industry, is engaged in the installation of wind power generator turbines and related equipment (using specialized wind power installation vessels, "self-propelled jack-up vessels,") as well as in maintenance services for offshore oil and gas platform facilities.

The offshore wind power business has been growing rapidly under measures promoted by European governments mainly in countries near the North Sea. The demand for installations using SJ's specialized vessels in particular has been extremely high.

DBJ, along with Mizuho Corporate Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, ING Bank N.V. and Swedbank AB (publ), provided LBO financing for the acquisition of SJ by Marubeni Corporation and Innovation Network Corporation of Japan. In terms of financing this project, DBJ assessed (1) the growth potential of the offshore wind power generation market, (2) the growth potential of the installation business using specialized vessels (with particular consideration of the high performance and operating capabilities of SJ's specialized vessels) and (3) how the exchange of shares with Marubeni Corporation would add experience and expertise in power generation operations and maintenance to SJ's operating base.


Seajacks Leviathan

Transportation

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.

Case Study: Shin Nihonkai Ferry

Shin Nihonkai Ferry Co., Ltd., headquartered in Osaka, was established in June 1969 and is one of Japan's leading long-distance ferry operators engaged in the cruise and hotel business with regular service on four routes between Honshu and Hokkaido.

Shin Nihonkai Ferry will replace two vessels, the *Suzuran* and *Suisen* (17,300 tons total), which provide service on the main route between Tsuruga and Tomakomai. The new ships will be equipped with the hybrid CRP-POD system* and exhaust fume power generators to reduce energy consumption. This design contributes to the reduction of environmental burdens compared to the older vessels.

DBJ arranged financing for the construction of new vessels by assembling a syndicated loan to Shin Nihonkai Ferry.

* A combination of electric POD and conventional diesel engine propulsion systems. The electric POD system combines propulsion via the combination of an outboard electric motor and propeller that can be turned 360 degrees, providing superior handling in harbors or when maneuvering around docks.

The *Suzuran*

Case Study: Japan Aeroforge

Japan Aeroforge, Ltd., headquartered in Chuo-ku, Tokyo, is a manufacturer of large forgings for use in aircraft and power plants created as a joint venture between Kobe Steel, Ltd., and Hitachi Metals, Ltd., Japan's leading raw materials manufacturers, and IHI Corporation and Kawasaki Heavy Industries, Ltd., Japan's leading aircraft engine manufacturers.

The aircraft industry is a growth area where demand is forecast to expand across the globe, and has been positioned as an area that needs strengthening in terms of the Japanese manufacturing industry's overall growth. Japan Aeroforge will install Japan's first 50,000 metric ton forging press. This will facilitate a stable domestic supply of large forgings that up to now had to be procured from overseas in an attempt to create a domestic market in the high value-added raw materials area and strengthen technological capabilities.

DBJ arranged financing in the form of a syndicated loan totaling ¥16 billion assembled with The Chugoku Bank, Ltd., Tomato Bank, Ltd., and local banks in Okayama Prefecture, where the Japan Aeroforge plant is located.

Plant exterior (conceptual rendering)

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.

Case Study: Tobu Railway

Tobu Railway Co., Ltd., headquartered in Sumida-ku, Tokyo, is a major railway operator that operates two trunk lines, the Tobu Isesaki Line (between Asakusa and Isesaki stations) and the Tobu Tojo Line (between Ikebukuro and Yorii stations). Including Tokyo Skytree®, the world's tallest free-standing broadcasting tower, this is a large-scale urban redevelopment project in the Tokyo Skytree Station/Oshiage area. Located in the area connecting Narihirabashi and Oshiage stations, Tokyo Skytree® is the key property in a development that includes commercial facilities, an aquarium, a domed theater and other structures, and is expected to revitalize the area.

DBJ, together with Mizuho Corporate Bank, Ltd., arranged and provided financing for this project, including Tokyo Skytree®. DBJ has also invested in the tower's operator, Tobu Tower Sky Tree Co., Ltd., and has provided funding to Tobu Energy Management Co., Ltd. This company, a wholly owned subsidiary of Tobu Railway, will introduce and operate a heat supply system in Tokyo Skytree's vicinity.

Tokyo Skytree®, which began operations in May 2012

Case Study: Tokyo Prime Stage

Tokyo Prime Stage Co., Ltd., is an SPC established jointly by Tokyo Tatemono Co., Ltd., and Taisei Corporation for the purpose of developing 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 into a large-scale multipurpose building, tentatively named the Otemachi 1-6 Plan.

The current plan is for a 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.

Conceptual rendering

DBJ Green Building Certification

Demand is increasing for urban development and revitalization that take environmental conservation and disaster prevention into account in an attempt to realize a sustainable society. Recent years have seen forward-looking initiatives among real estate providers to offer their stakeholders property that not only is economical but also incorporates consideration for the environment and society.

Case Study: Hulic & Nippon Tochi-Tatemono

DBJ conferred DBJ Green Building Certification to Sendai First Tower, located in the city of Sendai, Miyagi Prefecture, and co-built by Hulic Co., Ltd., headquartered in Chuo-ku, Tokyo, and Nippon Tochi-Tatemono Co., Ltd., headquartered in Chiyoda-ku, Tokyo. The building was granted Gold certification as a property that exemplifies high environmental and social awareness.

Sendai First Tower, completed in June 2009, is a state-of-the-art combination office and commercial building. The high assessment of this certification was based on the building's use of eco-friendly, energy-saving technologies and seismic isolation devices; its superior disaster performance, such as emergency reserve power sources enabling the support of operations for extended periods of time; and its capacity to house community-based operations and host various events in atrium and public indoor spaces.

Sendai First Tower

Case Study: Iino Kaiun

Iino Kaiun Kaisha, Ltd., headquartered in Chiyoda-ku, Tokyo, is engaged in various shipping businesses, including tanker shipping of crude oil, gas and petrochemical products and dry bulk shipping of coal, fertilizers, and wood chips for paper production. In Tokyo, the company develops real estate and owns several rental office buildings. Having positioned these endeavors as the drivers of the company's business, Iino Kaiun is undertaking initiatives to lessen their environmental impacts.

DBJ conferred DBJ Green Building Certification to Iino Kaiun's Iino Building, located in Chiyoda-ku, Tokyo, and its Shiodome Shibarikyu Building, located in Minato-ku, Tokyo. The Iino Building, which opened in October 2011, features the addition of the Iino Hall and Conference Center, a venue for cultural, artistic and intellectual activities such as concerts and lectures in the heart of Tokyo, as well as plans for a greenbelt—the Iino Forest—aiming for harmony with the natural green environment of Hibiya Park. DBJ gave the Iino Building the highest rank of Platinum, and provided funding via the DBJ Environmentally Rated Loan Program. This was the first time DBJ applied both the DBJ Green Building Certification and the DBJ Environmentally Rated Loan Program. The Shiodome Shibarikyu Building received Gold certification.

Iino Building

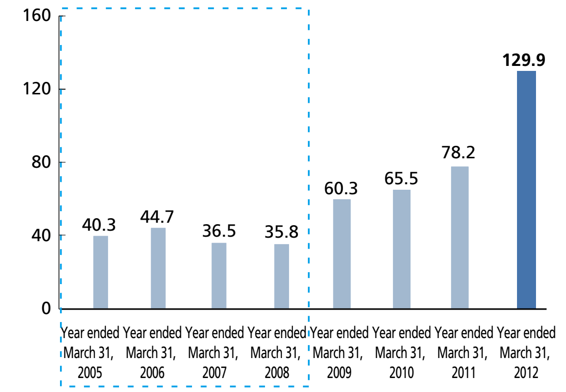
DBJ Environmentally Rated Loan Program

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 society.

The graph below shows the amount of DBJ Environmentally Rated Loan Program for the past eight years. Financing in the year ended March 31, 2012, amounted to ¥129.9 billion, an increase of approximately 66% year on year. The total for the eight years to March 31, 2012, stands at ¥491.2 billion.

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 revised DBJ rating sheet for fiscal 2012 will incorporate elements related to ISO 26000 and enhancements related to corporate social responsibility (CSR) similar to last fiscal year. In light of the trend towards increasing Scope 3 disclosure requirements overseas in recent years, and with consideration for the importance of the supply chain, we are reordering questions related to the supply (value) chain.

● Track Record of DBJ Environmentally Rated Loan Program



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

DBJ environmental logo

Case Study: LIXIL Group

LIXIL Group Corporation, headquartered in Chiyoda-ku, Tokyo, is a comprehensive housing and living environment solutions provider promoting environmental management based on principles aimed at harmonizing human lifestyles with the earth we live on. LIXIL Group applies its environmental efforts conscientiously and comprehensively, improving living arrangements that take into consideration not only what to do but also how and for whom to do it.

DBJ assigned the entire LIXIL Group environmental ratings and used them to arrange financing in the form of a syndicated loan with 15 other financial institutions.

The high evaluation was based on assessment of the company's (1) impact on the ecosystem and promotion of specific developments regarding biodiversity, (2) promotion of the reuse of waste materials—including other companies' products—from housing renovation, (3) ambitious targets set for CO_2 emissions reductions at domestic bases of operation and promotion of enhanced efficiency, (4) promotion of the proactive introduction of mega solar and other reusable energy sources and (5) development and deployment of a variety of eco-friendly products as a leader in the housing materials industry.

Introduction of renewable energy in production

Collection and recycling of housing renovation waste at the Eco Center

DBJ Environmentally Rated Loan Program

Case Study: Mitsui O.S.K. Lines

Mitsui O.S.K. Lines, Ltd., headquartered in Minato-ku, Tokyo, provides an exemplary environmental management model for the shipping industry based on the MOL Group Midterm Management Plan's GEAR UP! MOL, one pillar of its environmental strategy under an environmental management system that supports its performance as a world top-class shipping line through strengthening its operational safety measures and the traditionally high environmental efficiency of its maritime shipping.

DBJ provided financing to MOL based on high evaluations of their (1) promotion of tangible efforts to reduce environmental burdens through the formulation and execution of a road map for the introduction of eco-ship raw material technologies focused on enabling realization of the next-generation vessel concept Senpaku ISHIN project, (2) intangible efforts such as consistent ECO SAILING, the culmination of expertise instrumental to efficient shipping and the realization of reduced CO_2 emissions, (3) initiatives contributing to safe shipping, such as the establishment of the Safety Operation Supporting Center (SOSC) to monitor the movement of all ships under operation and provide information on weather, pirates and terrorism and other potential threats 24 hours a day.

Next-generation vessel concept Senpaku ISHIN project

ISHIN-I
Hybrid car carrier utilizing renewable energy

ISHIN-II
Ferry that uses LNG as fuel

ISHIN-III
Large ore carrier with high-efficiency waste heat energy recovery system

ECO SAILING

We (1) Properly reduce navigation speeds
(2) Take advantage of weather and sea condition forecasts and the optimum trim
(3) Select optimum routes
(4) Reduce vessels' wetted surfaces
(5) Optimize operation and maintenance of main engines, auxiliary equipment and other machinery
(6) Develop energy-efficient ship designs
(7) Equip vessels with Propeller Boss Cap Fins (PBCFs)

Efficient shipping through ECO SAILING

Case Study: Yunokuni Hotel

Yunokuni Hotel Co., Ltd., headquartered in the city of Kaga, Ishikawa Prefecture, operates Yunokuni Tensyo, a Japanese-style inn officially registered under the Act on Development of Hotels for Inbound Tourists at Yamashiro Hot Springs. As historic Yamashiro hot spring area' leading inn, Yunokuni Hotel is engaged in environmental activities in harmony with the community, combining customer satisfaction and reduction of environmental burdens with eco-friendly service providing an opportunity to experience the importance of regional culture and the environment.

DBJ provided financing based on a high assessment of the company's (1) proactive horizontal deployment of employee environmental improvement proposals and promotion of energy conservation activities through daily improvements, (2) creation of a building energy management system via the introduction of energy-saving measurement and monitoring equipment and thorough visualization of water and fuel consumption and (3) communication of the importance of Kaga's traditional culture and natural environment to tourists through related facilities *Traditional Culture Amenity Yunokuni No Mori.*

Thorough visualization of water and fuel consumption

Traditional Culture Amenity Yunokuni No Mori

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 more advanced technical expertise, and a steady stream of funding is necessary to accommodate projects of different scales at varying stages of development.

Case Study: Toho Titanium

Toho Titanium Co., Ltd., headquartered in the city of Chigasaki, Kanagawa Prefecture, is one of the world's leading titanium metals manufacturers, providing materials for aircraft and general industrial use. They are also involved in electronic materials, catalysts for propylene polymerization and other functional chemical businesses.

DBJ provided financing for the construction of a large electron beam (EB) melting furnace for the world's first successfully mass-produced direct cast slab (DC Slab®) at Toho Titanium's Yahata Plant in the city of Kitakyushu.

Financing was provided to Fukuoka Prefecture, the city of Kitakyushu and the city of Fukuoka, co-applicants in the Green Asia Internationally Strategic Comprehensive Special Zone project. This was the first "Interest Rate Subsidy System for Internationally Strategic Comprehensive Special Zone*" capital investment contributing to the creation of a manufacturing base leading green innovation in Japan.

* "Comprehensive Special Zone" refers to a system based on new growth strategies formulated by the government. Regions are selected by the government for the implementation of multiple support measures, including special exemptions primarily focused on taxes and financing to strengthen international competitiveness and revitalize regional communities.

Yahata Plant

DC Slab® (left) and traditional ingot (right)

Case Study: Land Solution

Land Solution Inc., headquartered in Minato-ku, Tokyo, provides total risk solutions for soil and underground water contamination as part of the Kurita Group, a major water processing and soil and underground water cleanup company.

Soil and underground water contamination occur underground out of sight, making it extremely difficult to ascertain the extent of the contamination, yet leaving it untreated poses a threat to the ecosystem.

To rectify this situation, Land Solution developed a soil and underground water contamination risk quantification system. Land Solution utilizes this system to inspect and evaluate property and perform cleanups, as well as provide integrated support for the effective use of land, fluidization and risk hedging. It also develops independent soil and underground water contamination countermeasure businesses.

DBJ is investing in Land Solution, which contributes to the reduction of environmental burdens through optimal solutions for soil and underground water contamination issues. Going forward, DBJ will proactively support companies engaged in developing the market for new environmentally conscious businesses.

Excavation site

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.

Case Study: Success Academy

Success Acadent Company Limited, headquartered in the city of Fujisawa, Kanagawa Prefecture, is a private childcare business that, under the theme of child-rearing support, operates workplace and public childcare facilities. The company has over 20 years of experience in the workplace childcare business, operating over 140 childcare facilities, mainly in hospitals but also in schools and companies. In the public childcare facility business, the company operates over 50 directly-managed, licensed and certified Nijiiro nursery schools, schoolchildren clubs and children's centers, providing a variety of support services.

Success Academy opened six new Nijiiro nursery schools in April 2012 and is aggressively moving ahead with preparations for other new facilities from 2013.

DBJ provided funding to Success Academy through the DBJ Smart Japan Program to help alleviate waiting lists for nursery schools and the provision of child-rearing support services.

Nijiiro nursery school

Case Study: Kawakita Medical Foundation

Kawakita Medical Foundation's Kawakita General Hospital, located in Suginami-ku, Tokyo, provides 24-hour emergency medical care, serving as the main emergency and acute medical care facility in the area. In recent years, the company has been aggressively upgrading its medical support services with the establishment of the Kawakita Rehabilitation Hospital, health screening and family medicine centers and geriatric health care facilities.

With the cooperation of the Japan Council for Quality Health Care (JCQHC), we created the DBJ Visionary Hospital program, a new financing menu that supports hospitals focusing efforts on higher medical functions, environmental considerations and disaster prevention and business continuity countermeasures.

DBJ certified the Kawakita Medical Foundation a DBJ Visionary Hospital and provided financing based on their advanced environmental consideration initiatives and excellent disaster prevention and business continuity efforts.

Operating theater

Healthcare and Welfare

Case Study: Sekishinkai

Sekishinkai Foundation operates two hospitals, six clinics and 11 nursing-related offices centered in the cities of Kawasaki, Kanagawa Prefecture, and Sayama, Saitama Prefecture. One of Sekishinkai's main facilities, the Kawasaki Saiwai Hospital, located in the city of Kawasaki, Kanagawa Prefecture, has been engaged in regional medicine for almost 40 years since its opening in 1973. Designated as a Group II diagnosis procedure combination (DPC) hospital, this facility is similar to a main university hospital, based on its requisite diagnostic measures, training for doctors, high medical technology and treatment of severely ill patients.

DBJ provided financing to Sekishinkai for the transfer of run-down and cramped Kawasaki Saiwai Hospital to a new building, aiming to strengthen the function of the hospital's emergency and acute medical services.

Kawasaki Saiwai Hospital, the main medical facility in southern Kawasaki, is now expected to contribute further in addressing emergencies and acute medical illnesses.


Kawasaki Saiwai Hospital

Medical Management Database 2012

Edited by DBJ and Japan Economic Research Institute, Inc., and published in July 2012, this handbook focuses on supporting hospital management reform. The handbook provides a compact and comprehensive overview of essential information, including updates to basic information such as that indicated below.

- Cover Story: Medical Management in Transition (Examination and Treatment, Nursing Remuneration Reform, Topics)
- Analysis of the current status of the environment surrounding the healthcare sector (trends involving hospital facilities and management)
- Analysis of the current status of hospital management (running costs, facility investment and trends involving fund procurement)
- Topics related to hospital management (such as examples of hospital management improvements and the state of emergency medical care)

DBJ Employee's Health Management Rated Loan Program

The promotion of employee's health management is linked to improved employee satisfaction and corporate productivity, the retention of talented human resources and the financial betterment of health insurance organizations. Amid a declining population of future workers, the strategic implementation of employee's health management from a managerial perspective is an important issue for the realization of a sustainable society.

Case Study: Kao

Since its founding in 1887, Kao Corporation, headquartered in Chuo-ku, Tokyo, has become number one in the toiletry category as a manufacturer of laundry and kitchen soaps and healthcare products. From early on, the company made an effort to create a climate that balances work and life, establishing a safe and clean workplace to maximize the potential of each and every employee to provide high-quality products and enhance corporate brand value.

DBJ provided financing based on the clear message of the Kao Group Health Declaration issued by top management and (1) efforts to precisely ascertain and analyze employee health levels based on qualitative information such as quantitative health and prescription data figures and in-house employee surveys, (2) clarification of internal priority measures based on the above analysis, formulation of a medium-term plan and creation of a system for cooperation with businesses, health insurance organizations, industrial physicians and outside specialists and (3) the companywide positioning of health creation as an executive management issue, establishing a management-level health creation committee for reporting and improvements and assigning on-site health creation supervisors and managers to create a virtual health management PDCA cycle for the entire organization.

Five support measures of the "Kao Group Health Declaration"

1. Measures to address lifestyle-related diseases
   - Provision of healthcare advice focused on preventing lifestyle-related diseases
   - Provision of support for employees' attempts to improve their lifestyles
2. Measures to address mental-health issues
   - Establishment of a system to deal with employees with mental health problems early on through the introduction of a mental health check system
   - Implementation of training to deal with mental health issue for managers
3. Measures to support employees wanting to quit smoking
   - Implementation of the "Kao Group No Smoking Marathon"
   - In fiscal 2010, a total of 293 employees participated in the program, and 136 employees succeeded in quitting smoking.
4. Measures to support employees affected by cancer
   - Addition of cancer detection categories to the annual physical check-up designated by the Industrial Safety and Health Act
5. Measures to support women' s health
   - Spread of knowledge of gender-specific medicine to increase the rate of females receiving gynecological exams

Kao Group Health Declaration

Restructuring and Revitalization

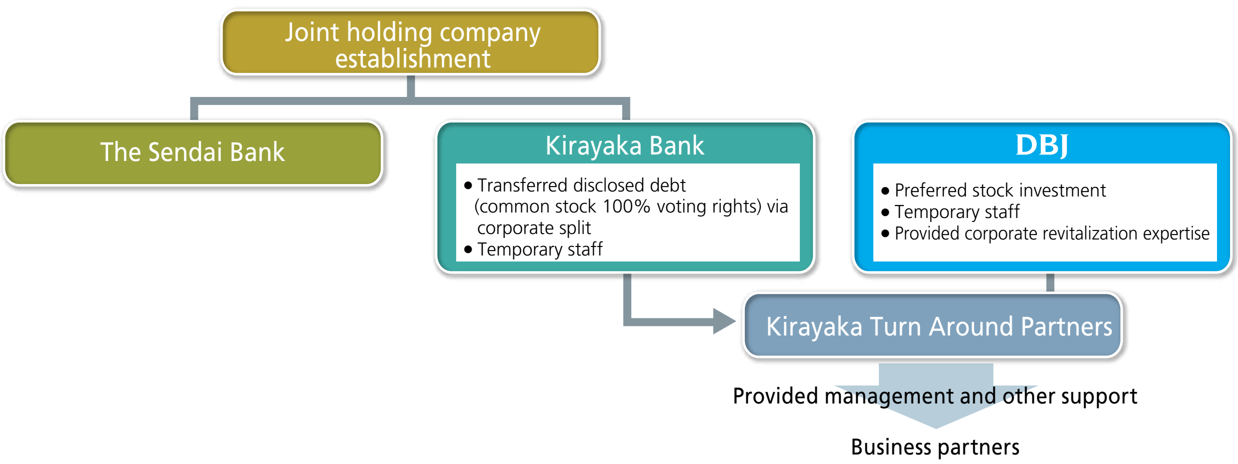
Since the emergence of non-performing loans as a major problem in Japan in the late 1990s, corporate and business revitalization has become an important issue. In recent years, international financial disorder and the tide of economic globalization have fomented swift change in the corporate business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

Case Study: Kirayaka Turn Around Partners

Kirayaka Turn Around Partners Co., Ltd., headquartered in the city of Yamagata, Yamagata Prefecture, is a wholly-owned subsidiary of Kirayaka Bank, Ltd., and was established to provide centralized support for the restructuring activities of the bank's customers. DBJ entered an agreement with Kirayaka Bank, Ltd., to provide capital and business collaboration. Kirayaka Turn Around Partners inherited approximately ¥12.5 billion in disclosed debt from Kirayaka Bank and is engaged in management and restructuring support for trading partners.

DBJ agreed to provide Kirayaka Turn Around Partners with approximately ¥1 billion in financing via the purchase of non-voting preferred shares, and dispatched temporary staff.

● Schemes



Case Study: BookLive

BookLive Co., Ltd., headquartered in Taito-ku, Tokyo, is an electronic publication business established by the Toppan Group that operates electronic bookstore BookLive! and a platform to distribute electronic publications.

DBJ, along with Mitsui & Co., Ltd., Toshiba Corporation and NEC Corporation, has invested in BookLive.

With the addition of strategic partners DBJ, Mitsui & Co., Ltd., Toshiba and NEC, BookLive will attempt to develop business pursuing the new potential of electronic publications and strengthen the main electronic bookstore BookLive! as an industry standard among a jumble of services in the domestic electronic book market through the concentrated expertise these four companies have cultivated over many years.

BookLive! website

Restructuring and Revitalization

Case Study: Great East Japan Earthquake Reconstruction Funds

To support the restoration and reconstruction of companies damaged in the Great East Japan Earthquake, DBJ joined with financial institutions in stricken regions to launch Great East Japan Earthquake Reconstruction funds.

Although the disaster caused a temporary downturn in industry, each fund utilizes subordinated loans and preferred shares to provide capital to local leading companies indispensible to recovery in the region, supporting the quick reconstruction of affected areas.

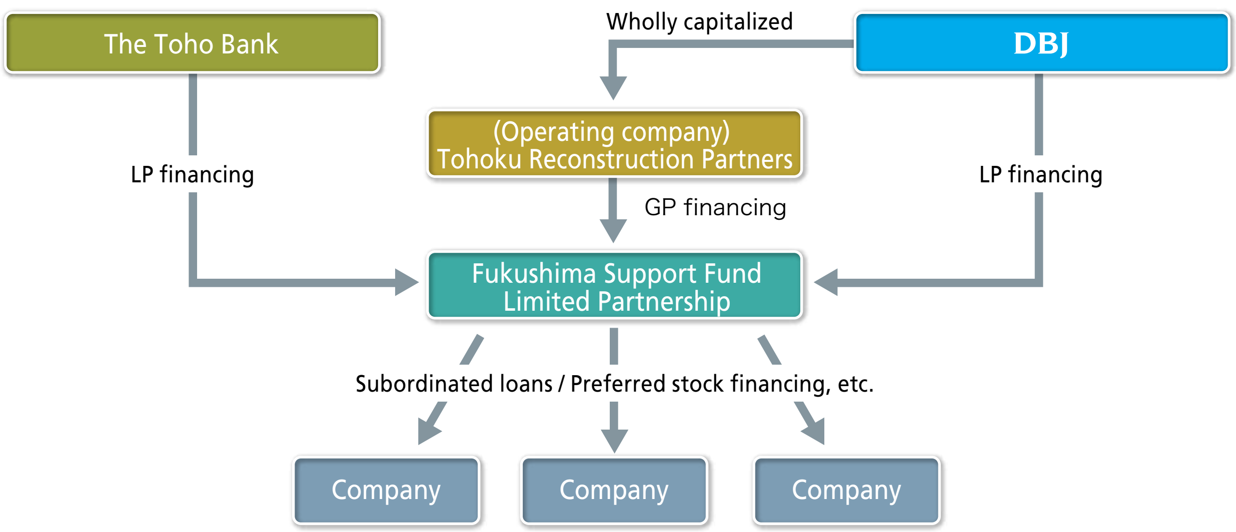
DBJ and The Toho Bank, Ltd., launched the Fukushima Support Fund Limited Partnership, which funds post-Great East Japan Earthquake reconstruction (Fukushima Support Fund), and decided to purchase ¥1 billion in preferred shares from Joban Kosan Co., Ltd., headquartered in the city of Iwaki, Fukushima Prefecture.

Joban Kosan's core business is Spa Resort Hawaiians (hereinafter, "SRH"), a hot springs theme park featuring indoor pools, leisure facilities and a hotel.

SRH was extensively damaged in the Great East Japan Earthquake, forcing an extended closure. Recovery construction commenced, and in February 2012 the entire facility reopened. Since it began operations in 1966, SRH has demonstrated an ability to attract customers utilizing the well-known abundance of its hot springs and a unique hula dance attraction. The recovery of SRH will provide momentum for recovery in the region.

Monolith Tower, which opened in February 2012

● Great East Japan Earthquake Reconstruction Fund Scheme



M&A and Business Alliances

Mergers and acquisitions (M&A) have entered the spotlight with their increasing prevalence, owing to such factors as more diverse forms of business development, Asia-centered overseas expansion, and growing activities in business and industry restructuring. M&As are considered effective and essential for aggressive business restructuring and to overhaul and revitalize underperforming businesses.

Case Study: SATS Group

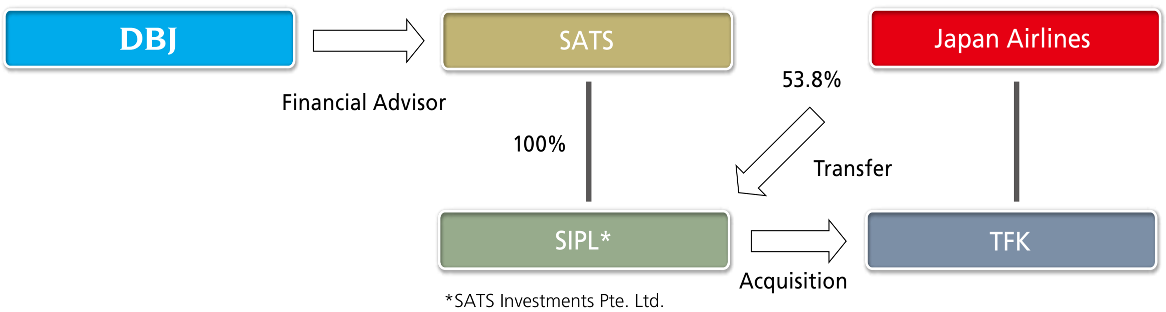
SATS, Ltd. (hereinafter, "SATS"), headquartered in Singapore and based at Singapore Changi International Airport, is engaged in the in-flight meal and ground handling business in Asia. SATS is listed on the Singapore Exchange.

In July 2010, SATS indicated an intention to acquire a tender of TFK Corporation (hereinafter, "TFK") shares (53.8% of all voting rights) held by Japan Airlines Co., Ltd.

DBJ acted as financial advisor regarding the SATS indication of interest in the tender, providing total support from tender strategy formulation to acquisition negotiations. The deal was concluded in December 2011.

With the acquisition of TFK, the leading company in the in-flight meal business in Japan, SATS has formally entered the Japan market, and TFK expects to expand its customer base.

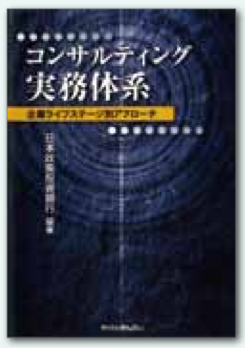
● TFK Acquisition Scheme



*SATS Investments Pte. Ltd.
SATS Investment Vehicle

Consulting Practice Systemization: Different Approaches for Each Stage of the Corporate Life Cycle

The DBJ-edited *Consulting Practice Systemitization*, published by Kinzai in May 2012, explains financial service business practices required at each particular stage of the business lifecycle, including Creation/development of new business (Chapter 1), Growth (Chapter 2), Management improvement (Chapter 3), Business reconstruction/change in business activities (Chapter 4), Liquidation/bankruptcy (Chapter 5) and Business succession (Chapter 6). This practical publication provides case studies on numerous businesses for which financial services are in demand, including detailed explanation of essential expertise and Financial Services Agency guidelines on consulting.



Private Finance Initiatives

Private finance initiatives (PFIs) draw on private-sector capital and management expertise, as well as technology, to build, operate and maintain social infrastructure that has traditionally been the province of national and local governments. Advantages of the PFI method 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, as well as operating the business.

Case Study: Tokyo International Air Terminal

Tokyo International Air Terminal Corporation, headquartered in Ota-ku, Tokyo, was established to take charge of an SPC to maintain and manage the international terminal buildings of Tokyo International Airport, whose largest shareholder is Japan Airport Terminal Co., Ltd.

This is the first case of 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 provided financing 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 Corporation

Tokyo International Air Terminal, which began operations in October 2010

Case Study: Long Beach Judicial Partners

Long Beach Judicial Partners LLC (hereinafter, "LBJP"), headquartered in the city of Long Beach, CA, U.S.A., is a special purpose company (SPC) established by Meridiam Infrastructure, a fund focused on infrastructure development in the United States and Europe through public-private partnerships (PPPs), to enable the California state government to carry out the Long Beach Courthouse Project.

The Long Beach Courthouse Project is the first social infrastructure project in the United States procured under the principles of Performance-Based Infrastructure (PBI) contracting to utilize a PPP scheme* to reconstruct, operate, and maintain California's most socially and politically important courthouse with the largest capacity and highest number of cases in the state through private financing.

Ninety percent of revenue from this project will come from the California state government in the form of stable payments of annual, performance-based service fees. Using advanced risk management to adequately reduce risk, an appropriate return compared to risk is expected.

DBJ, along with Western financial institutions, is providing financing to LBJP via project finance methods.

* Similar to a Private Finance Initiative (PFI) purchase of services via a Build-Operate-Transfer (BOT) contract in Japan, cost, schedules, quality and other performance indicators must be clearly defined when the contract is executed. This kind of scheme aims to encourage competition and high-quality bids, approving flexible proposals from bidders by focusing on results rather than process details.


Rendering of Long Beach Courthouse

DBJ Enterprise Disaster Resilience Rated Loan Program

Such recent disasters as the Great Hanshin-Awaji Earthquake, the Chuetsu Offshore Earthquake, the Iwate-Miyagi Inland Earthquake and last year's Great East Japan Earthquake caused tremendous damage to the economy, with many organizations forced to suspend operations for extended periods. In addition to measures for protecting personnel and property, companies face the need to draft business continuity plans (BCPs) to hedge themselves against lost revenue and retain their clients in the event of disaster.

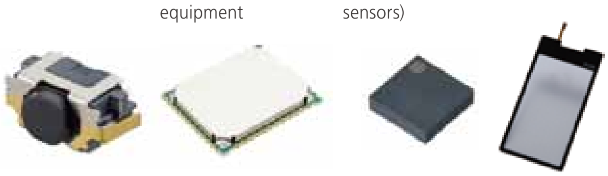
Case Study: Alps Electric

Alps Electric Co., Ltd., headquartered in Ota-ku, Tokyo, is one of the world's leading manufacturers of electronic components for everyday electronic devices, including compact switches and sensors, multi control devices and in-vehicle units and communication modules.

DBJ provided financing to Alps Electric based on a high evaluation of (1) the earthquake resistance and seismic isolation measures implemented at their headquarters and main offices in Japan and overseas, as well as their endeavors to disperse production bases geographically, (2) the existing structures, whether damaged or not, in terms of exposure to various social crises (review ongoing) and (3) the mechanism for the companywide sharing of information in real time and centralization of leadership and command in times of crisis as well as an environment facilitating the execution of quick decision-making and emergency response.

Alps Electric has seven factories in the Tohoku region that were damaged in the Great East Japan Earthquake, but disaster prevention and business continuity measures implemented in daily operations successfully minimized damage, shortening the time required to resume normal production line operations to fulfill its supply responsibilities in Japan and overseas.

TACT Switch®
Bluetooth™ module for automotive equipment
Electronic compass (Magnetic sensors)
Touch panels



One of the world's leading manufacturers of electronic components

Case Study: TOTO

TOTO Ltd., headquartered in the city of Kitakyushu, Fukuoka Prefecture, has established itself as Japan's leader in the manufacture and sales of residential fixtures, from sanitary ceramic ware to toilet seats with a warm-water shower feature. TOTO adds value to lifestyles in its three mission areas: universal design, environment and bonds.

DBJ provided financing to TOTO based on a high evaluation of (1) the earthquake resistance and seismic isolation measures implemented at their headquarters and main offices in Japan and overseas, as well as their attempt to disperse production bases geographically, (2) efforts to eliminate bottlenecks to business continuity and create a strong supply chain by multiplexing the production of difficult to replace basic components and increasing the use of general purpose parts, (3) the ongoing implementation of practical risk simulations focused primarily on the continuation of core business operations and (4) the application of daily business process improvements with concrete measures formulated from the aforementioned simulations.

After the Great Hanshin-Awaji Earthquake, TOTO implemented seismic evaluations and strengthened resistance to earthquakes at 70% of its buildings and facilities in Japan, but the Great East Japan Earthquake caused them to accelerate initial plans to complete disaster prevention countermeasures at all facilities by 2013. Financing provided by DBJ was used to fund these plans.

The leading manufacturer of sanitary ceramic ware and residential fixtures and among the global elite in technology and quality

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.

Case Study: Mt. Hakodate Ropeway

Mt. Hakodate Ropeway Corporation, headquartered in Hakodate, Hokkaido, operates a ropeway business on Mt. Hakodate, famous for its dramatic night view and an integral part of the Hakodate tourism industry.

Ahead of the fiscal 2015 start of *shinkansen* (bullet train) service between Shin-Aomori and Shin-Hakodate, the giant pulleys driving the ropeway were replaced, and the company plans to replace gondolas and remodel the observation deck to maintain and improve the ropeway's appeal through the large-scale renovation of facilities. The company also promotes initiatives to reduce environmental burdens under the motto "Clean & Green," introducing light fixtures powered by solar and wind, and switching to electric heating and cooking appliances to reduce the amount of oil and gas used.

DBJ provided financing to Mt. Hakodate Ropeway on the basis of the Hokkaido Branch's certification of the company under the Regional Areas *Genki* Program (tourism).

Large 125-person capacity gondola

Case Study: Prifoods

Prifoods Co., Ltd., headquartered in the city of Hachinohe, Aomori Prefecture, was reborn in 2008 after a merger between Daiichi Broiler Co., Ltd., Ichirei Co., Ltd., Gordex Co. and Nihon Hypor Co., Ltd. With each of the four internal companies engaging in their traditional businesses, the company is in the livestock-rearing industry, engaged in comprehensive poultry and pig breeding, meat processing, processed food production, sales and engineering of poultry processing facilities and machinery.

In 2003, Daiichi Broiler, which is engaged in the manufacture, processing and sales of broilers, implemented the industry's first traceability system in its packaging plant, a new initiative in the industry to further ensure food product safety and peace of mind.

DBJ provided financing to Prifoods, certifying it under the Tohoku Branch's Regional Areas *Genki* Program (Green Network Tohoku Program).

Inside Gonohe Food Processing Plant

Community Revitalization

Case Study: Snow Peak

Snow Peak Inc., headquartered in the city of Sanjo, Niigata Prefecture, is located in the Tsubame-Sanjo region, long known locally as a hardware manufacturing town. The company is engaged in the manufacture and sales of natural lifestyle products for nature-oriented lifestyles. As the industry's leading company, Snow Peak designs, develops and manufactures tents, sleeping bags, compact stoves, lanterns and various kinds of apparel created with advanced metalworking technologies by local companies sold in Japan and 23 countries around the world.

In accordance with its mission statement of adopting the user's point of view as their own and delivering products and services that enable mutual inspiration, Snow Peak thoroughly incorporates the user's input in everything it manufactures. Passionate fans of these initiatives, called "SnowPeakers," are increasing around the world.

DBJ provided financing to Snow Peak, certifying it under the DBJ Development Support Program (*Nihon Genki* Program).

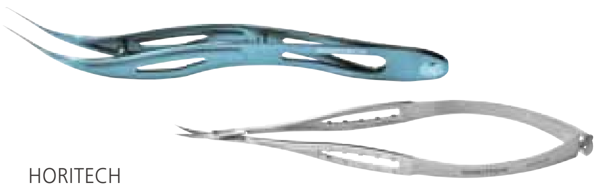

Headquarters and factory exterior

Case Study: Charmant

Charmant, Inc., headquartered in the city of Sabae, Fukui Prefecture, develops business globally and is engaged in the comprehensive design, development, production and sales of eyeglass frames, primarily through the Charmant brand. The company possesses illustrious intellectual property rights cultivated through many years of product development, including Excellence Titan (developed through industry-university joint research), which is a new nickel-free material that is flexible yet retains shape memory, as well as the successful development of laser bonding technology enabling microfabrication.

Making use of technology and expertise gathered from eyeglass frame manufacturing, in April 2012 Charmant launched production and sales of medical equipment such as scissors and forceps for use in cataract and glaucoma surgery under the HORITECH brand. Titanium medical instruments are highly compatible with living organisms, possess superior corrosion resistance and are lightweight, strong and non-magnetic, eliminating any interference with other instruments in the operating room. Exemplifying the quality that Japanese-made products are known for, these instruments are equipped with special characteristics necessary for minimally invasive surgery.

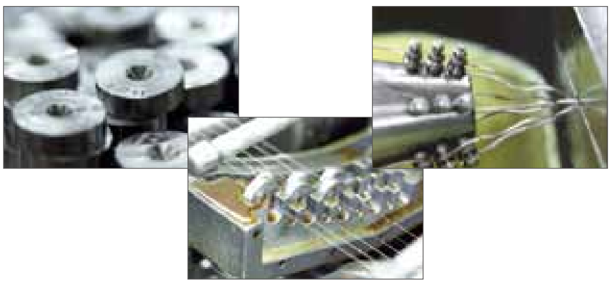
DBJ provided financing to Charmant, certifying it under the Regional Areas *Genki* Program (manufacturing industry: electronics, pharmaceuticals, textiles, plastics).


HORITECH

Case Study: Asahi Intecc

Asahi Intecc Co., Ltd., headquartered in the city of Nagoya, Aichi Prefecture, is a research and development company focusing on the development, manufacturing and sales of medical devices based on ultrafine stainless steel wire manufacturing technologies. Particularly in the minimally invasive surgery area, the company provides PTCA guide wires for use in treatment of patients with heart disease, to minimize physical burden on patients and to improve the patients' quality of life (QOL). Asahi Intecc is considered a world leader in this industry.

DBJ provided financing to Asahi Intecc, certifying it under the Tokai Branch Regional Areas *Genki* Program (strategic next-generation industry).


Wire drawing and wire-forming technology

Community Revitalization

Case Study: Kintetsu Corporation

Kintetsu Corporation, headquartered in the city of Osaka, engages in real estate development, distribution, hotel and leisure and a variety of other Group businesses, in addition to operating the largest private railway network, spanning five prefectures, in the Kinki and Chubu regions.

DBJ granted DBJ Green Building Certification to Abeno Harukas, located in the city of Osaka, set to become the tallest skyscraper complex in Japan, currently under construction by the Kintetsu Corporation. This was the first Platinum plan certification* in Japan granted for a building still under construction. The project was evaluated highly for the incorporation of advanced technology creating extremely superior environmental functionality, access connecting to seven different rail lines, the introduction of multiple office support facilities, a department store and a hotel and the provision of extremely convenient amenities.

* For properties under construction, a mechanism for confirming development plans using the DBJ Green Building Certification model for scoring plans between other owners and property-related individuals in terms of environmental features and convenience to tenants based on development plans.

Abeno Harukas, scheduled to open in spring 2014

Case Study: Waste Biomass

Waste Biomass Co., Ltd., headquartered in the city of Sakaiminato, Tottori Prefecture, is a project company involved in the operation of sewage sludge carbonization facilities led by Sanko Co., Ltd., the largest industrial waste disposal company in the Sanin region, along with the Toyota Tsusho Corporation and Nippon Zoki Pharmaceutical Co., Ltd.

This project, which involves sludge carbonation facilities built by private-sector companies, is extremely important for promoting development in regional economies and reducing greenhouse gas emissions by drying and carbonating sewer sludge collected from Tottori and Shimane Prefectures and recycling it either as heat insulation material for the manufacture of steel or as biomass fuel.

DBJ arranged financing, along with local banks The San-in Godo Bank, Ltd., and The Tottori Bank, Ltd., in the form of a ¥1.9 billion syndicated loan.

Rendering of sewage sludge carbonization facility

Case Study: Kyowa Chemical Industry

Since its founding, Kyowa Chemical Industry Co., Ltd., headquartered in the city of Sakaide, Kagawa Prefecture, has developed products under the motto "Unique Products through Unique Technologies" in the field of fine inorganic chemicals, creating products developed with consideration for people and the environment.

Kyowa Chemical Industry's products are indispensable in modern society and widely used in medical and industrial applications. Their development and production of medical materials, resin additives and flame-retardant materials make effective use of natural resources while maintaining an awareness of environmental conservation.

DBJ provided financing to Kyowa Chemical Industry to expand its medicinal preparation facility so that it could respond to increased demand for prescription laxatives, certifying the financing under the Shikoku Branch Regional Areas *Genki* Program (Materials Island Shikoku Support Program).

Plant exterior

Community Revitalization

Case Study: Fukuoka Jisho

Fukuoka Jisho Co., Ltd., headquartered in the city of Fukuoka, Fukuoka Prefecture, is a local developer that develops and manages office and commercial facilities, mainly in the Fukuoka metropolitan area, including the Canal City HAKATA shopping complex popular with tourists.

Opening the city of Fukuoka to all Kyushu Shinkansen lines is expected to increase the amount of customers from within and without the Kyushu area. To improve movement between the Hakata Station and Tenjin areas in the center of Fukuoka City, Fukuoka Jisho added the East Building facing Hakata Ekimae Dori next to the extant Canal City HAKATA. The East Building, featuring unique fast fashion tenants, acts as a bridge to the existing building, resulting in smoother flowing foot traffic between Hakata Station and Canal City HAKATA.

DBJ, together with The Nishi-Nippon City Bank, Ltd., and other financial institutions, provided financing to Canal City HAKATA for the expansion, certifying it under the Kyushu Branch Regional Areas *Genki* Program (enhancing the regional competitiveness of the Kyushu region as the door to Asia).

Canal City Hakata East Building

Case Study: KAMICHIKU & Kinkou Farm

KAMICHIKU Co., Ltd., and Kinkou Farm Co., headquartered in the city of Kagoshima, Kagoshima Prefecture, is a corporate group engaged in the breeding and fattening of black-haired beef cows for the meat processing and food service industry. Not relying on existing ideas, the company engages in new initiatives including free-range breeding business and production of feed using farm produce and leftover food to provide high-quality beef at a low cost with safety and peace of mind.

DBJ provided financing to the KAMICHIKU Group, which is highly evaluated for its initiatives linked to the enhanced international competitiveness of the Japanese livestock industry, certifying the financing under the Minami-Kyushu Branch Regional Areas *Genki* Program (food, health and environment industry).

Yuzuriha rearing ranch

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 developmental 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 its own process of economic development. 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.

Case Study: Thai Airways International

Thai Airways International Public Company Limited (hereinafter, "THAI"), headquartered in Bangkok, Thailand, is the flagship carrier of the Kingdom of Thailand. Boasting a highly developed route network, THAI is a pillar in the sightseeing industry, bringing over 1.5 million overseas visitors to the Kingdom of Thailand in 2010. At present, THAI intends to introduce highly fuel-efficient airplanes, with the goal of replacing its existing fleet. This plan enables provision of service to a greater number of passengers without increasing burdens on the environment.

All around the world, travelers are increasing as the economy improves, and with the attendant growth in demand for airplanes, the number of airplanes in use is expected to double in the next 20 years.

Given this outlook, DBJ has formally entered the aircraft equipment finance business, arranging a syndicated loan with other international financial institutions for the Airbus A330-300 aircraft THAI expects to make integral use of going forward.

THAI Airbus A330-300

Case Study: China Resources Power

DBJ, along with Electric Power Development Co., Ltd., and Mitsui & Co., Ltd., participated in the Hezhou Power Station project conducted by China Resources Power Holdings Company Limited (hereinafter, "China Resources Power"), headquartered in Hong Kong, through investment company JM Energy.

This project, installation of a new independent power producer in China's Hezhou, located in the Guangxi Zhuang Autonomous Region, is the first ultra-supercritical (USC)* coal-fired electric power generation plant (two 1 million kW bases) in the regions. Compared to traditional power generation plants, the USC facility provides higher thermal efficiency and suppression of CO_2 emissions. Stable provision of electric power will contribute significantly to economic development in southern China, and this project will contribute to energy conservation and environmental improvements.

DBJ, along with Electric Power Development and Mitsui, will continue to provide optimal financial solutions for the development of new power generation facilities overseas and support this project to build high-efficiency power plants in China as a way of moving toward a low-carbon society, and by extension, prevent the emission of greenhouse gases.

* Ultra-supercritical power generation uses steam to increase power generation efficiency with more heat and pressure than traditional power generators.

Rendering of power plant

Great East Japan Earthquake Response Operations

Earthquake, tsunami, nuclear power plant crisis—the Great East Japan Earthquake unleashed unprecedented damage, a major compound disaster the likes of which the world has never seen, seriously impacting the economy of Japan. It is essential that the disaster recovery measures be implemented on a step-by-step basis according to each stage towards recovery and tailored to meet specific needs of varying regions and different disaster categories.

Case Study: REMATEC

REMATEC Corporation, headquartered in the city of Kishiwada, Osaka, has unique and innovative technologies in the field of industrial waste recycling, enabling the reuse of waste oil and sludge to make such items as reclaimed fuel and concrete.

DBJ arranged a syndicated loan for REMATEC, drawing participation by The Senshu Ikeda Bank, Ltd., Shoko Chukin Bank Limited and The Bank of Iwate, Ltd. (a regional financial institution of Iwate Prefecture) and providing ¥1.5 billion in financing for the construction of a plant to remove salt from disaster-related waste.

The tsunami generated by the Great East Japan Earthquake created a large amount of waste, leaving behind refuse with a high degree of salinity. REMATEC established a plant in the city of Ofunato, Iwate Prefecture, and undertook the task of desalinizing this waste under contracts from Iwate Prefecture and Taiheiyo Cement Corporation, a major cement producer. As this initiative enables disaster-related waste to be used as fuel or raw material to make cement in Ofunato, promoting this process should contribute to the speedy reduction of waste in the region and a quick recovery from the disaster.

Plant to remove salt from disaster-related waste (Ofunato, Iwate Prefecture)

Case Study: Onahama Smelting and Refining

Onahama Smelting and Refining Co., Ltd., headquartered in Chiyoda-ku, Tokyo, was Japan's first copper smelting company, created through joint investment from Mitsubishi Mining Company (currently Mitsubishi Materials Corporation), Dowa Mining Company (currently Dowa Group/Dowa Metals & Mining Co., Ltd.) and the Furukawa Mining Company (currently Furukawa Company/Furukawa Metals & Resources Co., Ltd.) in 1963 during Japan's rapid economic growth phase in response to increasing domestic demand for copper. At present, the company develops business involving recycling and the detoxification of scrap automobile shredder dust and other industrial waste materials.

The company's Onahama Smelting and Refining facility, located in the city of Iwaki, Fukushima Prefecture, was significantly damaged in the Great East Japan Earthquake; however, intensive reconstruction work enabled the facility to resume operations on June 30, 2011.

DBJ provided financing in the form of disaster recovery funds to Onahama Smelting and Refining in support of restoration and reconstruction efforts.

Refining furnace and casting machine

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, and in November 2011, we signed the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century). Such efforts indicate our organizational commitment to environmental preservation and the realization of a sustainable society.

In line with the Basic Environmental Policy formulated in October 2008, DBJ is promoting efforts in the regions where its 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.

- DBJ Environmentally Rated Loan Program (See pages 50, 84–85.)
- DBJ Green Building Certification (See pages 51 and 83.)

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.

- Communication Focused on the Environment (See page 76.)
- Communication on Community Revitalization (See page 76.)
- Communication in International Cooperation (See pages 76–77.)

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, 2010	Year Ended March 31, 2011	Year Ended March 31, 2012
Copy and printing paper usage (kg)	95,992	93,189	**100,494**
Waste emissions (kg)	76,030	61,610	**63,530**
Energy consumption (kWh)	4.82 million	4.50 million	**3.53 million**
Water usage (m^3)	24,856	25,411	**24,105**

Note: Head office building only

• Promotion of environment-friendly sourcing of supplies

In line with the Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Green Purchasing Act), which went into effect in April 2001, DBJ implemented initiaves to purchase products and services with lower environmental impacts. We have continued to practice green purchasing following our privatization.

● Achievements of the Green Procurement Program for Typical Items

	Year Ended March 31, 2012
Paper	100.0%
Stationery	95.3%
Equipment	94.6%
Office equipment	98.2%
Lighting	95.9%
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 2011

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 2011.

Volunteers planting seedlings and flower bulbs

Organizations and government bodies located in Tokyo's Otemachi and Nihonbashi areas take part in the volunteer planting of seedlings and flower bulbs in Tokiwabashi Park, sponsored by the Chiyoda-ku Adopt a Park Promotion System (CAPPS). DBJ continues to take part in these activities.

• 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.

• 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. We continued these activities in fiscal 2011, 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.

地球にやさしいオフィス登録証
高松市

• 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 and plant flower bulbs.

• 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

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.

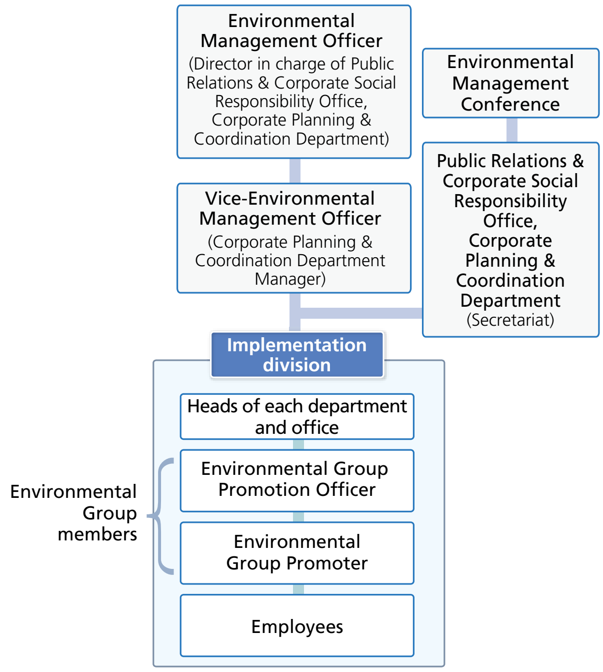
Environmental Group Promotion Officer

To promote environmental management activities, the Environmental Group Promotion Officer and Environmental Group Promoter 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.

● Environmental Management Structure



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

1999 Oct. Designation of sustainable development as an objective by the Development Bank of Japan Act (Act No. 73 of 1999)

2001 Apr. Start of green procurement and environmental training

Jun. First Japanese bank to sign the UNEP Statement by Financial Institutions on the Environment and Sustainable Development

Oct. 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 Mar. UNEP FI 2002 Global Roundtable in Rio de Janeiro, Brazil

Jul. Launch of the Development Bank of Japan Environmental Policy

Nov. ISO 14001 certification

2003 Oct. Publishing of *Environmental Report 2003 for a Sustainable Society* (first annual edition)

Oct. Joint sponsorship of UNEP FI 2003 Global Roundtable in Tokyo, an international conference on finance and the environment

2004 Apr. Start of DBJ Environmentally Rated Loan Program

Sep. Second annual *Sustainability Report*

Nov. Japan Carbon Finance, Ltd. (JCF) established

Dec. Japan Greenhouse Gas Reduction Fund (JGRF) established

2005 Jan. Assumption of chair of the UNEP FI Asia Pacific Task Force

Sep. Third annual *Sustainability Report*

Oct. UNEP FI 2003 Global Roundtable

Nov. Renewal of ISO 14001 certification

2006 May Press conference to announce DBJ status as a signatory institution to the Principles for Responsible Investment

Aug. *CSR Report 2006* (fourth annual *Sustainability Report*)

2007 Jul. *Annual Report & CSR Report* (integrated annual report and CSR report)

2008 Oct. First Board of Directors and Management Committee meetings of Development Bank of Japan Inc.; formulation of Basic Environmental Policy and Environmental Management Regulations

2009 Mar. First Environmental Club Syndicated Loan *ECONOWA*

Apr. Commendation for DBJ Environmentally Rated Loan Program: Environmental Development Award

Sep. Start of cooperation with regional financial institutions to prepare a system to implement Financing Employing Environmental Ratings

2010 Jan. 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)

Apr. Business cooperation agreement to promote environmental measures with a non-life insurance company

Dec. Selected as a designated financial institution under the Bill on the Promotion of Businesses to Develop and Manufacture Energy and Environmentally Friendly Products ("Low Carbon Investment Promotion Act")

2011 Apr. Established the DBJ Green Building Certification

Nov. Signed the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)

Business Continuity Plan (BCP)

DBJ is preparing a business continuity plan (BCP) to protect the interests of its stakeholders, including its clients, its shareholder, and its executives and regular employees, as well as to fulfill its social mission. The BCP aims to ensure the continuity and rapid recovery of core operations in the event of emergencies, such as natural disasters (in particular, large-scale earthquakes), influenza pandemics, system failures and power outages.

In addition to addressing the continuity of core operations and maintaining a plan to recover from disaster, the BCP specifies the initial actions that executives and regular employees should take in emergencies. The plan spells out necessary disaster responses in an easy-to-understand manner.

When formulating policies to ensure the continuity and recovery of core operations, we took the approach of considering responses to cases in which important management resources were damaged due to a large-scale disaster, affecting head office (1) buildings and facilities, (2) executives and regular employees, and (3) systems, instead of considering responses to individual events such as earthquakes and fires.

An overview of DBJ's BCP is provided below.

1. Principles of Action for Executives and Regular Employees

The BCP defines three key goals regarding the fundamental stance that executives and regular employees are to take in the event of a large-scale disaster or other emergency. They are to (1) ensure personal safety, (2) grasp the situation accurately and (3) remain calm and collected. Specifically, they must give first priority to the lives and safety of our clients and our executives and regular employees, paying attention to television and radio broadcasts, evacuating calmly (without panic) and determining the safety of others.

2. Core DBJ Operations

In the event of a large-scale disaster, DBJ has identified the following six items as essential to the continuity of its core operations from the standpoint of (1) items that are fundamental and prerequisite to business continuity (such as facilities, personnel and systems), (2) DBJ's social mission and the public nature of its financing (such as investment and loan activity) and (3) responsibility to financial markets (continuity of market settlements).

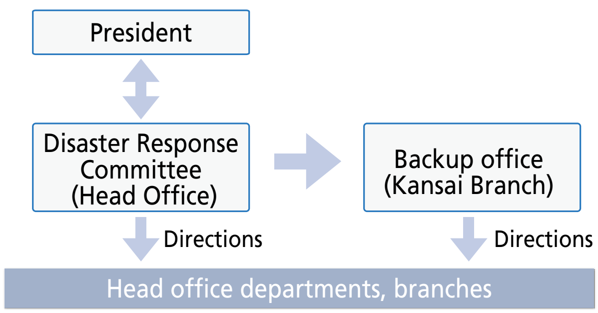
1) Confirmation and assurance of the safety of executives and regular employees
2) Uninterrupted continuation of settlement-related business
3) Reliable formation of the Disaster Response Committee
4) Restoration and maintenance of IT systems
5) Confirmation of the status of clients in afflicted areas
6) Rapid commencement of crisis response operations

DBJ has formulated a BCP that prioritizes continuity of the core operations described above.

3. BCP Operational Structure

When responding to an emergency situation, such as in the event of a large-scale disaster, in principle, the Disaster Response Committee will be established at head office and chaired by the head of the Corporate Planning & Coordination Department, who reports to the president. This committee gives directions to DBJ's branches regarding the continuation of core operations. If maintaining operations at head office proves problematic, the Kansai Branch shall serve as the alternative location.

● BCP Operational Structure Outline



4. Measures to Ensure Business Continuity

We have prepared a variety of measures to ensure business continuity. The primary measures are introduced below.

(1) Enhanced System Robustness
Ensure advanced security levels at the main center, and create a backup center to operate in the event that the main center ceases to operate.

(2) Multilayered Communication Procedures
Introduce a safety-confirmation system to quickly determine the whereabouts and status of executives and regular employees even at night and on holidays. In addition, distribute satellite telephones to key locations and personnel to ensure multilayered communication procedures.

(3) Chain of Command and Delegation of Authority
To assure that decision-making concerning the continuity of core operations is prompt and certain, in the event that the Disaster Response Committee is established, put in place a chain of command and an alternative hierarchy by which authority can be delegated.

(4) Clarification of Initial Response and Procedures for Continuing or Restoring Core Operations
For individual business units, establish in advance the procedures for the initial response and the continuation or restoration of core operations so that relevant divisions can respond quickly and with certainty on core operations.

5. Initiatives to Maintain or Improve BCP Viability

DBJ conducts various types of instruction and training of executives and regular employees to maintain or improve the viability of its BCP.

Furthermore, the BCP is revised to reflect training results and recent information, and is considered by the Management Committee regularly and additionally as necessary, employing a PDCA cycle.

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. The superior employee performance resulting from such efforts is what drives DBJ ahead on a daily basis and keeps it an innovator, blazing the trails that Japan needs to follow.

Human Resource Development Vision

DBJ has evolved significantly and developed its independence and creativity in line with the needs of the times in order to maintain its leadership position.

To develop its human resources, DBJ promotes autonomous and pioneering behavior in its employees as financial professionals through the vision of generalists who can be specialists in many fields. Responding to society's constantly changing demands requires broad experience, deep knowledge and the ability to see the big picture, as well as gaining specialist knowledge. DBJ has therefore created a human resource development system that incorporates job rotation, performance evaluation, formal education and training.

Deploying the Target Management System

DBJ has introduced a Target Management System to encourage employees to work autonomously and proactively to develop their abilities and accurately evaluate such initiatives. 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 operating 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.

On October 18, 2010, the Tokyo Labour Bureau recognized DBJ as having achieved the objectives of its general business operator action plan (from April 1, 2005, to March 31, 2010), based on the Act on Advancement of Measures to Support Raising Next-Generation Children as a company that provides child-rearing support. Specific grounds for this approval included (1) the promotion of spousal support for childbearing through special leave and childcare leave, (2) measures to ensure time for child-rearing and (3) measures to promote the taking of annual paid vacation.

子育てサポートしています
2010年認定事業主

DBJ has received next-generation *Kurumin* certification for its efforts to counter the falling birthrate, including recognition as a company that provides active support for child-rearing.

A Solid Human Resource Development System

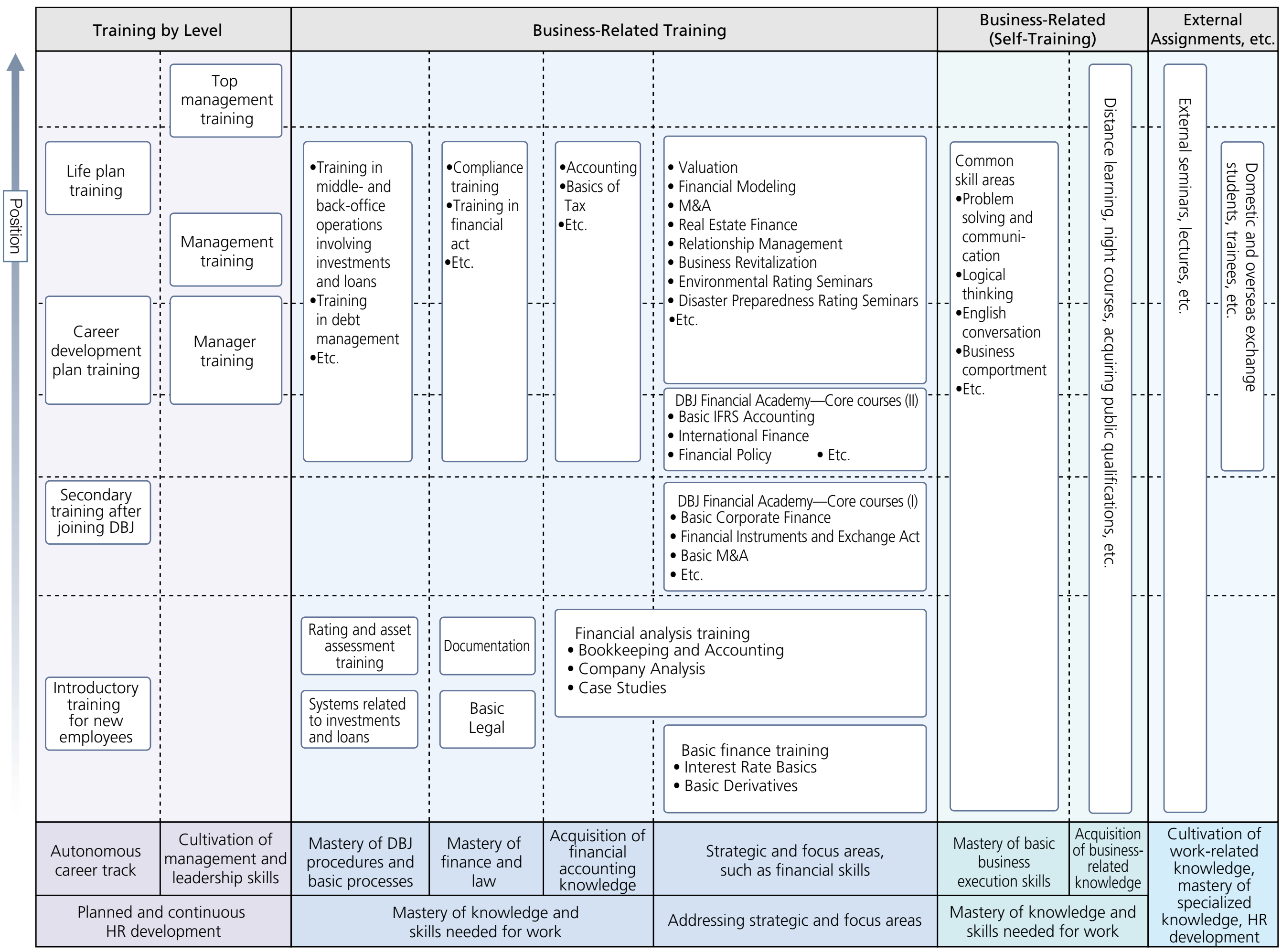
DBJ's financial professionals are supported by a well developed education and training system. Mandatory training by level, combined with elective training according to skills and needs, enables each employee to plan his or her career and support DBJ's initiatives in innovative finance.

In fiscal 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 Corporate Finance, M&A and the Financial Instruments and Exchange Act.

Regardless of age, employees undergo on-the-job training that provides hands-on exposure to work involving various levels of responsibility. After experiencing employment in multiple departments, employees are additionally trained for highly specialized positions according to their skills and backgrounds. This system of strategic job rotation not only enables employees to gain broad-based practical experience that gives clarity to their medium- to long-term career goals but also provides an environment for quickly and firmly acquiring and improving their highly specialized skills.

In step with globalization, DBJ cultivates employees able to perform in international as well as domestic settings. To achieve this, DBJ actively assigns employees to a wide variety of external organizations, including overseas graduate schools (program currently being expanded), international institutions, domestic and overseas research institutes, companies and related government agencies, 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 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 typically has held twice-weekly courses with the objective of raising the level of financial expertise of primarily young second-year employees throughout the organization by strengthening their knowledge and understanding of advanced corporate financial business essential to DBJ's business model. During fiscal 2011, courses covered Introduction to Modern Finance, Corporate Finance, the Financial Instruments and Exchange Act and Insolvency and Corporate Reorganization.

Through the DBJ Financial Academy, each employee can seek to elevate his or her abilities in finance, whether aiming to acquire basic knowledge or striving to 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

2011 Courses (May 2011 through February 2012)

Core courses
- Introduction to Modern Finance
- International Finance
- Special Lecture: "Financial Policy"
- Basic Corporate Finance
- Basic Investment
- M&A

Elective courses
- Business Statistics
- Financial Instruments and Exchange Act
- Real Estate Finance
- IFRS Accounting: Foundations and Practice
- Insolvency and Corporate Reorganization
- Corporate Finance Practice

Special course
- Go forward *Nippon!*

2012 Courses (expected to run from May 2012 through March 2013)

Core courses (I)
- Introduction to Modern Finance
- Financial Instruments and Exchange Act
- Business Statistics
- Basic Corporate Finance
- M&A
- Corporate Finance Practice

Core courses (II)
- IFRS Accounting: Foundations and Practice
- Insolvency and Corporate Reorganization
- Financial System Theory
- International Finance
- Financial Expertise Follow-up Training
- Financial Policy

Elective courses
- Real Estate Finance
- Behavioral Finance

Special Program
- Special Program for Regional Financial Institutions

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 non-financial information has grown into a global trend, beginning in Europe.

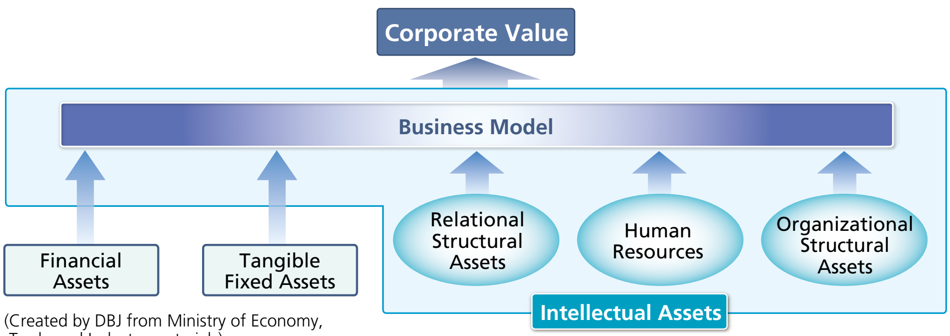
DBJ's View on Intellectual Assets

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

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

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

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



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

DBJ's Utilization of Intellectual Assets

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

DBJ's Utilization of Intellectual 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 our interest rate subsidy programs for the promotion of environmental management, as well as other interest subsidy systems put in place by national and regional government bodies. Also, we continue to assist with crisis response operations. 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 professionals including university professors, attorneys, and certified public accountants. This multifaceted combination of networks consisting of professionals in a host of fields in industry, academia and the government constitutes DBJ's relational structural capital.

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 Act or Corporate Reorganization Act 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

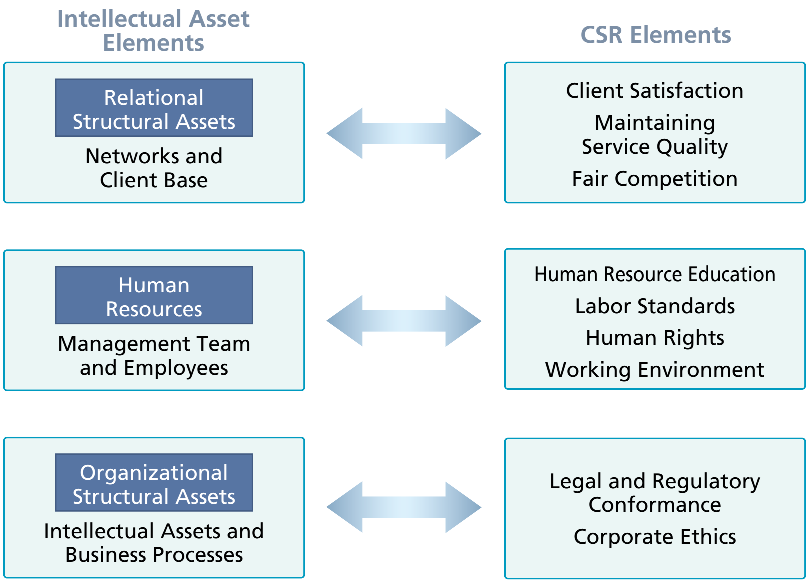
The nearby figure contrasts intellectual assets as viewed by DBJ and DBJ's role as seen by society. Evaluated in this sense, intellectual assets and CSR are two sides of the same coin.

For example, the DBJ Environmentally Rated Loan Program, the DBJ Enterprise Disaster Resilience Rated Loan Program and DBJ Green Building Certification—fully mobilized through intellectual asset networks with central government bodies, regional government bodies, experts and clients—as well as our human resources comprising executives and regular employees and our accumulation of experience and expertise all serve a vital CSR role. At the same time, these same loan programs strongly support the CSR activities of our business partners: these companies 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 42 to 58, "Integrated Investment and Loan Services," and on pages 78 to 100, "CSR through Investment, Loan and Other Businesses," DBJ is taking advantage of its various accumulated intellectual assets.

● Relationship between Intellectual Assets and CSR



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

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 fulfills a broad range of information functions. In addition to corporate monitoring, DBJ exchanges information with government agencies, local government bodies and private financial institutions and coordinates their interests. In the investment and loan department, DBJ promotes and helps develop financial platforms for structured financing, business restructuring support, financing related to environmental and disaster policies, M&A advisory services, safety nets and other functions. In the research department, DBJ established the Research Institute of Capital Formation in July 1964, with Dr. Osamu Shimomura as its first executive director. This institute creates the foundation for creating intellectual assets through collaboration with outside experts, centered on university instructors. Taking an academic and liberal perspective, the institute promotes research activities targeting a sustainable socioeconomic structure. (For details, please refer to the Research Institute of Capital Formation website, at http://www.dbj.jp/ricf/en/.)

On pages 42 to 58, “Integrated Investment and Loan Services,” and pages 78 to 100, “CSR through Investment, Loan and Other Businesses,” DBJ introduces its activities involving financial platforms.

Management Structure

DBJ's most important public social responsibility is to instill public confidence as a financial institution and achieve the highest levels 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
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.

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 unique 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. At the same time, DBJ has established a Personnel Evaluation Committee comprising outside experts to evaluate personnel proposals on the selection and resignation of directors and corporate auditors.

Board of Directors

The Board of Directors comprises 10 members. To ensure management transparency, two Board members are outside directors. During the fiscal year ended March 31, 2012, the Board of Directors met 13 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 16 times during the fiscal year ended March 31, 2012.

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.

Content of Standards and Policies Related to Independence in the Selection of Outside Directors and Outside Corporate Auditors

Not applicable.

Operations Audit Committee

The Board of Directors has established the Operations Audit Committee, delegating to this body the authority to deliberate important matters related to internal audits. This committee met once during the fiscal year ended March 31, 2012.

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.

Personnel Evaluation Committee

DBJ has established the Personnel Evaluation Committee, composed of outside directors and other outside experts, as an advisory body to the Board of Directors. The committee's role is to evaluate personnel proposals on the selection and resignation of directors and corporate auditors.

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 40 times during the fiscal year ended March 31, 2012.

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

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

Masayuki Oku, Chairman of the Board, Sumitomo Mitsui Financial Group, Inc.
Kiyofumi Kamijo, Director and Executive Corporate Advisor, Tokyu Corporation
Sakie Fukushima-Tachibana, President of G&S Global Advisors Inc., Senior Advisor of Korn/Ferry International's Asia Pacific
Fujio Cho, Chairman of Toyota Motor Corporation
Katsunori Nakanishi, President & Chief Executive Officer, The Shizuoka Bank, Ltd.

Outside Directors

Akio Mimura, Chairman, Nippon Steel Corporation
Kazuo Ueda, Professor, Faculty of Economics, the University of Tokyo

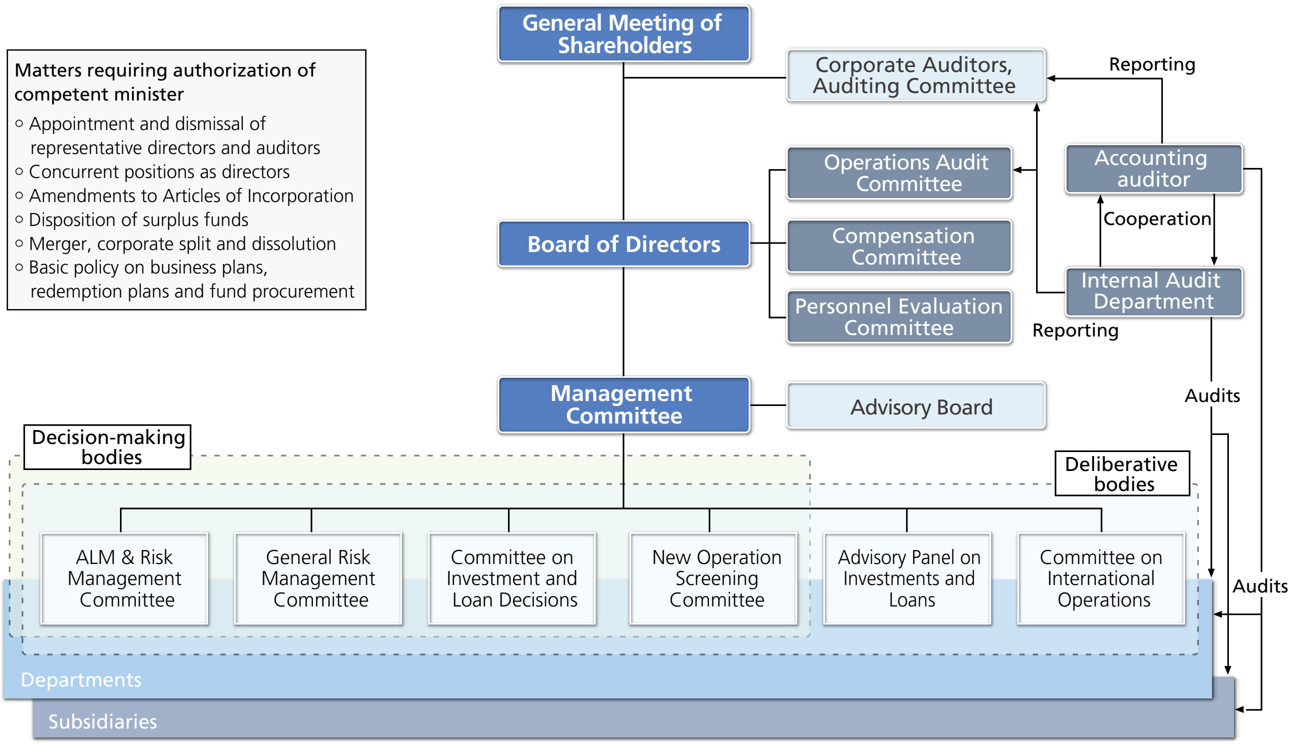
Matters Requiring Approval of Competent Minister

The New DBJ Act 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 responsibility for the execution of duties and accelerate decision-making. The Board of Directors has designated eight managing executive officers, excluding officers who are concurrently directors, and eight 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 28, 2012, 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, 2012, these operations were conducted by designated certified public accountants (designated limited liability partners) Yukio Ono (continuous audit period* of four years), Hayato Yoshida (same, four years) and Atsuyuki Shimada (same, one year).

* In accordance with the Companies Act, as designated limited liability partners, the number of years of continuous audit must be stated. As designated limited liability partners, the number of continuing years of performing audits conducted in accordance with the Financial Instruments and Exchange Act was four years for Yukio Ono, four years for Hayato Yoshida and one year for Atsuyuki Shimada. 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 49 people, including a systems specialist, a licensed tax accountant, a specialist in determining fair value 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 Basic Compliance 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 Act. 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 deliberate on improvements to DBJ's internal system.

DBJ also has established a Compliance Hotline. The objective of this internal reporting system is to swiftly identify and resolve any 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 is preparing a system to manage conflicts of interest.

Risk Management

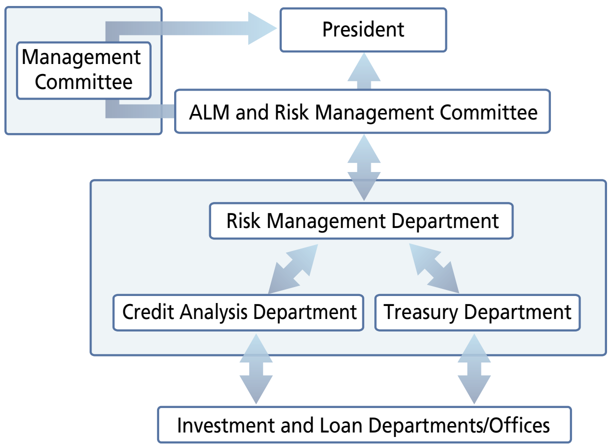
To ensure management soundness and safety, as well as raise corporate value, DBJ works to manage risk appropriately in line with specific business and risk characteristics. Controlling risk is an issue of utmost importance, and therefore we have established risk management processes and methods.

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 Act or the Act on Emergency Measures for the Revitalization of the Financial Functions (Act 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 Act
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 be incurred 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 non-functioning, 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

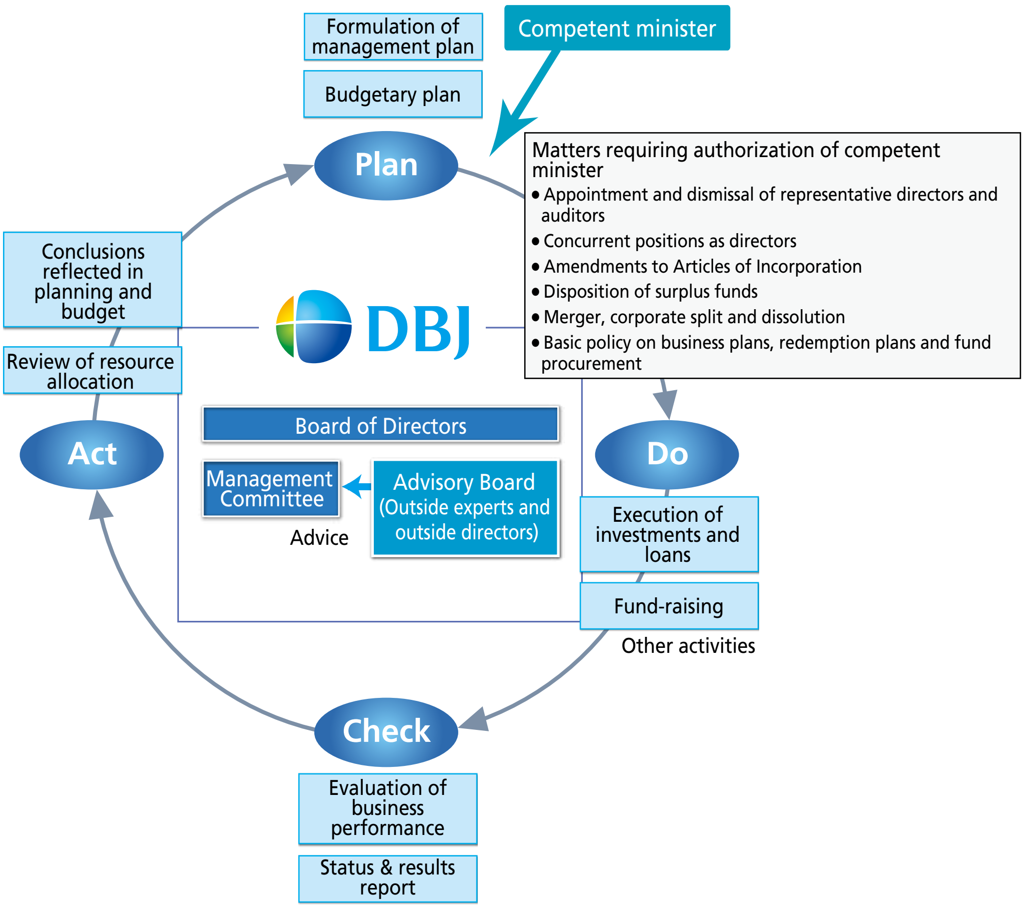
System risk refers to the risk of loss due to a computer system breakdown or malfunction, system defects, or improper computer usage. To properly manage systems risk, DBJ has implemented the following internal processes to optimize system risk management. The Information Resources Department is responsible 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 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 Act 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 July 2, 2012, DBJ's subsidiary institutions, etc., were as follows.

DBJ Asset Management Co., Ltd.
Sun Arrows Investment Co., Ltd.
Healthcare Management Partners, Inc.
Milestone Turnaround Management Co., Ltd.
DBJ Europe Limited
DBJ Investment Advisory Co., Ltd.
Asuka DBJ Investment LPS
DBJ Securities Co., Ltd.
South East Asia Growth Capital L.L.C

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

DBJ Quarterly Journal (newsletter)
The *DBJ Quarterly Journal* is also available in iPhone and iPad formats.
http://itunes.apple.com/jp/app/id389307222 (Japanese)
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		JDB branches opened in Osaka (now the Kansai Branch), Sapporo (now the Hokkaido Branch), Nagoya (now the Tokai Branch) and Fukuoka (now 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 (now the Hokkaido Branch) and Sendai (now 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 JDB and HTDFP and consolidate them as a new bank)
1997	December	JDB and HTDFP commenced loans in response to the financial environment (introduction of March 31, 2001, sunset clause)
1999	June	The Development Bank of Japan Law (Law No. 73 of 1999) approved
1999	October	Transfer of approval of all rights and responsibilities of JDB and HTDFP to the Development Bank of Japan (DBJ) Transfer of financing operations from Japan Regional Development Corporation and Japan Environment Corporation DBJ representative offices opened in Kushiro and Singapore
2002	May	The Development Bank of Japan Law revised (introduction of additional spot inspections by the Financial Services Agency)
2005	December	Cabinet approval of the Important Policy of Administrative Reform
2006	May	The Act on Promotion of Administrative Reform for Realization of Small and Efficient Government (Act No. 47 of 2006) approved
2006	June	Policy-Based Financing Reform Plan decided upon by the Headquarters for the Implementation of Policy Finance Reform
2007	June	The Development Bank of Japan Inc. Act (Act No. 85 of 2007) approved

Development Bank of Japan Inc.

2008	October	Development Bank of Japan Inc. established (Capital: ¥1 trillion)
2008	December	DBJ Singapore Limited launched
2009	June	Act for Partial Amendment of the Development Bank of Japan Inc. Act (New DBJ Act) (Act 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
2011	May	Partial amendment of the Development Bank of Japan Inc. Act (based on establishment of Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake (Act No. 40 of 2011))
2011	December	Increase of capital to ¥1,187,364 million
2012	March	Increase of capital to ¥1,187,788 million
2012	June	Increase of capital to ¥1,198,316 million

Board of Directors, Corporate Auditors and Executive Officers (As of September 1, 2012)

Toru Hashimoto
President & CEO

Hideto Fujii
Deputy President

Masanori Yanagi
Deputy President

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

Tetsuhiko Shindo
Director and Managing Executive Officer
In charge of Accounting Department, Credit Analysis Department

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

Masaaki Komiya
Director and Managing Executive Officer
In charge of Business Planning & Coordination Department, Economic & Industrial Research Department

Masanao Maeda
Director and Managing Executive Officer
In charge of Environmental Initiative & Corporate Social Responsibility-Support Department, Business Development Department, Regional Planning Department (Administration), Research Institute of Capital Formation, Kyushu Branch, Minami-Kyushu Branch

Akio Mimura
Director (Outside)

Kazuo Ueda
Director (Outside)

Takeshi Kobayashi
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.

Takahiro Suzuki
Managing Executive Officer
In charge of Risk Management Department, Legal Affairs & Compliance Department

Toshiaki Ido
Managing Executive Officer
In charge of Treasury Department

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

Masahiko Ichie
Managing Executive Officer
In charge of Corporate Finance Department [Division 1 and 2]

Hideyuki Kadono
Managing Executive Officer
In charge of Corporate Finance Department [Division 4]

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

Tetsumi Hashimoto
Managing Executive Officer
In charge of Corporate Finance Group, Mid-Size & Growth, Regional Planning Department, Hokkaido Branch, Tohoku Branch, Niigata Branch, Hokuriku Branch, Tokai Branch

Satoshi Tomii
Managing Executive Officer
In charge of Portfolio Investment Group, Strategic Finance Group, Growth & Cross Border Investment Group, Structured Finance Group, Syndication Group

Osamu Koyanagi
Managing Executive Officer, Head of Kansai Branch
In charge of Kansai Branch, Chugoku Branch, Shikoku Branch

Satoshi Tomizuka
Executive Officer (In charge of Internal Audit)

Seiji Jige
Executive Officer (In charge of Special Missions)

Masafumi Aizawa
Executive Officer (In charge of Financial Institution)

Kenkichi Fukuda
Executive Officer, Head of Human Resources Management Department

Shin Kikuchi
Executive Officer, Head of Corporate Planning & Coordination Department

Kazuyo Hachisuka
Executive Officer, Head of Risk Management Department

Hideo Oishi
Executive Officer, Head of Business Planning & Coordination Department

Haruhisa Kawashita
Executive Officer, Head of International Strategy & Coordination Department

Organization Chart (As of July 1, 2012)

- General Meeting of Shareholders
  - Corporate Auditors/ Board of Corporate Auditors
    - Office of Corporate Auditor
  - Board of Directors
    - Executive Committee
      - Business Planning & Coordination Department
      - Urban Development Department
      - International Strategy & Coordination Department
      - Corporate Finance Department, Division 1
      - Corporate Finance Department, Division 2
      - Corporate Finance Department, Division 3
      - Corporate Finance Department, Division 4
        - Healthcare & Hospitality Industry Office
      - Corporate Finance Department, Division 5
      - Corporate Finance Group, Mid-Size & Growth
      - Hokkaido Branch
      - Tohoku Branch
        - Tohoku Revival Reinforcement Office
      - Niigata Branch
      - Hokuriku Branch
      - Tokai Branch
      - Kansai Branch
      - Chugoku Branch
      - Shikoku Branch
      - Kyushu Branch
      - Minami-Kyushu Branch
      - Asset Finance Group
      - Portfolio Investment Group
      - Strategic Finance Group
      - Growth & Cross Border Investment Group
      - Structured Finance Group
      - Syndication Group
      - Environmental Initiative & Corporate Social Responsibility-Support Department
      - Business Development Department
      - Economic & Industrial Research Department
        - Economic Research Office
      - Regional Planning Department
      - Research Institute of Capital Formation
        - Corporate Management & Accounting Research Office
      - Credit Analysis Department
      - Legal Affairs & Compliance Department
      - Secretariat Office
      - Human Resources Management Department
      - Corporate Planning & Coordination Department
        - Public Relations & Corporate Social Responsibility Office
      - Risk Management Department
      - Information Resources Department
      - General Affairs Department
        - Otemachi Redevelopment Project Office
      - Accounting Department
        - Settlement & Accounting Operation Office
      - Treasury Department
      - Financial Institution Department
    - Operations Audit Committee
      - Internal Audit Department

Representative Offices: Hakodate, Kushiro, Aomori, Toyama, Matsue, Okayama, Matsuyama, Oita

Overseas Representative Office: New York

Overseas Subsidiaries: DBJ Singapore Limited, DBJ Europe Limited

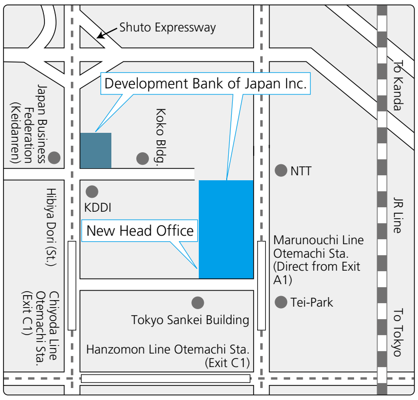
Locations and Directory (As of July 1, 2012)

Head Office (Relocating November 26, 2012)

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

New Head Office

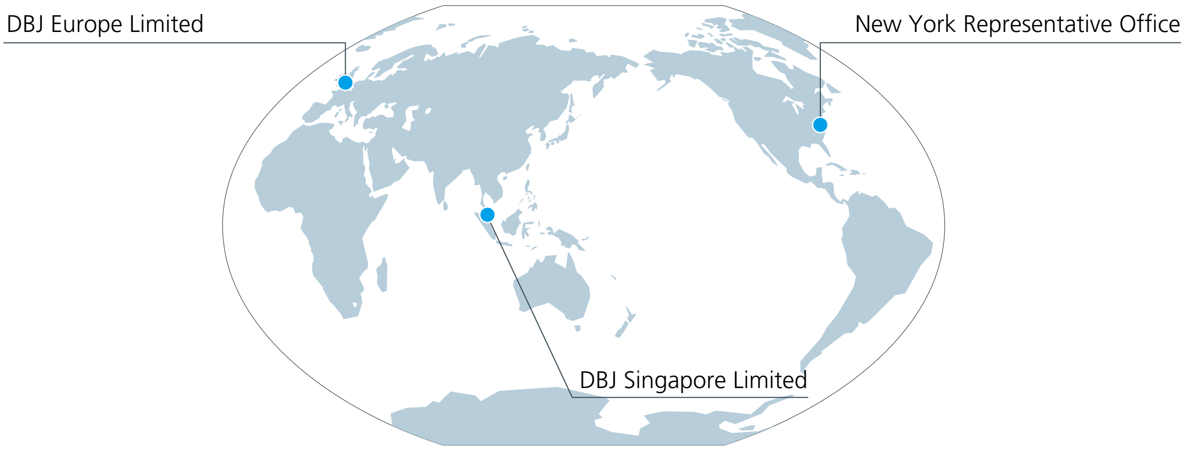
(Since November 2012)
Otemachi Financial City
South Tower, 9-6,
Otemachi 1-chome,
Chiyoda-ku, Tokyo
100-8178, Japan



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

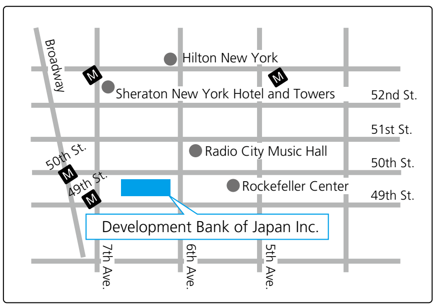
1251 Avenue of the Americas, Suite 830,
New York, NY 10020, U.S.A.
Tel: +1-212-221-0708

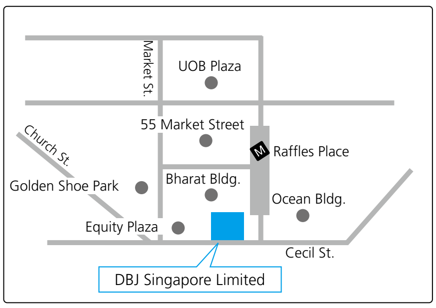
DBJ Singapore Limited

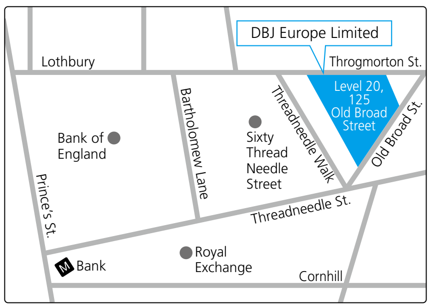
9 Raffles Place, #30-03 Republic Plaza,
Singapore 048619
Tel: +65-6221-1779

DBJ Europe Limited

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







Subsidiaries (As of March 31, 2012)

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 business startups	June 1, 1990	99	100.00
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	29,600	50.00 (0.00)
UDS III Corporate Mezzanine Limited Partnership	Chiyoda-ku, Tokyo	Investment associations	February 15, 2008	34,687	50.00 (0.00)
Asuka DBJ Investment LPS	Chiyoda-ku, Tokyo	Investment associations	October 28, 2005	6,680	49.40
DBL Capital Co., Ltd.	Chiyoda-ku, Tokyo	Management of investment associations	October 14, 2005	99	100.00
DBJ Capital Investment Fund No. 1	Chiyoda-ku, Tokyo	Investment associations	July 9, 2010	986	100.00 (0.01)
DBJ New Business Investment Fund	Chuo-ku, Tokyo	Investment associations	July 9, 2010	1,786	99.99
DBJ Capital Investment Fund No. 2	Chiyoda-ku, Tokyo	Investment associations	October 1, 2010	1,300	100.00 (0.01)
DBJ Securities Co., Ltd.	Minato-ku, Tokyo	Securities business	October 22, 1998	500	66.65

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 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. In August 2011, DBJ Securities acquired common stock of the former Hitachi Capital Securities Co., Ltd., becoming a consolidated subsidiary. On October 1, 2011, the company's name was changed to DBJ Securities Co., Ltd.
7. There are 17 consolidated subsidiaries and 15 affiliated companies.

Stock Information (As of March 31, 2012)

Number of Shares Issued and Paid-in Capital

	Changes in number of shares issued (Thousands of shares)	Number of shares issued (Thousands of shares)	Changes in paid-in capital (Millions of yen)	Paid-in capital (Millions of yen)	Changes in 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
December 7, 2011 Note 5	—	—	6,170	1,187,364	—	1,060,466
March 23, 2012 Note 4	8	43,632	424	1,187,788	—	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 Act, 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 under Paragraph 2, Article 15, of the Supplementary Provisions to the Act), 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 Act 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.
5. To secure a financial base for crisis response operations, of the ¥1,350 billion in delivery bonds issued under the Act for the Partial Amendment of the Development Bank of Japan Inc. Act and the supplementary budget for fiscal 2009, in accordance with the provisions of Article 2-4, Paragraph 1, of the Appendix to the New DBJ Act, an amount equivalent to ¥6,170 million was required for redemption on November 24, 2011.
   Based on this requirement, these delivery bonds were redeemed effective December 7, 2011. The face value of delivery bonds decreased by this amount, and at the same time DBJ's common stock increased by the equivalent of the required redemption amount. The number of shares was not affected by procedures for this increase in common stock.
6. As is stated above, delivery bonds in the amount of ¥10,528 million were required for redemption on May 18, 2012. Based on this requirement, the delivery bonds were redeemed on June 6, 2012. The face value of delivery bonds decreased by this amount, and at the same time DBJ's common stock increased by the equivalent of the required redemption amount. The number of shares was not affected by procedures for this increase in common stock.

Shareholder

	Address	Number of shares held (Thousands of shares)	Percentage of total equity (%)
Finance Minister	1-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo	43,632	100.00
Total	—	43,632	100.00

Excerpt from the Development Bank of Japan Inc. Act (Act 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 (kabushikikaisha) 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 Act (Act 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 Ordinance (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 (Act 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 Act (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 Act;
   (13) To do the activities referred to in Article 2, Paragraph 8, Item (9) of the Financial Instruments and Exchange Act (limited, in the case of the handling of primary offering or secondary distribution, to those to be conducted upon entrustment by financial instruments business operators engaged in the type I financial instruments trading business set forth in Article 28, Paragraph 1 of the Financial Instruments and Exchange Act (the financial instruments dealers set forth in Article 2, Paragraph 9 of the Financial Instruments and Exchange Act; hereinafter the same), and for such financial instruments business operators);
   (14) To do the activities referred to in Article 2, Paragraph 8, Item (11) of the Financial Instruments and Exchange Act;
   (15) To do the activities referred to in Article 2, Paragraph 8, Item (13) of the Financial Instruments and Exchange Act;
   (16) To do the activities referred to in Article 2, Paragraph 8, Item (15) of the Financial Instruments and Exchange Act;
   (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 Act, 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 (Act 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 Act Concerning the Central Depositary System of Corporate Debentures (Act 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 Act (Act 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 Act);
   (4) Money lenders (the money lenders set forth in Article 2, Paragraph 2 of the Money Lending Business Act (Act 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 Act (Act No. 154 of 2004, as amended));
   (6) Insurance companies (the insurance companies set forth in Article 2, Paragraph 2 of the Insurance Business Act (Act 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 Act (Act 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 Act; 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 Act, 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 Act on Restrictions on Financial Assistance by the Government to Corporations (Act 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 Act 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 the Government-Owned Shares

1. Pursuant to Article 6, Paragraph 2 of the Act on Promotion of Administrative Reform for Realization of Small and Efficient Government (Act No. 47 of 2006), the Government shall intend to reduce the number of the shares held by it of 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 act 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 Act and Other Measures

If the Government disposes of all of the Government-Owned Shares, the Government shall immediately take measures to abolish this act, 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 Act (Act No. 73 of 1999, as amended; hereinafter, except for Article 26 of the Supplementary Provisions, referred to as the "DBJ Act"), during the Preparatory Period (the period from the date on which this act 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

Review

On or prior to the date set forth in Article 1, Item (3) of the Supplementary Provisions, the Government shall review 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 acts (including ordinances under those acts), such as the Act on Security for Loans from the Development Bank of Japan to Electric Utility Corporations (Act No. 145 of 1950, as amended), the Oil Stockpiling Act (Act No. 96 of 1975, as amended), the Act on the Promotion of Development and Introduction of Alternative Energy (Act No. 71 of 1980, as amended), the Act on Special Measures Concerning the Promotion of Urban Development by Private Sectors (Act No. 62 of 1987, as amended), the Act on Temporary Measures to Promote Business Activities for the Rational use of Energy and the Utilization of Recycled Resources (Act No. 18 of 1993, as amended) and the Act on Promotion of Private Finance Initiative (Act 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 review.

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 act 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 act to any legal issues or disputes.

Act for Partial Amendment of the Development Bank of Japan Inc. Act

(Act No. 67 of 2009) (Unofficial translation)

The Development Bank of Japan Inc. Act (Act 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.

Capital Contribution by the Government

Article 2-2

The Government may make capital contributions to the Corporation, to the extent of the amount approved by the budget, whenever the Government deems necessary, until March 31, 2012.

Delivery of the Government Bonds

Article 2-3

1 The Government, in implementing the crisis response operations in Article 2, Item 5 of the Japan Finance Corporation Act (Act No. 57 of 2007; hereinafter referred to as "Crisis Response Operations") may issue the government bonds in order to use for securement of the capital required to ensure the financial strength of the Corporation, until March 31, 2012.

2 The Government, pursuant to the provisions of the preceding paragraph, to the extent of the amount approved by the budget, shall issue the 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 Ministry of Finance Ordinance.

Redemption of the Government Bonds

Article 2-4

1 The Corporation, may request the redemption of the government bonds delivered as set forth in the provisions of Paragraph 2 of the preceding Article, only within the amount of capital calculated by the Ministry of Finance Ordinance as the necessary amount of capital in response to the increase of assets related to its Crisis Response Operations (limited to those conducted by March 31, 2012).

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" shall be deemed to be replaced with "case, or in cases where Article 2-4, Paragraph 3 of the Supplementary Provisions to the Development Bank of Japan Inc. Act (Act 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 the 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 Ministry of Finance Ordinance.

Exception to Imposition of Registration and License Tax

Article 2-6

When capital contributions 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 Ministry of Finance Ordinance.

Supplementary Provisions

Enforcement Date

Article 1

This act shall take effect on the date of its promulgation.

Review, Etc.

Article 2

1 By the end of fiscal year 2011, the Government shall review what the appropriate implementation of the Crisis Response Operations (referring to the Crisis Response Operations prescribed under the provisions of Article 2, Item 5 of the Japan Finance Corporation Act (Act No. 57 of 2007); same hereinafter) implemented by the Development Bank of Japan Inc. (hereinafter" the Corporation") and the appropriate organization of the Corporation based on that including the way of holding its shares by the Government should be, and shall take necessary measures based on these reviews, taking into account the status of the capital contributions by the Government to the Corporation under the provisions of Article 2-2 of the Development Bank of Japan Inc. Act as amended by this Act; the redemption of the Government bonds under the Article 2-4, Paragraph 2 of the supplementary provisions of the Development Bank of Japan Inc. Act as amended by this Act; the implementation of the Crisis Response Operations by the Corporation; and the changes in socioeconomic and other circumstances from a point of view of maintaining the involvements with the Corporation by the State such as letting the Government consistently hold its shares exceeding one-third of the Corporation's issued shares in the aim of ensuring the appropriate implementation of the Crisis Response Operations by the Corporation.

2 Notwithstanding the provisions of Article 6, Paragraph 2 of the Act on Promotion of Administrative Reform for Realization of

Small and Efficient Government (Act No. 47 of 2006) as amended pursuant to the provisions of the following Article and the provisions of Article 2, Paragraph 1 of the Supplementary Provisions of the Development Bank of Japan Inc. Act as amended pursuant to this Act, the Government shall not dispose of its holding shares of the Corporation prior to the measures described in the preceding paragraph shall be taken.

Partial Amendment of the Act on Promotion of Administrative Reform for Realization of Small and Efficient Government

Article 3

The Act on Promotion of Administrative Reform for Realization of Small and Efficient Government shall be partially amended as follows.

"In the measures described in the preceding paragraph" in Article 6, Paragraph 2 shall be revised to "from April 1, 2012."

Adjusted Provisions

Article 4

1 If this Act come into effect prior to the date of enforcement of the Act for Partial Amendment of the Shoko Chukin Bank Limited Act and Other Act to Facilitate the Supply of Funds to Small and Medium-sized Enterprises (Act No. 54 of 2009; mentioned in the following paragraph as the "Shoko Chukin Amendment Act"), in regard to the application of the provisions of Article 6, Paragraph 2 of the Act on Promotion of Administrative Reform for Realization of Small and Efficient Government as amended under the provisions of the preceding Article up to the day before the said date, "and" shall be deemed to be replaced with "taking into account the market situation, and shall dispose of all such capital contributions in approximately five to seven years after implementation of the measures mentioned in the preceding paragraph, and the Government shall make capital contributions in."

2 If this Act come into effect after the date of enforcement of the Shoko Chukin Amendment Act, 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 deemed to be replaced with "Article 4 of the Supplementary Provisions to the Act for Partial Amendment of the Shoko Chukin Bank Limited Act and Other Act to Facilitate the Supply of Funds to Small and Medium-sized Enterprises (Act No. 54 of 2009)."

Delegation to Government Ordinance

Article 5

Transitional measures required for the enforcement of this Act shall be determined by government ordinance.

(Unofficial translation)

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

House of Councilors Committee on Financial Affairs
June 25, 2009

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

- In implementing Crisis Response Operations based on the recent measures for additional capital contribution, 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 Operations 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 reviews 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.

Amendment of the Development Bank of Japan Inc. Act (based on establishment of the Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake (Act No. 40 of 2011))

(Unofficial translation)

Special Rules for the Development Bank of Japan Inc. Act
Article 36
With regard to the capital contribution and the issuance or redemption of Government bonds to facilitate implementation of the crisis response operations (operations specified in Article 2, Item (5) of the Japan Finance Corporation Act (Act No. 57 of 2007), as well as in Article 133) by the Development Bank of Japan Inc. to cope with the Great East Japan Earthquake, within Article 2-2 of the Supplementary Provisions to the Development Bank of Japan Inc. Act (Act No. 85 of 2007), "March 31, 2012" shall be deemed to be replaced with "March 31, 2015," and "as it deems necessary" shall be deemed to be replaced with "as it deems necessary to facilitate implementation of the crisis response operations," and within Article 2-3, Paragraph 1 and Article 2-4, Paragraph 1 of the same supplementary provisions, "March 31, 2012," shall be deemed to be replaced with "March 31, 2015," and within Article 2-5, Paragraph 1 of the same supplementary provisions, "July 1, 2012" shall be deemed to be replaced with "July 1, 2015."

Supplementary Provisions

Partial Amendment of the Act on Promotion of Administrative Reform for Realization of Small and Efficient Government
Article 7
The Act on Promotion of Administrative Reform for Realization of Small and Efficient Government (Act No. 47 of 2006) shall be partially amended as follows.
"from April 1, 2012." in Article 6, Paragraph 2 shall be revised to "from April 1, 2015."

Partial Amendment of the Development Bank of Japan Inc. Act
Article 9
The Development Bank of Japan Inc. Act shall be partially amended as follows.
"April 1, 2012" in Article 2, Paragraph 1 of the Supplementary Provisions of the Development Bank of Japan Inc. Act shall be revised to "April 1, 2015".

Partial Amendment of the Act for Partial Amendment of the Development Bank of Japan Inc. Act
Article 11
The Act for Partial Amendment of the Development Bank of Japan Inc. Act (Act No. 67 of 2009) shall be partially amended as follows.
Within Article 2, Paragraph 1 of the Supplementary Provisions of the Development Bank of Japan Inc. Act, "the end of fiscal year 2011" shall be revised to "the end of fiscal year 2014," and "(including the cases where it shall be applied by replacing the term and phrase pursuant to the provisions of Article 36 of the Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake (Act No. 40 of 2011))" shall be added next to "Article 2, Paragraph 2 of the Supplementary Provisions of the Development Bank of Japan Inc. Act", and "Article 2-4, Paragraph 2 of the Supplementary Provisions of the Development Bank of Japan Inc. Act" shall be revised to "Article 2-4, Paragraph 2 of the Supplementary Provisions of the Development Bank of Japan Inc. Act after the amendment pursuant to this Act."

(Reference 1) The Supplementary Provisions of the Development Bank of Japan Inc. Act (After the amendment pursuant to the Act for Partial Amendment of the Development Bank of Japan Inc. Act and the Amendment and Replacement reading pursuant to the Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake (hereinafter, referred to as the "Act for Extraordinary Expenditure".))

Disposition of the Government-Owned Shares
Article 2
Pursuant to Article 6, Paragraph 2 of the Act on Promotion of Administrative Reform for Realization of Small and Efficient Government (Act No. 47 of 2006), the Government shall intend to reduce the number of the shares held by it of the Corporation (hereinafter in the following Paragraph and Article 3 of the Supplementary Provisions, referred to as "Government-Owned Shares"), taking into account the market situation, and shall dispose all of them in approximately five to seven years from April 1, 2015.

Capital Contribution by the Government
Article 2-2
The Government may make capital contributions to the Corporation, to the extent of the amount approved by the budget, whenever the Government deems necessary to facilitate implementation of the crisis response operations, until March 31, 2015.

Delivery of the Government Bonds
Article 2-3
1 The Government, in implementing the crisis response operations (hereinafter referred to as the "Crisis Response Operations") prescribed in Article 2, Item 5 of the Japan Finance Corporation Act (Act No. 57 of 2007) may issue the government bonds in order to use for securement of the capital required to ensure the financial strength of the Corporation, until March 31, 2015.
2 The Government, pursuant to the provisions of the preceding paragraph, to the extent of the amount approved by the budget, shall issue the government bonds and deliver them to the Corporation.

Redemption of the Government Bonds
Article 2-4
The Corporation may request the redemption of the government bonds delivered as set forth in the provisions of Paragraph 2 of the preceding Article, only within the amount of capital calculated by the Ministry of Finance Ordinance as the necessary amount of capital in response to the increase of assets related to its Crisis Response Operations (limited to those conducted by March 31, 2015).

(Reference 2) The Supplementary Provisions of the Act for Partial Amendment of the Development Bank of Japan Inc. Act (After the amendment pursuant to the Act for Extraordinary Expenditure)

Review, Etc.

Article 2

1 By the end of fiscal year 2014, the Government shall review what the appropriate implementation of the Crisis Response Operations (referring to the Crisis Response Operations prescribed under the provisions of Article 2, Item 5 of the Japan Finance Corporation Act (Act No. 57 of 2007); same hereinafter) implemented by the Development Bank of Japan Inc. (hereinafter "the Corporation") and the appropriate organization of the Corporation based on that including the way of holding its shares by the Government should be, and shall take necessary measures based on these reviews, taking into account the status of the capital contributions by the Government to the Corporation under the provisions of Article 2-2 of the Supplementary Provisions (including the replacement readings pursuant to the Act for Extraordinary Expenditure and Assistance to Cope with Great East Japan Earthquake (Act No. 40 of 2011) Article 36) of the Development Bank of Japan Inc. Act as amended by this Act; the redemption of the Government bonds under the Article 2-4, Paragraph 2 of the supplementary provisions of the Development Bank of Japan Inc. Act as amended by this Act; the implementation of the Crisis Response Operations by the Corporation; and the changes in socioeconomic and other circumstances, from a point of view of maintaining the involvements with the Corporation by the State such as letting the Government consistently hold its shares exceeding one-third of the Corporation's issued shares in the aim of ensuring the appropriate implementation of the Crisis Response Operations by the Corporation.

2 Notwithstanding the provisions of Article 6, Paragraph 2 of the Act on Promotion of Administrative Reform for Realization of Small and Efficient Government (Act No. 47 of 2006) as amended pursuant to the provisions of the following Article and the provisions of Article 2, Paragraph 1 of the Supplementary Provisions of the Development Bank of Japan Inc. Act as amended pursuant to this Act, the Government shall not dispose of its holding shares of the Corporation prior to the measures described in the preceding paragraph shall be taken.

Financial Condition

Consolidated Balance Sheet

Development Bank of Japan Inc. and Consolidated Subsidiaries

As of March 31,	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
Assets			
Cash and due from banks (Note 28)	¥ 175,618	¥ 233,297	$ 2,136,741
Call loans and bills bought (Note 28)	89,500	61,852	1,088,940
Reverse repurchase agreements (Notes 3 and 28)	152,889	—	1,860,200
Money held in trust (Notes 28 and 30)	24,423	24,819	297,154
Securities (Notes 3, 14, 28 and 30)	1,176,622	1,165,580	14,315,887
Loans (Notes 4, 5, 14 and 28)	13,645,469	13,031,480	166,023,471
Other assets (Notes 6 and 14)	132,487	122,296	1,611,971
Tangible fixed assets (Note 7)	180,962	181,486	2,201,754
Intangible fixed assets	7,057	5,960	85,864
Deferred tax assets (Note 24)	18,854	36,137	229,397
Customers' liabilities for acceptances and guarantees (Note 13)	128,518	145,068	1,563,674
Allowance for loan losses (Notes 8 and 28)	(151,448)	(161,607)	(1,842,667)
Allowance for investment losses	(1,072)	(1,158)	(13,049)
Total assets	**¥15,579,881**	**¥14,845,213**	**$189,559,337**
Liabilities and equity			
Liabilities:			
Debentures (Notes 9, 14 and 28)	¥ 3,130,495	¥ 3,312,713	$ 38,088,519
Borrowed money (Notes 10 and 28)	9,170,553	8,576,482	111,577,487
Short-term corporate bonds (Notes 9 and 28)	50,999	—	620,503
Corporate bonds (Notes 9 and 28)	541,327	316,675	6,586,298
Other liabilities (Notes 11 and 12)	78,631	52,981	956,702
Accrued bonuses to employees	4,694	4,581	57,121
Accrued bonuses to directors and corporate auditors	12	17	158
Reserve for employees' retirement benefits (Note 23)	13,484	25,885	164,062
Reserve for directors' and corporate auditors' retirement benefits	55	52	677
Reserve for contingent losses	—	711	—
Deferred tax liabilities (Note 24)	43	48	525
Acceptances and guarantees (Note 13)	128,518	145,068	1,563,674
Total liabilities	**13,118,816**	**12,435,218**	**159,615,727**
Equity:			
Common stock authorized, 160,000 thousand shares in 2012 and 2011; issued, 43,632 thousand shares in 2012 and 43,623 thousand shares in 2011 (Note 15)	1,187,788	1,181,194	14,451,734
Capital surplus (Note 15)	1,060,466	1,060,466	12,902,620
Retained earnings (Note 15)	159,606	132,329	1,941,926
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 30)	19,313	13,169	234,981
Deferred gain on derivatives under hedge accounting	27,711	17,406	337,160
Foreign currency translation adjustments	(149)	(101)	(1,817)
Total	2,454,736	2,404,464	29,866,604
Minority interests	6,329	5,530	77,006
Total equity	**2,461,065**	**2,409,995**	**29,943,610**
Total liabilities and equity	**¥15,579,881**	**¥14,845,213**	**$189,559,337**

See notes to consolidated financial statements.

Consolidated Statement of Income

Development Bank of Japan Inc. and Consolidated Subsidiaries

For the year ended March 31,	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
Income			
Interest income:	¥277,360	¥298,929	$3,374,627
Interest on loans	253,849	271,860	3,088,567
Interest and dividends on securities	15,590	19,268	189,694
Interest on call loans and bills bought	115	165	1,408
Interest on reverse repurchase agreements	287	149	3,493
Interest on due from banks	105	171	1,287
Interest on swaps	7,287	7,238	88,671
Other interest income	123	75	1,506
Fees and commissions (Note 17)	9,461	9,998	115,118
Other operating income (Note 18)	5,522	12,642	67,197
Other income (Note 19)	37,868	42,275	460,747
Total income	**330,213**	**363,846**	**4,017,689**
Expenses			
Interest expense:	155,517	172,231	1,892,168
Interest on debentures	47,668	52,920	579,975
Interest on call money and bills sold	41	149	505
Interest on borrowed money	104,564	116,646	1,272,235
Interest on short-term corporate bonds	56	10	693
Interest on corporate bonds	3,182	2,500	38,722
Other interest expense	3	3	38
Fees and commissions (Note 20)	551	607	6,714
Other operating expenses (Note 21)	2,622	12,012	31,906
General and administrative expenses	37,870	36,708	460,765
Other expenses (Note 22)	23,447	37,903	285,287
Total expenses	**220,009**	**259,464**	**2,676,841**
Income before income taxes and minority interests	**110,204**	**104,381**	**1,340,848**
Income taxes (Note 24):			
Current	21,488	371	261,446
Deferred	10,444	944	127,076
Total income taxes	**31,932**	**1,315**	**388,522**
Net income before minority interests	**78,271**	**103,065**	**952,326**
Minority interests in net income	**957**	**1,481**	**11,655**
Net income	**¥ 77,313**	**¥101,583**	**$ 940,671**

	Yen 2012	Yen 2011	U.S. Dollars (Note 1) 2012
Per share of common stock (Note 16)			
Basic net income	¥1,772.27	¥2,328.63	$21.56
Cash dividend applicable to the year	856	1,147	10.41

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Development Bank of Japan Inc. and Consolidated Subsidiaries

For the year ended March 31,	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
Net income before minority interests	¥78,271	¥103,065	$ 952,326
Other comprehensive income (Note 26):			
Unrealized gain on available-for-sale securities	8,854	2,073	107,728
Deferred gain on derivatives under hedge accounting	10,288	6,273	125,178
Foreign currency translation adjustments	(49)	(46)	(601)
Share of other comprehensive income in affiliates accounted for by the equity method	17	(22)	209
Total other comprehensive income	19,110	8,277	232,514
Comprehensive income	¥97,382	¥111,343	$1,184,840
Total comprehensive income attributable to:			
Owners of the parent	¥93,714	¥109,867	$1,140,212
Minority interests	3,668	1,475	44,628

See notes to consolidated financial statements.

Consolidated Statement of Change in Equity

Development Bank of Japan Inc. and Consolidated Subsidiaries

For the year ended March 31,	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
Common stock:			
Balance at beginning of year	¥1,181,194	¥1,181,194	$14,371,505
Capital increase due to redemption of government compensation bonds	6,170	—	75,070
Issuance of new shares of common stock	424	—	5,159
Balance at end of year	1,187,788	1,181,194	14,451,734
Capital surplus:			
Balance at beginning of year	1,060,466	1,060,466	12,902,620
Balance at end of year	1,060,466	1,060,466	12,902,620
Retained earnings:			
Balance at beginning of year	132,329	40,779	1,610,047
Cash dividends	(50,036)	(10,033)	(608,792)
Net income	77,313	101,583	940,671
Balance at end of year	159,606	132,329	1,941,926
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities:			
Balance at beginning of year	13,169	11,091	160,232
Net change during the year	6,143	2,078	74,748
Balance at end of year	19,313	13,169	234,981
Deferred gain on derivatives under hedge accounting:			
Balance at beginning of year	17,406	11,154	211,789
Net change during the year	10,304	6,252	125,371
Balance at end of year	27,711	17,406	337,160
Foreign currency translation adjustments:			
Balance at beginning of year	(101)	(54)	(1,238)
Net change during the year	(47)	(46)	(579)
Balance at end of year	(149)	(101)	(1,817)
Minority interests:			
Balance at beginning of year	5,530	22,908	67,288
Net change during the year	798	(17,378)	9,718
Balance at end of year	6,329	5,530	77,006
Total equity:			
Balance at beginning of year	2,409,995	2,327,538	29,322,243
Capital increase due to redemption of government compensation bonds	6,170	—	75,070
Issuance of new shares of common stock	424	—	5,159
Cash dividends	(50,036)	(10,033)	(608,792)
Net income	77,313	101,583	940,671
Net change during the year	17,198	(9,094)	209,259
Balance at end of year	¥2,461,065	¥2,409,995	$29,943,610

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Development Bank of Japan Inc. and Consolidated Subsidiaries

For the year ended March 31,	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
Cash flows from operating activities:			
Income before income taxes and minority interests	¥110,204	¥104,381	$1,340,848
Adjustments for:			
Depreciation	2,583	1,984	31,428
Losses on impairment of long-lived assets	132	21	1,614
Equity in gains of affiliates	2,020	(1,837)	24,587
Interest income	(277,360)	(298,929)	(3,374,627)
Interest expense	155,517	172,231	1,892,168
(Gain) loss on securities—net	(3,166)	7,923	(38,522)
Gain on money held in trust—net	(1,132)	(623)	(13,780)
Foreign exchanges losses	1,482	15,330	18,032
Loss (gain) on sales of fixed assets—net	210	(3)	2,563
Changes in operating assets and liabilities:			
Allowance for loan losses	(10,158)	(41,815)	(123,597)
Allowance for investment losses	(85)	(1,845)	(1,045)
Accrued bonuses to employees	106	2,342	1,300
Accrued bonuses to directors and corporate auditors	(4)	(4)	(54)
Reserve for employees' retirement benefits	(12,401)	(6,727)	(150,891)
Reserve for contingent losses	(711)	(2,104)	(8,654)
Loans	(613,988)	483,181	(7,470,359)
Debentures	(182,217)	(191,498)	(2,217,033)
Borrowed money	594,071	(505,997)	7,228,025
Short-term corporate bonds	50,999	—	620,503
Corporate bonds	224,652	74,494	2,733,326
Due from banks	(17,871)	(9,665)	(217,443)
Call loans and bills bought	(27,648)	63,148	(336,391)
Reverse repurchase agreements	(152,889)	179,991	(1,860,200)
Call money and bills sold	—	(153,000)	—
Interest received	280,304	303,109	3,410,445
Interest paid	(157,633)	(175,029)	(1,917,911)
Other—net	(17,184)	(2,107)	(209,084)
Sub-total	(52,170)	16,948	(634,753)
Returns on (payments for) income taxes	11,816	(15,157)	143,768
Net cash (used in) provided by operating activities	**(40,354)**	**1,790**	**(490,985)**
Cash flows from investing activities:			
Payments for purchases of securities	(621,860)	(1,727,311)	(7,566,130)
Proceeds from sales of securities	103,706	362,248	1,261,792
Proceeds from redemption of securities	530,838	1,469,407	6,458,680
Payments for increase of money held in trust	(110)	(1,215)	(1,338)
Proceeds from decrease of money held in trust	1,579	8,111	19,213
Payments for purchases of tangible fixed assets	(1,708)	(26,021)	(20,787)
Proceeds from sales of tangible fixed assets	1,234	17	15,016
Payments for purchases of intangible fixed assets	(2,630)	(2,020)	(32,004)
Proceeds from sales of intangible fixed assets	—	0	—
Proceeds from purchases of stocks of subsidiaries resulting in change in scope of consolidation	110	—	1,350
Net cash provided by investing activities	**11,160**	**83,217**	**135,791**
Cash flows from financing activities:			
Capital increase due to redemption of government compensation bonds	6,170	—	75,070
Proceeds from issuance of stock	424	—	5,159
Payments for cash dividends	(50,036)	(10,033)	(608,792)
Proceeds from issuance of securities to minority shareholders of subsidiaries	540	2,848	6,582
Dividends paid to minority shareholders of subsidiaries	(3,517)	(22,439)	(42,794)
Net cash used in financing activities	**(46,418)**	**(29,624)**	**(564,775)**
Foreign currency translation adjustments on cash and cash equivalents	**61**	**(553)**	**754**
Net change in cash and cash equivalents	**(75,550)**	**54,828**	**(919,215)**
Cash and cash equivalents of newly consolidated subsidiaries	**—**	**106**	**—**
Cash and cash equivalents at beginning of year	**199,692**	**144,756**	**2,429,639**
Cash and cash equivalents at end of year	**¥124,141**	**¥199,692**	**$1,510,425**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Development Bank of Japan Inc. and Consolidated Subsidiaries

1. Basis of Presentation

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2011 consolidated financial statements to conform to the classifications used in 2012.

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 ¥82.19=$1.00, the effective exchange rate prevailing as of March 31, 2012, has been used in the conversion. The presentation of such amounts is not intended to imply that Japanese yen amounts have been or could have been readily translated, realized or settled in U.S. dollars at that rate or any other rate.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

(1) Scope of Consolidation

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

(i) Consolidated Subsidiaries

The number of consolidated subsidiaries as of March 31, 2012 is 17. The consolidated subsidiaries as of March 31, 2012 are as follows:

DBJ Business Investment Co., Ltd.
DBJ Corporate Mezzanine Partners Co., Ltd.
UDS Corporate Mezzanine Limited Partnership
UDS Corporate Mezzanine No. 3 Limited Partnership
DBJ Credit Line, Ltd.
New Business Investment Co., Ltd.
DBJ Singapore Limited
Japan Economic Research Institute Inc.
Asuka DBJ Investment LPS
DBJ Europe Limited
DBJ Real Estate Co., Ltd.
DBJ Investment Advisory Co., Ltd.
DBJ Capital Co., Ltd.
DBJ Capital Investment Fund No. 1
DBJ New Business Investment Fund
DBJ Capital Investment Fund No. 2
DBJ Securities Co., Ltd.

In the year ended March 31, 2012, DBJ Securities Co., Ltd. was newly consolidated due to acquisition of its shares.

(ii) Unconsolidated Subsidiaries

The number of unconsolidated subsidiaries as of March 31, 2012 is 23. The major unconsolidated subsidiary as of March 31, 2012 was UDS II Corporate Mezzanine Limited Partnership.

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

(2) Application of the Equity Method

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

(i) Unconsolidated subsidiaries not accounted for by the equity method

The number of unconsolidated subsidiaries not accounted for by the equity method as of March 31, 2012 was 23. The major unconsolidated subsidiary not accounted for by the equity method was UDS II Corporate Mezzanine Limited Partnership.

(ii) Affiliates accounted for by the equity method

The number of affiliates accounted for by the equity method as of March 31, 2012 was 15. The major affiliates accounted for by the equity method as of March 31, 2012 were as follows:

Makuhari Messe, Inc.
Hokkaido International Airlines Co., Ltd.
Urban Redevelopment Private Fund

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

Since DBJ-JAIC Investment Consulting (Beijing) Co., Ltd. was newly incorporated and the materiality of Asahikawa Airport Terminal Building Co., Ltd. increased during the year ended March 31, 2012, these two companies were newly accounted for by the equity method as of March 31, 2012.

(iii) Affiliates not accounted for by the equity method

The number of affiliates not accounted for by the equity method as of March 31, 2012 was 93. One of the major affiliates as of March 31, 2012 was:

New Perspective One LLC

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

(iv) Entities not recognized as affiliates where DBJ Inc. owns the voting rights between 20% and 50%

The following companies of which DBJ Inc. owns the voting rights between 20% and 50% were not recognized as affiliates accounted for by the equity method, since DBJ Inc.'s intent is to nurture the venture business and not to exercise significant influence on their operating and financing policies:

As of March 31, 2012

Narumi Corporation
Shinwa Seiko Corporation
Mediclude Co., Ltd.
Advangen, Inc.
Asahi Fiber Glass Company, Limited
Nihon Shoryoku Kikai Co., Ltd.
PRISM BioLab Corporation
Izumi Products Company
OPAL Co., Ltd.
Springsoft, Inc.
SKYROCKIT, Inc.
Teibow Co., Ltd.

(3) Balance Sheet Dates of Consolidated Subsidiaries

Balance sheet dates of consolidated subsidiaries are as follows:

	Number of subsidiaries
	2012
December 31	7
March 31	10

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

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

(4) Elimination of Intercompany Balances and Transactions

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

(5) Amortization of Goodwill

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

(b) Cash and Cash Equivalents

"Cash and Cash Equivalents" in the consolidated statement of cash flows consist of cash on hand and due from banks. The reconciliation between "Cash and cash equivalents" and "Cash and due from banks" in the consolidated balance sheet is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Cash and due from banks	¥175,618	¥233,297	$2,136,741
Time deposits with banks	(51,476)	(33,605)	(626,317)
Cash and cash equivalents	¥124,141	¥199,692	$1,510,425

(c) Securities

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

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

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

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

(d) Valuation Method for Derivative Financial Instruments

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

(e) Hedge Accounting

(1) Hedge Accounting

DBJ Inc. applies the deferral method of hedge accounting or the accrual method (*1). The portfolio hedge is accounted for by the method stipulated in "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry," issued by the Japanese Institute of Certified Public

Accountants (the "JICPA Industry Audit Committee Report No. 24"). In addition, foreign currency swaps which are used to hedge foreign currency fluctuations are not translated at market values but at contractual rates, as the foreign currency swap contracts meet the hedging criteria under the Accounting Standards for Financial Instruments.

(2) Hedging Instruments and Hedged Items

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

(3) Hedging Policy

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

(4) Evaluation of Hedge Effectiveness

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

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

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

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

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

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

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

(f) Fixed Assets

(1) Depreciation of Tangible Fixed Assets

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

The estimated useful lives are principally as follows:

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

(2) Amortization of Intangible Fixed Assets

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

(3) Lease Assets

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

(g) Long-lived Assets

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

(h) Debentures and Corporate Bonds Issuance Costs

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

(i) Foreign Currency Translation and Revaluation Method

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

(j) Allowance for Loan Losses

DBJ Inc. provides for "Allowance for Loan Losses" as detailed below pursuant to the internal policies for self-assessment of credit quality and loan losses. The allowance for claims on debtors who are legally bankrupt, in special liquidation or effectively bankrupt is provided for based on the amount of claims, after the write-off described below, net of amounts expected to be recovered through disposal of collateral or execution of guarantees. The allowance for claims on debtors who are not legally bankrupt 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 were written-off, and totaled ¥59,113 million ($719,235 thousand) and ¥45,551 million for the years ended March 31, 2012 and 2011, respectively. The consolidated subsidiaries calculate the general reserve for "normal" categories based on the specific actual historical loss ratio, and the specific reserve for the "possibly bankrupt," "effectively bankrupt" and "legally bankrupt" categories based on estimated losses, considering the recoverable value.

(k) Allowance for Investment Losses

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

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

"Accrued Bonuses to Employees, Directors and Corporate Auditors" are provided for in the amount of the estimated bonuses which are attributable to the years ended March 31, 2012 and 2011.

(m) Reserve for Employees' Retirement Benefits

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

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

The contributory funded defined benefit pension plan, established under the Japanese Welfare Pension Insurance Law, covers a substitutional portion of the governmental pension program managed by DBJ Inc. on behalf of the government and a corporate portion established at the discretion of DBJ Inc. In accordance with the Defined Benefit Pension Plan Law enacted in April 2002, DBJ Inc. applied for an exemption from obligation to pay benefits for future employee services related to the substitutional portion which would result in the transfer of the pension obligations and related assets to the government upon approval. DBJ Inc. obtained an approval for exemption from the future obligation by the Ministry of Health, Labor and Welfare on July 1, 2010.

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

Based upon the above approval in November 2011, DBJ Inc. recognized a gain on transfer of the substitutional portion of the governmental pension program in the amount of ¥ 11,036 million ($134,281 thousand) for the year ended March 31, 2012.

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

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

(o) Asset Retirement Obligations

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

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

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

(p) Lease Transactions

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

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

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

(q) Consumption Taxes

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

(r) Income Taxes

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

(s) Per Share Information

Basic net income per share is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits. Diluted net income per share for the years ended March 31, 2012 and 2011 is not disclosed because there are no dilutive securities.

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

(t) Accounting Changes and Error Corrections

In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies—When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.
(2) Changes in Presentations—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.
(3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.
(4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

3. Securities

Securities as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Japanese government bonds	¥ 247,012	¥ 418,710	$ 3,005,380
Corporate bonds	392,589	282,139	4,776,608
Equities	169,806	164,136	2,066,028
Other securities	367,214	300,594	4,467,871
Total	¥1,176,622	¥1,165,580	$14,315,887

*1. Investments in unconsolidated subsidiaries and affiliates included in "Equities" as of March 31, 2012 and 2011, are ¥24,066 million ($292,818 thousand) and ¥24,293 million. Investments in unconsolidated subsidiaries and affiliates included in "Other securities" as of March 31, 2012 and 2011, are ¥44,288 million ($538,857 thousand) and ¥42,919 million.
*2. DBJ Inc. has contingent liabilities for guarantees of corporate bonds among securities which were issued by private placement (Article 2, Paragraph 3 of Financial Instruments and Exchange Act) and amount to ¥697 million as of March 31, 2011.
*3. There are no securities repledged as of March 31, 2012 and 2011. Securities accepted under repurchase agreements can be sold or repledged. Securities neither sold nor repledged are ¥152,889 million ($1,860,200 thousand) as of March 31, 2012.
*4. Marketable securities available-for-sale are considered impaired if there is a considerable decline in the market value below the acquisition cost and such decline is not believed to be recoverable. The difference between the acquisition cost and the market value is the impairment loss for the fiscal year.
The criterion for determining "Considerable decline in market value" is as follows:
Market value declined by 50% or more of the acquisition cost.
Market value declined by 30% or more of the acquisition cost, and such decline is not considered as recoverable.

Impairment losses on marketable securities available-for-sale for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Equities	¥64	¥ 8	$ 784
Bonds	31	4,104	377
Other	0	6	3
Total	¥95	¥4,119	$1,165

4. Non-Performing Loans

The amounts of non-performing loans included in "Loans" as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Loans to bankrupt debtors	¥ 10,686	¥ 6,811	$ 130,020
Delinquent loans	136,477	111,000	1,660,513
Loans past due three months or more	—	259	—
Restructured loans	52,782	49,210	642,199
Total	¥199,946	¥167,281	$2,432,731

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

5. Commitments

Loan commitment limits are contracts under which DBJ Inc. lends to customers up to the prescribed limits in response to customers' applications for loans as long as there is no violation of any condition in the contracts. As of March 31, 2012 and 2011, the amounts of unused commitments are ¥580,042 million ($7,057,341 thousand) and ¥245,482 million. As of March 31, 2012 and 2011, the amounts of unused commitments whose remaining contract term are within one year are ¥455,229 million ($5,538,740 thousand) and ¥132,978 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, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Prepaid expenses	¥ 8,597	¥ 11,895	$ 104,609
Accrued income	44,382	40,250	539,995
Derivatives	62,528	49,509	760,784
Other	16,979	20,640	206,583
Total	¥132,487	¥122,296	$1,611,971

7. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Buildings	¥ 8,682	¥ 9,191	$ 105,634
Land	45,562	47,808	554,353
Leased assets	59	74	720
Construction in progress	124,802	123,589	1,518,460
Other	1,856	822	22,587
Total	¥180,962	¥181,486	$2,201,754

Note: Accumulated depreciation of tangible fixed assets as of March 31, 2012 and 2011, is ¥2,538 million ($30,886 thousand) and ¥1,837 million.

8. Allowance for Loan Losses

An allowance for loan losses as of March 31, 2012 and 2011 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
General allowance for loan losses	¥ 58,589	¥ 88,187	$ 712,853
Specific allowance for loan losses	92,859	73,420	1,129,815
Total	¥151,448	¥161,607	$1,842,667

9. Debentures and Corporate Bonds

Debentures and corporate bonds as of March 31, 2012 and 2011 are as follows:

	Issue date	Interest rate (%)	Maturity date	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars 2012
Debentures						
Japanese government-guaranteed bonds 5-23*1, 7	Aug. 2001– Aug. 2008	0.8– 2.2	Aug. 2011– Jun. 2023	¥ 632,606 [50,000]	¥ 682,486	$ 7,696,883 [608,347]
Japanese government-guaranteed bonds 1-14	Nov. 2008– Mar. 2012	0.4– 2.1	Jul. 2016– Feb. 2024	528,178	348,923	6,426,313
Japanese government-guaranteed foreign bond 67*2	Sep. 1998	1.81	Sep. 2028	25,066	25,070	304,987
Japanese government-guaranteed foreign bonds 1, 3-14*1, 7	Nov. 1999– Nov. 2007	1.05– 6.875	Aug. 2011– Nov. 2027	777,920 [74,996]	936,344	9,464,904 [912,476]
Japanese government-guaranteed Euro MTN bonds 1-5*3	Dec. 2009– Mar. 2012	0.7175– 2.875	Dec. 2014– Mar. 2017	284,868	163,092	3,465,974
FILP agency domestic bonds 5, 7, 9, 11, 13, 16, 17, 19, 20, 22, 24-51*4, 7	Oct. 2002– Jul. 2008	0.78– 2.74	Jun. 2011– Mar. 2047	829,856 [219,990]	1,104,812	10,096,808 [2,676,615]
FILP agency foreign bond 1*4, 7	Jun. 2007	1.65	Jun. 2012	49,997 [49,997]	49,982	608,316 [608,316]
Euro MTN bonds 2* 4, 5	Sep. 2008	2.032	Sep. 2023	2,000	2,000	24,334
Short-term corporate bonds*7	Apr. 2011– Mar. 2012	0.104– 0.12499	May 2011– May 2012	50,999 [50,999]	—	620,503 [620,503]
Corporate bonds						
Corporate bonds through public placement 1-23*7	Dec. 2008– Feb. 2012	0.241– 1.745	Dec. 2011– Mar. 2019	474,000 [60,000]	267,000	5,767,125 [730,016]
Corporate bonds through private placement 1-2	Aug. 2009– May 2011	0.48– 0.847	Sep. 2014– Jun. 2015	20,000	10,000	243,339
Corporate bonds Euro MTN 6-15, 17-30*6, 7	Mar. 2009– Jul. 2011	0.61586– 1.47355	Mar. 2012– Jul. 2018	47,327 [9,040]	39,675	575,835 [110,000]
Total				¥3,722,822	¥3,629,389	$45,295,320

*1. These bonds are government-guaranteed bonds issued by the Development Bank of Japan.
*2. This bond is a government-guaranteed bond issued by the Japan Development Bank.
*3. These bonds are non-guaranteed bonds issued based on MTN program.
*4. Fiscal Investment and Loan Program (FILP) agency bonds issued are not government-guaranteed. These bonds are issued by the Development Bank of Japan.
*5. These bonds are FILP bonds issued based on MTN program.
*6. These bonds are unsecured corporate bonds issued based on MTN program.
*7. Figures indicated in brackets [ ] indicate the amounts to be redeemed within one year.

Scheduled redemptions of debentures and corporate bonds which have been assumed and repaid by DBJ Inc. for subsequent years as of March 31, 2012 are as follows:

The fiscal year ending March 31, 2013	¥515,024 million	$6,266,272 thousand
2014	296,353	3,605,707
2015	437,994	5,329,053
2016	342,311	4,164,877
2017	619,563	7,538,189

10. Borrowed Money

Borrowed money as of March 31, 2012 and 2011 is as follows:

			Millions of Yen		Thousands of U.S. Dollars
	Average interest rate (%)	Due date of repayment	2012	2011	2012
Borrowings	1.13	May 2012–Jan. 2032	¥9,170,553	¥8,576,482	$111,577,487

Scheduled redemptions of borrowings for subsequent years as of March 31, 2012 are as follows:

The fiscal year ending March 31, 2013	¥1,341,870 million	$16,326,443 thousand
2014	1,204,191	14,651,310
2015	1,194,500	14,533,405
2016	1,102,995	13,420,068
2017	965,233	11,743,934

11. Other Liabilities

Other liabilities as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Accrued expenses	¥28,621	¥30,908	$348,240
Unearned income	562	739	6,839
Accrued income taxes	20,754	76	252,518
Derivatives	12,752	8,805	155,158
Lease obligations	87	132	1,060
Asset retirement obligations (Note 12)	1,047	1,046	12,742
Other	14,806	11,272	180,146
Total	¥78,631	¥52,981	$956,702

12. Asset Retirement Obligations

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

The asset retirement obligation is calculated based on the sum of the discounted cash flows using discount rates from 0.4% to 1.1% with the estimated useful lives of 4 to 8 years.

The changes in asset retirement obligations for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Balance at beginning of year	¥1,046	¥1,043	$12,728
Reconciliation associated with passage of time	0	1	12
Other	0	1	2
Balance at end of year	¥1,047	¥1,046	$12,742

13. Acceptances and Guarantees

Acceptances and guarantees as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Guarantees	¥128,518	¥145,068	$1,563,674

14. Assets Pledged as Collateral

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥697,263 million ($8,483,557 thousand) and ¥14,714 million ($179,026 thousand) as of March 31, 2012. In addition, they are deposited as replacement of margin money for future trading and collateral for transactions, including exchange settlements as of March 31, 2012. Also, in other assets, ¥937 million ($11,407 thousand) of margin deposits for futures transactions is included and ¥42 million ($514 thousand) of guarantee deposits are included as of March 31, 2012. Under the DBJ Inc. Act (Act No. 17 and 26), the DBJ Act (Act No. 43), obligations created by the bonds issued by DBJ Inc. are secured by a statutory preferential right over the property of DBJ Inc. The denomination value of these debentures amounts to ¥2,318,822 million ($28,212,946 thousand) as of March 31, 2012.

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥700,942 million and ¥235,556 million as of March 31, 2011. In addition, they are deposited as replacement of margin money for future trading and collateral for transactions, including exchange settlements as of March 31, 2011. ¥1,575 million of securities are pledged as collateral for loans of companies which are investees of DBJ Inc. as of March 31, 2011. Also, in other assets, ¥937 million of margin deposits for futures transactions is included and ¥41 million of guarantee deposits are included as of March 31, 2011. Under the DBJ Inc. Act (Act No. 17 and 26), the DBJ Act (Act No. 43), obligations created by the bonds issued by DBJ Inc. are secured by a statutory preferential right over the property of DBJ Inc. The denomination value of these debentures amounts to ¥2,802,443 million as of March 31, 2011.

15. Equity

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

(a) Dividends

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

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

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

(c) Treasury Stock and Treasury Stock Acquisition Rights

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

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

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

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

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

(e) Common Stock Issued during the year ended March 31, 2012

On November 24, 2011, DBJ Inc. executed a request for redemption of government compensation bonds equivalent to ¥6,170 million ($75,070 thousand) to the Finance Minister and accordingly, capital stock of DBJ Inc. increased by that amount. And on March 24, 2012, DBJ Inc. issued 8,480 new shares of common stock by way of allocation of new stocks to the Finance Minister at ¥50,000 per share for ¥424 million ($5,159 thousand). As a result, ¥6,594 million ($80,229 thousand) was included in Capital stock.

16. Per Share Information

Basic net income per common share ("EPS") for the years ended March 31, 2012 and 2011 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year ended March 31, 2012	Net income	Weighted average shares	EPS	EPS
Basic EPS				
Net income available to common shareholders	¥ 77,313	43,624	¥1,772.27	$21.56
Year ended March 31, 2011				
Basic EPS				
Net income available to common shareholders	¥101,583	43,623	¥2,328.63	

Note: Diluted net income per share for the years ended March 31, 2012 and 2011 is not disclosed because there are no dilutive securities.

17. Fees and Commissions (Income)

Fees and commissions (income) for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Commissions	¥9,461	¥9,998	$115,118

18. Other Operating Income

Other operating income for the years ended March 31, 2012 and 2011 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Gains on sales of bonds	¥ 492	¥ 121	$ 5,994
Gains on redemption of bonds	5,000	77	60,836
Gains on derivative instruments	—	12,301	—
Other	30	141	367
Total	¥5,522	¥12,642	$67,197

19. Other Income

Other income for the years ended March 31, 2012 and 2011 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Reversal of allowance for investment losses	¥ —	¥ 445	$ —
Reversal of allowance for loan losses	—	8,095	—
Reversal of reserve for contingent losses	711	2,104	8,654
Gains on sales of equities and other securities	3,634	12,471	44,215
Gains on money held in trust	1,142	1,194	13,903
Equity in net income of affiliates	—	1,837	—
Gains on sales of fixed assets	104	7	1,267
Collection of written-off claims	10,120	8,002	123,140
Gain on transfer of the substitutional portion of the governmental pension program	11,036	—	134,281
Gains on investments in limited partnerships and other similar partnerships	7,750	5,777	94,294
Other	3,369	2,339	40,993
Total	¥37,868	¥42,275	$460,747

20. Fees and Commissions (Expenses)

Fees and commissions (expenses) for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Commissions	¥551	¥607	$6,714

21. Other Operating Expenses

Other operating expenses for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Foreign exchange losses	¥ 892	¥ 6,939	$10,859
Debentures issuance costs	686	434	8,356
Corporate bonds issuance costs	518	184	6,308
Write-off of bonds	31	4,104	380
Other	493	350	6,002
Total	¥2,622	¥12,012	$31,906

22. Other Expenses

Other expenses for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Provision for allowance for loan losses	¥ 1,413	¥ —	$ 17,197
Write-off of loans	5,194	3,104	63,205
Losses on sales of equities and other securities	1,804	1,311	21,959
Write-off of equities	6,867	15,188	83,557
Losses on money held in trust	10	571	123
Losses on sales of fixed assets	314	3	3,830
Impairment losses	132	21	1,614
Early redemption charges	—	8,881	—
Losses on investments in limited partnerships and other similar partnerships	5,000	5,754	60,843
Other	2,708	3,065	32,960
Total	¥23,447	¥37,903	$285,287

23. Employees' Retirement Benefits

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

Reserve for employees' retirement benefits as of March 31, 2012 and 2011 consisted of the following:

(a) The Funded Status of the Pension Plans

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Projected benefit obligation	¥(36,101)	¥(47,110)	$(439,247)
Fair value of plan assets	21,466	19,316	261,176
Unfunded pension obligation	(14,635)	(27,793)	(178,071)
Unrecognized net actuarial losses	1,043	2,370	12,699
Unrecognized prior service cost	107	(462)	1,311
Reserve for employees' retirement benefits	¥(13,484)	¥(25,885)	$(164,062)

*1. The above projected benefit obligation as of March 31, 2011 includes a portion which the pension fund manages on behalf of the Japanese government welfare program.
*2. 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
	2012	2011	2012
Service cost	¥ 1,169	¥1,167	$ 14,234
Interest cost	842	923	10,251
Expected return on plan assets	(96)	(63)	(1,178)
Amortization of prior service cost	(23)	(35)	(286)
Amortization of net actuarial losses	220	171	2,683
Other	1	1	20
Net pension cost	¥ 2,114	¥2,166	$ 25,724
Gain on transfer of the substitutional portion of the governmental pension program	¥(11,036)	¥ —	$(134,281)

*1. All retirement benefit costs are classified as service cost for the subsidiaries applying the simplified method.
*2. Contribution of pension premiums to the defined contribution pension plans of certain consolidated overseas subsidiaries is included in "Other".

(c) Principal Assumptions Used

	2012	2011
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

24. Income Taxes

DBJ Inc. and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.69% for the years ended March 31, 2012 and 2011.

A reconciliation of the normal effective statutory tax rate with the actual effective tax rate for the years ended March 31, 2012 and 2011 is as follows:

	2012	2011
Normal effective statutory tax rate	40.69%	40.69%
Increase (decrease) in taxes resulting from:		
Change in valuation allowance	(12.85)	(37.59)
Reduction of deferred tax assets due to changes of tax rate	3.16	—
Minority interests in net income of subsidiaries	0.75	(0.71)
Other	(2.77)	(1.13)
Actual effective tax rate	28.98%	1.26%

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Deferred tax assets:			
Allowance for loan losses	¥ 57,367	¥ 71,580	$ 697,984
Losses from revaluation of securities	27,394	37,916	333,310
Tax loss carryforwards	8,117	12,789	98,761
Reserve for retirement benefits	4,916	10,499	59,823
Other	6,700	5,374	81,530
Sub-total	104,497	138,162	1,271,409
Less—valuation allowance	(62,670)	(85,281)	(762,504)
Total	41,826	52,880	508,904
Deferred tax liabilities:			
Deferred gain on derivatives under hedge accounting	(15,795)	(11,873)	(192,180)
Unrealized gain on available-for-sale securities	(7,052)	(4,136)	(85,803)
Other	(168)	(782)	(2,049)
Total	(23,015)	(16,792)	(280,032)
Net deferred tax assets	¥ 18,810	¥ 36,088	$ 228,872

On December 2, 2011, the "Act for Partial Amendment to the Income Tax Act, etc. for the purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011) were promulgated. Consequently, the corporate tax rate will be reduced and a special recovery tax will be imposed. In accordance with this tax reform, the effective statutory tax rate, which is used to measure deferred tax assets and deferred tax liabilities, has been reduced from 40.69% to 38.01% for temporary differences that are expected to be eliminated during the period from April 1, 2012 through March 31, 2015 and 35.64% for temporary differences to be eliminated on or after April 1, 2015. As a result, deferred tax assets and deferred tax liabilities decreased by ¥698 million ($8,500 thousand) and ¥5 million ($69 thousand), respectively and deferred gain on derivatives under hedge accounting, unrealized gain on available-for-sale securities and income taxes – deferred increased by ¥1,862 million ($22,656 thousand), ¥930 million ($11,325 thousand) and ¥3,483 million ($42,387 thousand), respectively.

25. Lease Transactions

DBJ Inc. and its domestic consolidated subsidiaries lease certain equipment and others. Lease payments under finance leases for the years ended March 31, 2012 and 2011 amounted to ¥150 million ($1,833 thousand) and ¥208 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense for finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2012 and 2011 is as follows:

	Millions of Yen		
	2012		
	Tangible fixed assets	Intangible fixed assets	Total
Acquisition cost	¥81	¥204	¥286
Accumulated depreciation	(56)	(178)	(234)
Accumulated impairment losses	—	—	—
Net leased property	¥25	¥ 25	¥ 51

	Millions of Yen		
	2011		
	Tangible fixed assets	Intangible fixed assets	Total
Acquisition cost	¥448	¥224	¥673
Accumulated depreciation	(328)	(144)	(473)
Accumulated impairment losses	(3)	—	(3)
Net leased property	¥115	¥ 80	¥195

	Thousands of U.S. Dollars		
	2012		
	Tangible fixed assets	Intangible fixed assets	Total
Acquisition cost	$997	$2,483	$3,481
Accumulated depreciation	(686)	(2,170)	(2,855)
Accumulated impairment losses	—	—	—
Net leased property	$312	$ 313	$ 625

Pro forma amounts of obligations under finance leases as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within 1 year	¥42	¥149	$523
Due after 1 year	10	53	133
Total	¥53	¥203	$657

Pro forma amounts of depreciation expense and interest expense under finance leases for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Depreciation expense	¥144	¥200	$1,759
Interest expense	2	5	31
Total	¥147	¥206	$1,790

*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, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within 1 year	¥230	¥218	$2,811
Due after 1 year	100	148	1,217
Total	¥331	¥366	$4,028

26. Other Comprehensive Income

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

	Millions of Yen	Thousands of U.S. Dollars
	2012	2012
Unrealized gain on available-for-sale securities:		
Gains arising during the year	¥15,948	$194,047
Reclassification adjustments to profit or loss	(4,179)	(50,848)
Amount before income tax effect	11,769	143,200
Income tax effect	(2,915)	(35,472)
Total	8,854	107,728
Deferred gain on derivatives under hedge accounting:		
Gains arising during the year	22,440	273,032
Reclassification adjustments to profit or loss	(8,229)	(100,133)
Amount before income tax effect	14,210	172,899
Income tax effect	(3,922)	(47,721)
Total	10,288	125,178
Foreign currency translation adjustments:		
Losses arising during the year	(49)	(601)
Reclassification adjustments to profit or loss	—	—
Amount before income tax effect	(49)	(601)
Income tax effect	—	—
Total	(49)	(601)
Share of other comprehensive income in affiliates:		
Gains arising during the year	70	855
Reclassification adjustments to profit or loss	(53)	(646)
Amount before income tax effect	17	209
Income tax effect	—	—
Total	17	209
Total other comprehensive income	¥19,110	$232,514

The corresponding information for the year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

27. Segment Information

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

Related information:

Segment information by service for the years ended March 31, 2012 and 2011 is following:

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

	Millions of Yen			
Year ended March 31, 2011	Loan business	Securities investment	Other	Total
Ordinary income from external customers	¥271,860	¥37,716	¥35,612	¥345,189

	Thousands of U.S. Dollars			
Year ended March 31, 2012	Loan business	Securities investment	Other	Total
Ordinary income from external customers	$3,211,707	$395,032	$271,777	$3,878,517

28. Financial Instruments and Related Disclosures

(a) The Situation of Financial Instruments

(1) Policy for Financial Instruments

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

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

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

The financial assets 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, 2012. 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 agreements and currency swap agreements in order to hedge or control the risks related to interest and currency. As for hedge accounting, DBJ Inc. applies the deferral hedge method or the accrual method to interest-rate swaps, and the assignment method to foreign currency swaps. Hedged items of interest-rate swaps are loans, securities, borrowings, debentures and corporate bonds. Hedged items of foreign currency swaps are foreign-currency denominated loans, debentures and corporate bonds. According to the risk management policy, DBJ Inc. evaluates the effectiveness of the hedges by testing whether the derivatives are effective in reducing the risks associated with the hedged items.

(3) Risk Management for Financial Instruments

(i) Credit Risk Management

In accordance with the internal guidelines, DBJ Inc. utilizes credit exposure management and portfolio management for investments and loans. When making an investment or loan, DBJ Inc. examines the entity's project viability and the project's profitability. After that, DBJ Inc. sets ratings along with the 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 issues concerning the management and governance of individual loans. DBJ Inc. performs a comprehensive analysis of data based on borrower ratings, and calculates the loan portfolio's overall exposure to credit risk, which is measured regularly to ensure that such risk remains within specified range of capital.

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

(ii) Market Risk Management

1) Interest Rate Risk Management

DBJ Inc. manages interest rate risk by asset/liability management. Details of risk management methods and procedures are determined on internal regulations, and Management Committee and ALM & Risk Management Committee have discussion about determination of policies on asset/liability management, monitoring of implementation and future plans. In addition, the risk management department monitors the interest rate 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 investments and loans as foreign currency denominated corporate bonds and debentures but also by making currency-related transactions.

3) Price Volatility Risk Management

When DBJ Inc. acquires financial assets entailing price volatility risk such as securities with market value, it follows in-house regulations and policies which have been developed taking into account market fluctuation risks, and the risk management department is involved in 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.

5) Quantitative Information about Market Risk

DBJ Inc. has not been engaged in trading activities, and all the assets and liabilities are financial instruments other than for trading purposes.

Market risk volume (estimated loss) is based on VaR using the historical simulation method (holding period of 1 year, observation period of 5 years, and confidence interval of 99.9%). The amount of market risk (risks pertaining to the changes in interest rates, foreign exchanges and market prices) as of March 31, 2012 and 2011 was ¥41,484 million ($504,744 thousand) and ¥73,672 million, respectively. Such measurements are conducted by the risk management department on a regular basis and reported to ALM & Risk Management Committee to utilize for establishing ALM operating policies.

DBJ Inc. conducts backtesting to compare the VaR calculated by the model with hypothetical performances calculated based on the actual market movements and confirms that the measurement models in use capture the market risk with sufficient accuracy. VaR measures the market risk volume under a definite probability of incidence calculated statistically based on the historical market movements and accordingly, and therefore there may be cases where market risk cannot be captured in such situations as when market conditions are changing dramatically beyond what was experienced historically.

(iii) Liquidity Risk Management on Financing

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

(4) Supplementary Explanation on Fair Value of Financial Instruments

The fair value of financial instruments is measured at the quoted market price. If the quoted price is not available, DBJ Inc. measures reasonably assessed price. Because assessed price is computed 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, 2012 and 2011. Unlisted equities and others, whose fair value cannot be reliably determined, are excluded from the table below (see (2)).

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

	Millions of Yen		
	2011		
	Carrying amount	Fair value	Difference
Cash and due from banks	¥ 233,297	¥ 233,297	¥ —
Call loans and bills bought	61,852	61,852	—
Securities			
Held-to-maturity debt securities	526,637	548,939	22,301
Available-for-sale securities	360,318	360,318	—
Loans	13,031,480		
Allowance for loan losses*1	(160,292)		
	12,871,187	13,449,875	578,687
Total assets	¥14,053,292	¥14,654,282	¥600,989
Debentures	3,312,713	3,410,637	97,924
Borrowed money	8,576,482	8,692,747	116,264
Corporate bonds	316,675	318,865	2,190
Total liabilities	¥12,205,871	¥12,422,250	¥216,379
Derivative transactions*2			
Derivative transactions not qualifying for hedge accounting	13,262	13,262	—
Derivative transactions qualifying for hedge accounting	27,441	27,441	—
Total derivative transactions	¥ 40,703	¥ 40,703	¥ —

	Thousands of U.S. Dollars		
	2012		
	Carrying amount	Fair value	Difference
Cash and due from banks	$ 2,136,741	$ 2,136,741	$ —
Call loans and bills bought	1,088,940	1,088,940	—
Reverse repurchase agreements	1,860,200	1,860,200	—
Securities			
Held-to-maturity debt securities	8,181,106	8,465,289	284,183
Available-for-sale securities	2,602,440	2,602,440	—
Loans	166,023,471		
Allowance for loan losses*1	(1,824,167)		
	164,199,304	171,722,491	7,523,187
Total assets	$180,068,730	$187,876,101	$7,807,371
Debentures	38,088,519	39,672,150	1,583,631
Borrowed money	111,577,487	113,032,308	1,454,821
Short-term bonds	620,503	620,503	—
Corporate bonds	6,586,298	6,624,710	38,412
Total liabilities	$156,872,807	$159,949,671	$3,076,864
Derivative transactions*2			
Derivative transactions not qualifying for hedge accounting	157,014	157,014	—
Derivative transactions qualifying for hedge accounting	448,612	448,612	—
Total derivative transactions	$ 605,626	$ 605,626	$ —

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

(1) Following are the methods used to calculate the fair values of financial instruments:

Assets

(i) Cash and due from banks

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

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

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

(iii) Securities

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

(iv) Loans

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

Liabilities

(i) Debentures

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

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

(iii) Short-term corporate bonds

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

(iv) Corporate bonds

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

Derivatives

The information of the fair values for derivatives is included in Note 29.

(2) Following are the financial instruments whose fair value cannot be reliably determined as of March 31, 2012 and 2011:
These securities are not included in the amount in the table summarizing fair values of financial Instruments.

	Carrying amount		
	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Money held in trust*1	¥ 24,423	¥ 24,819	$ 297,154
Unlisted equities*2, 3	127,999	133,860	1,557,367
Investments in limited partnerships and other similar partnerships*1, 3	126,977	117,040	1,544,922
Unlisted other securities*2, 3	35,346	27,723	430,053
Total	¥314,746	¥303,444	$3,829,496

*1. Assets in trust and partnership assets which consist of financial instruments, whose fair value cannot be reliably determined, such as unlisted equities and other securities, are not subject to disclosing of fair values.

*2. Financial instruments for which the quoted price is not available and fair value cannot be reliably determined, are not subject to disclosing of fair values.

*3. Impairment loss on financial instruments whose fair value cannot be reliably determined for the year ended March 31, 2012 and 2011 was ¥6,803 million ($82,772 thousand) and ¥15,173 million, respectively. The breakdown is; unlisted equities ¥6,685 million ($81,340 thousand) and ¥13,548 million, unlisted other securities ¥117 million ($1,433 thousand) and ¥1,592 million for the years ended March 31, 2012 and 2011, respectively, and investments in limited partnerships ¥32 million for the year ended March 31, 2011.

(3) Following are the maturity analysis for financial assets and securities with contractual maturities as of March 31, 2012:

	Millions of Yen					
	2012					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	¥ 175,614	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	89,500	—	—	—	—	—
Securities						
Held-to-maturity debt securities with market values	44,344	85,551	299,014	148,379	43,226	51,888
Japanese government bonds	—	—	36,372	67,074	30,626	40,388
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	38,200	60,172	162,498	28,700	2,600	11,500
Other	6,143	25,378	100,143	52,605	10,000	—
Available-for-sale securities with contractual maturities*	52,591	25,296	34,946	3,200	48,542	2,833
Japanese government bonds	49,978	—	—	1,048	21,523	—
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	2,613	21,815	34,940	2,151	27,018	—
Other	—	3,480	6	—	—	2,833
Loans*	1,786,870	3,884,502	3,247,912	1,835,293	1,967,851	775,873
Total	¥2,148,921	¥3,995,350	¥3,581,874	¥1,986,873	¥2,059,620	¥830,595

	Thousands of U.S. Dollars					
	2012					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	$ 2,136,692	$ —	$ —	$ —	$ —	$ —
Call loans and bills bought	1,088,940	—	—	—	—	—
Securities						
Held-to-maturity debt securities with market values	539,532	1,040,896	3,638,094	1,805,326	525,938	631,320
Japanese government bonds	—	—	442,544	816,088	372,634	491,400
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	464,782	732,115	1,977,110	349,191	31,634	139,920
Other	74,749	308,782	1,218,440	640,047	121,669	—
Available-for-sale securities with contractual maturities*	639,879	307,775	425,193	38,937	590,609	34,479
Japanese government bonds	608,079	—	—	12,758	261,876	—
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	31,801	265,428	425,120	26,179	328,733	—
Other	—	42,347	73	—	—	34,479
Loans*	21,740,733	47,262,476	39,517,127	22,329,892	23,942,706	9,440,004
Total	$26,145,777	$48,611,148	$43,580,414	$24,174,155	$25,059,253	$10,105,802

* Obligations to "Legally Bankrupt," "Effectively Bankrupt" and "Possibly Bankrupt" amount to ¥147,541 million ($1,795,128 thousand) are not included as of March 31, 2012. The breakdown is; available-for-sale securities with contractual maturities ¥377 million ($4,596 thousand) and loans ¥147,163 million ($1,790,533 thousand).

(4) Maturity analysis for Debentures, Borrowed money and Other Liability with Interest as of March 31, 2012 are as follows:

	Millions of Yen					
	2012					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Borrowed money	¥1,341,870	¥2,398,691	¥2,068,229	¥1,163,007	¥1,129,073	¥1,069,681
Short-term corporate bonds	50,999	—	—	—	—	—
Debentures and corporate bonds	464,025	734,347	961,875	452,038	408,507	651,029
Total	¥1,856,895	¥3,133,039	¥3,030,104	¥1,615,045	¥1,537,581	¥1,720,710

	Thousands of U.S. Dollars					
	2012					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Borrowed money	$16,326,443	$29,184,714	$25,164,002	$14,150,232	$13,737,359	$13,014,737
Short-term corporate bonds	620,503	—	—	—	—	—
Debentures and corporate bonds	5,645,769	8,934,759	11,703,067	5,499,915	4,970,282	7,921,025
Total	$22,592,715	$38,119,474	$36,867,068	$19,650,148	$18,707,641	$20,935,762

29. Derivative Transactions

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

(1) Interest Rate-related Transactions

	Millions of Yen			
	2012			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps				
Receive fixed/ Pay float	¥590,096	¥507,934	¥17,267	¥17,267
Receive float/ Pay fixed	588,298	506,242	(13,908)	(13,908)
Total	—	—	¥ 3,358	¥ 3,358

	Millions of Yen			
	2011			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps				
Receive fixed/ Pay float	¥603,529	¥532,868	¥15,372	¥15,372
Receive float/ Pay fixed	602,607	532,028	(11,479)	(11,479)
Total	—	—	¥ 3,892	¥ 3,892

	Thousands of U.S. Dollars 2012			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps				
Receive fixed/ Pay float	$7,179,663	$6,180,008	$210,089	$210,089
Receive float/ Pay fixed	7,157,781	6,159,422	(169,225)	(169,225)
Total	—	—	$ 40,864	$ 40,864

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

(2) Currency-related Transactions

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

	Millions of Yen 2011			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps	¥ 97,497	¥97,497	¥12,779	¥12,779
Forwards				
Sold	158,859	—	(1,620)	(1,620)
Bought	38,139	—	(76)	(76)
Total	—	—	¥11,082	¥11,082

	Thousands of U.S. Dollars 2012			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps	$1,186,245	$1,186,245	$170,709	$170,709
Forwards				
Sold	1,305,391	—	(41,829)	(41,829)
Bought	102	—	(1)	(1)
Total	—	—	$128,880	$128,880

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

(3) Equity-related Transactions
Not applicable.

(4) Bond-related Transactions
Not applicable.

(5) Commodity-related Transactions
Not applicable.

(6) Credit Derivatives Transactions

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

	Millions of Yen			
	2011			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Credit default options				
Sold	¥178,660	¥95,110	¥(1,272)	¥(1,272)
Bought	36,000	11,000	(439)	(439)
Total	—	—	¥(1,712)	¥(1,712)

	Thousands of U.S. Dollars			
	2012			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Credit default options				
Sold	$1,036,865	$903,029	$(10,894)	$(10,894)
Bought	133,856	—	(1,836)	(1,836)
Total	—	—	$(12,730)	$(12,730)

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

(b) Derivative Transactions to which Hedge Accounting is applied

(1) Interest Rate-related Transactions

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

	Hedged item	Millions of Yen 2011 Contract amount Total	Due after 1 year	Fair value
Deferral method				
Swaps				
Receive fixed/ Pay float	Debentures, Borrowed money, Corporate bonds and Loans	¥585,389	¥577,498	¥29,925
Receive float/ Pay fixed		50,231	45,129	(2,484)
Accrual method				
Swaps				
Receive fixed/ Pay float	Debentures, Borrowed money, Corporate bonds and Loans	405,804	394,040	*3
Receive float/ Pay fixed		563	444	
Total		—	—	¥27,441

	Hedged item	Thousands of U.S. Dollars 2012 Contract amount Total	Due after 1 year	Fair value
Deferral method				
Swaps				
Receive fixed/ Pay float	Debentures, Borrowed money, Corporate bonds, Securities and Loans	$5,907,024	$5,836,975	$482,496
Receive float/ Pay fixed		809,465	742,526	(33,884)
Accrual method				
Swaps				
Receive fixed/ Pay float	Debentures, Borrowed money, Corporate bonds and Loans	6,891,361	6,664,124	*3
Receive float/ Pay fixed		5,408	3,966	
Total		—	—	$448,612

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

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

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

(2) Currency-related Transactions

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

		Millions of Yen		
		2011		
		Contract amount		
	Hedged item	Total	Due after 1 year	Fair value
Translated at contractual rates	Foreign-currency debentures and loans			
Swaps		¥164,228	¥5,427	*
Total		—	—	—

		Thousands of U.S. Dollars		
		2012		
		Contract amount		
	Hedged item	Total	Due after 1 year	Fair value
Translated at contractual rates	Foreign-currency loans			
Swaps		$66,036	$—	*
Total		—	—	—

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

(3) Equity-related Transactions

Not applicable.

(4) Bond-related Transactions

Not applicable.

30. Fair Value of Securities and Money Held in Trust

Fair value of securities, money held in trust and negotiable certificate of deposit classified as "Cash and due from banks" as of March 31, 2012 and 2011 is summarized below.

(a) Securities

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

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

		Thousands of U.S. Dollars		
		2012		
		Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	$2,122,666	$2,217,198	$ 94,531
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	1,635,487	1,716,110	80,624
	Other	1,635,302	1,799,341	164,039
Sub-total		5,393,455	5,732,649	339,194
Fair value does not exceed carrying amount	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	2,059,265	2,023,151	(36,114)
	Other	728,385	709,489	(18,897)
Sub-total		2,787,651	2,732,640	(55,011)
Total		$8,181,106	$8,465,289	$284,183

(2) Held-to-maturity Debt Securities as of March 31, 2011

		Millions of Yen		
		2011		
		Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	¥175,234	¥178,884	¥ 3,650
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	107,993	114,241	6,248
	Other	109,469	123,851	14,382
Sub-total		392,696	416,977	24,281
Fair value does not exceed carrying amount	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	99,396	98,633	(762)
	Other	34,545	33,328	(1,216)
Sub-total		133,941	131,961	(1,979)
Total		¥526,637	¥548,939	¥22,301

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

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

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

		Thousands of U.S. Dollars		
		2012		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	$ 443,693	$ 233,531	$210,161
	Bonds	1,330,253	1,255,100	75,153
	Japanese government bonds	274,634	270,615	4,020
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	1,055,619	984,485	71,134
	Other	126,253	57,390	68,863
Sub-total		1,900,199	1,546,021	354,178
Carrying amount does not exceed cost	Equities	64,968	78,010	(13,042)
	Bonds	634,316	634,403	(86)
	Japanese government bonds	608,079	608,112	(33)
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	26,238	26,291	(53)
	Other	611,303	611,303	—
Sub-total		1,310,587	1,323,715	(13,128)
Total		$3,210,786	$2,869,736	$341,050

(4) Available-for-sale Securities as of March 31, 2011

		Millions of Yen		
		2011		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	¥ 22,824	¥ 15,762	¥ 7,062
	Bonds	317,387	311,496	5,891
	Japanese government bonds	243,476	242,898	577
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	73,911	68,597	5,313
	Other	13,876	6,779	7,097
Sub-total		354,089	334,037	20,051
Carrying amount does not exceed cost	Equities	7,450	10,296	(2,846)
	Bonds	838	859	(20)
	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	838	859	(20)
	Other	30,014	30,014	—
Sub-total		38,303	41,170	(2,866)
Total		¥392,392	¥375,207	¥17,185

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

(5) Available-for-sale Securities sold during the year ended March 31, 2012 and 2011

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

	Millions of Yen		
	2011		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	¥ 39,944	¥11,244	¥1,225
Bonds	265,768	121	7
Japanese government bonds	265,768	121	7
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	—	—	—
Other	36,547	1,205	86
Total	¥342,260	¥12,571	¥1,319

	Thousands of U.S. Dollars		
	2012		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	$ 364,191	$22,614	$21,941
Bonds	1,114,308	5,994	—
Japanese government bonds	1,108,054	5,809	—
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	6,254	185	—
Other	21,778	12,108	18
Total	$1,500,278	$40,717	$21,959

(6) 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 ¥2,460 million for the year ended March 31, 2011.

(b) Money Held in Trust

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

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

	Millions of Yen	
	2011	
	Carrying amount	Net unrealized loss on the consolidated statement of income
Money held in trust for the purpose of investment	¥38	¥(1)

	Thousands of U.S. Dollars	
	2012	
	Carrying amount	Net unrealized gain on the consolidated statement of income
Money held in trust for the purpose of investment	$527	$58

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

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

	Millions of Yen				
	2011				
			Unrealized gains (losses)		
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	¥24,781	¥21,834	¥2,946	¥2,968	¥(21)

	Thousands of U.S. Dollars				
	2012				
			Unrealized gains (losses)		
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	$296,627	$261,233	$35,394	$35,394	$—

(c) Unrealized Gain on Available-for-sale Securities

The breakdown of unrealized gain on available-for-sale securities is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Unrealized gain on			
available-for-sale securities	¥26,159	¥14,352	$318,276
Other money held in trust	2,909	2,946	35,394
Deferred tax liabilities	(7,052)	(4,136)	(85,803)
Unrealized gain on available-for-sale securities before interest adjustments	22,015	13,161	267,867
Amount corresponding to minority interests	2,695	14	32,798
DBJ Inc.'s interest in net unrealized gain on available-for-sale securities held by affiliates accounted for by the equity method	(7)	(6)	(88)
Unrealized gain on available-for-sale securities, net of taxes	¥19,313	¥13,169	$234,981

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

31. Related Party Transactions

Related party transactions for the years ended March 31, 2012 and 2011 are as follows:

				Amounts of the transactions		Balance at March 31, 2012	
Related party	Category	Description	Account item	Millions of Yen	Thousands of U.S. Dollars	Millions of Yen	Thousands of U.S. Dollars
Finance Minister	Shareholder	Subscription of capital increase*1	—	¥ 6,594	$ 80,229	¥ —	$ —
		Borrowings*2	Borrowed money	500,000	6,083,465	4,577,285	55,691,512
		Repayments		789,299	9,603,350		
		Payment for interest	Accrued expenses	68,915	838,489	17,299	210,486
		Guarantees*3	—	2,257,667	27,468,883	—	—

*1. It consists of subscription due to redemption of government compensation bonds in an amount of ¥6,170 million ($75,070 thousand) and subscription for third party allotment of capital increase (¥50,000 per share) in an amount of ¥424 million ($5,159 thousand).
*2. DBJ Inc. has borrowed from the fiscal investment and loan program funds, and applied interest rates for fiscal investment and loan. The last redemption period is January 20, 2032 without putting up collateral.
*3. The guarantees are for debentures issued by DBJ Inc. free of guarantee charge.
*4. According to Article 2, item 5 of the Japan Finance Corporation Act, DBJ Inc. has borrowed ¥3,711,361 million ($45,155,871 thousand) from Japan Finance Corporation relating to the crisis response business.

Related party	Category	Description	Account item	Amounts of the transactions Millions of Yen	Balance at March 31, 2011 Millions of Yen
Finance Minister	Shareholder	Borrowings*1	Borrowed money	¥ 300,000	¥4,866,584
		Repayments		836,315	
		Payment for interest	Accrued expenses	78,916	18,434
		Guarantees*2	—	2,164,887	—

*1. DBJ Inc. has borrowed from the fiscal investment and loan program funds, and applied interest rates for fiscal investment and loan. The last redemption period is November 20, 2030 without putting up collateral.
*2. The guarantees are for debentures issued by DBJ Inc. free of guarantee charge.
*3. According to Article 2, item 5 of the Japan Finance Corporation Act, DBJ Inc. has borrowed ¥3,035,757 million from Japan Finance Corporation relating to the crisis response business. In the year ended March 31, 2011, DBJ Inc. implemented early redemption in an amount of ¥307,520 million to Japan Finance Corporation and recognized early redemption charges in an amount of ¥8,881 million in the consolidated statements of income for the year ended March 31, 2011.

32. Subsequent event

On June 28, 2012, 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, 2012

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends-Common stock (¥856-$10.41 per share)	¥37,349	$454,426

Independent Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of Development Bank of Japan Inc. and consolidated subsidiaries as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Development Bank of Japan Inc. and consolidated subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in 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 18, 2012
(June 28, 2012 as to Note 32)

Member of
Deloitte Touche Tohmatsu Limited

Non-Consolidated Balance Sheet (Unaudited)

Development Bank of Japan Inc.

As of March 31,	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note) 2012
Assets			
Cash and due from banks	¥ 164,534	¥ 220,743	$ 2,001,885
Call loans	89,500	61,852	1,088,940
Reverse repurchase agreements	152,889	—	1,860,200
Money held in trust	20,610	20,903	250,768
Securities	1,139,649	1,150,145	13,866,036
Loans	13,704,999	13,067,978	166,747,778
Other assets	133,473	123,178	1,623,966
Tangible fixed assets	154,673	156,032	1,881,904
Intangible fixed assets	7,045	5,937	85,726
Deferred tax assets	18,790	36,083	228,620
Customers' liabilities for acceptances and guarantees	128,518	148,068	1,563,674
Allowance for loan losses	(150,350)	(158,806)	(1,829,307)
Allowance for investment losses	(1,072)	(1,158)	(13,049)
Total assets	**¥15,563,263**	**¥14,830,957**	**$189,357,142**
Liabilities and equity			
Liabilities:			
Debentures	¥ 3,130,495	¥ 3,312,713	$ 38,088,519
Borrowed money	9,170,553	8,573,482	111,577,487
Short-term corporate bonds	50,999	—	620,503
Corporate bonds	541,327	316,675	6,586,298
Other liabilities	78,229	52,882	951,814
Accrued bonuses to employees	4,600	4,500	55,968
Accrued bonuses to directors and corporate auditors	12	17	158
Reserve for employees' retirement benefits	13,342	25,748	162,338
Reserve for directors' and corporate auditors' retirement benefits	52	52	645
Reserve for contingent losses	—	711	—
Acceptances and guarantees	128,518	148,068	1,563,674
Total liabilities	**13,118,132**	**12,434,852**	**159,607,404**
Equity:			
Common stock authorized, 160,000 thousand shares in 2012 and 2011; issued, 43,632 thousand shares in 2012 and 43,623 thousand shares in 2011	1,187,788	1,181,194	14,451,734
Capital surplus	1,060,466	1,060,466	12,902,620
Retained earnings	154,539	129,855	1,880,272
Unrealized gain on available-for-sale securities	14,817	7,350	180,286
Deferred gain on derivatives under hedge accounting	27,519	17,238	334,826
Total equity	**2,445,130**	**2,396,104**	**29,749,738**
Total liabilities and equity	**¥15,563,263**	**¥14,830,957**	**$189,357,142**

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥82.19=$1.00, the effective exchange rate prevailing as of March 31, 2012, has been used in the conversion.

Non-Consolidated Statement of Income (Unaudited)

Development Bank of Japan Inc.

For the year ended March 31,	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note) 2012
Income			
Interest income:	¥277,128	¥295,863	$3,371,802
Interest on loans	254,567	272,466	3,097,303
Interest and dividends on securities	14,650	15,603	178,256
Interest on call loans	115	165	1,408
Interest on reverse repurchase agreements	287	149	3,493
Interest on due from banks	95	164	1,164
Interest on swaps	7,287	7,238	88,671
Other interest income	123	75	1,506
Fees and commissions	9,232	10,033	112,332
Other operating income	5,522	12,642	67,197
Other income	37,862	38,895	460,673
Total income	**329,746**	**357,434**	**4,012,003**
Expenses			
Interest expense:	155,488	172,186	1,891,814
Interest on debentures	47,668	52,920	579,975
Interest on call money and bills sold	41	149	505
Interest on borrowed money	104,535	116,601	1,271,881
Interest on short-term corporate bonds	56	10	693
Interest on corporate bonds	3,182	2,500	38,722
Other interest expense	3	3	38
Fees and commissions	505	611	6,150
Other operating expenses	2,585	11,917	31,457
General and administrative expenses	36,581	35,307	445,079
Other expenses	28,016	36,358	340,875
Total expenses	**223,176**	**256,381**	**2,715,375**
Income before income taxes	**106,569**	**101,052**	**1,296,628**
Income taxes:			
Current	21,400	56	260,372
Deferred	10,449	941	127,141
Total income taxes	**31,849**	**998**	**387,513**
Net income	**¥ 74,720**	**¥100,054**	**$ 909,115**

	Yen		U.S. Dollars (Note)
Per share of common stock			
Basic net income	¥1,712.81	¥2,293.57	$20.84

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥82.19=$1.00, the effective exchange rate prevailing as of March 31, 2012, has been used in the conversion.

Non-Consolidated Statement of Changes in Equity (Unaudited)

Development Bank of Japan Inc.

For the year ended March 31,	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note) 2012
Common stock:			
Balance at beginning of year	¥1,181,194	¥1,181,194	$14,371,505
Capital increase due to redemption of government compensation bonds	6,170	—	75,070
Issuance of new shares of common stock	424	—	5,159
Balance at end of year	1,187,788	1,181,194	14,451,734
Capital surplus:			
Balance at beginning of year	1,060,466	1,060,466	12,902,620
Balance at end of year	1,060,466	1,060,466	12,902,620
Retained earnings:			
Balance at beginning of year	129,855	39,834	1,579,949
Cash dividends	(50,036)	(10,033)	(608,792)
Net income	74,720	100,054	909,115
Balance at end of year	154,539	129,855	1,880,272
Unrealized gain on available-for-sale securities:			
Balance at beginning of year	7,350	7,092	89,429
Net change during the year	7,467	257	90,856
Balance at end of year	14,817	7,350	180,286
Deferred gain on derivatives under hedge accounting:			
Balance at beginning of year	17,238	10,982	209,738
Net change during the year	10,281	6,255	125,088
Balance at end of year	27,519	17,238	334,826
Total equity:			
Balance at beginning of year	2,396,104	2,299,571	29,153,242
Capital increase due to redemption of government compensation bonds	6,170	—	75,070
Issuance of new shares of common stock	424	—	5,159
Cash dividends	(50,036)	(10,033)	(608,792)
Net income	74,720	100,054	909,115
Net change during the year	17,748	6,512	215,945
Balance at end of year	¥2,445,130	¥2,396,104	$29,749,738

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥82.19=$1.00, the effective exchange rate prevailing as of March 31, 2012, has been used in the conversion.

Capital Adequacy Status

Capital adequacy ratios indicate eligibility of the institution's capital under regulations on capital requirements in light of the purposes of "Criteria for Judging Whether A Financial Institution's Own Capital Is Sufficient in Light of the Assets Held, etc. under the Provision of Article 14-2 of the Banking Act" (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 to uniform international standards.

As of this disclosure (July 2012), DBJ has not yet applied Article 14-2 of the Banking Act of Japan, but for reference the capital adequacy ratio has been disclosed in accordance with the Capital Adequacy Ratio Notification.

With regard to 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)

Quantitative Disclosure

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

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

(Millions of yen)

	March 31, 2012	March 31, 2011
Loans	¥13,147,987	¥12,483,080
Equities, funds	272,894	242,864
Commitments and customers' liabilities for acceptances and guarantees	293,406	295,370
Bonds (JGBs and corporate bonds, etc.)	769,702	827,885
Repurchase agreement/call loan	242,390	61,866
Other	497,046	605,151
Total	¥15,223,428	¥14,516,218

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

(1) By region

(Millions of yen)

	March 31, 2012	March 31, 2011
Domestic total	¥15,222,544	¥14,515,336
Overseas total	883	882

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

(2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2012	March 31, 2011
Manufacturing	¥3,774,990	¥3,494,246
Forestry and fisheries	1,401	922
Mining	54,714	45,348
Construction	68,098	40,325
Wholesale and retail	1,196,031	1,156,814
Finance and insurance	1,387,525	1,082,887
Real estate	1,334,769	1,383,031
Transportation and communications	3,429,722	3,735,347
Electrical, gas and water	2,475,942	1,818,276
Services	994,334	1,012,804
Other	505,898	746,214

(3) Breakdown by period to maturity (Millions of yen)

	March 31, 2012	March 31, 2011
Five years or less	¥6,704,444	¥5,767,717
More than five years, up to 10	5,230,813	5,412,965
More than 10 years, up to 15	1,954,710	1,988,982
More than 15 years	820,874	824,102
No maturity date	512,585	522,451

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

	March 31, 2012	March 31, 2011
Risk weight 0%	¥ 485,398	¥ 550,730
Risk weight 10%	86,205	98,610
Risk weight 20%	2,903,066	3,817,147
Risk weight 50%	5,164,121	4,244,213
Risk weight 100%	6,377,135	5,613,238
Risk weight 150%	25,005	32,081

2. Securitization Exposure

(a) Securitization exposure in which the Consolidated Group is the originator

Not applicable.

(b) Securitization exposure in which the Consolidated Group is an investor

(1) Retained securitization exposure amount and breakdown by major underlying asset type (Millions of yen)

	March 31, 2012	March 31, 2011
Structured finance	¥715,430	¥690,796
Of which, resecuritization exposure	3,499	—
Credit derivatives	71,312	120,510
Of which, resecuritization exposure	41,763	—
Funds*	182,600	175,106

* 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, 2012	March 31, 2011
Risk weight	20%	Balance	¥112,263	¥213,080
		Capital requirement	1,796	3,409
Risk weight	50%	Balance	8,403	13,867
		Capital requirement	336	554
Risk weight	100%	Balance	374,858	304,261
		Capital requirement	29,988	24,340
Risk weight	350%	Balance	3,412	954
		Capital requirement	955	267
Risk weight	Capital deductions	Balance	418,199	444,358
		Capital requirement	—	—
Risk weight	Other*	Balance	6,943	9,891
		Capital requirement	1,142	1,697

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

Resecuritization exposure (Millions of yen)

			March 31, 2012	March 31, 2011
Risk weight	40%	Balance	¥41,763	¥—
		Capital requirement	1,336	—
Risk weight	100%	Balance	618	—
		Capital requirement	49	—
Risk weight	225%	Balance	1,133	—
		Capital requirement	204	—
Risk weight	650%	Balance	1,195	—
		Capital requirement	621	—
Risk weight	Capital deductions	Balance	551	—
		Capital requirement	—	—

(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, 2012	March 31, 2011
Structured finance	¥236,150	¥269,252
Funds*	182,600	175,106

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

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

Not applicable.

(5) Amount of credit risk assets calculated with application of Article 15 of the Supplementary Provisions to the Capital Adequacy Ratio Notification (Millions of yen)

	March 31, 2012	March 31, 2011
Credit risk assets	¥14,286	¥21,220

3. Interest Rate Risk in the Banking Book

	March 31, 2012	March 31, 2011
Decrease in economic value resulting from interest rate shock	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥19.5 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: ¥56.4 billion

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

Qualitative Disclosure

1. Overview of Fund-Raising Methods	All capital contributions are from 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. Eligible rating agencies are not selected according to type of exposure. The rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), and Standard & Poor's Corp. (S&P).
4. Overview of Risk Management Policies and Procedures for Reducing Credit Risk	DBJ obtains collateral or guarantees as necessary based on changes in the borrower's creditworthiness. If required, the effectiveness of collateral is determined from the perspective of the amount 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 and resecuritized transactions is typically that of an investor, and in principle the exposure acquired through such transactions continues until the instrument's maturity. **(b) Overview of status of implementation and operation of systems stipulated in Article 249, Paragraph 4, Items 3-6, of the Capital Adequacy Ratio Notification (including application with modifications in Capital Adequacy Ratio Notification Article 254, Paragraph 2, and Article 302-4, Item 1)** DBJ has created the systems necessary for operating within its credit risk management framework. Specifically, as one aspect of our credit risk management, our sales department endeavors to appropriately collect information related to comprehensive risk characteristics and performance, and DBJ monitors conditions to determine any changes in the borrower's creditworthiness. Related information is also provided to the credit analysis department, which may revise borrower ratings or make other adjustments on the basis of this related information as necessary. **(c) Methods Used to Calculate Credit Risk Asset Amount of Securitization Exposure** DBJ employs the standardized approach for these calculations.

(d) Method of Accounting for Securitized Transactions

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

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

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

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

7. Market Risk

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. DBJ also employs 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.

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

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

(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, 2012	March 31, 2011
(a) Capital requirement to total credit risk		¥805,644	¥714,187
(1) Exposure by portfolio to which standardized method applied		769,519	684,046
(i) Japanese government and regional municipal bodies		—	—
(ii) Exposure to financial institutions		8,867	7,527
(iii) Exposure to corporations		723,673	639,510
(iv) Equity exposure		21,306	18,711
(v) Other exposure		15,672	18,295
(2) Securitization risk exposure		36,124	30,141
(b) Capital requirement to market risk		—	—
(c) Capital requirement to operational risk		20,803	19,194
(d) Non-consolidated total capital requirement ((a) + (b) + (c))		826,447	733,382
(e) Non-consolidated capital ratio and non-consolidated Tier I ratio	Capital ratio	18.30%	20.39%
	Tier I ratio	22.89%	25.32%

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, 2012	March 31, 2011
Loans	¥13,192,835	¥12,483,395
Equities, funds	296,948	267,120
Commitments and customers' liabilities for acceptances and guarantees	293,406	295,370
Bonds (JGBs and corporate bonds, etc.)	769,702	827,885
Repurchase agreement/call loan	242,390	61,866
Other	456,927	564,120
Total	¥15,252,211	¥14,499,758

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

(1) By region

(Millions of yen)

	March 31, 2012	March 31, 2011
Domestic total	¥15,252,211	¥14,499,758
Overseas total	—	—

Note: DBJ has no overseas sales locations.

(2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2012	March 31, 2011
Manufacturing	¥3,774,990	¥3,494,246
Forestry and fisheries	1,401	922
Mining	54,714	45,348
Construction	68,098	40,325
Wholesale and retail	1,196,031	1,156,814
Finance and insurance	1,450,669	1,099,731
Real estate	1,362,796	1,411,058
Transportation and communications	3,429,722	3,735,347
Electrical, gas and water	2,475,942	1,818,276
Services	995,400	1,013,870
Other	442,443	683,817

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2012	March 31, 2011
Five years or less	¥6,704,444	¥5,767,717
More than five years, up to 10	5,267,556	5,412,965
More than 10 years, up to 15	1,960,287	1,988,982
More than 15 years	820,874	824,102
No maturity date	499,049	505,991

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

(Millions of yen)

	March 31, 2012	March 31, 2011
Risk weight 0%	¥ 485,398	¥ 550,730
Risk weight 10%	86,205	98,610
Risk weight 20%	2,896,755	3,808,137
Risk weight 50%	5,164,121	4,244,213
Risk weight 100%	6,411,453	5,608,858
Risk weight 150%	25,005	32,081

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, 2012	March 31, 2011
Eligible financial collaterals	¥ 152,830	¥ —
Guarantees or credit derivatives	1,210,309	1,426,488

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

(Millions of yen)

		March 31, 2012	March 31, 2011
Equivalent credit calculation method		Current exposure method	Current exposure method
Gross restructuring cost		¥133,953	¥133,529
Gross add-on, by transaction type		80,789	98,100
	Interest rate transactions	49,504	59,554
	Foreign exchange transactions	30,734	36,745
	Credit derivative transactions	550	1,800
Reducing credit equivalent amounts through netting		115,667	142,371
Net equivalent credit		99,075	89,258
	Net restructuring cost	54,916	39,180
Notional amounts of credit derivatives for calculated credit equivalent amount by type of credit derivative, by protection purchase or provision	Credit default swaps provision	85,219	178,660
	Credit default swaps purchase	11,000	36,000
Notional amounts of credit derivatives taking into account credit risk mitigations		—	—

Notes: 1. Collateral is not used to reduce credit risk on derivative product transactions.
2. Credit derivatives used to compute the credit equivalent amount are included in securitization exposure; there is some data overlap with securitization exposure indicated elsewhere and what are known as single-name CDS offerings include the measurement of customers' liabilities for acceptances and guarantees as consisting of the legal and other exposure of the company in question.

5. Securitization Exposure

(a) Securitization exposure in which DBJ is the originator

Not applicable.

(b) Securitization exposure in which DBJ is an investor

(1) Retained securitization exposure amount and breakdown by major underlying asset type

(Millions of yen)

	March 31, 2012	March 31, 2011
Structured finance	¥692,945	¥657,037
Credit derivatives	62,467	120,510
Of which, resecuritization exposure	41,763	—
Funds*	223,486	210,271
Of which, resecuritization exposure	2,274	—

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

(2) Balance of retained securitization exposure by risk weight and required capital amounts

(Millions of yen)

			March 31, 2012	March 31, 2011
Risk weight	20%	Balance	¥112,263	¥213,080
		Capital requirement	1,796	3,409
Risk weight	50%	Balance	8,403	13,867
		Capital requirement	336	554
Risk weight	100%	Balance	374,858	304,009
		Capital requirement	29,988	24,320
Risk weight	350%	Balance	3,412	569
		Capital requirement	955	159
Risk weight	Capital deductions	Balance	428,980	446,402
		Capital requirement	—	—
Risk weight	Other*	Balance	6,943	9,891
		Capital requirement	1,142	1,697

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

Resecuritization exposure (Millions of yen)

			March 31, 2012	March 31, 2011
Risk weight	40%	Balance	¥41,763	¥—
		Capital requirement	1,336	—
Risk weight	100%	Balance	402	—
		Capital requirement	32	—
Risk weight	225%	Balance	736	—
		Capital requirement	132	—
Risk weight	650%	Balance	777	—
		Capital requirement	404	—
Risk weight	Capital deductions	Balance	358	—
		Capital requirement	—	—

(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, 2012	March 31, 2011
Structured finance	¥207,768	¥237,072
Funds*	221,570	209,329

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

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

Not applicable.

(5) Amount of credit risk assets calculated with application of Article 15 of the Supplementary Measure (Interim Measure for Securitization Exposure) to the Capital Adequacy Ratio Notification (Millions of yen)

	March 31, 2012	March 31, 2011
Credit risk assets	¥14,286	¥21,220

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, 2012	March 31, 2011
(a) Market value of below-listed items as included within categories in the non-consolidated balance sheets		
Exposure to listed shares	¥ 37,900	¥ 34,209
Exposure to other equity investments and capital injections	249,942	221,289
(b) Gains or losses on the sale of equity investments or shares	1,303	10,034
Gain or loss on write-off of equity exposure	6,402	14,199
(c) Gains or losses from valuation recognized on the non-consolidated balance sheets but not recognized on the non-consolidated statement of income	14,817	7,350
(d) Included amount stipulated in Article 18, Paragraph 1, Item 1 of the Capital Adequacy Ratio Notification	9,841	5,168

Notes: 1. The Group has no gains or losses from valuation recognized on the non-consolidated balance sheets or the non-consolidated statement 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

Not applicable.

9. Interest Rate Risk in the Banking Book

	March 31, 2012	March 31, 2011
Decrease in economic value resulting from interest rate shock	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥19.5 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: ¥56.4 billion

Development Bank of Japan Inc.
Published in September 2012 by the Public Relations & Corporate Social Responsibility Office,
Corporate Planning & Coodination Department

URL: http://www.dbj.jp/en

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http://www.dbj.jp/en

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