DBJ

Applying Financial Expertise to Design the Future

Annual Report & CSR Report

2013

Development Bank of Japan Inc.

Profile (As of July 1, 2013)

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:	1,168 (As of March 31, 2013)
Capital:	¥1,206,953 million (100% owned by the Japanese government)
Address:	South Tower, Otemachi Financial City, 9-6, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8178, 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, 21; non-consolidated subsidiaries, 26; and affiliated companies, 17 (As of March 31, 2013)
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:	¥16,183.8 billion (As of March 31, 2013)
Loans:	¥14,015.4 billion (As of March 31, 2013)
Capital adequacy ratio:	15.02% (Basel 3, BIS standard) (As of March 31, 2013)
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.

Issues Japan Faces and DBJ's Role in Resolving Them

The current state of the Japanese economy is characterized by a sense of gradual recovery, led by resurgent consumer spending and a recovery in corporate earnings, particularly among large corporations. Nevertheless, a mountain of issues remains to be addressed. These include the need for restoration and reconstruction following the Great East Japan Earthquake, as well as electrical power supply problems, enhancing the competitiveness of Japanese industry, reinforcing national infrastructure, environmental response and disaster preparedness.

DBJ approaches these problems, as it has in the past, by leveraging its characteristics: a long-term perspective, large size, integrated investment and loans, and a neutral standpoint. In these ways, we strive to contribute to Japan's socioeconomic development.

Specific DBJ Initiatives

The fiscal year ended March 31, 2013, was the final year of our three-year second medium-term management plan. Under this plan, in addition to focusing on post-disaster restoration and reconstruction response and such key fields as energy, infrastructure and urban development, we have proactively undertaken initiatives involving Japan's strategies for future growth.

Of these, in the category of post-disaster restoration and reconstruction response, we had provided approximately ¥1.5 trillion in financing for disaster and crisis response activities as of March 31, 2013. We are working with financial institutions in the disaster-stricken areas to arrange Great East Japan Earthquake restoration funds, providing funds for this purpose to companies in the area. Based on our BCM (disaster preparedness) ratings, we also support corporate disaster preparedness and business continuity efforts, in carefully tailored initiatives targeting early reconstruction.

Additionally, DBJ is pursuing its own activities toward Japan's strategies for future growth. We have continued implementing the DBJ Smart Japan Program for providing financing to boost global competitiveness and target community development and the environment and energy fields, among others. In this category, we have introduced new programs to support infrastructure reinforcement and the siting of growth industries.

Furthermore, in November 2012 we launched the Study Council on Strengthening Competitiveness, attended by numerous experts with knowledge in a wide range of fields, to deliberate ways to bolster Japan's competitiveness. Based on an interim report received from this council in January 2013, within our headquarters building we set up the Otemachi Innovation Hub (iHub) to serve as a place to exchange wide-ranging input and expertise in an open and equal manner. We also launched the Fund for Japanese Industrial Competitiveness to provide funding to companies aiming to create new value and enhance corporate value. Through these initiatives, we intend to promote open innovation and support efforts to augment the competitiveness of Japanese industry.

From the perspective of bolstering economic activity, in June 2013 we held our second business competition targeting female entrepreneurs to encourage their efforts in society.

Our third medium-term management plan, which commences in the fiscal year ending March 31, 2014, reinforces the initiatives begun under the second medium-term management plan. The new plan is also designed to ensure our quick response to issues faced by the Japanese economy and financial and capital markets. Accordingly, we aim to contribute to the increased competitiveness of Japanese industry and ongoing socioeconomic growth and development.

Meeting Our Corporate Social Responsibilities

We meet these responsibilities through business activities that realize societal values in a variety of ways, and via our financial services. Accordingly, our business endeavors themselves form the basis 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 2013

T. Hashimoto

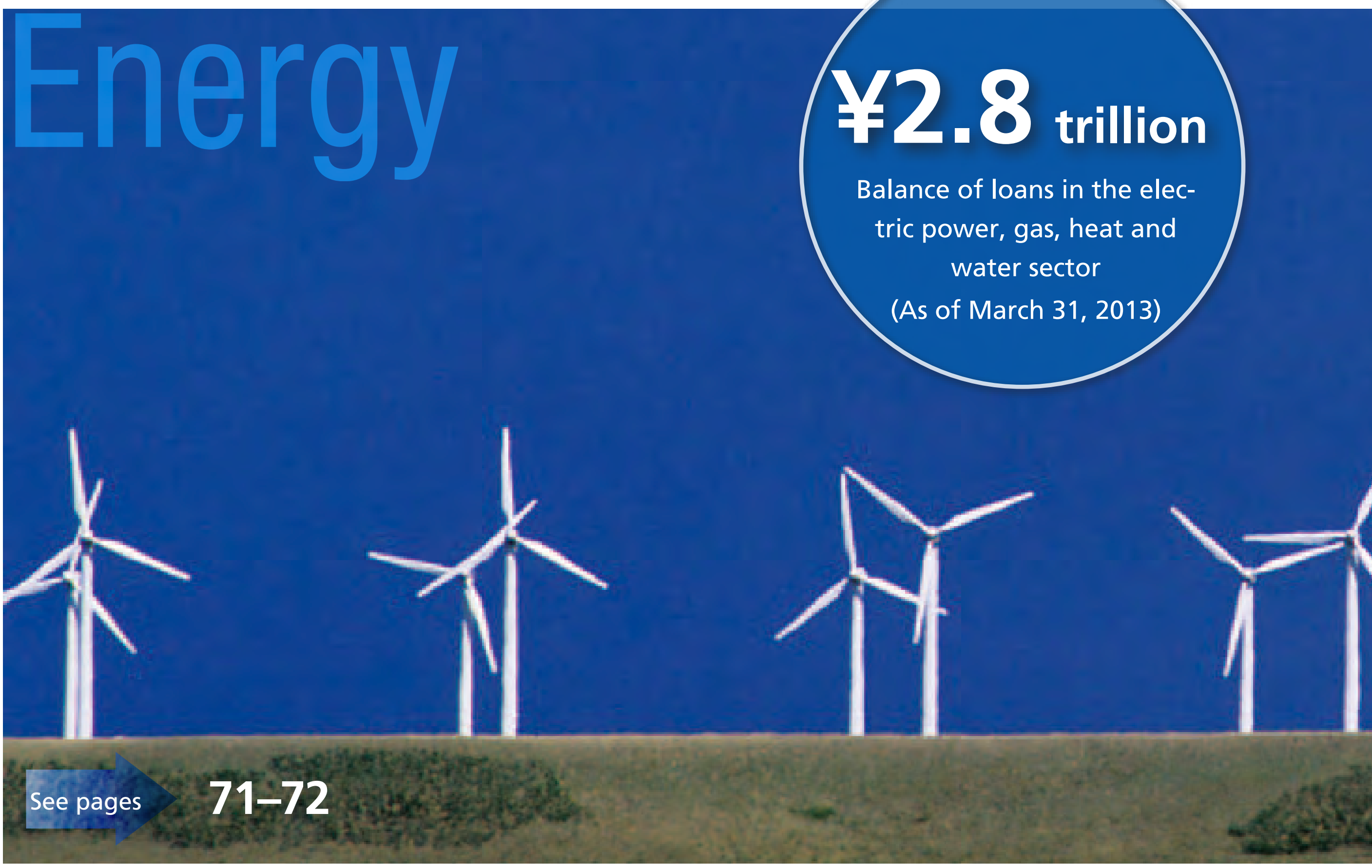
Toru Hashimoto
President & CEO
Development Bank of Japan Inc.

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.

Energy



¥2.8 trillion

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

(As of March 31, 2013)

See pages 71–72

Resilience

Reconstruction Support

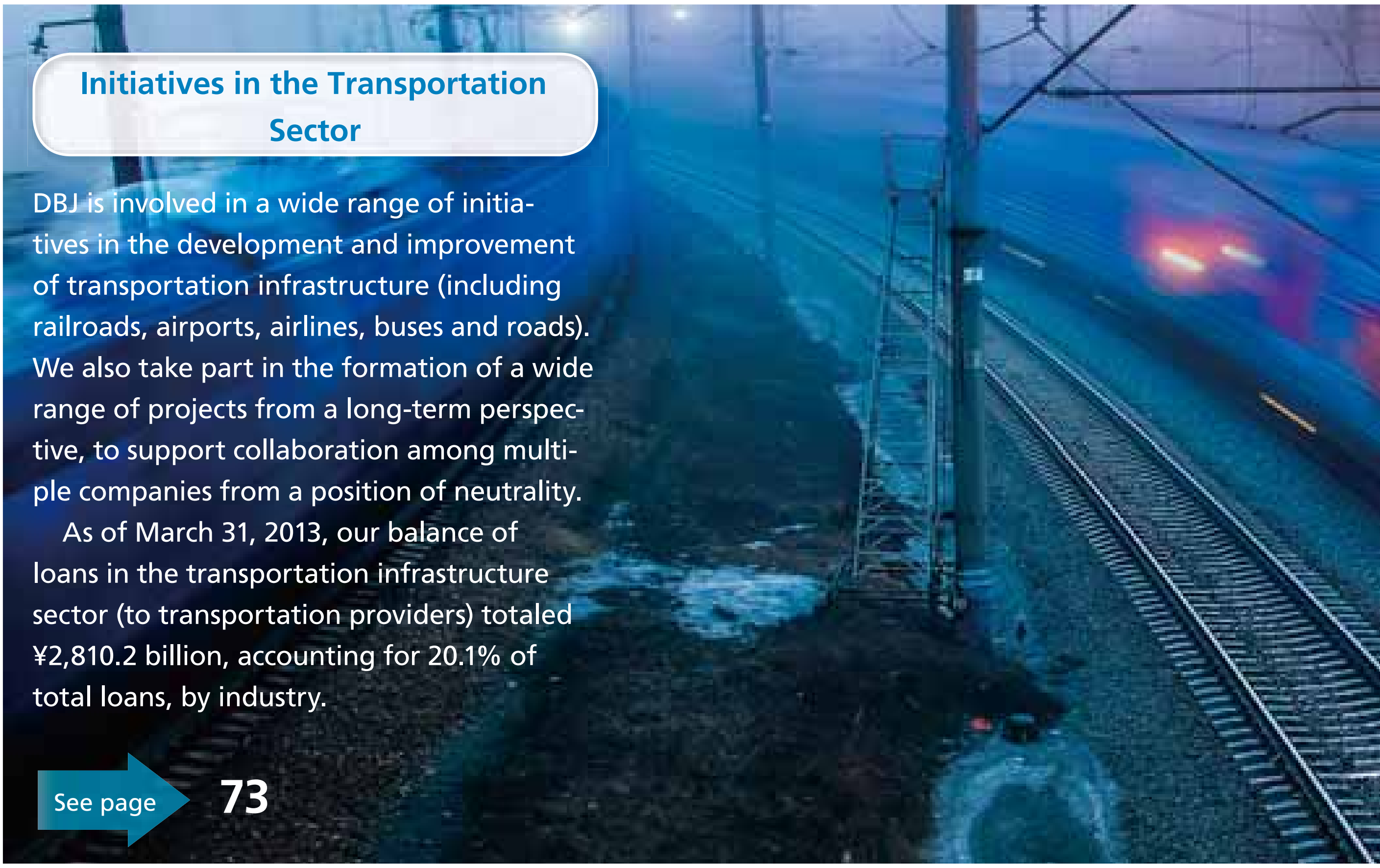
Consolidating useful knowledge and financial expertise

See pages 49–55, 69–70

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, 2013, our balance of loans in the electric power, gas, heat and water sector totaled ¥2,831.9 billion, accounting for 20.2% of total loans, by industry.



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, 2013, our balance of loans in the transportation infrastructure sector (to transportation providers) totaled ¥2,810.2 billion, accounting for 20.1% of total loans, by industry.

See page 73

Real Estate

¥1.6 trillion

Balance of loans to the real estate sector (As of March 31, 2013)

See pages 74–75

Transportation

¥2.8 trillion

Balance of loans in the transportation infrastructure sector

(As of March 31, 2013)

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, 2013, our balance of loans in the real estate sector totaled ¥1,663.2 billion, accounting for 11.9% of total loans, by industry.

Restructuring

Provided **Japan's first** DIP financing in 2001

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, 2013, more than 40 countries were targeted for investments and loans.

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 76–79

See pages 28, 80

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, 2013, we had provided such financing to more than 371 companies, with the cumulative total amounting to ¥643.1 billion.

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, 2013, our balance of loans in the healthcare and welfare sector stood at ¥67.3 billion, up 36.3% from the preceding fiscal year.

See pages 82–83


¥643.1
billion
Cumulative amount of
DBJ Environmentally Rated
Loan Program
(As of March 31, 2013)
See pages 81, 90–93


Up 36.3%
Year-on-year increase in loans in
the healthcare and welfare sector
(As of March 31, 2013)
Healthcare

Network

101 institutions

Cumulative number of allied financial institutions (As of March 31, 2013)

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, 2013, DBJ's balance of loans for social infrastructure (electric power, gas, heating, water, telecommunications, transport and real estate) totaled ¥7,760.9 billion.

See pages 88–89

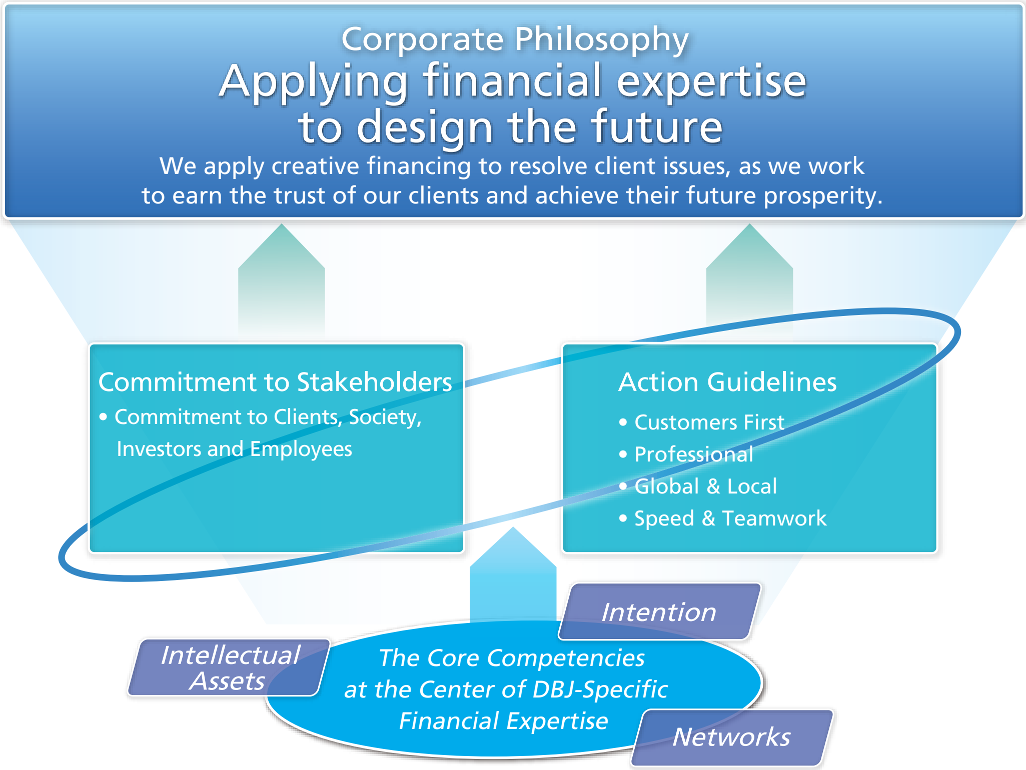
Community Revitalization Initiatives

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, 2013, a cumulative total of 101 financial institutions had entered into business alliances with DBJ.

See pages 84–87

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.

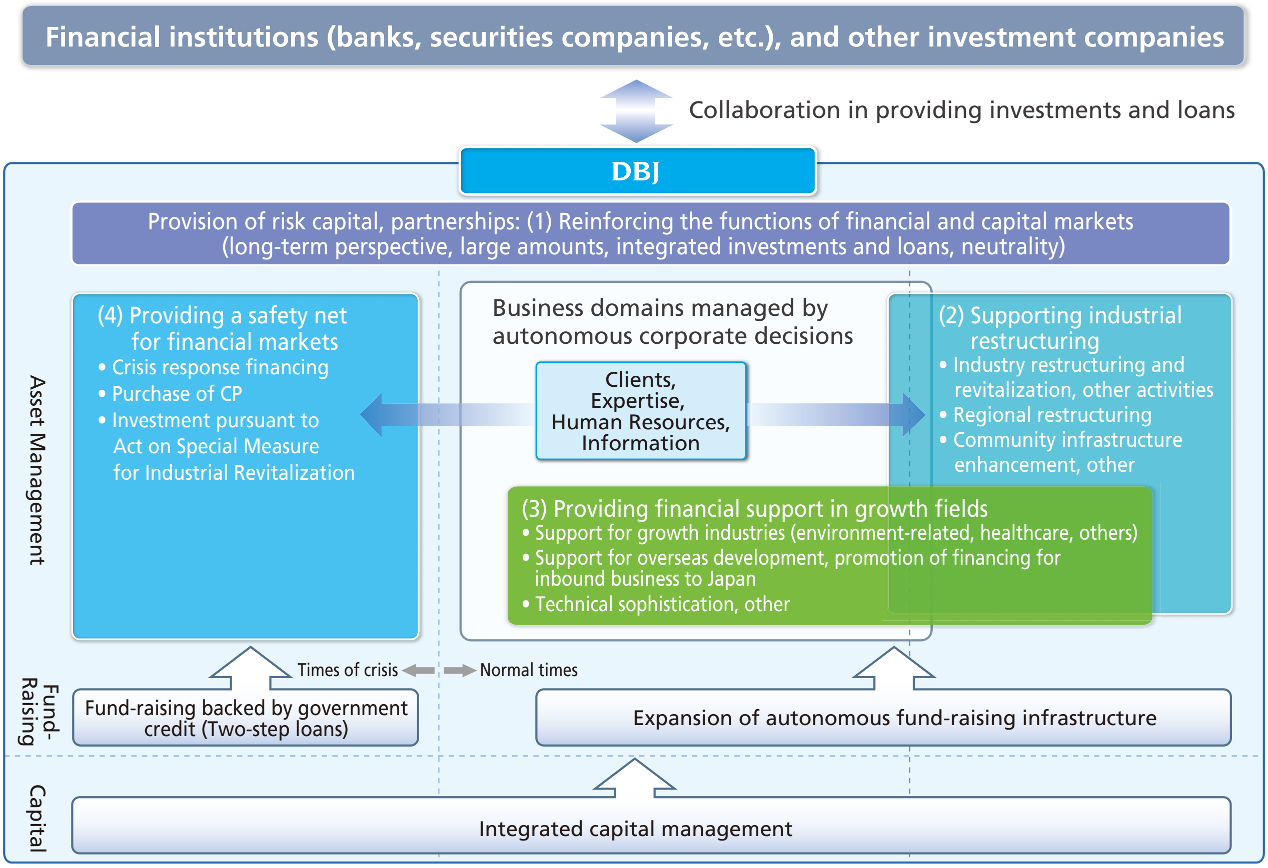
The shade of blue in "DBJ" represents a prosperous future, youthfulness and growth potential.

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

Study Council on Strengthening Competitiveness

Amid the Japanese economy's protracted stagnation, in November 2012 we launched the Study Council on Strengthening Competitiveness to raise consciousness about and address the question of why Japanese industry is unable to find an innovative growth model, despite the advanced technologies it possesses.

Following exhaustive deliberation of sector-specific growth themes, council members—who include people with extensive business experience in the industrial sector and academics with wide-ranging expertise—began by verifying hypotheses regarding the need to realize growth by driving a change of mindset through new methodologies and specific project implementation and deliberating specific measures to resolve issues.

In January 2013, the council produced an interim report that emphasized the need for companies and other organizations to overcome internal and external barriers to resolve issues themselves. To achieve this goal, the report expressed the importance of strengthening the power of imagination to generate value and achieve value-linked promotion. In addition, the interim report suggested the creation of locations that could introduce and realize these business concepts. The interim report also touched on the importance of enhancing government measures to promote the autonomous resolution of issues and boosting financing, such as through the provision of risk capital.

Upon receiving an interim report from the council, DBJ undertook the following two initiatives.

- Provision of risk capital to form the Fund for Japanese Industrial Competitiveness
- Establishment of the Otemachi Innovation Hub (iHub) as a place to create new value

Establishing the Fund for Japanese Industrial Competitiveness

Consumer needs in Japan and overseas are undergoing a transition from quantity to quality, and in the process the things consumers' require from companies are growing more complicated and complex. As a result, in a growing number of fields it has become impossible for a single company to meet all these demands on its own. At the same time, however, being unable to respond appropriately to such demands appears to be one reason for a decline in industry competitiveness. Furthermore, international competitiveness necessitates swift action. Accordingly, "open innovation" that is extensive and rapid is needed to create new combinations of the advanced technologies and expertise that already exist internally and externally.

DBJ has established the Fund for Japanese Industrial Competitiveness, providing risk capital to convert companies' potential capabilities into businesses and link these initiatives to growth by exploring new frontiers and promoting strategic cooperation and open innovation. We have established the scale of the fund at ¥150.0 billion, but depending on how investment and loans progress, the scale of the fund could be expanded to around ¥300.0 billion. Case studies on pages 72 and 76 in the CSR report describe the results of two projects for which we provided investments and loans through this fund.

In establishing and operating this fund, to make use of a broad range of expertise we have elicited the cooperation of the outside experts described below.

<Advisors>

- Atsushi Ogasawara, Director, National Institute of Science and Technology Policy (NISTEP), Ministry of Education, Culture, Sports, Science and Technology
- Noboru Konno, Professor of Tama Graduate School of Business, President of Knowledge Innovation Research Office (KIRO)
- Hideyuki Horii, Department of Civil Engineering at the University of Tokyo
- Takashi Maeno, Dean and Professor, Graduate School of System Design and Management, Keio University
- Yoichi Mori, certified public accountant

Opening the Otemachi Innovation Hub (iHub)

In addition to providing funding, in April 2013 we opened the Otemachi Innovation Hub (iHub) within DBJ's headquarters building. This organization is designed to leverage DBJ's neutrality and extensive network to serve as a place to create new value through open innovation.

Through open innovation, iHub will seek to foster broad-based corporate–government office–societal (including universities, citizens and government bodies) cooperation, forge links between the determination and resolution of societal issues, encourage movements to break down a range of barriers that are holding companies back and aim to provide a place to conceptualize new collaboratively creative business concepts.

Workshop underway

● **DBJ's Initiatives to Enhance Industry Competitiveness**

Initiatives to Enhance Competitiveness through Open Innovation

November 2012
Study Council on Strengthening Competitiveness
Proposals to drive a change of mindset through new methodologies and specific project implementation

January 2013
Interim Report Announcement
- Importance of strengthening the power of imagination to generate value and achieve value-linked promotion, as well as creating locations to introduce and realize these business concepts
- Importance of enhancing government measures to promote the autonomous resolution of issues and boosting financing, such as through the provision of risk capital

Summer 2013
Final Report Summary
Continuation of initiatives such as the Fund for Japanese Industrial Competitiveness and the Otemachi Innovation Hub (iHub) to further individual themes and foster human resources

DBJ's Independent Initiatives upon Receipt of the Interim Report

Fund for Japanese Industrial Competitiveness
▶ Provide risk capital toward the creation of new value.
(Around ¥150.0 billion → Could be expanded to around ¥300.0 billion)
Provide risk capital to convert companies' potential capabilities into businesses and link these initiatives to growth by exploring new frontiers and promoting strategic cooperation and open innovation.
- Also strengthen ties with iHub going forward.

Otemachi Innovation Hub (iHub)
▶ Establish a place to create new value.
To enable businesses to resolve societal issues
- Foster broad-based corporate–government office–societal (including universities, citizens and government bodies) cooperation.
- Forge links between the determination and resolution of issues.
- Encourage movements to break down a range of barriers that are holding companies back.
- Aim to provide a place to conceptualize new collaboratively creative business concepts.

▸ First, provide a base from which to initiate movement.
▸ Going forward, also consider long-term themes targeting lifestyle innovations.

Open Innovation:
Enhancing value through new combinations of advanced technologies and expertise that already exist in Japan

Collaboration with Regional Financial Institutions

Since its time as a policy-based financial institution, DBJ has sought to provide financial support for initiatives in various regions by liaising and collaborating with regional financial institutions. We have commenced new initiatives aimed at the further development and invigoration of local companies and regional economies.

- **Raising Funds through Syndicated Loans with Cooperative Financial Institutions**

  In addition to issuing corporate bonds, one of DBJ's fund-raising policies is to take out long-term borrowings from local banks and other institutions. The low loan-to-deposit ratios of regional financial institutions have come under scrutiny in recent years, but finding investment opportunities has been an issue for *shinkin* banks and other cooperative financial institutions whose operating regions are limited.

  To address this issue, DBJ has begun raising funds through syndicated loans targeting cooperative financial institutions. Going forward, DBJ aims to help increase regional financial institutions' financing opportunities in various ways, including by raising funds and transferring obligations.

- **Rolling out Financing Employing DBJ Environmental Ratings Program to Local Banks**

  In the fiscal year ended March 31, 2010, we began offering a service to support local banks' efforts to develop their own environmental ratings tools. To promote this collaborative effort further, we established the Eco-Finance Club with financial institutions that are encouraging the spread of environmental financing.

In addition, with regional financial institutions we have established the Great East Japan Earthquake Reconstruction Fund to provide restoration and reconstruction support to companies that sustained damage in the Great East Japan Earthquake. With the Act Concerning Temporary Measures to Facilitate Financing for Small and Medium-Sized Enterprises, etc., coming to an end, we are setting up business redevelopment funds and other exit strategy mechanisms.

Strengthening the Promotion of PPP/PFI

Since the Act on the Promotion of Private Finance Initiative (PFI Act) was promulgated in 1999, DBJ has done its utmost to expand the PFI market, starting with the provision of financing for the first PFI project in Japan. In recent years, we have cooperated with the planning and promotion of government policies in line with PFI Act revisions and held seminars in conjunction with regional financial institutions, thereby proactively taking part in these initiatives from their upstream phases.

Adopting PPP/PFI approaches is essential to addressing the question of how to improve aging public facilities despite policy constraints. Given this situation, the PFI Act has been revised to allow for the establishment of public–private infrastructure funds. The national government has also taken major steps to promote PPP/PFI in other ways, such as formulating action plans that dramatically reform PPP/PFI measures and positioning them as a new growth strategy. Against this backdrop, DBJ established the PPP/PFI Promotion Center in June 2013. By applying the experience and expertise that DBJ has accumulated to date, the center will facilitate cooperation among the national government, government bodies, companies and local banks to promote PPP/PFI activities more robustly.

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

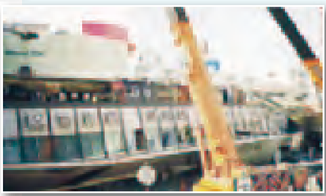
Improvements to regional railway infrastructure

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)

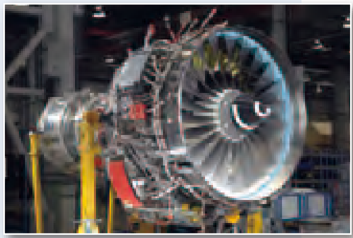
Recovery work on traffic infrastructure destroyed by earthquakes

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.

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 126–132 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.

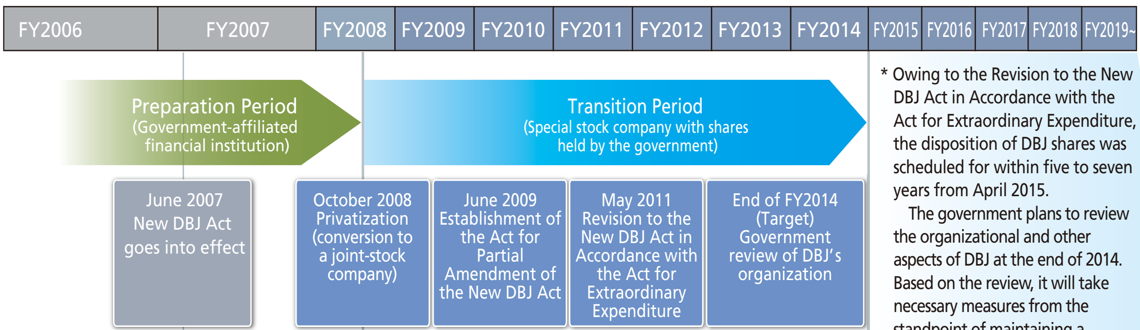
Revision to the New DBJ Act in Accordance with the Act for Extraordinary Expenditure

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 2012

Operating Results

Financial-Economic Environment

During fiscal 2012, ended March 31, 2013, the European debt crisis, although rampant in the first half, abated somewhat in the second half as a result of response measures such as the program of Outright Monetary Transactions (OMT), under which the European Central Bank makes purchases in secondary sovereign bond markets. In the United States, the pace of recovery began to slow as contributions from government spending waned, but the rate of recovery turned upward again in the second half with the introduction of large-scale monetary easing measures (QE3). In China, the government addressed a falling rate of economic growth with monetary easing and financial stimulus measures, which prompted a gradual recovery.

In Japan, during the first half of the fiscal year, protracted yen appreciation and the global economic deceleration sapped the strength of exporters, and the demand-promoting impact of eco-car subsidies abated, causing business conditions to worsen. During the second half, however, consumption bottomed out, and reconstruction-related demand fueled a recovery in manufacturing. As a result, the economy began to show signs of recovery.

In the corporate sector, exports were weak in the first half due to yen appreciation and global economic deceleration. Also, the phasing out of eco-car subsidies led to a drop-off in automobile demand. Conditions in the manufacturing sector rebounded in the second half, however.

For households, a resurgence in the number of people in employment and other factors that point to an improved employment situation slackened, and conditions remained at a standstill. Household-sector consumption was brisk, and housing starts were favorable due to factors such as the introduction of tax breaks on residential mortgages and moves to acquire property prior to an upcoming rise in the consumption tax rate.

On the financial front, in the first half the ongoing European debt crisis and the temporary deceleration in U.S. economic recovery prompted investors to strengthen their risk hedges. In the second half, however, the European debt crisis abated somewhat, and the U.S. economy returned to a path of stable recovery, ameliorating concerns of excessive risk.

In Japan, the fund-raising environment was generally accommodating, owing in part to the impact of monetary easing.

Long-term interest rates (yields on 10-year Japanese government bonds) continued to fall throughout the year, dropping to around 0.5%, as a result of monetary easing policies, including the Bank of Japan's establishment of commodity price stability targets.

Impacting currency exchange rates, U.S. interest rates decreased due to the effects of economic deceleration and monetary easing. This factor, plus concerns of a rekindled European debt crisis, caused investors to buy yen as a hedge against risk. As a result, at one point the yen rose into the neighborhood of ¥77 against the U.S. dollar and ¥94 to the euro. Following this level of appreciation against the dollar and the euro in the first half, the yen depreciated against these currencies in the second half as investors softened their risk-hedge positions. As of March 31, 2013, the yen was trading at around ¥94 to the U.S. dollar and ¥120 against the euro.

The Nikkei stock average dropped from the ¥10,000 level on March 31, 2012 to the lower half of the ¥8,000 level at one point during the year. However, the Nikkei then turned back upward in the second half as risk concerns abated, rising to the ¥12,000 level as of March 31, 2013.

Looking at commodity prices, the rate of increase in energy prices flattened, but consumer prices (excluding perishable goods) generally fell year on year, due to downward pressure stemming from gaps between demand and supply.

Progress and Results of DBJ Group Operations

Review of the Year Ended March 31, 2013

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, 2013. 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, 2013, we provided ¥2,524.5 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 50 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. Above all, in recent years we have taken the approach of temporarily acquiring corporate shares and promoting measures to increase their value. Owing to these activities, ¥127.8 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 ¥8.5 billion.

Subsidiaries

In June 2012, we completed the transition of DBJ Nomura Investment Co., Ltd., a real estate asset management company that we had established jointly with Nomura Holdings, Inc., to a wholly owned subsidiary and in July 2012, changed its name to DBJ Asset Management Co., Ltd.

As a quality, highly trusted asset management company with long-term investors, we expect DBJ Asset Management to continue responding to diverse capital requirements, centering on the field of real estate, thereby contributing to the development and increasing sophistication of Japan's financing functions.

Loans and Investments and Fund-Raising Conditions (Flow)

(Billions of yen)

	For the Year Ended March 31, 2012	**For the Year Ended March 31, 2013**
Loan and investment balance	2,927.0	**2,652.4**
Loans*1	2,849.0	**2,524.5**
Investment*2	78.0	**127.8**
Funds raised	2,927.0	**2,652.4**
Fiscal Investment and Loans	801.4	**895.1**
Of which, FILP agency bonds*3	500.0	**600.0**
Of which, government-guaranteed bonds (domestic)	179.0	**160.0**
Of which, government-guaranteed bonds (overseas)*4	122.4	**135.1**
Corporate bonds (FILP bonds)*4, 5	263.1	**386.6**
Long-term debt*6	1,170.7	**868.3**
Recovery, etc.	691.7	**502.2**

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. This figure includes industrial investment and borrowings (special accounting for fiscal investment and loans).
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. The figure 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, 2013, amounted to ¥590.7 billion.

Overview of Consolidated Operating Performance

Consolidated Financial Highlights

(Billions of yen)

	For the Year Ended March 31, 2012	**For the Year Ended March 31, 2013**
Total income	330.2	**341.1**
Net income	77.3	**71.3**
Total assets	15,579.8	**16,248.7**
Loans	13,645.4	**13,918.2**
Securities	1,176.6	**1,357.0**
Total liabilities	13,118.8	**13,710.1**
Borrowed money	9,170.5	**9,448.3**
Debentures and corporate bonds	3,671.8	**3,924.5**
Total equity	2,461.0	**2,538.5**
Common stock	1,187.7	**1,206.9**
Capital ratio (Basel 2, BIS standard)	18.56%	**—**
Total capital ratio (Basel 3, BIS standard)	—	**15.52%**
Ratio of risk-monitored loans (Banking Act base)	1.47%	**1.23%**
Return on equity	3.18%	**2.86%**
Return on assets	0.51%	**0.45%**
Number of employees	1,270	**1,315**

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

Consolidated Income and Expenses

During the period, DBJ posted total income of ¥341.1 billion, up ¥10.8 billion from the previous fiscal year. Of this amount, interest income was ¥267.8 billion, down ¥9.4 billion, and fees and commissions rose ¥0.8 billion, to ¥10.2 billion. Other operating income expanded ¥2.3 billion, to ¥7.8 billion, while other income increased ¥17.1 billion, to ¥55.0 billion.

Total expenses were ¥224.8 billion, rising ¥4.8 billion. This amount included interest expenses of ¥144.2 billion, down ¥11.2 billion, expenses on fees and commissions of ¥1.0 billion, rising ¥0.5 billion, other operating expenses of ¥12.1 billion, rising ¥9.5 billion, and general and administrative expenses of ¥44.8 billion, which rose ¥7.0 billion, as well as other expenses of ¥22.4 billion, which decreased ¥0.9 billion.

Net interest income rose ¥1.7 billion, to ¥123.6 billion, whereas net fees and commissions increased ¥0.3 billion, to ¥9.2 billion, up year on year. We posted a net other operating loss of ¥4.2 billion, compared with net other operating income of ¥2.9 billion in the preceding fiscal year. However, DBJ recorded net other income of ¥32.5 billion, expanding ¥18.1 billion, owing mainly to the posting of gains on the sale of shares as the result of multiple exits.

Consequently, income before income taxes and minority interests came to ¥116.2 billion, up ¥6.0 billion from the previous fiscal year.

After posting current income taxes of ¥41.7 billion, ¥20.2 billion more than in the preceding fiscal year, deferred income taxes amounted to ¥2.8 billion, down ¥7.6 billion, and minority interests in net income dropped ¥0.6 billion, to ¥0.2 billion. As a result, consolidated net income came to ¥71.3 billion, ¥5.9 billion less than in the previous term.

Consolidated Assets, Liabilities and Equity

As of March 31, 2013, total assets amounted to ¥16,248.7 billion, up ¥668.8 billion from one year earlier. Of that amount, loans were ¥13,918.2 billion, improving ¥272.7 billion, and securities rose ¥180.4 billion, to ¥1,357.0 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 the issuance of electric utility bonds.

Call loans and bills bought amounted to ¥84.0 billion at the end of the term, a decrease of ¥5.5 billion, and reverse repurchase agreements were ¥165.9 billion, up 13.0 billion from the previous year. These figures represent the temporary investment of excess cash on hand.

Owing to the November 2012 completion of our new head office building, amounts previously recorded under construction in process have been transferred to business-use land and structures.

Total liabilities as of March 31, 2013, stood at ¥13,710.1 billion, ¥591.3 billion more than a year earlier. Of this amount, debentures and corporate bonds came to ¥3,924.5 billion, an increase of ¥252.7 billion, and borrowed money was ¥9,448.3 billion, rising ¥277.8 billion.

The increase in borrowed money mainly reflects 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 ¥155.7 billion, up ¥27.2 billion.

Total equity at the end of the period was ¥2,538.5 billion, up ¥77.5 billion from one year earlier. The primary reason for this rise was higher net income. This increase stemmed from a ¥19,165 million redemption of delivery bonds, the total amount redeemed in June and December 2012.

Also, in June 2012, at 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 ¥37.3 billion, for dividends per share of ¥856, resulting in a payout ratio of 49.98%.

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 ¥36.8 billion, up ¥17.5 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 disclosed debt (risk-monitored loans) as prescribed by the Banking Act total ¥171.4 billion, accounting for 1.23% 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	**For the Year Ended March 31, 2013**
Gross operating profit	45.8	121.8	136.7	133.6	**128.5**
Net operating profit (after addition to the general provision for loan losses)	(75.6)	86.7	100.0	95.7	**74.7**
Income before income taxes and minority interests	(118.1)	51.1	104.3	110.2	**116.2**
Total income taxes	(13.5)	(10.8)	(1.3)	(31.9)	**(44.5)**
Net income	(128.3)	39.8	101.5	77.3	**71.3**
Total dividend amount*	—	10.0	50.0	37.3	**35.2**

* 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.
Executive Chairman:	Haruhisa Kawashita
CEO:	Hiroyuki Kato

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

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 June 30, 2013, 66 regional banks were members. By country, 70% of inquiries were related to four countries: China, Thailand, Vietnam and Indonesia. Inquiries included such topics as how to move into Japan, industry trends and fund-raising. DBJ will continue working to strengthen the transmission of information related to Asia.

Membership in the Long-Term Investors Club

Established in 2009, the Long-Term Investors Club (LTIC) is a global platform for cooperation among financial institutions (including DBJ) in charge of long-term investment in various countries, reflecting change in the financial environment after the Global Financial Crisis. With members numbering 19 institutions (from 16 countries and one region) from all over the world, 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. Going forward, we will deepen relations with other member institutions, employing global financial networks to invigorate long-term financial markets.

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.

The Japan Economic Research Institute 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 both the public and the 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:	Chiyoda-ku, Tokyo
President:	Takashi Ando

DBJ Capital Co., Ltd.

DBJ Capital Co., Ltd. has invested in venture companies that can be expected to achieve high rates of growth, in an effort to support corporate growth and the creation of new industries in Japan. In addition to investing, DBJ Capital employs DBJ's and various other networks to provide support on the financing front and arrange solutions to meet the needs of investee companies.

Outline of DBJ Capital Co., Ltd.

Established:	October 2005 (Commenced operations on June 30, 2010)
Capital:	¥99 million
Business:	Investment in venture companies
Address:	Chiyoda-ku, Tokyo
President & CEO:	Fumiyuki Kashima

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:	Chiyoda-ku, Tokyo
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:	Chiyoda-ku, Tokyo
President & CEO:	Hiroshi Sakamaki

DBJ Asset Management Co., Ltd.

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

Going forward, the company will operate as a quality and highly trusted asset management company serving the needs of long-term investors. In addition to the real estate business, the company will respond to diverse risk capital requirements as it contributes to the development and increasing sophistication of Japan's financing functions.

Outline of DBJ Asset Management Co., Ltd.

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

Value Management Institute, Inc.

In April 2013, DBJ converted Value Management Institute, Inc., to a subsidiary. This research and consulting company, which has maintained a business alliance with DBJ, provides high-quality, reliable services to resolve the problems customers face. Going forward, the company will continue to disseminate information and address diverse customer needs.

Outline of Value Management Institute, Inc.

Established:	June 1993
Capital:	¥75 million
Business:	Research, consulting and advisory services
Address:	Chiyoda-ku, Tokyo
President:	Kazuyuki Mori

Topics

2012

May

- Creation of the DBJ Visionary Hospital Program to support initiatives by excellent hospitals (See page 42.)
- 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 Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) annual meeting

Jun.

- 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

Jul.

- Establishment of DBJ Asset Management Co., Ltd. (See page 29.)
- Membership in the Long-Term Investors Club (the first Japanese bank to become a member) (See page 28.)

Aug.

- Announcement of Capital Investment Planning Survey (nationwide and by region) results (See page 57.)
- Establishment of DBJ Green Building Certification, logistics edition (See page 41.)

Nov.

- Relocation of head office to South Tower, Otemachi Financial City
- Launch of the Study Council on Strengthening Competitiveness (See page 18.)
- Signing of a CSR accord with the Tokyo headquarters of The Yomiuri Shimbun Co., Ltd.

Dec.

- Exhibited and conducted presentation at Japan's largest environmental exhibition, Eco-Products 2012 (12th consecutive year) (See page 66.)

2013

Jan.

- Announcement of interim report by the Study Council on Strengthening Competitiveness (See page 19.)

Mar.

- Expansion of investment and loan programs (See page 42.)
  DBJ Smart Japan Program continuation: ¥400.0 billion,
  DBJ Infrastructure Reinforcement Support Program: ¥150.0 billion,
  DBJ Growth Industry Siting Support Program: ¥100.0 billion
- Establishment of Fund for Japanese Industrial Competitiveness (See page 18.)

Apr.

- Opening of the Otemachi Innovation Hub (iHub) (See page 18.)
- Conversion of Value Management Institute, Inc., to a subsidiary (See page 29.)

May

- Receipt of the CSR division award for operation of the Women Entrepreneurs Center at the ADFIAP annual meeting (See page 67.)

Jun.

- Holding of Second DBJ Women Entrepreneurs New Business Plan Competition award ceremony (See page 47.)
- Establishment of the PPP/PFI Promotion Center (See page 19.)

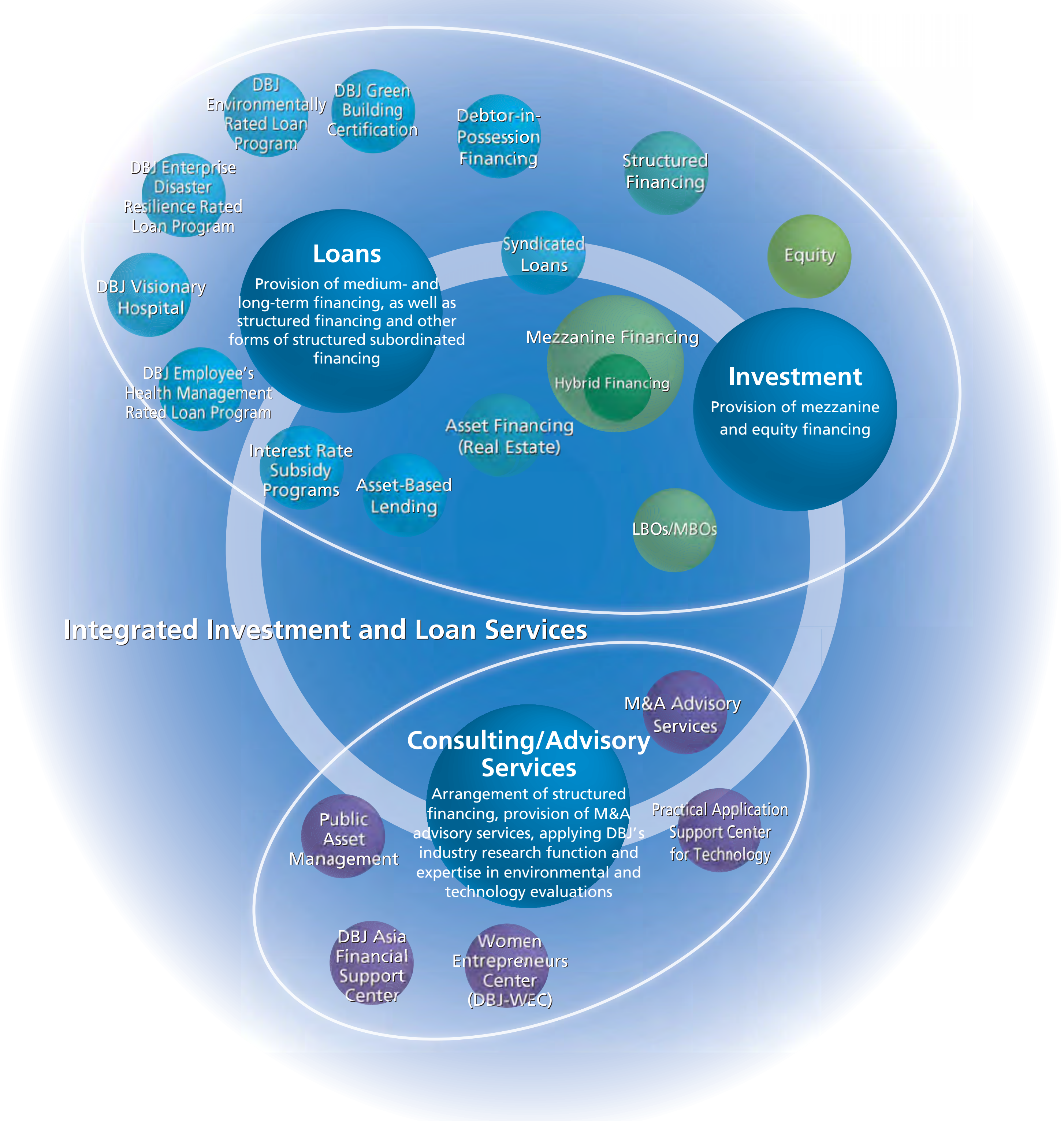
DBJ's Businesses

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.)

Investment

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

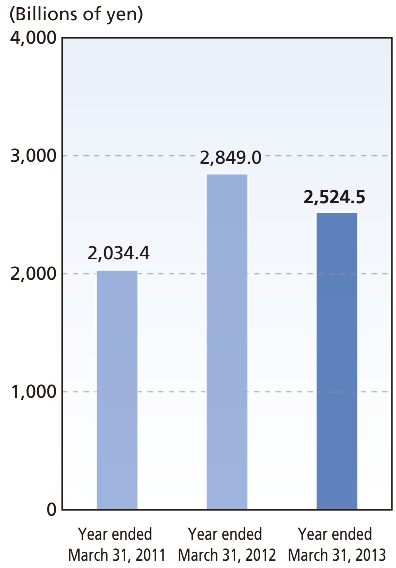
- We provide investment to assist businesses in terms of their revitalization, restructuring, growth strategies, international competitiveness and infrastructure operations. We provide such funding through mezzanine financing, as well as through equity and other funding.

Consulting/ Advisory Services

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

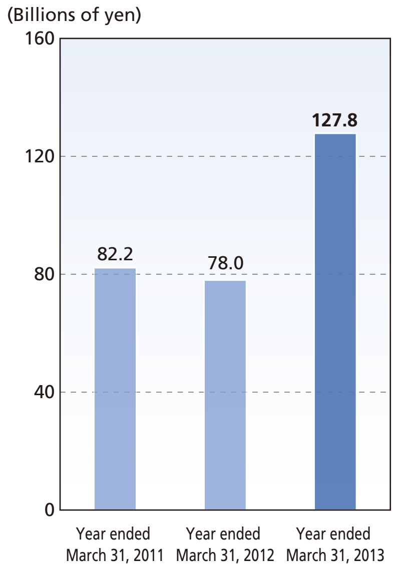
- Provides M&A advisory services
- Makes proposals that apply its expertise in industry research and ability to develop new financial technologies
- Arranges structured and other types of financing

● Loan Amounts Provided (Non-consolidated)



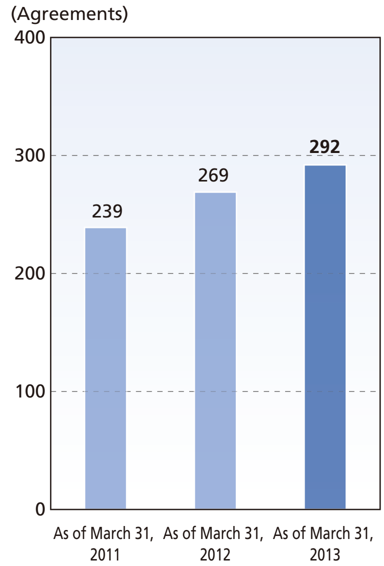
Note: Figures, including those for corporate bonds, are on a management accounting basis.

● 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.

● M&A Advisory and Consulting Agreements (Cumulative)



DBJ's Businesses

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 68 through 89 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.

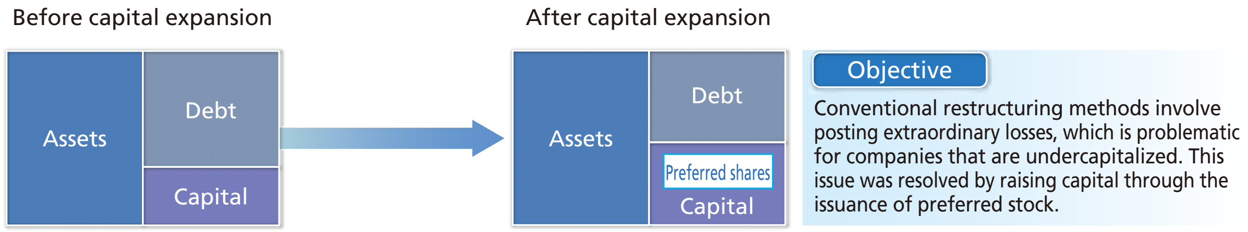
Mezzanine financing has the benefit of providing risk capital that may be difficult to obtain through senior loans. Such financing also prevents dilution of the voting rights of existing shareholders. Redemption and exit methods can be set to be flexible.

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.

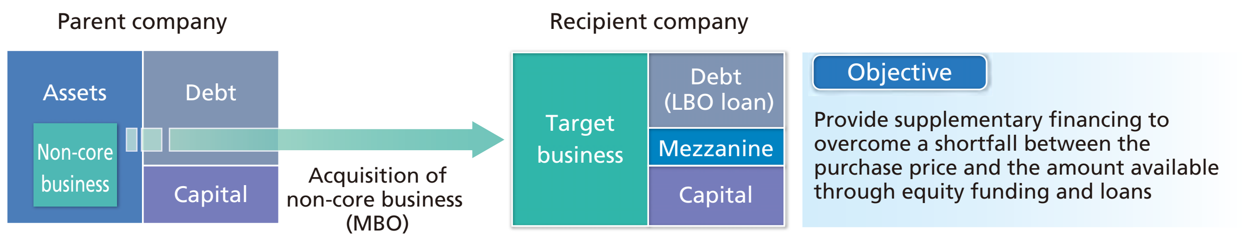
Types of mezzanine financing
- Subordinated loans, subordinate bonds
- Preferred shares, classified shares
- Hybrid securities, hybrid loans, etc.

● **Case Studies: Mezzanine Financing**

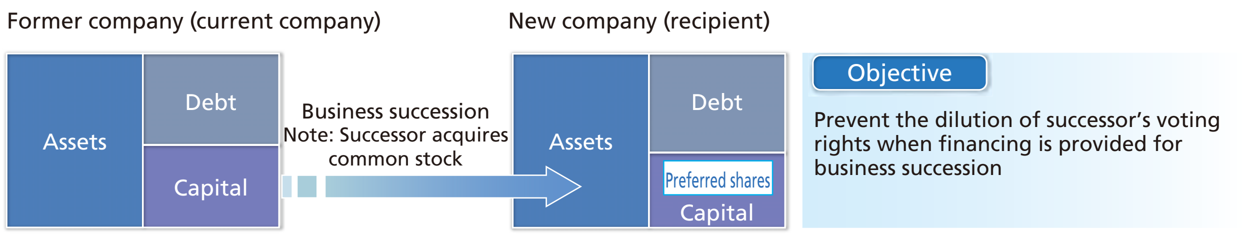
Case 1: Resolving an Undercapitalization Issue



Case 2: Supplementary Method of Financing a Business Acquisition



Case 3: Avoiding Dilution of Voting Rights during Business Succession



Medium- to Long-Term Loans

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

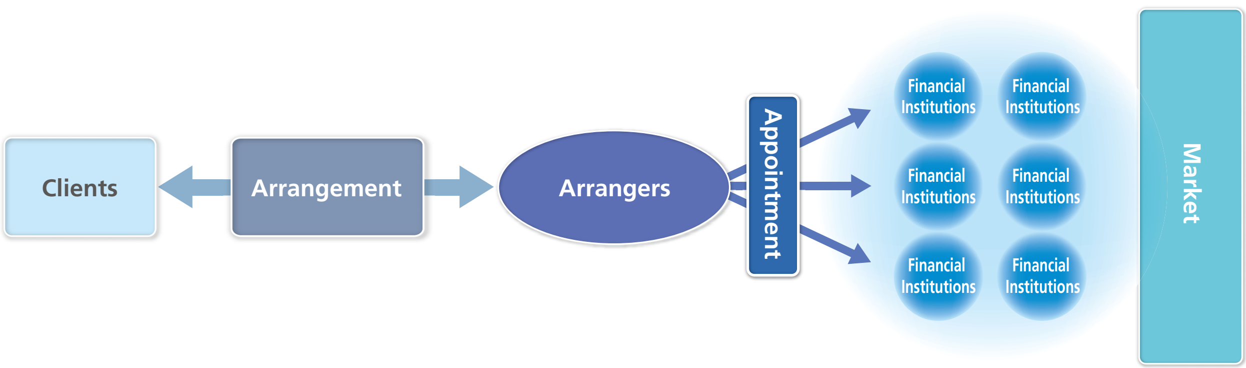
Structured Financing, Financial Technologies

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

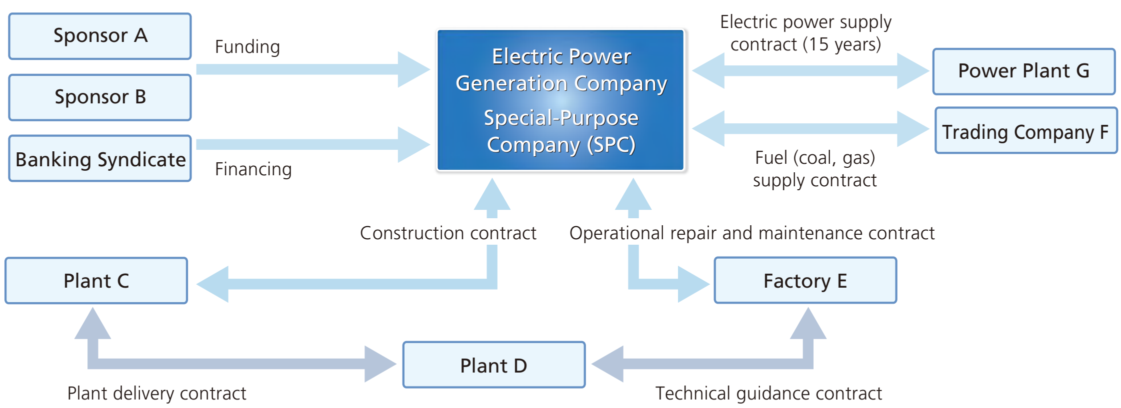
Through finance methods such as liquidation and securitization of receivables focusing on their future cash flows, and through whole business securitization in which debts are repaid through future cash flows generated by a particular business, DBJ supports its clients' finance strategies and helps optimize 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.

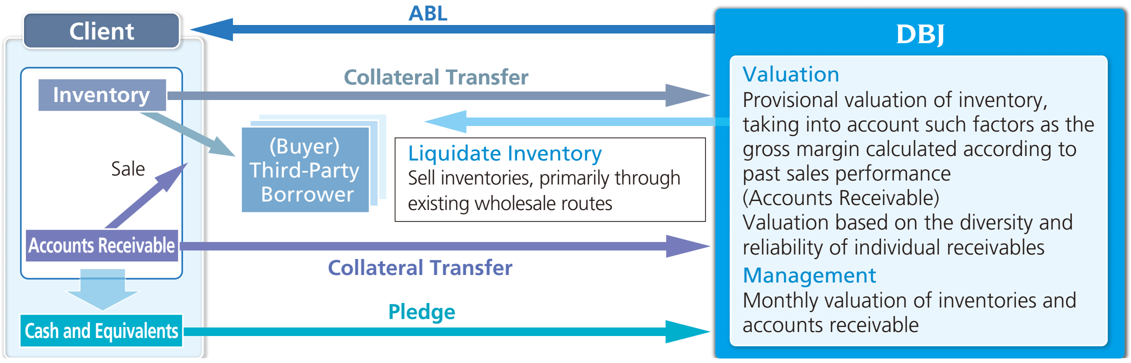
As a financial advisor, DBJ ties together all MBO-related details, arranges investment and mezzanine financing, and works out joint equity financing with sponsors. The ability to handle this range of activities allows DBJ to offer LBO/MBO solutions.

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.

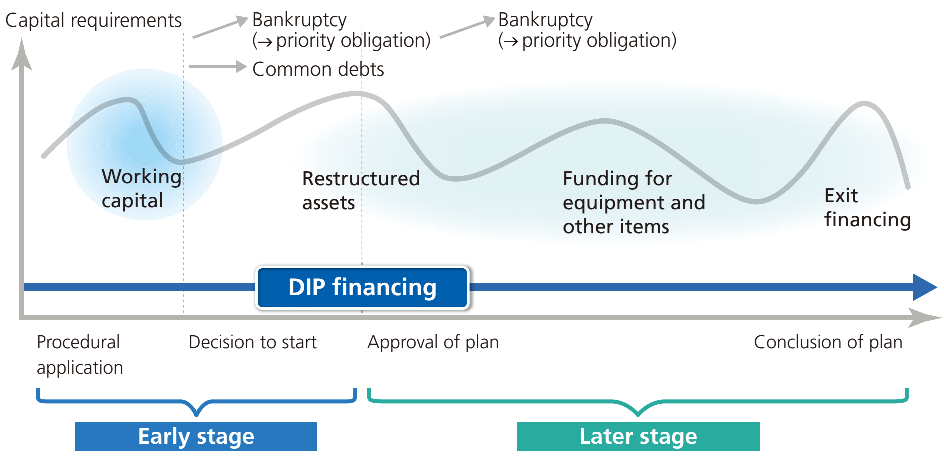


Debtor-in-Possession Financing

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 2009 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.

Program logo

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.

Program logo

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.

DBJ健康格付
2013

Program logo

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.

This certification program is an advanced and unique initiative in that it is implemented by a financial institution to provide investment and loan support for real estate development, refurbishment and other activities of clients that own or manage real estate that evinces environmental and societal considerations (green buildings). The certification also benefits DBJ clients in aspects such as IR, PR and CSR. In addition, in August 2012 we introduced a logistics edition of DBJ Green Building Certification for distribution facilities.

● 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		Amenity & Risk Management		Community & Partnership
Reducing the burden buildings place on the environment • Building's environmental performance • Energy savings, conservation of resources, renewable energy	+	Comfort, safety and security • Safety and security of people who use buildings • Comfort and convenience for people who use buildings	+	Consideration for and communication with stakeholders • Relationships with the surrounding environment and region • Communications between owners and stakeholders

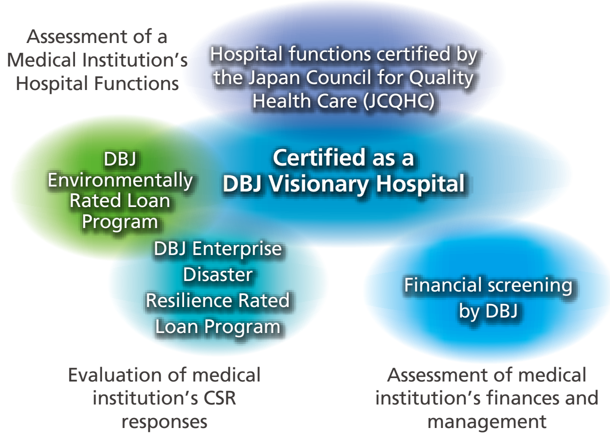
Certification Results

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

DBJ Green Building Platinum 2013	DBJ Green Building Gold 2013	DBJ Green Building Silver 2013	DBJ Green Building Bronze 2013	DBJ Green Building Certified 2013
Properties with the best class environmental & social awareness	Properties with exceptionally high environmental & social awareness	Properties with excellent environmental & social awareness	Properties with high environmental & social awareness	Properties with enough environmental & social awareness

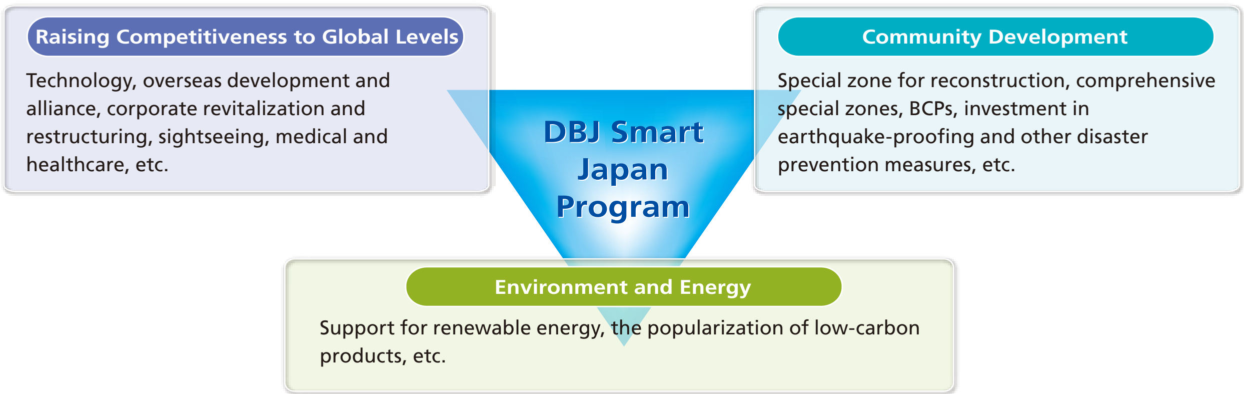
DBJ Visionary Hospital Program

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 ¥400 billion for this purpose.



DBJ Infrastructure Reinforcement Support Program

Given the growing need to maintain the socioeconomic infrastructure, DBJ has established a fund with a total investment and loan limit of ¥150.0 billion to promote the reconstruction of aging infrastructure and investment in infrastructure disaster preparedness. By leveraging PFI and other methods, this fund provides ultralong-term investment and loans to support social infrastructure projects.

DBJ Growth Industry Siting Support Program

DBJ has established this program to overcome the challenges posed by yen appreciation and energy limitations. With an investment and loan limit of ¥100.0 billion, the program is designed to increase Japanese industrial competitiveness by encouraging the introduction of leading-edge equipment and other efforts to enhance efficiency and boost added value. Through this approach, DBJ is supporting initiatives that should lead to job creation and maintenance.

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**

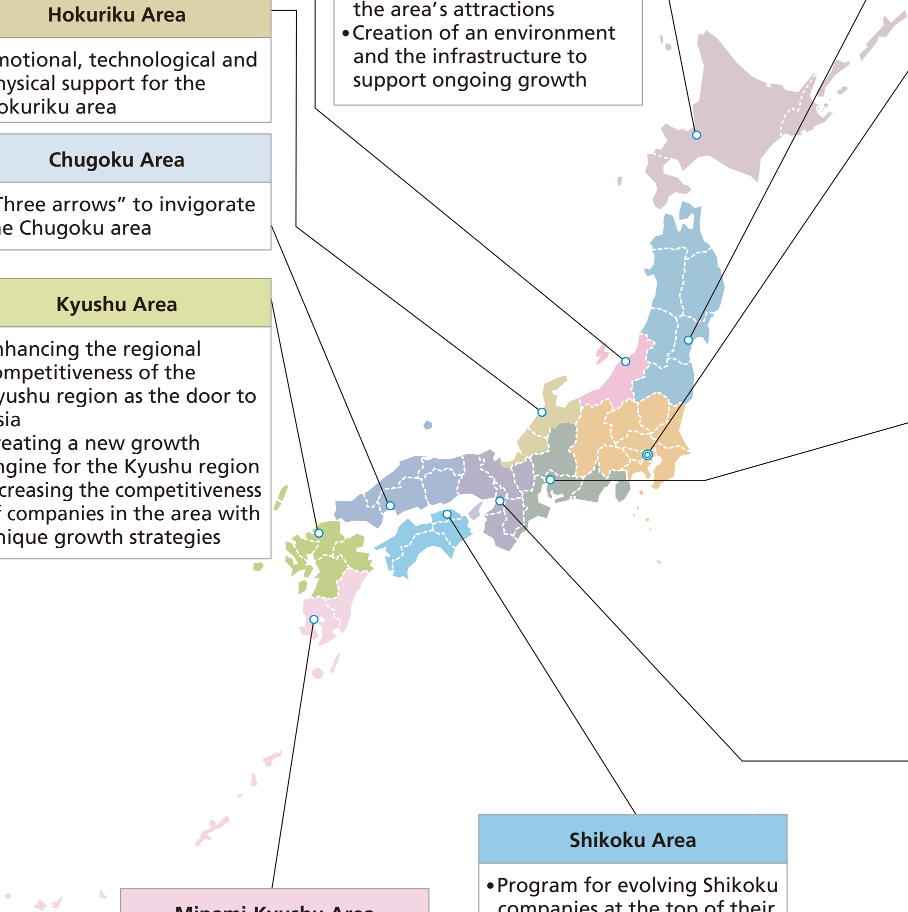
Niigata Area
- Promotion of value-added strategies in food and manufacturing

Hokuriku Area
- Emotional, technological and physical support for the Hokuriku area

Chugoku Area
- "Three arrows" to invigorate the Chugoku area

Kyushu Area
- Enhancing the regional competitiveness of the Kyushu region as the door to Asia
- Creating a new growth engine for the Kyushu region
- Increasing the competitiveness of companies in the area with unique growth strategies

Hokkaido Area
- Strengthening of the food value chain to drive growth
- Development of the tourism industry by communicating the area's attractions
- Creation of an environment and the infrastructure to support ongoing growth



Tohoku Area
- "Creation of new industry in Tohoku" program

Kanto-Koshin Area
- New market creation businesses that fully leverage population/industry concentrations
- Construction and renovation of infrastructure in response to local conditions
- Businesses in manufacturing regions that boost competitiveness in response to globalization

Tokai Area
- Program to support the creation of next-generation industries
- Program to support the growth of core value chain companies
- Program to support measures to prepare for a massive earthquake in the Nankai Trough

Kansai Area
- Leading-edge manufacturing industries
- Program to support the invigoration of commerce and distribution

Minami-Kyushu Area
- Project to promote Minami-Kyushu as an advanced region in food, health and environment/energy

Shikoku Area
- Program for evolving Shikoku companies at the top of their niches
- Program to help strengthen the shipbuilding cluster
- Materials island Shikoku support 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, thus qualifying for the DBJ Environmentally Rated Loan Program, and that have pledged to improve unit CO_2 emissions or reduce overall CO_2 emissions within a certain period of time.
- **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 49–55.)

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 79 introduce DBJ's "CSR through Investment, Loan and Other Businesses" approach.

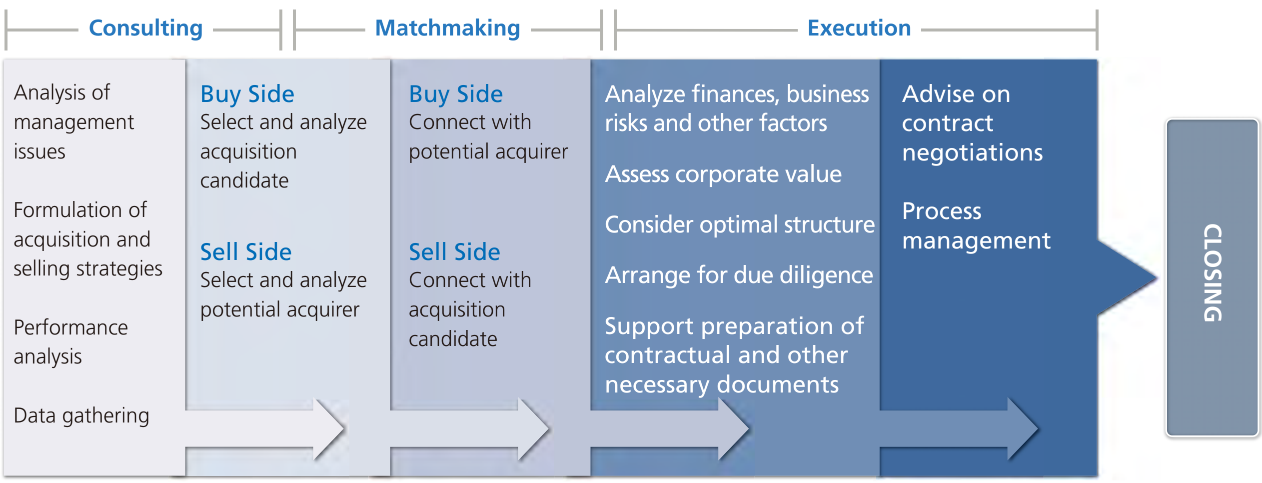
M&A Advisory Services

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



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. In addition to leveraging such DBJ Group resources as its overseas representative office and overseas subsidiaries, as well as Japan Economic Research Institute Inc., this center provides consulting services that take advantage of the comprehensive agreement on collaboration with Hitotsubashi University (entered into in June 2011), and of networks of overseas public and private financial institutions and legal and accounting firms.

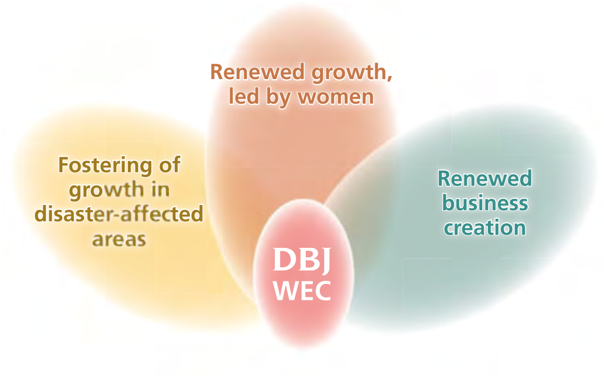
As of June 30, 2013, 66 regional banks were members of the center. Breaking down inquiries by country, 70% were in relation to China, Thailand, Vietnam or Indonesia. Inquiries included such topics as procedures for entering into business in Japan, industry trends and funding. DBJ will continue augmenting its ability to disseminate information related to Asia.

Women Entrepreneurs Center (DBJ-WEC)

Japan faces a number of issues, including protracted economic sluggishness, a decrease in the population, an aging society and reconstruction following the Great East Japan Earthquake. Amid these conditions, women are expected to play an increasing role in business. Businesses created from a new female perspective are considered likely to provide a driving force for new economic growth and social transformation.

Anticipating such developments, DBJ launched the Women Entrepreneurs Center (DBJ-WEC) in November 2011. Through this center, we aim to provide comprehensive support, including funding and business startup expertise, to new business growth led by women.

As part of its initiative to cultivate and foster new businesses, DBJ-WEC annually holds a business plan competition targeting women entrepreneurs. The winner of the competition is 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 second DBJ Women Entrepreneurs New Business Plan Competition

Grand prize winner of the second annual competition: Ms. Keiko Yoshimoto

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.

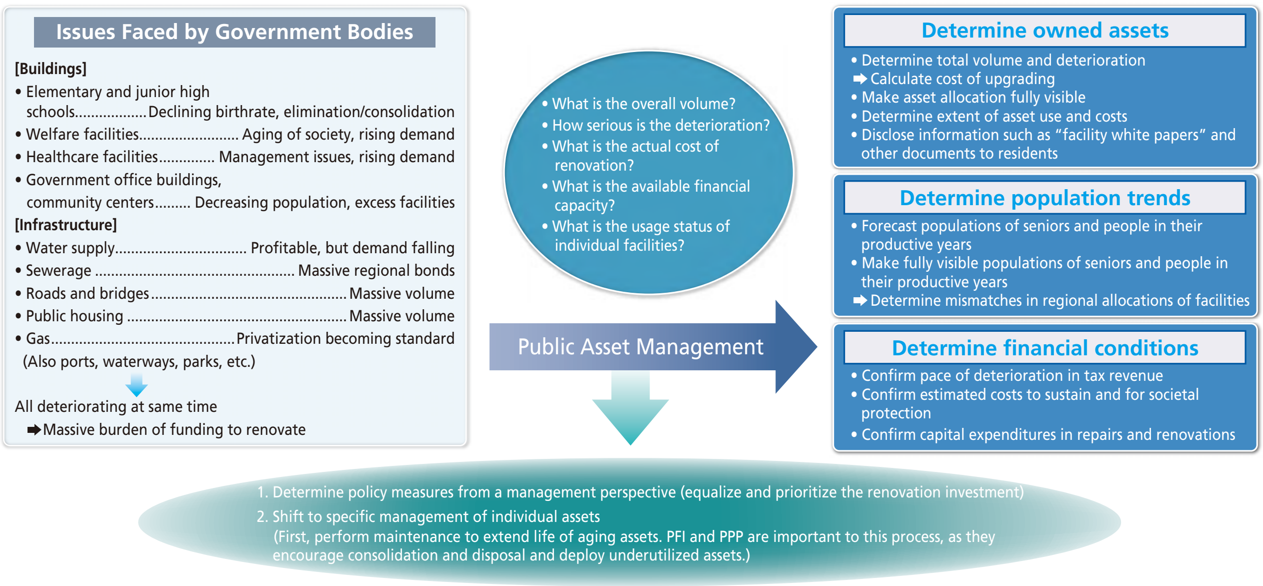
The public assets owned by government bodies are large and varied. They include buildings, such as schools, public offices and community centers, as well as waterworks, sewerage, roads and other infrastructure. Two major issues have come to the fore in this category in recent years.

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.



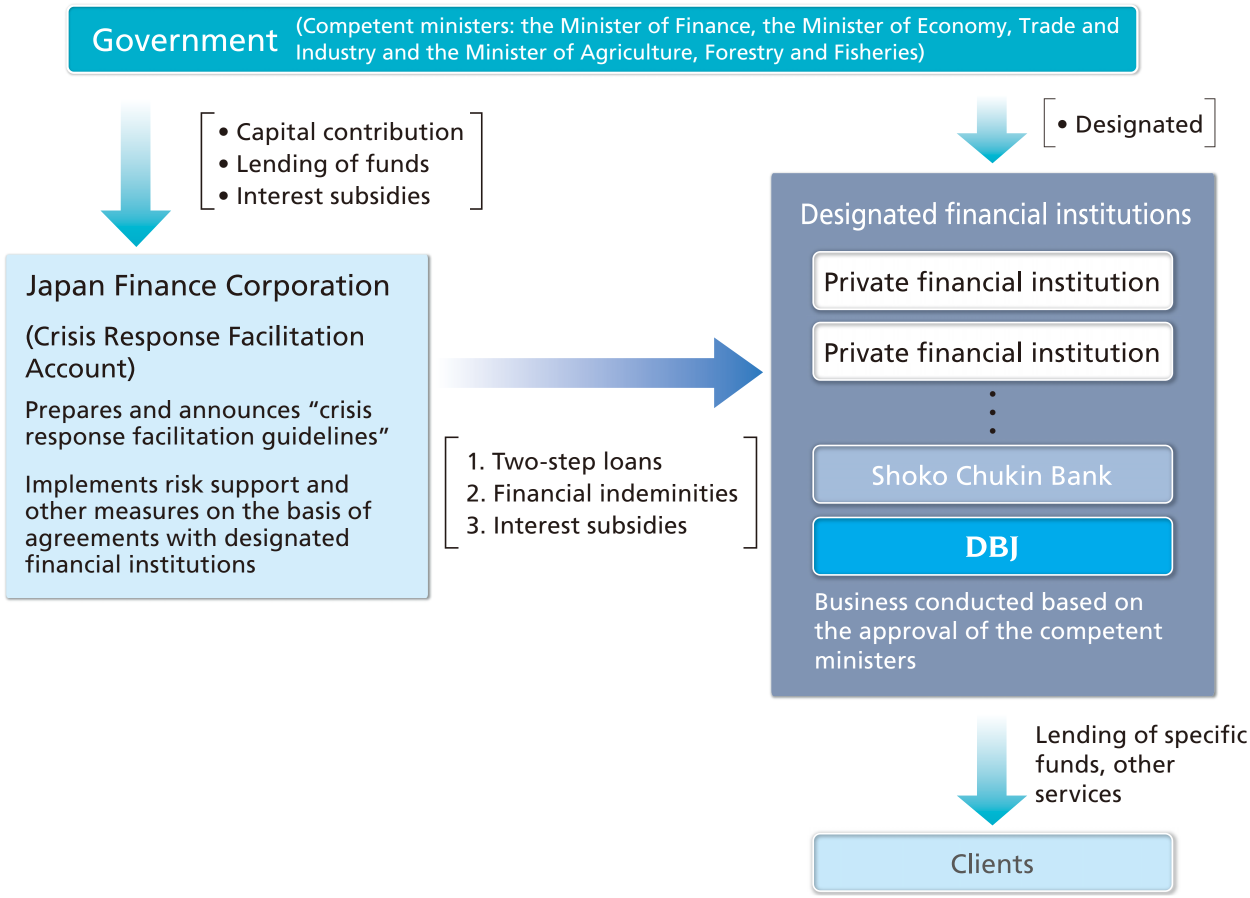
Crisis Response Operations

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 52–55 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 projects 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.)

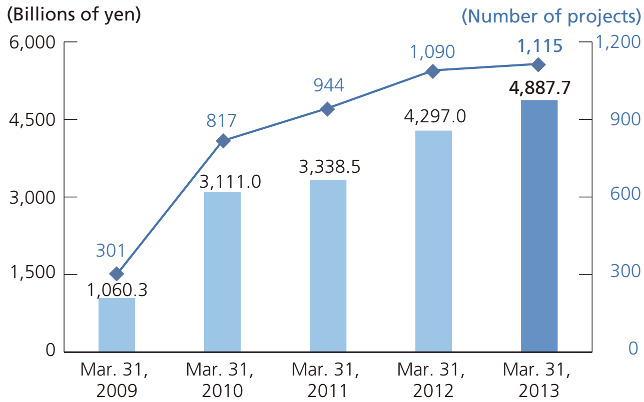
As of March 31, 2013, DBJ's loan performance and commercial paper acquisitions of crisis countermeasure loans were as follows.

- Cumulative loans: ¥4,887.7 billion (1,115 projects)
- Cumulative loans executed with loss guarantee agreements: ¥268.3 billion (47 projects, including those slated for application to JFC)
- Cumulative commercial paper acquisitions: ¥361.0 billion (68 projects)

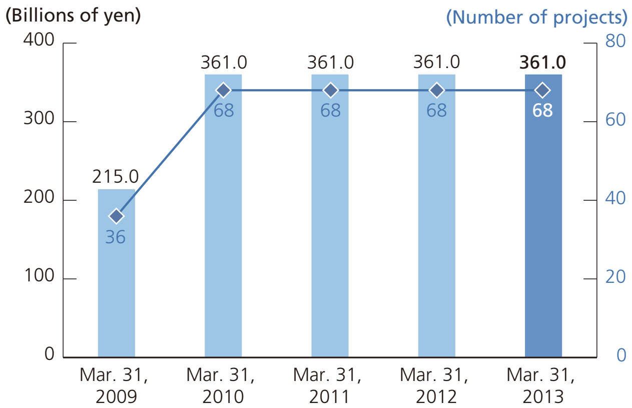
*1 Of the ¥67.0 billion in loans executed with loss guarantee agreements to Japan Airlines in relation to crisis response operations, ¥47.0 billion (amount confirmed in April 2011 owing to DBJ's completion of corporate rehabilitation procedures) in compensation was ultimately provided by the Japan Finance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

*2 A portion of the loans provided by DBJ to Elpida Memory, Inc., were covered by a Japan Finance Corporation guarantee on losses. The agreement between DBJ and Japan Finance Corporation involves loss guarantees on loans of ¥10.0 billion, executed as crisis response operations, as well as investment of ¥28.4 billion, as a designated operator set forth in the Law on Special Measures for Industrial Revitalization and Innovation. DBJ requested loss guarantee compensation on the loans and has already received payment of ¥5.0 billion. Based on the agreement, the maximum amount that DBJ may receive as compensation payment from Japan Finance Corporation is ¥27.7 billion: ¥5.0 billion for the loans (50% compensation) and ¥22.7 billion for the investment (80% compensation). In the event that in the future DBJ is able to collect on the principal of the loans for which it has received compensatory payment, DBJ will return to Japan Finance Corporation a portion of the compensation received that corresponds to the percentage of the loans recovered.

● **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

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, 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.

Going forward, DBJ will forge stronger ties with other financial institutions and related parties with which each of the power companies conducts transactions, taking into account the companies' funding environments and electric power system reform trends. We will also concentrate on encouraging the spread of renewable energy through megasolar and small hydroelectric generation projects. As of March 31, 2013, DBJ's balance of loans in the energy (electric power, gas, heat and water) sector totaled ¥2.8 trillion.

Response to TEPCO Needs

Recognizing that the most important issue for Tokyo Electric Power Company, Incorporated (TEPCO) lies in balancing appropriate compensation payments to victims with providing a stable supply of electricity, immediately after the nuclear power plant accident DBJ collaborated with major banks to provide financing. We have continued to provide support through a backup commitment line for compensation payments established on the basis of an emergency special business plan approved by the minister of finance in November 2011.

In May 2012, the minister of finance approved a comprehensive special business plan supporting the utility's efforts to become a "new TEPCO." Under this comprehensive plan, in addition to maintaining a credit balance DBJ is to provide loans of approximately ¥500.0 billion of the some ¥1 trillion in cooperative funding requested under the plan, partly by making use of DBJ's loans for crisis response operations.

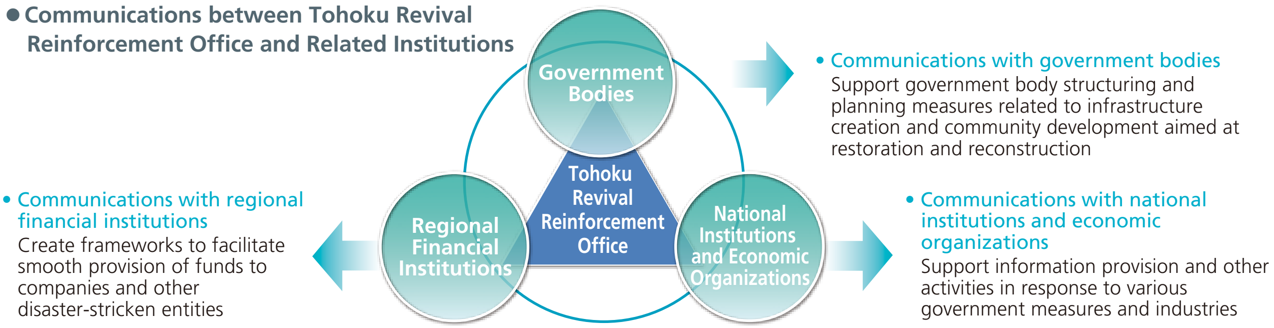
To ensure the comprehensive plan proceeds smoothly, DBJ regularly discusses its progress with TEPCO and the Nuclear Damage Liability Facilitation Fund. Accordingly, we continue to support both a stable supply of electricity and the payment of appropriate compensation to victims.

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.

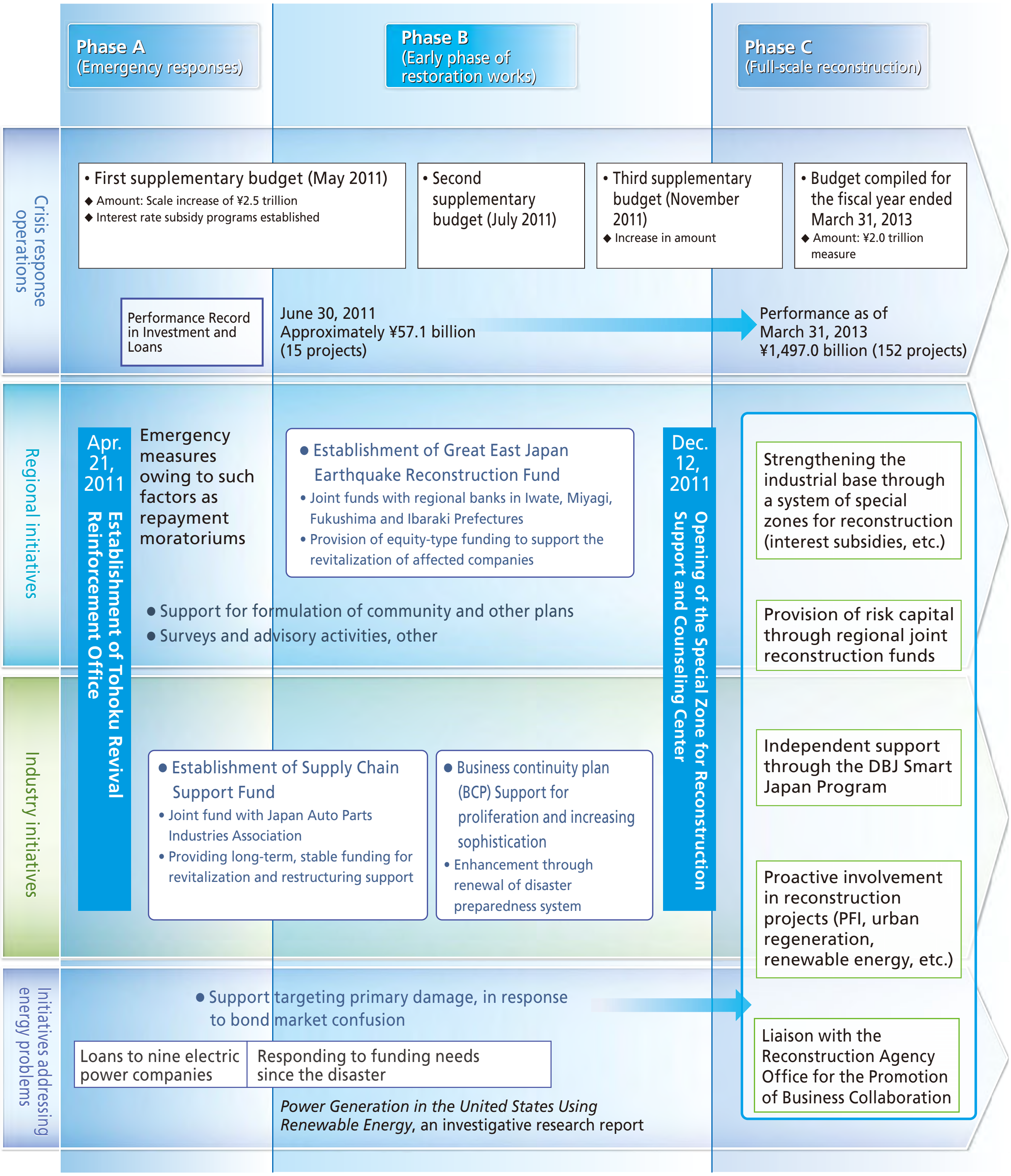
● Communications between Tohoku Revival Reinforcement Office and Related Institutions



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



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.

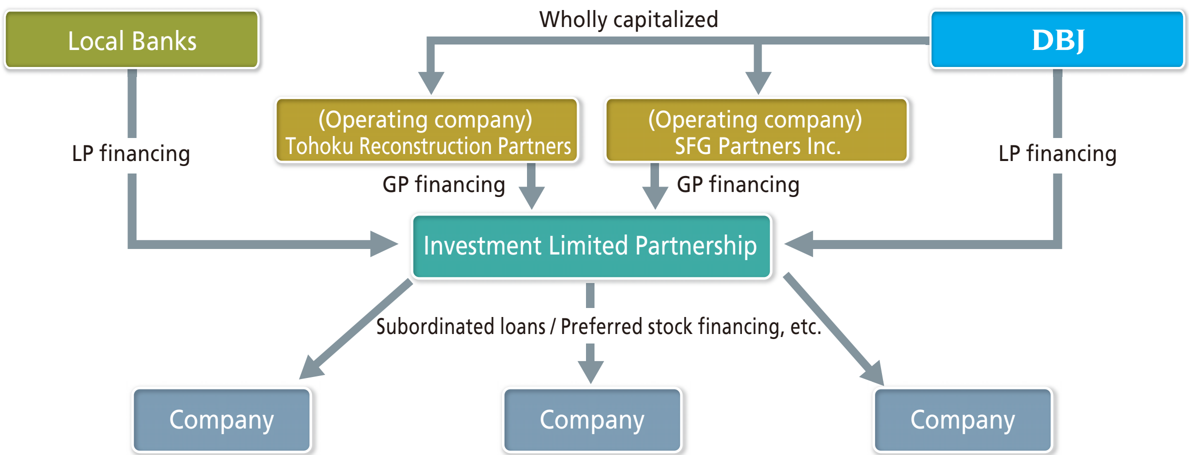
The fund is aimed at providing support for the reconstruction of prominent regional companies that were temporarily affected by the disaster. The fund provides such companies with risk capital that makes uses of such instruments as subordinated loans and preferred shares, with the aim of supporting the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

As of March 31, 2013, DBJ had provided investments and loans for 37 projects as indicated below.

- Iwate *Genki Ippai* Investment Limited Partnership (15 projects)
- Fukushima Booster Fund Investment Limited Partnership (10 projects)
- Miyagi Reconstruction Bridge Investment Limited Partnership (6 projects)
- Ibaraki *Kizuna* Investment Limited Partnership (6 projects)

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)	¥5.0 billion (initially)	¥5.0 billion (initially)	¥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.)			

● **Great East Japan Earthquake Reconstruction Fund Scheme**



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.

Providing Information

"Status of Damage from the Great East Japan Earthquake and Reconstruction Issues—An Analysis by Field and Region" (May 2011)
Taking into account the *Estimated Damage to Capital Stock Resulting from the Great East Japan Earthquake*, published by DBJ on April 28, 2011, as well as local surveys, this material examines the state of damage by area in six categories—lifestyle/social infrastructure, housing, healthcare/welfare, manufacturing, non-manufacturing and agriculture/forestry/fisheries. This analysis serves as a key document for ordering the approach to the respective reconstruction issues of affected prefectures, both inland and on the coast.

"Issues and Outlook for Tourism, Centering on Overnight Tourism—Based on an Impact Study of the Great East Japan Earthquake on the Tohoku Region" (February 2012)
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 experts and managers and takes an approach combining a written survey with field research.

"A Year after the Great East Japan Earthquake—Verification, Area-Specific Data on Restoration and Reconstruction and Future Issues" (April 2012)
A year after the Great East Japan Earthquake, the characteristics of different areas had grown more distinct. Therefore, in order to analyze the data and produce future strategies, we summarized area-specific data according to (1) the then 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.

"Reconstruction Directions by a United Tohoku—From the Perspective of Leveraging the Experience of and Lessons from Disaster to Counter Disaster Risks and Promote Industry Reconstruction" (April 2013)
Having suffered devastation across its multiple prefectures, the Tohoku region experienced broad-based support from within Japan and overseas. This report considers the importance of Tohoku's unification in the face of disaster and initiatives that combine the knowledge of Japanese and overseas institutions, conducting surveys and offering advice on future directions for reconstruction and implementation mechanisms.

Study Group on Regional Reconstruction

To encourage the creative reconstruction of the entire area afflicted by the Great East Japan Earthquake, particularly the Tohoku region, DBJ established the Study Group on Regional Reconstruction (chaired by Takashi Onishi, then-professor of the University of Tokyo), comprising experts in such fields as community development, disaster preparedness and regional public finance. The study group considers specific measures, 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. In March 2012, the group produced a report recommending the leveraging of private-sector expertise through stronger ties with the public sector.

Collaboration Agreement on Industrial Reconstruction with Fukushima Prefecture

In March 2013, DBJ signed a collaboration agreement on industrial reconstruction with Fukushima Prefecture. Fukushima Prefecture is promoting both its post-quake industry reconstruction and its ongoing industry concentration. Under this agreement, Fukushima Prefecture and DBJ will cooperate on gathering information, conducting strategic reviews and cultivating personnel, taking an overall approach to invigorating the local economy by promoting local industry and tourism and communicating the region's attractions. Under the accord, Fukushima Prefecture and DBJ will effectually combine their respective networks and knowhow to encourage industry reconstruction in Fukushima Prefecture. (See page 69.)

Ishinomaki Urban Revitalization Lecture

To promote the reconstruction of the area centered on the city of Ishinomaki, which sustained severe damage in the Great East Japan Earthquake, DBJ joined companies, universities and government institutions to form the Compact City Ishinomaki Machinaka Sosei Council for urban development by local residents. In March 2013, this council held the Ishinomaki Urban Revitalization Lecture. The lecture was held to elicit the agreement of related parties prior to a full-fledged launch of the city reconstruction and urban revitalization project that the council is considering, ensuring that the project would be pursued with a shared awareness. DBJ provided support for planning and holding the lecture.

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.

"Perspectives on the Shale Gas Revolution (Industry Impact and Pointers for Japan)"

(*DBJ Monthly Overview*, No. 186, February 2013)

The so-called shale gas revolution that began in the United States goes beyond a simple increase in that country's ability to supply natural gas. This discovery is transforming the global energy balance, and Japan anticipates LNG imports from the United States. In addition to trade, shale gas is beginning to impact all manner of industries related to upstream and downstream aspects of natural gas.

This report analyzes the shale gas revolution from three perspectives: (1) the effects of the U.S. natural gas trade, (2) the impact of Japan's LNG procurement and (3) the implications for Japan of natural gas production, distribution and consumption (as a fuel and a feedstock).

"Lackluster Department Stores—Background and Future Directions"

(*DBJ Monthly Overview*, No. 180, August 2012)

Personal income and retail industry sales moved essentially in lockstep in the past, but their paths began to diverge around fiscal 2005: even while personal income increased, retail industry sales remained flat. Services have accounted for an increasing percentage as consumption has become increasingly diverse, even within the sector: while supermarket sales have tended to track overall retail industry sales trends, sales at department stores have been on a downward path since their peak in fiscal 1991. Clearly, consumers' propensity to shop at department stores is falling, and this downturn in sales has accelerated since the Lehman Shock. This report examines the background for the lackluster department store performance and discusses response measures.

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.

"Reasons Behind Banks' Decisions on Loan Share Structures—Implications from Data on Corporation–Bank Pairings"

(*Economics Today*, Vol. 33 No. 1, March 2013)

This report looks at the reasons behind Japanese companies' decisions on their shares of bank lending (the share of such loans at individual banks), using company-level data to conduct a positive analysis. Based on a panel's inferences about recurring attributes of cooperation between companies, banks, and companies and banks, this report explores what percentage of companies' loans come from the largest lenders. The report confirms that lending has become shared more evenly among banks as they have grown increasingly concerned about corporate reticence toward borrowing.

"New Developments in International Finance and Japanese Corporate Dynamics—Excerpts from the Fiscal 2012 Joint Symposium by the University of Tokyo and the Research Institute of Capital Formation"
(*Economics Today*, Vol. 34 No. 1, May 2013)
In February 2013, the Center for Advanced Research in Finance (CARF) and the Research Institute of Capital Formation held a joint symposium entitled "New Developments in International Finance and Japanese Corporate Dynamics." The reporting sessions, themed on Japanese corporate dynamics and internationalization, economic growth in East Asia and competitiveness, involved multifaceted debates from scholars and businesspeople familiar with these fields. The panel discussions featured a spirited exchange of views about measures for responding to future international currency structures and international financial market risks.

"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 2012 Survey of Capital Investment Plans for Years to March 31, 2012, 2013 and 2014"
(*Surveys*, No. 105, September 2012)
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 (PPPs), promote tourism, build up local communities, and contribute to local government financing.

"Fiscal 2013 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, Hiroyuki Yasujima, professor of the College of Tourism, Rikkyo University, contributed a special section entitled "Management of Sustainable Tourism Regions from the Perspective of Tourism Value."

"The Potential of PFI for Large-Scale Upgrades to Aging Infrastructure and Relevant Considerations from an International Comparison of Public Debt"

As Japan struggles with public finances, PFI is being considered as an essential way to upgrade aging infrastructure while reducing government spending.

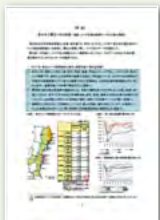
This report conducts a comparative analysis of Japan, the United Kingdom and Australia, drawing lessons for Japan's use of PFI going forward.

"Developing Regional Business through Inbound Tourism—Using Japan-Style DMOs for Marketing and Enhancing Tourism Quality"

Inbound tourism to Japan is being positioned as an important industry both regionally and nationally, as it has the potential to offset an expected drop in internal tourist demand, provide a source of foreign-currency earnings and contribute to the creation of local job opportunities.

After positioning Japan as a tourism market amid increasing global competition and examining trends among foreign visitors to Japan and forecasts of future demand from leading Asian countries, this report looks at issues and summarizes specific activities to leverage inbound tourism for local business development.

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



A year after the Great East Japan Earthquake, the characteristics of different areas had grown more distinct. Therefore, in order to analyze the data and produce future strategies, we summarized area-specific data according to (1) the then 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.

Branch Reports

Hokkaido Branch

"Increasing Overnight Tourism to Hokkaido—Looking at Current Conditions and Issues Based on Long-Term Trend Data since the Peak"

(*Report*, July 2012)

The tourism industry plays an important role in Hokkaido's economic trends and employment. However, the number of tourists staying in Hokkaido overnight has been on a downward trend since the peak in fiscal 1999. This situation has had a major impact on the local economy in general, and the lodging industry in particular.

This report looks at long-term trend data on the number of overnight tourists in Hokkaido, examining the current state of tourism in the prefecture and summarizing future issues that need to be faced.

To increase the number of overnight tourists, this report suggests the need to (1) increase the overall number of tourists to Hokkaido and (2) take initiatives for increasing the number of days each tourist spends there, particularly among Japanese travelers from outside the prefecture—the figure that has dropped off most precipitously.

Tohoku Branch

"Reconstruction Directions by a United Tohoku—From the Perspective of Leveraging the Experience of and Lessons from Disaster to Counter Disaster Risks and Promote Industry Reconstruction"
(*Report*, April 2013)

Having suffered devastation across its multiple prefectures, the Tohoku region experienced broad-based support from throughout Japan and overseas. This report considers the importance of Tohoku's unification in the face of disaster and initiatives that combine the knowledge of Japanese and overseas institutions. This report offers advice on future directions for reconstruction and implementation mechanisms after arranging and analyzing data about the state of damage two years after the disaster, and conducting literature research and on-site hearings in the affected region.

Niigata Branch

"Making the Shift to Profitable Agriculture—Innovative Vegetable Providers Born at the Nexus of People and IT" (Lecture, November 2012)

In Niigata, one of Japan's most prominent food-producing regions, the agriculture industry is important to social and economic invigoration.

In this lecture, Ms. Yuriko Kato of M2 Labo. Co. (grand prize winner of the first DBJ Women Entrepreneurs New Business Plan Competition) outlined initiatives for adding value to agriculture by using IT to link markets and producers. Ms. Kato, who has high expectations for the ability of agriculture to simultaneously address three of Japan's most pressing issues—employment, health and education—described efforts that could lead to such innovation.

Hokuriku Branch

"Ishikawa Prefecture to Feel the Economic Ripples from the Extension of the Hokuriku Shinkansen to Kanazawa"

"Toyama Prefecture to Feel the Economic Ripples from the Extension of the Hokuriku Shinkansen" (*Reports*, March 2013)

These two research reports estimate the economic ripple effect that Ishikawa and Toyama prefectures are likely to experience when the Hokuriku Shinkansen is extended to their regions toward the end of fiscal 2014. The reports look at ways to maximize and sustain these beneficial effects for the regions the shinkansen will pass through, such as introducing tourism-related case studies.

Tokai Branch

"Nagoya's Prospects for 2015—Building the Nagoya Brand to Encompass Work, Home, Play and Study"
(*Report*, December 2012)

Even though the number of jobs is falling and urban populations are peaking, a redevelopment plan to make effective use of the land in front of Nagoya Station is invigorating this area. By the time reconstruction on the Nagoya Central Post Office, Nagoya Terminal Building and Dainagoya Building is complete in 2015, 5% more office space than in 2010 will be available in Nagoya's business district (the Meieki, Fushimi, Marunouchi and Sakae areas). In the Meieki area, the increase will be around 15%, leading to some concern about the potential "Year 2015 problem" stemming from an oversupply of office space.

Looking at 2015 as an expected watershed year for the balance between the supply of and demand for office space in Nagoya's business district, this report explores regional strategies for enhancing Nagoya's metropolitan brand.

Kansai Branch

"Kansai Battery Report Series" (*Reports*, October 2012 to March 2013)

In recent years, the battery industry has enjoyed robust expansion in global markets, but in Japan this industry is facing increasingly fierce competition due to the encroachment of new market entrants from overseas as their technological level rises. Against this backdrop, the "Kansai Battery Report Series" explores the changes underway in the industry, looking at current conditions and issues in the Kansai region and for Japan as a whole. The series is replete with industry reports, analysis, observations and suggestions.

Chugoku Branch

"Human Resource Strategy Lecture in Hiroshima"
(Lecture, October 2012)

For this lecture, themed on promoting business opportunities for women setting out as entrepreneurs or embarking on a second career, DBJ invited Ms. Chizuru Gorai of SO@R (runner-up prize winner of the first DBJ Women Entrepreneurs New Business Plan Competition) to share her compelling message on entrepreneurship to aspiring women and young people in this region.

Panel discussions following Ms. Gorai's keynote speech deliberated measures for invigorating the regional economy through government and corporate support measures and initiatives and by deploying the power of women.

Shikoku Branch

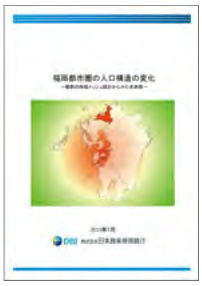
"DBJ Shikoku Seminar, 'Manufacturers Winning Out in Asia'" (Seminar, November 2012)

This business seminar was held for company managers in the city of Shikokuchuo, Ehime Prefecture, which is home to many manufacturers of paper and processed paper products. After opening with a greeting by then-mayor Takumi Ihara, Aichi Shukutoku University Professor Yukimitsu Sanada delivered a lecture entitled "Regional Businesses Making Money in Asia." Following this speech was a talk by Yoshinari Furuta, chief delegate, Shanghai Representative Office, DBJ Business Investment Co., Ltd., on "Radically Changing Business Conditions in Shanghai, China." In his talk, Mr. Furuta touched on important points related to overseas development based on current local information in China and provided detailed explanations about the current risks in this market.

Kyushu Branch

"The Changing Demographic Structure of Fukuoka's Metropolitan Areas—The Future as Seen from Regional Mesh Statistics" (*Report*, March 2013)

A May 2010 Kyushu Branch report entitled "The Urban Shift to Fukuoka's Urban Areas among the Youth Population" described a marked urban shift in the population, centered on women in their 20s, due to the increasing attractiveness of Fukuoka's municipal functions.



This report, whose scope has been expanded beyond the city of Fukuoka, looks at demographical changes that are underway in Fukuoka's urban areas by organizing and analyzing the most recent mesh statistics from Japan's 2010 census. Concentrating specifically on seniors, the report distills down the characteristics of Fukuoka's urban areas from the increasing age of the population and the changing family structure, before studying issues for future focus.

Minami-Kyushu Branch

"Status and Issues Related to the Aging of Public Facilities in the Minami-Kyushu Region—Introducing Public Facility Management" (*Report*, March 2013)

This report focuses on an issue being faced by the Minami-Kyushu region, namely the aging public facilities of its core municipal governments. By analyzing various types of data and conducting hearings, this report shows that the aging facilities in Minami-Kyushu are more serious than other issues that the region is addressing, such as ongoing urbanization and the fact that its population is aging more rapidly than the national average. The report also points out the limitations of measures that municipal governments are considering to make public facilities sustainable. The report recommends addressing this situation by introducing public facility management and explains specific points toward achieving this objective.

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, 2012, to March 31, 2013 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

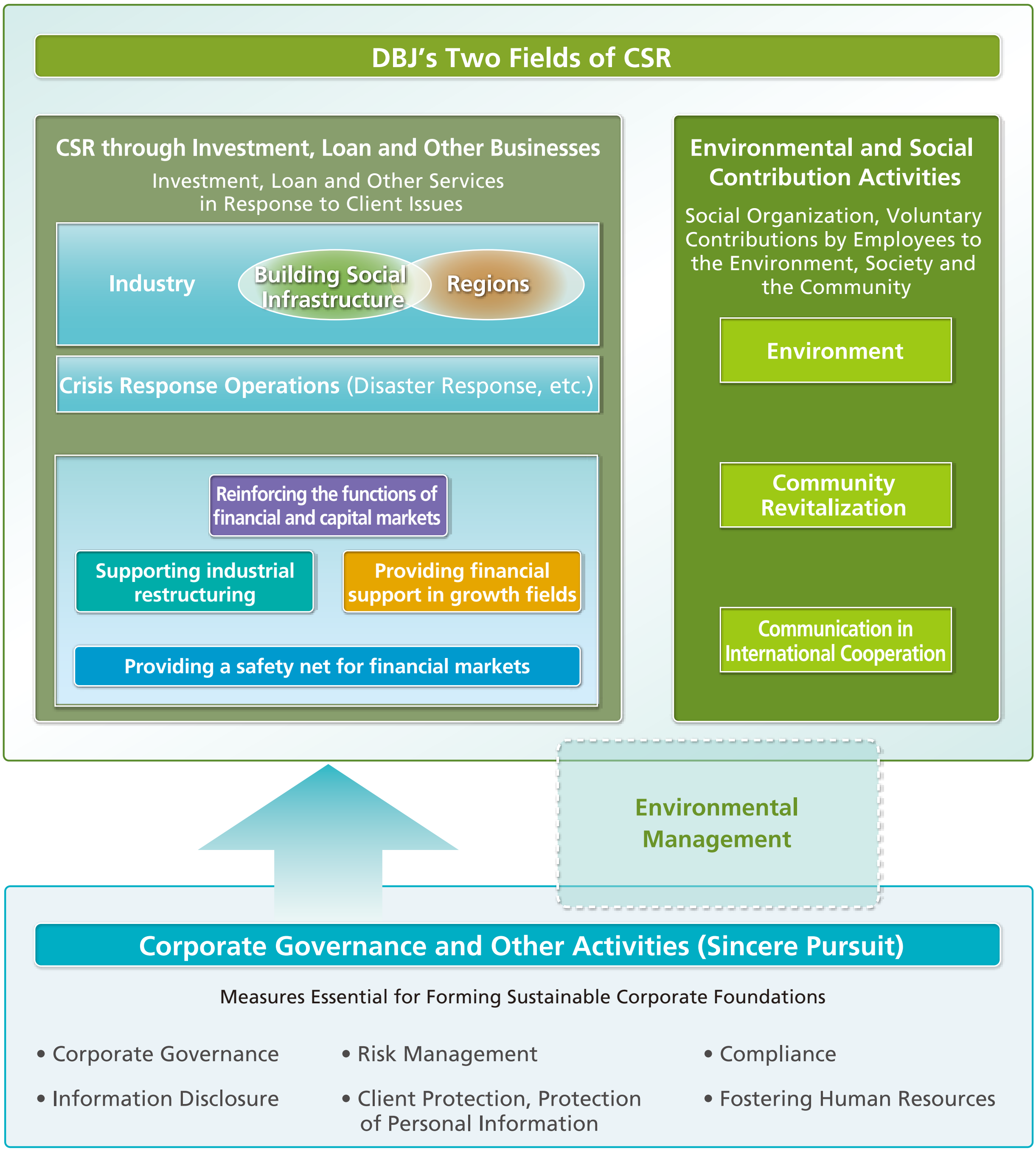
Published:	September 2013
Next publication:	September 2014 (previous publication: September 2012; frequency: annual)

Reference Guidelines

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

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



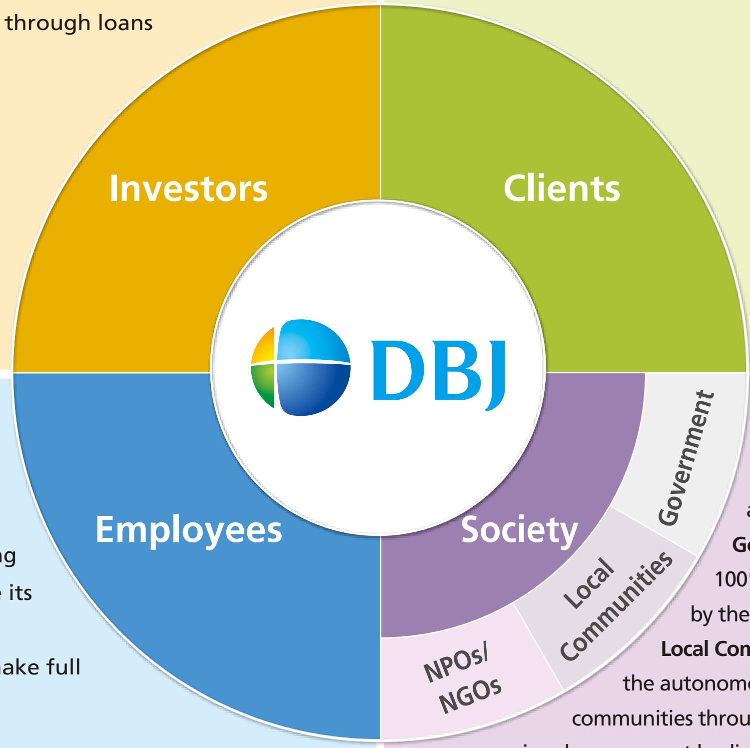
Fields of CSR Implementation at DBJ

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, 2013, DBJ's employees numbered 1,168. 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.

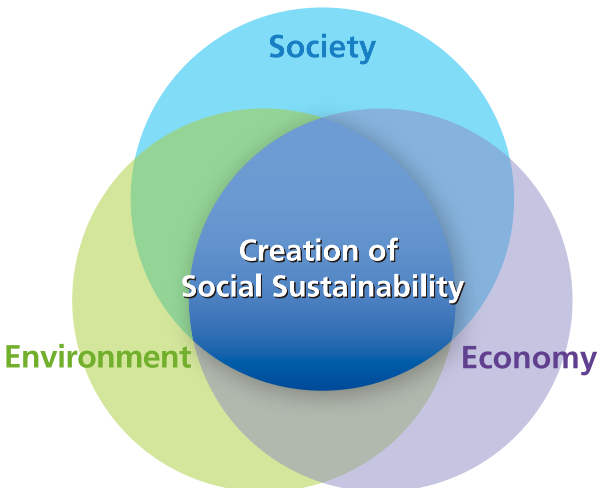
Local Communities: DBJ supports the autonomous development of local communities through its affiliations with regional government bodies and regional financial institutions that are deeply rooted in the local communities.

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.

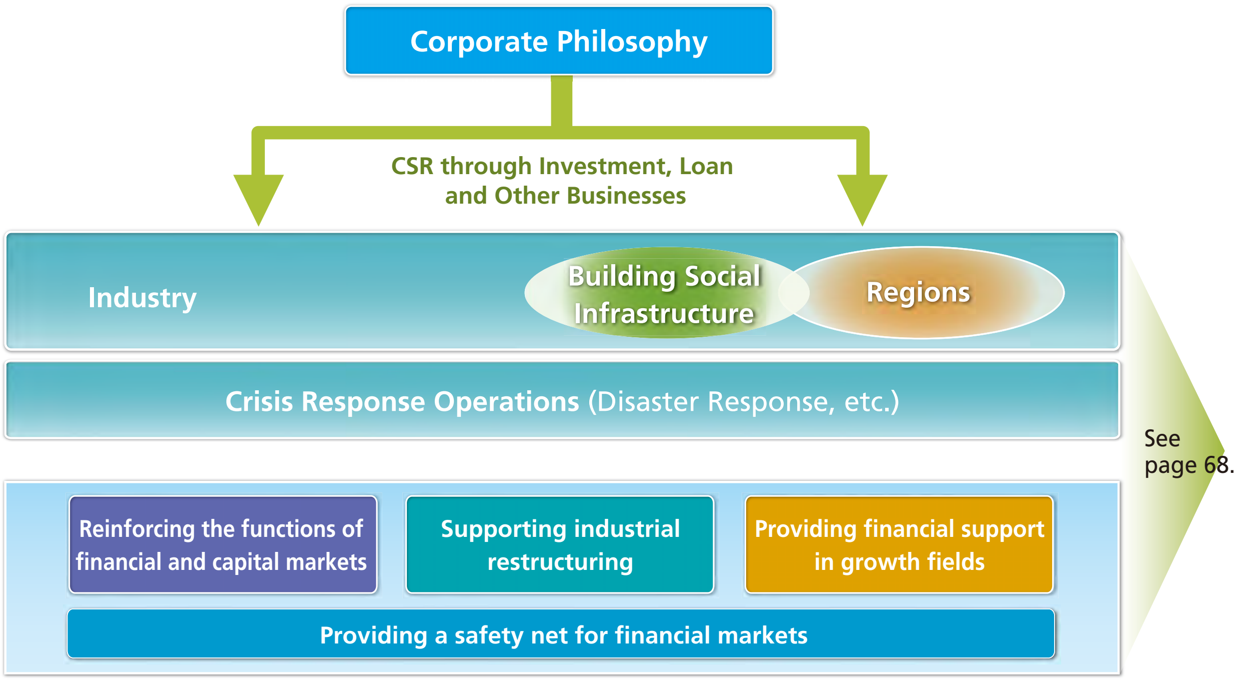
CSR through Investment, Loan and Other Businesses

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.



CSR Report

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 2012, we also lectured on the theme of Q&A on Financing Employing DBJ Environmental Ratings, attracting numerous visitors to our booth.

Eco Presentation Stage (Eco-Products 2012)

Eco-Products 2012 booth

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.

Tokai Branch

Messe Nagoya

Messe Nagoya 2012 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 2012

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 Japan International Cooperation Agency, we provide comprehensive technological cooperation to such banks as China Development Bank and the Infrastructure Development Bank of Malaysia. In recent years, we have responded to requests from the governments of Japan and other countries. Such projects include one to support credit risk management at Vietnam Development Bank, a detailed design project for the Development Bank of Mongolia and a development bank support project in southern Africa.

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 2013, ADFIAP's annual meeting was held in Ulan Bator, Mongolia. DBJ received an ADFIAP Award in the CSR division for its Women Entrepreneurs Center initiatives.

ADFIAP annual meeting in Ulan Bator, Mongolia

ADFIAP Awards ceremony

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 2012 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 2013, DBJ's contributions totaled ¥1,091,900—enough to provide 54,595 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

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

Reconstruction Response

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 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 Collaboration Agreement with Fukushima Prefecture

Fukushima Prefecture, which suffered extensive damage in the Great East Japan Earthquake, is pursuing full-fledged reconstruction initiatives, including efforts to revitalize local industry and attract new industries to the area. In March 2013, DBJ signed a "collaboration agreement on industrial reconstruction" with Fukushima Prefecture, aimed at promoting the prefecture's industry reconstruction following the earthquake, as well as its ongoing development. Under this agreement, Fukushima Prefecture and DBJ will cooperate on gathering information, conducting strategic reviews and cultivating personnel, taking an overall approach to invigorating the local economy by promoting local industry and tourism and communicating the region's attractions.

Under the accord, Fukushima Prefecture and DBJ will make effective use of the information and networks they possess to encourage industry reconstruction in Fukushima Prefecture by cooperating in numerous ways, such as (1) attracting companies, (2) promoting the grouping and cultivation of industries involved in renewable energy and healthcare, (3) supporting the redevelopment of companies within the prefecture, (4) rebuilding tourism and expanding the number of people who interact with the prefecture, (5) promoting the sale of the prefecture's products, (6) nurturing industrial human resources and (7) supporting community development.

Collaboration agreement signing ceremony

Case Study Marusan Paper

Marusan Paper Mfg. Co., Ltd., headquartered in the city of Minamisoma, Fukushima Prefecture, is a containerboard manufacturing subsidiary of Rengo Co., Ltd. A supplier to cardboard manufacturers, chiefly in the Tohoku region, Marusan Paper produces around 1,000 tons of containerboard per day. Accordingly, the company plays a major role in the Tohoku region's supply of cardboard. With forest resources becoming an ever more pressing issue, Marusan Paper has been an early proponent of paper recycling. Proactive on the environmental front, Marusan Paper was the first company in Japan to develop kraft liner—a type of containerboard with a high recycled paper content.

The city of Minamisoma received approval from the Japanese government of its application for the funding of Marusan Paper as a core business in its plan to promote reconstruction, aimed at maintaining or providing new employment opportunities, stabilizing life in the city and reinvigorating the local economy. Accordingly, DBJ provided Marusan Paper with financing to upgrade and augment its containerboard manufacturing facilities through its Interest Rate Subsidy System for Special Zone for Reconstruction*.

* The Interest Rate Subsidy System for Special Zone for Reconstruction is a support measure designed to enable reconstruction to proceed smoothly and quickly in the region affected by the Great East Japan Earthquake. Under this measure, regional municipal bodies draft their own reconstruction plans, given the regional state of affairs and characteristics, which are endorsed by the national government. Businesses cited as core regional entities in reconstruction plans that receive approval are eligible for interest rate subsidies from the national government when they raise funds through a government-designated financial institution.


Used paper


No. 7 paper machine

Reconstruction Response

Case Study Sendai Coca-Cola Bottling

Sendai Coca-Cola Bottling Co., Ltd., headquartered in the city of Sendai, Miyagi Prefecture, produces and sells Coca-Cola and a range of other soft drinks throughout Miyagi, Fukushima and Yamagata prefectures. The company's headquarters and distribution warehouse, as well as its core Zao Plant, sustained major damage in the Great East Japan Earthquake. However, recognizing that it would be unable to grow unless the region in which it operates also thrived, the company resumed production at its Zao Plant in late April 2011, and recommenced the provision of products.

DBJ provided financing to Sendai Coca-Cola Bottling for the reconstruction of production facilities that were destroyed in the earthquake. This funding was provided under the Interest Rate Subsidy System for Special Zone for Reconstruction, in response to a reconstruction plan drafted by the city of Sendai that cited Sendai Coca-Cola Bottling as a core business. The plan's objective was to strengthen disaster preparedness and reinforce the abilities of the region's distribution and operational functions to withstand major earthquakes.

Conceptual illustration of Ougimachi distribution center

Case Study Taiyo Sangyo

To support the restoration and reconstruction of companies damaged in the Great East Japan Earthquake, DBJ is forming Great East Japan Earthquake Reconstruction Funds in collaboration with financial institutions in disaster-stricken regions. Targeting leading companies that have experienced a temporary downturn in business conditions as a result of the disaster but that are essential to regional reconstruction, the fund provides risk capital in the form of subordinated loans and preferred stock to support the rapid reconstruction of the affected region.

One such Great East Japan Earthquake Reconstruction Fund, the "Iwate *Genki Ippai* Investment Limited Partnership" provided jointly by DBJ and The Bank of Iwate, Ltd., provided financing for Taiyo Sangyo K.K., headquartered in Chuo-ku, Tokyo.

Taiyo Sangyo is a producer of processed seafood under the Taisan brand, which is popular throughout Japan. Taiyo Sangyo suffered extensive damage from the tsunami following the Great East Japan Earthquake, including the complete destruction of its Ofunato Plant. As part of its efforts to revive business in the city of Ofunato, in September 2012 the company completed construction of a plant to produce nitrogen ice (deoxidized ice). This type of ice is highly effective in maintaining the freshness of the saury catches brought in through the port of Ofunato. Thereafter, the company also recommenced operations at its efficiently equipped salmon flake plant, helping to provide some of the infrastructure essential for seafood processing—a key industry for the Ofunato region.


Inside the salmon flake plant

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 Wakayama Kyodo Power

Wakayama Kyodo Power Company, Inc., headquartered in the city of Wakayama, Wakayama Prefecture, was established in 1961 by Kansai Electric Power Co., Inc., in cooperation with Sumitomo Metal Industries, Ltd. (now Nippon Steel & Sumitomo Metal Corporation) and other companies. The first company in Japan to be jointly founded by an electric power supplier and a large-scale customer, the company conducts thermal power generation fueled primarily by the blast furnace gas and coke oven gas emitted by Sumitomo Metal Industries' Wakayama Steel Works. The company's generators also use heavy oil as an effective complementary fuel, providing high-quality, reasonably priced electricity to the two companies.

Plans are underway to replace Wakayama Kyodo Power's aging No. 1 generator, which commenced operation in 1963, with a new combined cycle gas turbine generator. The use of this generation technology is expected to substantially improve thermal efficiency, as well as to reduce carbon dioxide and nitrogen oxide emissions.

As the sole arranger on this project, DBJ collaborated with 10 local financial institutions to arrange a total of ¥24.0 billion in syndicated loans for Wakayama Kyodo Power.

Conceptual illustration of the new No. 1 generator

Case Study Aoyama-Kogen Wind Farm

Aoyama-Kogen Wind Farm Co., Ltd., headquartered in the city of Tsu, Mie Prefecture, is a so-called third-sector (public–private) corporation, established by the cities of Tsu and Iga and a subsidiary of Chubu Electric Power Co., Inc., C-tech Corporation. This company supplies electricity from wind power generators in the Aoyama highlands, which extend from the western part of Tsu to eastern Iga.

DBJ, in cooperation with six local financial institutions, arranged a total of ¥18.0 billion in syndicated loans for the Aoyama-Kogen Wind Farm's project to expand its wind power generation facilities.

Through this project, Aoyama-Kogen Wind Farm plans to erect 40 wind power generators capable of producing 2,000 kW each (total output of 80,000 kW) and related equipment across the Aoyama highlands. This addition to its existing 20 generators (total output of 15,000 kW) should make this the largest wind farm in Japan. By augmenting its wind power generation equipment, the company aims to help prevent global warming through the promotion of renewable energy. The project is also expected to stimulate the local economy by providing local jobs to oversee construction and maintenance, as well as driving tourism as people come to tour the installation.

Wind power generation facility

CSR Report

Energy

Case Study Solar Frontier

Solar Frontier K.K., headquartered in Minato-ku, Tokyo, and a wholly owned subsidiary of Showa Shell Sekiyu K.K., manufactures and sells copper-indium-selenium (CIS) thin-film solar panels. Employing Solar Frontier's proprietary technology, these next-generation solar cells offer high economic efficiency and are environmentally friendly.

DBJ aims to support renewable energy businesses spanning upstream to downstream operations. We have arranged three syndicated loans for Solar Frontier since 2010 for its Kunitomi Plant (the Third Miyazaki Plant), which produces the solar panels. DBJ has also continued to support Solar Frontier in other ways, such as in the joint establishment of an investment company to provide financing for megasolar projects it is engaging in as part of its new power generation business.

As the first phase of its megasolar project, Solar Frontier is operating a solar power plant in Kansai International Airport. Going forward, the project plans to commence full-scale operations by making use of idle land throughout Japan.

DBJ is providing funding for this project to support Solar Frontier's new business development that leverages its proprietary technologies. DBJ's investment and loans for this project represent the first application of its newly established Fund for Japanese Industrial Competitiveness. DBJ will provide mezzanine loans, preferred shares and other forms of risk money through the fund to firms taking initiatives to promote innovation or enhance corporate value.

Kunitomi Plant of Solar Frontier

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 TES Holdings

TES Holdings Limited, headquartered in the United Kingdom, is a leader in the business of commercial aircraft engine management, leasing and parts sales, with operations in the United Kingdom, the United States and Singapore. The used aircraft engine market is expected to grow, as existing aircraft and engines will soon be replaced by more efficient engines, and DBJ believes that TES is uniquely placed to capitalize on this growth.

Convinced of the aircraft engine market's growth potential, as well as TES's extensive expertise in commercial aircraft engines, and believing that new shareholders could contribute to the expansion of its core business, DBJ and Mitsubishi Corporation together acquired 60% of TES's shares from DVB Bank SE. DBJ expects to leverage TES's expertise to support initiatives to develop the engine maintenance, repair and overhaul (MRO) business in Japan.

Engine being repaired

Case Study Keikyu

Keikyu Corporation, headquartered in Minato-ku, Tokyo, is a railway operator whose routes center on the 87-kilometer Keikyu Main Line, which runs from central Tokyo through Kawasaki, Yokohama and Yokosuka to Miura Peninsula. In addition, Keikyu Group companies are involved in bus transportation, real estate, leisure services and retailing.

Since 2001, Keikyu has been working on continuous grade separation projects in the vicinity of Keikyu Kamata Station, in an effort to reduce traffic congestion and accidents at railway crossings. As of October 2012, the company had completed the elevation of outbound tracks on the Keikyu Main Line between Heiwajima Station and Rokugodote Station, and all inbound and outbound tracks on the airport line between Keikyu Kamata Station and Otorii Station. This project has improved access to Haneda Airport, where the opening of an international passenger terminal is leading to increased air traffic demand.

DBJ provides financing to Keikyu Corporation, which offers transportation services that support the lives of residents along its railway lines and contribute to development along these lines.

Continuous grade separation project

CSR Report

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 Surugadai Development Special-Purpose Company/Yasuda Real Estate

In April 2013, two large-scale, mixed-use facilities opened their doors in Tokyo's Ochanomizu area.

The first of these is Ochanomizu Sola City, located in Chiyoda-ku, Tokyo, development of which was undertaken by Surugadai Development Special-Purpose Company through joint investment by Taisei Corporation, Hulic Co., Ltd., Yasuda Real Estate Co., Ltd., and Taisei-Yuraku Real Estate Co., Ltd. Located on the site of the former Hitachi, Ltd., headquarters in front of JR Ochanomizu Station, Ochanomizu Sola City serves as a highly functional office space that gives due consideration to environmental and emergency preparedness concerns. The complex also reflects the area's history and culture and is expected to serve as an oasis for visitors and local residents alike.

The second facility is WATERRAS, in Chiyoda-ku, Tokyo. Located on the site of the former Chiyoda-ku Awaji Elementary School, and built by a redevelopment consortium that includes Yasuda Real Estate Co., Ltd., headquartered in Chiyoda-ku, Tokyo, WATERRAS comprises a tower and an annex. The tower houses office, residential and community facilities, while the annex has space for offices, commercial facilities and student rental housing. This complex is designed to foster a sense of community among local residents, students and companies.

DBJ provided financing to Surugadai Development Special-Purpose Company and Yasuda Real Estate, the main entities involved in these Ochanomizu area redevelopment projects.

Ochanomizu Sola City

WATERRAS

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

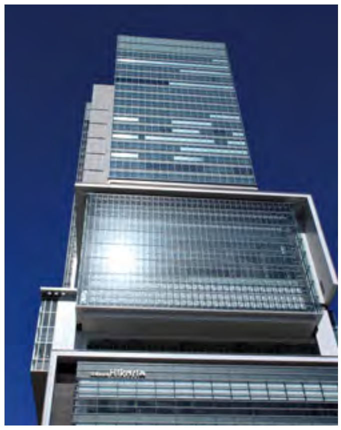
Demand is increasing for urban development and revitalization that take environmental conservation and disaster prevention into account in an attempt to realize a sustainable society. Recent years have seen forward-looking initiatives among real estate providers to offer their stakeholders property that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

Case Study Tokyu

Tokyu Corporation, headquartered in Shibuya-ku, Tokyo, is a leading railway operator that conducts business mainly in the southwestern part of Tokyo and the eastern side of Kanagawa Prefecture. In addition to transportation, companies in the Tokyu Group take part in wide-ranging business, including real estate, lifestyle services, hotels and resorts, and business support.

DBJ has accorded Tokyu's multipurpose high-rise tower, Shibuya Hikarie, its "DBJ Green Building Certification" and awarded it Platinum 2012 certification for being in the top class in Japan in terms of consideration for the environment and society.

Completed in April 2012, Shibuya Hikarie is a landmark tower near the east exit of Shibuya Station. DBJ awarded the tower high marks for its (1) advanced environmental performance, (2) serving as a disaster preparedness center for Shibuya-ku and (3) major contribution to increasing the attractiveness of the Shibuya area through community revitalization initiatives.



Shibuya Hikarie

Case Study Hohsui

Hohsui Corporation, headquartered in Chuo-ku, Tokyo, participates in the seafood wholesaling and fresh and prepared seafood retailing business and operates refrigerated and frozen warehouses in eight locations in the Tokyo metropolitan area, centered around Tsukiji and Toyomi.

DBJ has provided plan certification* as part of DBJ Green Building Certification for the new Ichikawa Distribution Center that Hohsui is building. We also arranged a total of ¥5.0 billion in syndicated loans for the project.

Until now, DBJ Green Building Certification had been used exclusively for office buildings, but in August 2012 we introduced a new version of this certification for logistics facilities. This certification allows DBJ to support sustainability increases throughout the economic value chain, ranging from physical logistics facility structures to advanced owner initiatives and relations with transport companies and the surrounding community.

The facility earned DBJ's certification for (1) the use of dock shelters, air shutters and exterior walls to boost refrigeration efficiency, (2) measures to conserve energy and resources, such as the introduction of LED illumination and sensor-activated lighting, as well as water conservation measures and (3) emergency preparedness measures, such as employing a seismically isolated structure and the installation of emergency power generation equipment. Accordingly, we awarded the distribution center a Gold 2012 (plan) certification for being extremely superior in its consideration for the environment and society as a logistics facility.

* "Plan certification" is a mechanism used on properties under construction 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.

Ichikawa Distribution Center

CSR Report

Supporting Growth

The current state of the Japanese economy is characterized by a sense of gradual recovery, led by resurgent consumer spending and a recovery in corporate earnings, particularly among large companies. At the same time, however, the government needs to steadily introduce a variety of strategies and measures to ensure this growth, as well as to reinforce the competitiveness of the country's industries. Particularly important are efforts to maintain core competitiveness (by ensuring human resources, supply chains, R&D site functions and other domestic production infrastructure, as well as appropriately updating capital stock) and to strategically enhance competitiveness (by creating new value through links between different industry sectors and promoting initiatives that span the value chain from the upstream to the downstream ends).

Case Study NEC

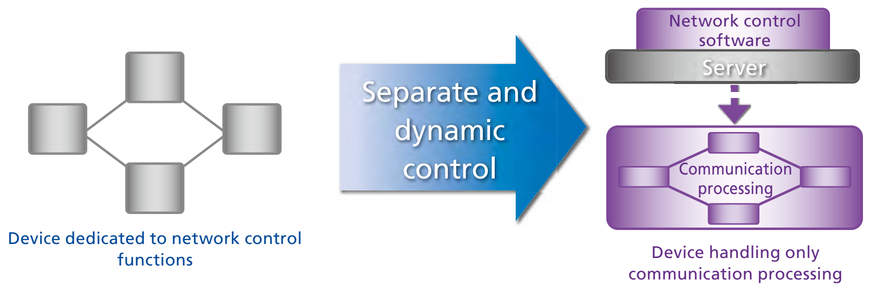
NEC, headquartered in Minato-ku, Tokyo, is one of Japan's leading providers of electrical/electronic equipment and IT solution services. NEC is undertaking ongoing structural reform in a business transition toward a solution/service-based model (social solutions business) centered on its characteristic strengths in network-related technologies and services. NEC is positioning itself in such growth fields as solution services, including technologically advanced SDN*, and the smart energy field, which includes electricity storage systems. NEC is making strategic investments in these growth fields, as well as concentrating management resources and actively promoting global developments, in a bid to build an even more robust management infrastructure.

Working with its own financial institutions, DBJ has entered into a hybrid financing agreement with NEC. We are providing equity-type funding via the Fund for Japanese Industrial Competitiveness we established in March 2013.

* Software-defined networking (SDN): A technological framework and product grouping that allows a controller (software) to handle the management of network equipment functions remotely and in an integrated fashion.

Software-Defined Networking (SDN)

Past	Future
Static network control, where network control and communication processing were handled together	Separated network control and communication processing
Network systems using specialized equipment to meet individual needs	Software residing on the server conducts communication processing only by controlling devices dynamically



Supporting Growth

Case Study Asahi Fiber Glass

Asahi Fiber Glass Co., Ltd. (AFGC), headquartered in Chiyoda-ku, Tokyo, was established in 1956 through joint investment by Asahi Glass Co., Ltd., and Owens Corning Co., Ltd. Initially a manufacturer of glass fiber, the company now has a leading share of the Japanese market for the production and sales of glass wool, used as insulation material in residential housing.

After acquiring AFGC shares in November 2007, DBJ participated in its management and was instrumental in establishing its independence from the Asahi Glass Group. We also continued to proactively support the company's efforts to grow in a host of fields. In March 2013, DBJ transferred its holdings in AFGC to ORIX Corporation, believing that this move would lead to further growth and increased competitiveness. By taking advantage of the networks and management resources of the ORIX Group, which is developing businesses in a broad range of areas in Japan and overseas, AFGC should be able to heighten its competitiveness in the domestic market, as well as accelerate its business development overseas, particularly in other parts of Asia.

Aclear next: highly functional glass wool

Case Study Dexerials

Dexerials Corporation, headquartered in Shinagawa-ku, Tokyo, manufactures and sells functional materials, chiefly for the electronics industry. The company's capabilities lie in developing its cutting-edge materials and manufacturing process technology.

Dexerials' key products include anisotropic conductive film and optical elasticity resin. These materials are widely used in smartphones and tablet PCs as peripheral materials for displays, in which growth is expected.

DBJ has acquired a stake in Dexerials because it believes that fully deploying Dexerials' superior development and technological capabilities and leveraging the funding and complementary management resources that DBJ can provide will enable Dexerials to further expand its business. This investment is part of the "Value for Growth" Investment Program that DBJ began in earnest in 2010 to provide added-value creative equity financing to support corporate growth strategies.


Functional materials products

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.

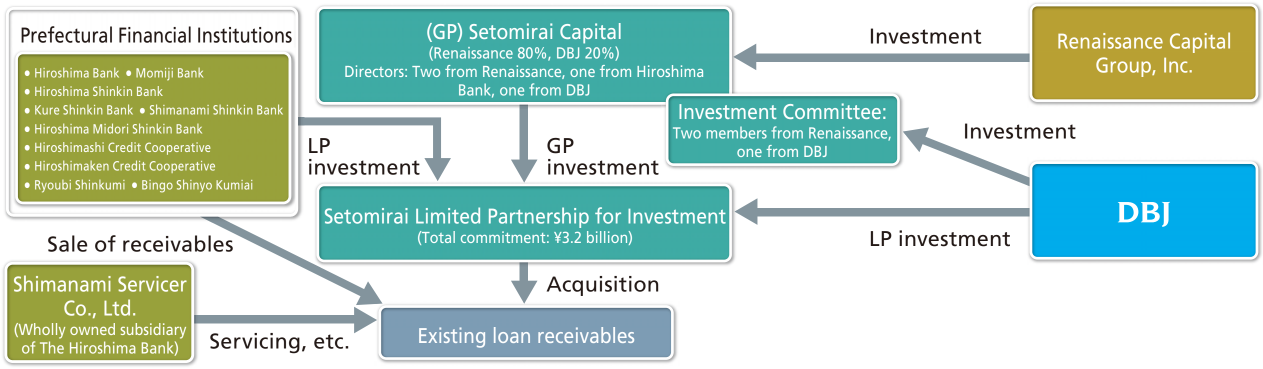
Case Study Setomirai Fund

DBJ, in cooperation with 10 prefectural financial institutions in Hiroshima including The Hiroshima Bank, Ltd., has set up the Setomirai Fund, a business revitalization fund, in order to support the business revitalization of regional companies. To administer the fund, DBJ, with the Renaissance Capital Group, Inc., has also established Setomirai Capital K.K., in the city of Hiroshima.

The Setomirai Fund is designed to enable regional companies such as customers of prefectural financial institutions that are participating in this fund as limited partners to reinvigorate themselves by acquiring their loan claims and undertaking other measures to revitalize their businesses through debt reduction and business restructuring efforts. In these ways, the fund aims to help invigorate the regional economy.

As one aspect of its exit strategy under the Act concerning Temporary Measures to Facilitate Financing for Small and Medium-Sized Enterprises, etc., DBJ will approve expeditious business revitalization support initiatives driven through collaboration with The Hiroshima Bank and other regional financial institutions. DBJ will also apply the expertise we have accumulated in business revitalization to cooperate on the financing end, as well as offering advice on overall fund management activities.

● **Overview of the Setomirai Fund**



Case Study Japan Marine United

Japan Marine United Corporation is one of Japan's largest shipbuilders, born through a merger between Universal Shipbuilding Corporation and IHI Marine United Inc. Japan Marine specializes in building and maintaining large bulk carriers, tankers and container ships, and is strong in the area of naval escort and minesweeper vessels.

Taking advantage of the expertise it has gained through its long years of involvement in corporate restructuring and the expertise gleaned from providing ongoing support to the Japanese shipbuilding industry, DBJ provided Japan Marine United with ¥20.0 billion in financing for "business restructuring promotion operations*" based on its evaluation that the integration would be meaningful and effective in enhancing the company's international competitiveness.

* "Business restructuring promotion operations" are those under which DBJ acts as the designated financial institution to provide necessary financing to an entity undergoing industry restructuring to enhance international competitiveness whose business restructuring plans have been certified in accordance with the Law on Special Measures for Industrial Revitalization and Innovation.

Ariake Shipyard

Kure Shipyard

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 Kuroda Precision Industries

Kuroda Precision Industries Ltd., headquartered in the city of Kawasaki, Kanagawa Prefecture, manufactures and sells such products as ball screws, precision press molds, tooling, gauges, surface grinding machines and precision measuring systems. Recognized as a "precision leader" for its expertise in precision processing and measurement technologies, Kuroda Precision Industries' products are used in mobile phones, hybrid cars, semiconductor fabrication equipment, industrial robots and a host of other items that are hallmarks of the times and support industrial development.

When Kuroda Precision Industries contemplated the acquisition of companies overseas toward its next stage of global development, DBJ proposed the acquisition of Avingtrans Industrial Products, Ltd., a medium-sized U.K. manufacturer of parts for precision equipment, and provided advisory services. At the same time, we provided acquisition financing jointly with Mizuho Bank, Ltd.

Precision ball screws and precision gears

Linear guides

Case Study SECOM

SECOM Co., Ltd., headquartered in Shibuya-ku, Tokyo, and a leading security company, believes that data centers will become an increasingly important strategic business. Given the growing emphasis on information and security, SECOM believes that data centers serve as a vital part of the social infrastructure.

DBJ proposed that SECOM acquire shares in AT TOKYO Corporation and advised SECOM on the acquisition. Headquartered in Koto-ku, Tokyo, this company is one of Japan's leading data center operators in terms of scale, electric power supply stability and security management. We believe that SECOM's acquisition of a stake in AT TOKYO enables both companies to leverage their strengths, managing information safely and functioning as a service center that uses its core functionality to provide a host of services. Through its data centers, the company also fulfills an essential social role and has the ability to create new services that are safe and offer high added value.

Data center

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 Vietnam Airlines

Vietnam Airlines Company Limited (VNA), headquartered in Hanoi, Vietnam, is the flagship carrier of the Social Republic of Vietnam. Boasting a young and well educated workforce, Vietnam is expected to continue on a trend of high economic growth. VNA, with its developing network, is seen to play a critical role in stimulating tourism demand and supporting the increasing economic and trade relationships. The airline plans to expand its aircraft fleet to service more cities in the long-haul routes to Europe and the growing intra-Asia routes.

DBJ has a long-standing relationship with Vietnam, first through providing research to the Vietnamese government for its development of the automobile industry and financial industry in the 1990s and in providing financing both in debt and equity to companies in the country in recent years. DBJ's arranging of a syndicated loan for VNA's A321 aircraft is a natural extension to these prior activities.

Airbus A321 aircraft

Case Study Long Beach Judicial Partners

Long Beach Judicial Partners LLC (LBJP, headquartered in the city of Long Beach, California, 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 state of California 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 projects in the state through private financing.

Approximately 90 percent of revenue from this project will come from the California state government in the form of stable payments of annual, performance-based service purchasing 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. In addition, as a trial effort to support regional financial institutions' initiatives to build up experience and know-how in financing to the overseas infrastructure sector, while enabling them to take advantage of attractive financing opportunities, we transferred part of our LBJP claims to The Chiba Bank, Ltd., headquartered in the city of Chiba, Chiba Prefecture, enabling joint participation.

* 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.

Front entrance of the courthouse (as of April 2013)

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.

Case Study Kirishima Shuzo

Kirishima Shuzo Co., Ltd., headquartered in the city of Miyakonojo, Miyazaki Prefecture, produces "true *shochu*" (*shochu* being a clear distilled liquor, and "true *shochu*" referring to a pure distillation rather than a blended liquor) from *Kogane Sengan* (a kind of sweet potato) cultivated at the base of Mount Kirishima. The company is known in particular for its *Kirishima* and *Kuro Kirishima* brands. Kirishima Shuzo has begun to recycle the lees from distillation and is also introducing a variety of other environment-friendly initiatives.

We accorded Kirishima Shuzo a high rating and provided the company with financing for three reasons. (1) Through joint development with a general contractor, the company used methane fermentation processing to increase separation of the liquid portion of the distillation lees from the potato remnants, resulting in zero waste emissions and achieving a sustained recycling rate of 100%. (2) The company not only used the biogas recovered by its methane fermentation facility for distillation lee recycling in the drying process for producing dehydrated cake (the solid portion of the distillation lees after separation from the liquid) but also increased its use in the production process itself. (3) While increasing production capacity, through unflagging management efforts the company succeeded in reducing its overall energy inputs, as well as its CO_2 emissions. This was the first project in Japan in the true *shochu* industry to acquire an environmental rating.


Kirishima Shuzo's headquarters plant

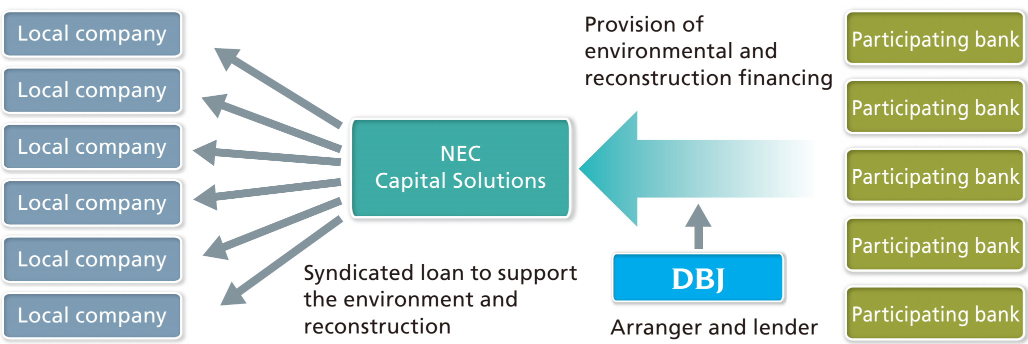
Case Study NEC Capital Solutions

NEC Capital Solutions Limited, headquartered in Minato-ku, Tokyo, is a comprehensive leasing company that has been working aggressively to support the expansion of eco-business by offering eco-leases and eco-financing.

DBJ accorded NEC Capital Solutions a high rating evaluation, for a number of reasons. (1) The company has thoroughly revised its eco-lease and eco-financing certification standards from the standpoint of environmental impact evaluation and life cycle assessment (LCA) and is making sophisticated efforts to contribute to biodiversity preservation. (2) By advancing an eco-fund system, the company is endeavoring to further popularize eco-leases and eco-financing. (3) By proposing solutions to improve the energy use of customers' information and communications technology (ICT) assets, the company is working to reduce the environmental impact of customers throughout the entire life cycle, including the procurement, operations and disposal stages.

DBJ arranged a syndicated loan for NEC Capital Solutions based on its DBJ Environmental Ratings. By targeting eco-leases and eco-financing transactions in the Tohoku region, we expect the company to encourage reconstruction activities in the area affected by the Great East Japan Earthquake.

● **Syndicated Loan Scheme**



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 Saiseikai Niigata Daini Hospital

An affiliate of Social Welfare Organization Saiseikai Imperial Gift Foundation, Inc., Niigata Saiseikai operates the Saiseikai Niigata Daini Hospital, located in the city of Niigata, Niigata Prefecture. This hospital's predecessor, the Niigata Clinic, was established in 1927 with a mission of offering a helping hand without prejudice to provide healthcare and social welfare to a wide range of people. The facility opened its doors as a general hospital in its current location in 1991. Operating as a regional medical support hospital and a regional affiliated base hospital for cancer diagnosis, the hospital handles acute medical care for the region and liaises with regional medical facilities to deliver medical services of consistently high quality. At the same time, the facility serves as a hospital designated for clinical training, providing training for resident clinicians. Serving also as a disaster response hospital for Niigata Prefecture, the hospital promotes disaster preparedness and operational continuity measures.

DBJ certified the Saiseikai Niigata Daini Hospital as a DBJ Visionary Hospital and provided financing based on their excellent disaster prevention and business continuity efforts. In addition to its registration with the Emergency Medical Information System (EMIS) and robust information dissemination procedures, the hospital has signed an accord with Niigata Prefecture and cooperates in training for large-scale disaster response. We give the hospital high marks for these moves, which show that it is working closely with government bodies on a regular basis and striving to ensure continued medical care in the event of disaster.

Saiseikai Niigata Daini Hospital

Case Study Musashinosha (Ageo Medical Group)

Musashinosha K.K., headquartered in Chuo-ku, Tokyo, and a member of the Ageo Medical Group (AMG), holds and rents hospital real estate and operates as a medical products wholesaler. With the Ageo Central General Hospital at its core, AMG operates 27 hospitals and 20 geriatric healthcare facilities in six prefectures: Saitama, Tokyo, Chiba, Kanagawa, Ibaraki and Yamanashi. AMG also provides advanced "total care" (meaning health maintenance, healthcare and welfare) under a philosophy of "being a hospital appreciated for advanced medical care." In these ways, the group has built up relationships based on trust and supports the health of the local population.

DBJ provided Musashinosha with financing for new construction on the Yokohama Namiki Rehabilitation Hospital (having 224 beds and located in the city of Yokohama, Kanagawa Prefecture). This hospital is operated by the Kyoyukai Medical Corporation, a central medical entity for AMG.

Included in the plans to construct a new facility to replace the aging Byobugaura Hospital was Yokohama Namiki Rehabilitation Hospital's effective use of the site formerly occupied by the Yokohama municipal Namiki Daisan Primary School. This hospital, which concentrates on convalescence and rehabilitation, liaises with local medical facilities to provide seamless local healthcare support from admission to hospital through to home care.

Yokohama Namiki Rehabilitation Hospital

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 Mitsui Chemicals

Mitsui Chemicals, Inc., headquartered in Minato-ku, Tokyo, is an integrated chemicals manufacturer whose innovative products are used in a host of industries, including automotive, electronics/information materials, packaging materials and lifestyle/environment/energy. The company aims to achieve further growth by reinforcing its strengths in highly functional products, which include high-value-added polymers and other polypropylene compounds for the automotive industry, eyeglass lens monomers and dentistry materials, and non-woven fabric and other healthcare materials.

DBJ arranged syndicated loans totaling ¥17.0 billion for Mitsui Chemicals through its DBJ Employee's Health Management Rated Loan Program.

We gave the company a high rating evaluation for four reasons. (1) The company conducts health training to instill awareness among its employees and takes a proactive approach to other health-related activities, providing ample educational opportunities. (2) Mitsui Chemicals conducts multiple stress tests, through which it keeps its finger on the pulse of the workplace environment, and when necessary considers improvement plans and draws up proposals for workplace management. (3) The company employs industrial physicians as organizational line managers, ensuring employees' health rights and responsibilities. (4) Various analyses are conducted to determine the state of employee health. The company uses the content of these analyses to visually present the results of health evaluations against its targets.


Ichihara Plant


Certification conferral ceremony

Case Study Kagome

Kagome Co., Ltd., headquartered in the city of Nagoya, Aichi Prefecture, is a leader in products such as vegetable juices and processed tomato foods. In keeping with its brand statement, "True to nature, the flavor of Kagome," the company strives to be a "food company that contributes to the health and long life of people, society and local environments." Kagome has in place an occupational health and safety management system, through which it works to provide a working environment that is both safe and enjoyable.

DBJ provided financing to Kagome based on the DBJ Employee's Health Management Rated Loan Program, making Kagome the first company in the food industry and the first in the Tokai region to take advantage of this program.

There were two major factors behind our strong rating evaluation. (1) The company's occupational health and safety management includes proactive initiatives that exceed legal requirements, including the thorough implementation of health and safety checklists and the use of a mutual auditing system between each of its business locations. (2) As part of its product development and employee health initiatives, Kagome's central research laboratories promote research that contributes to human health and long life.

Popular Kagome products

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.

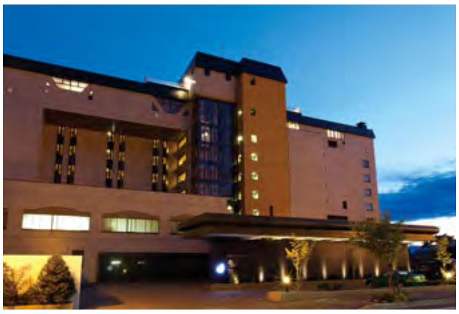
For local economies to sustainably exist, development having a broad view (involving other regions in Japan and overseas markets) is important.

Case Study Noguchi Kanko

Noguchi Kanko Co., Ltd., headquartered in the city of Noboribetsu, Hokkaido, was founded in 1963. Since that time, the Noguchi Kanko Group has operated *onsen* (hot springs) resorts at key sites in Hokkaido, including Noboribetsu, Toyako, Sounkyo, Kitayuzawa and Hakodate-Yunokawa, as well as in the city of Muroran. In addition, from 2011 to 2012, the group has expanded its offerings into Kanagawa Prefecture, including Hakone and Okuyugawara. The group currently operates a total of 16 resorts.

While expanding its activities outside the confines of Hokkaido, the Noguchi Kanko Group is also responding to changing customer needs within the prefecture. To enhance the appeal of the Toyako Onsen region to individual and overseas tourists, the group has acquired and is investing in the refurbishment of an existing hotel, which it reopened in the autumn of 2012.

DBJ provided financing for Noguchi Kanko's initiatives in the Toyako Onsen region and to bolster its infrastructure for attracting tourism within Hokkaido, following certification by DBJ's Hokkaido Branch under the Regional Areas *Genki* Program (Tourism).



The Lake View Toya Nonokaze Resort

Case Study Ouchi Shinko Chemical Industrial

Ouchi Shinko Chemical Industrial Co., Ltd., headquartered in Chuo-ku, Tokyo, in 1931 became the first company to manufacture organic rubber chemicals in Japan. Since that early success, the company has been a pioneer in this sector, evolving into the leading Japanese producer of organic rubber chemicals. During its 80 years in business, the company has leveraged the technological capabilities cultivated in the field of organic sulfur compounds to develop business in various fields involving fine chemicals, including fruit fungicides, bulk pharmaceuticals and environmental chemicals. The company's organic rubber chemicals enhance rubber's natural elasticity and prevent degradation, and its additives help improve vibration damping. Its products and materials are widely used in tires and vibration-reducing automotive rubber parts.

DBJ provided financing to Ouchi Shinko Chemical Industrial, certifying the company under its DBJ Smart Japan Program and rating it highly for its technical capabilities in the field of organic rubber chemicals.

Rubber chemicals

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 Daito Pharmaceutical

Daito Pharmaceutical Co., Ltd., headquartered in the city of Toyama, Toyama Prefecture, making use of the ample experience it has accumulated since the time of its establishment, has developed an integrated system to manufacture and sell a comprehensive range of pharmaceutical products—from drug substances (used as basic medical ingredients) to drug formulations. Daito Pharmaceutical conducts multifaceted business with pharmaceutical manufacturers in Japan and overseas. Also aggressive in contract manufacturing for Japan's leading drug companies, the company has developed business to meet diverse needs in the pharmaceutical industry, ranging from non-prescription drugs to generic drugs and original ethical drugs.

In recent years, Daito Pharmaceutical has begun stepping up its activities in new areas of business, advancing into overseas markets, particularly China and the United States, and pursuing initiatives involving highly regulated substances such as anticancer agents.

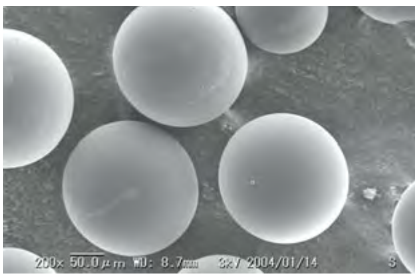
DBJ provided financing to Daito Pharmaceutical, which aims to aggressively expand its facilities and R&D activities, helping to ensure growth of the pharmaceutical industry in Toyama Prefecture.

Headquarters in Yoka-machi, Toyama

Case Study Futamura Chemical

Futamura Chemical Co., Ltd., headquartered in the city of Nagoya, Aichi Prefecture, manufactures and sells products that employ activated carbon for water and air purification and cellophane, centering on packaging films made from plastics and cellulose. In the area of activated carbon, the company's products are used in pharmaceuticals that help extend the time until patients with chronic renal failure need to begin dialysis treatment. As populations grow older, demand continues to increase in the medical field for products that improve patients' quality of life.

Within the activated carbon business, Futamura Chemical is enhancing its facilities to produce activated carbon for pharmaceuticals. DBJ provided financing for this purpose through the Regional Areas *Genki* Program (Tokai area strategic next-generation industry).



Spherical activated carbon

Community Revitalization

Case Study Kintetsu

Kintetsu Corporation, headquartered in Osaka, operates the largest private railway network in five prefectures in the Kinki/Chubu region. The Kintetsu Group is also involved in real estate, distribution, the hotel and leisure business and a diverse range of other businesses.

DBJ provided financing to Kintetsu Corporation under its DBJ Environmental Ratings and DBJ Enterprise Disaster Resilience Rated Loan Program. Kintetsu earned a high rating evaluation for two main reasons. (1) The company is proactively introducing equipment with strong environmental functionality, such as the new-model tourism express, the *Shimakaze*, which began service in March 2013. (2) Kintetsu Corporation is working to ensure customer safety in a number of ways. For example, the company has built an emergency earthquake reporting system, put in place emergency evacuation guidance standards and conducts emergency training several times a year.

We have conducted DBJ Green Building Certification for Kintetsu Corporation, awarding it a Platinum 2012 (plan) rating for ABENO HARUKAS, located in Abeno-ku, Osaka. Kintetsu Corporation is pursuing construction of this multifunctional skyscraper complex, which will become the tallest such building in Japan.

ABENO HARUKAS, whose grand opening is scheduled for spring of 2014

Case Study Nitto Seimo

Nitto Seimo Co., Ltd., headquartered in Minato-ku, Tokyo, is a top manufacturer of knotless nets and has a history dating back more than 100 years. The company's world-leading development of the knotless net in 1925 served as a springboard for the company's development and production of a wide range of fish nets and related products for various types of fishing locations and to comply with a host of fishing regulations. In addition to providing products, Nitto Seimo contributes to the Japanese fishery industry by applying the wide range of fishing-related expertise it has cultivated over its long history.

Demand for fish nets and related products surged in the aftermath of the Great East Japan Earthquake, as reconstruction activities in the fishery industry moved forward. To allow Nitto Seimo to provide these products swiftly to the stricken region, DBJ provided financing to the company under the DBJ Smart Japan Program.

Knotless net

Case Study Marusan Industry

Marusan Industry Co., Ltd., headquartered in the city of Ozu, Ehime Prefecture, was established in 1948 and develops, manufactures and sells sanitary materials and products made from cotton and organic cotton. Marusan Industry provides bleached cotton, which is the raw material for many types of cotton products, and a range of general-purpose cotton products, including its well-known Selena-brand cosmetic puffs, as well as cleansing cotton and wet tissues. The company also produces sterile and absorbent cotton and other medical sanitation products as well as non-woven fabric, boasting a leading share of the Japanese market for bleached and cosmetic cotton.

The bleached cotton that Marusan Industry produces employs some of the world's most advanced technologies for removing foreign objects, as well as grease removal and bleaching technologies. As a result, its bleached cotton is a highly pure natural material.

DBJ provided financing under the DBJ Smart Japan Program to Marusan Industry to fund its creative business development employing advanced technological capabilities.

Cosmetic puffs

Community Revitalization

Case Study Fukuokaunyu Holdings

Fukuokaunyu Holdings, headquartered in Fukuoka, is the holding company for Fukuokaunyu Co., Ltd., and Fukuokaunyu Systemnet Co., Ltd. The company, which concentrates on chilled and refrigerated transport to maintain the quality of fresh foods and other products, has in place a nationwide network to meet a host of logistics needs.

DBJ provided Fukuokaunyu Holdings with financing that made use of an interest rate subsidy system for comprehensive special zones, based on the Hokkaido Food Complex International Strategic Comprehensive Special Zone. This financing was earmarked for the construction of logistics facilities, which are essential to the shipping throughout Japan and overseas of meat and other refrigerated and frozen foods produced in Hokkaido, serving as support infrastructure in the plan for a comprehensive special zone. In particular, the funding is to be used by Sapporo Teionunyu Corporation, a subsidiary of Fukuokaunyu Holdings, to build the new Obihiro Delivery Center.

Sapporo Teionunyu's Obihiro Delivery Center

Case Study Aiseikai

Aiseikai's Shonan Hospital, located in the city of Soo, Kagoshima Prefecture, and established in 1946, offers broad-ranging medical and nursing care to support the health of the Soo region, where the ratio of aged persons in the total population is higher than for Japan as a whole. This medical corporation's philosophy is to "ensure peace of mind among patients and other visitors by providing reliable medical and nursing care."

To assist Aiseikai in its efforts to enhance and invigorate regional medicine, DBJ's Minami-Kyushu Branch certified Aiseikai under the Regional Areas *Genki* Program (Food, Health and Environment Industry) and provided the organization with funding to enhance its clinical abilities by introducing leading-edge magnetic resonance imaging (MRI) equipment.

Shonan Hospital

MRI equipment

CSR Report

Private Finance Initiatives

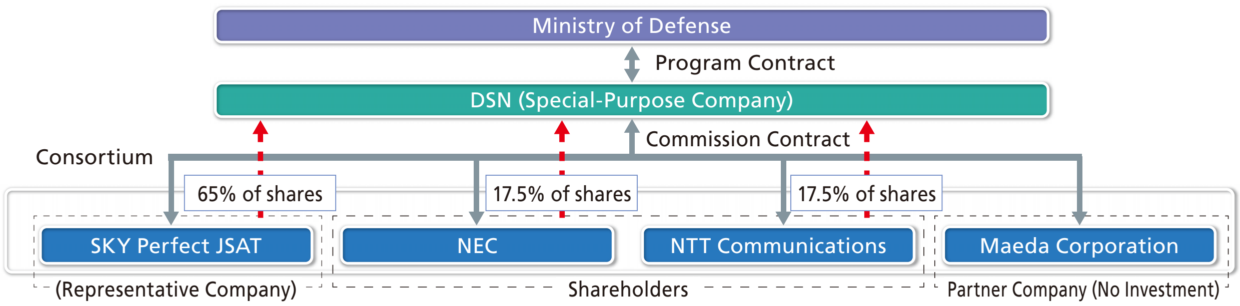
Private finance initiatives (PFIs) draw on private-sector capital and management expertise, as well as technology, to build, operate and maintain social infrastructure that has traditionally been the province of national and local governments. Advantages of the PFI method include reduced operating costs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

DSN Corporation, headquartered in Minato-ku, Tokyo, is a special-purpose company (SPC) established through investment by three companies: SKY Perfect JSAT Corporation, NEC Corporation and NTT Communications Corporation. DSN has received a contract from the Ministry of Defense for a "Program to Upgrade and Operate X-Band Satellite Communications Functions, etc." Based on the program contract, DSN will manufacture and launch two communications satellites and upgrade ground facilities, including satellite control equipment. The company is to operate, maintain and manage these facilities and equipment.

DBJ was the lead arranger, working with Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.), Bank of Tokyo-Mitsubishi UFJ, Ltd., and Sumitomo Mitsui Banking Corporation to provide a total of ¥77.5 billion in syndicated loans. This is the first artificial satellite project in Japan based on the Act on Promotion of Private Finance Initiative (revised), which went into effect in November 2011. The program contract is also one of the largest on record for a PFI project in Japan, at ¥122.1 billion.

● Scheme for Execution of a Program to Upgrade and Operate X-Band Satellite Communications Functions, etc.



Case Study PFI Promotion Seminars

Given the difficult financial conditions under which Japan's national and regional governments are operating, the aging of public facilities has become an increasingly serious issue in recent years. Furthermore, since the Great East Japan Earthquake, demand has increased for the restoration and reconstruction of various types of public infrastructure, bringing to the fore the importance of introducing private-sector expertise through PPP/PFI schemes.

The DBJ Group, in cooperation with Japan's Cabinet Office and regional banks, conducted seminars to promote PFI initiatives in six disaster-affected regions. These seminars highlighted the importance of managing public assets and introduced various PPP/PFI methods, providing useful information on rebuilding public facilities and promoting post-disaster reconstruction using private-sector know-how and capital.

Regional hosts of the seminars—The Bank of Iwate, Ltd., The 77 Bank, Ltd., The Toho Bank, Ltd., The Ashikaga Bank, Ltd., The Chiba Bank, Ltd., and DBJ—also gathered to deliberate ways to expand the PFI market going forward, in particular, collaborative measures that financial institutions can take to promote effective policies and public measures.

Liaison meeting among financial institutions involved in PFI

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 Toyo Gosei

Toyo Gosei Co., Ltd., headquartered in Taito-ku, Tokyo, is a chemical manufacturer founded in 1954. The company produces photosensitive materials that are essential for making semiconductors and LCD panels. Toyo Gosei also produces solvents for electronic materials and is one of the few companies in the world involved in the manufacture of fragrances.

DBJ accorded Toyo Gosei a high rating evaluation for three main reasons. (1) The company has acquired certifications that are still relatively uncommon in Japan. (2) Toyo Gosei has developed advanced disaster countermeasures to ensure business continuity, and business impact analysis* was used in the formulation of its business continuity plan, indicating its careful attention to fundamental procedures. (3) During the formulation of its plan, the company employed a risk assessment method in its occupational health and safety management system, taking into account characteristics unique to a chemical product manufacturer.

* Business impact analysis: An analysis method employed to determine the degree to which overall business would be affected in the event that specific business processes stop or are interrupted.

Analysis at a research institute for photosensitive materials

Case Study Showa Denko

Showa Denko K.K., headquartered in Minato-ku, Tokyo, conducts business on a global stage, producing chemicals for use in a range of fields. Its products range from petrochemicals and basic chemicals to hard disks and the graphite electrodes for electric steelmaking. In line with its group slogan, "Shaping ideas," Showa Denko is a unique company that generates new concepts and has strong technological capabilities. In a host of ways, the company endeavors to use the power of chemistry to make people's lives more bountiful.

DBJ provided Showa Denko with financing under the DBJ Enterprise Disaster Resilience Rated Loan Program, established as a restoration fund provision for times of disaster. This disaster restoration fund provision stipulates that in the event of a major earthquake that meets a variety of conditions, DBJ will provide a specific amount of financing as restoration funds. We developed this product in cooperation with Sompo Japan Insurance, Inc.

We accorded Showa Denko a high rating evaluation for a number of reasons. (1) The company was increasing its resilience by earthquake-proofing headquarters and principal business sites and through the geographic dispersion of manufacturing sites throughout Japan and in overseas locations. (2) By conducting continuous reviews and introducing measures to resolve bottlenecks in each business division, the company was endeavoring to reduce target restoration times. (3) Showa Denko was striving to understand its business partners and share information with them regarding its disaster preparedness and business continuity structure, as part of its efforts to build a robust supply chain.

Kawasaki Plant, which produces basic chemical products

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 40 and 81.)
- DBJ Green Building Certification (See pages 41 and 75.)

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 66.)
- Communication on Community Revitalization (See page 66.)
- Communication in International Cooperation (See pages 66–67.)

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, 2011	Year Ended March 31, 2012	Year Ended March 31, 2013
Copy and printing paper usage (kg)	93,189	100,494	**85,011**
Waste emissions (kg)	61,610	63,530	**55,688**
Energy consumption (kWh)	4.50 million	3.53 million	**4.01 million**
Water usage (m^3)	25,411	24,105	**22,667**

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, 2013
Paper	98.5%
Stationery	98.2%
Equipment	87.6%
Office equipment	99.9%
Lighting	100%

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 2012

DBJ participates in the Uchimizu Project 2012, 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 since 2008.

• 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.

CSR Report

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 2012, and are making efforts to (1) curb paper consumption, (2) promote the use of recycled products, (3) raise employee awareness of resources and waste reduction, (4) save energy and water and (5) regulate office air at an appropriate temperature.

• Kyushu Branch

Cleanup/beautification activity—Tenjin Clean Day

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

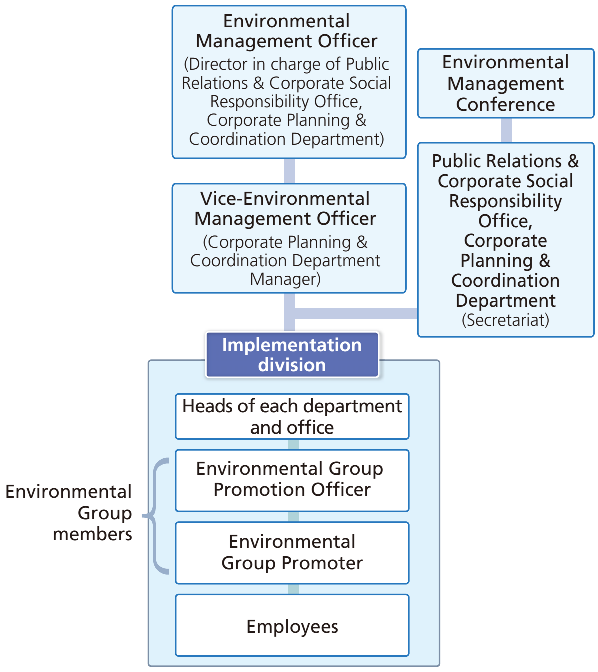
• Other Branches

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 Structure



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.

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

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

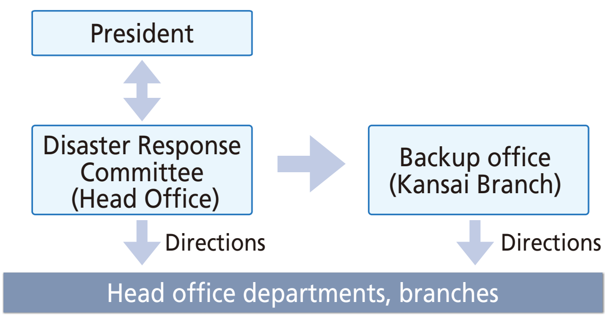
1) Confirmation and assurance of the safety of executives and regular employees
2) Uninterrupted continuation of settlement-related business
3) Reliable formation of the Disaster Response Committee
4) Restoration and maintenance of IT systems
5) Confirmation of the status of clients in afflicted areas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

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

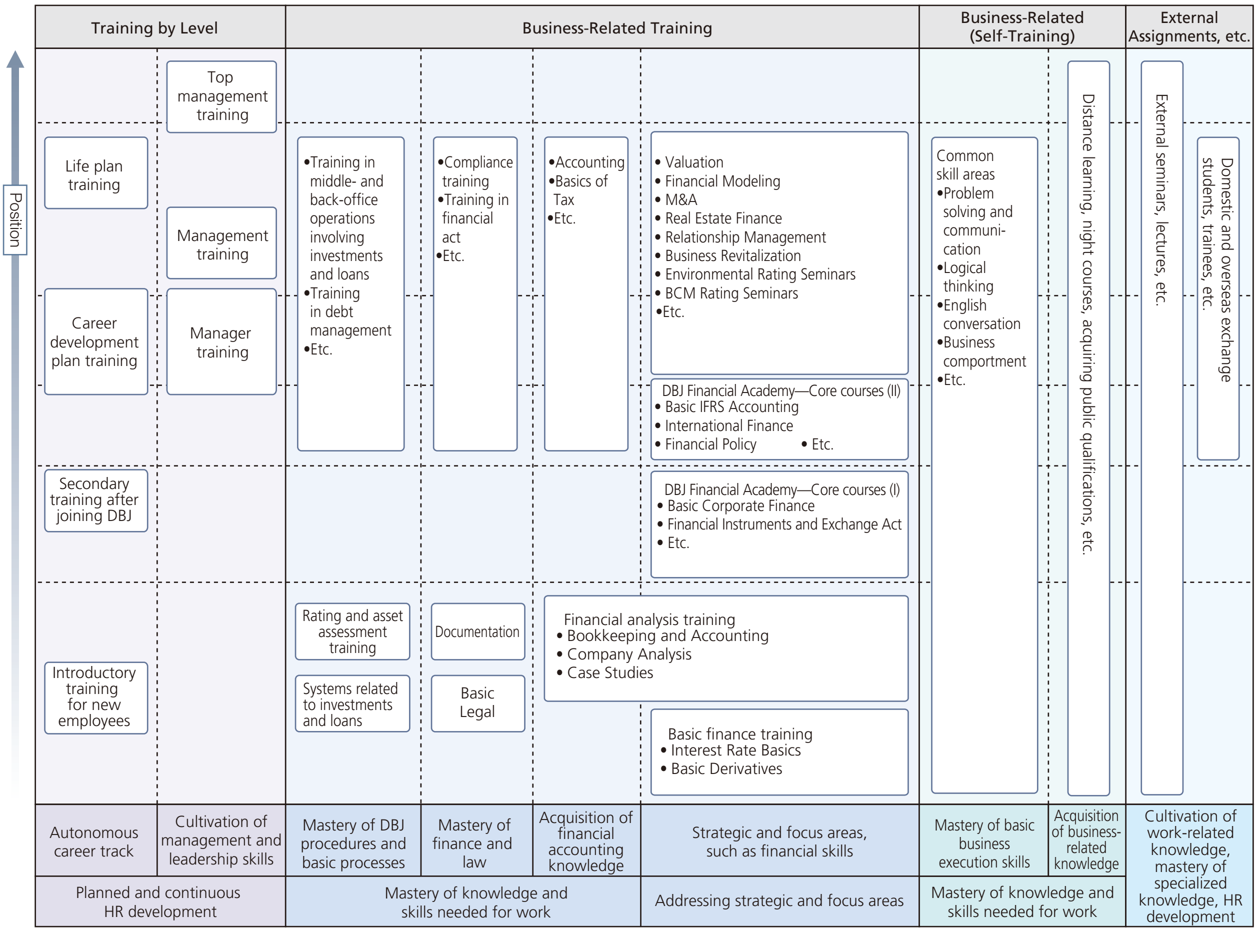
DBJ's financial professionals are supported by a well-developed education and training system. Mandatory training by level, combined with elective training according to skills and needs, enables each employee to plan his or her career and support DBJ's initiatives in innovative finance.

For young employees, 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- or thrice-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 from a medium- to long-term perspective of advanced corporate financial business essential to DBJ's business model. During fiscal 2012, courses numbered 16 and 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. In addition to basic knowledge, such as fundamental corporate finance topics and corporate valuation methods that can be applied, the academy provides a broad range of core training on finance from an academic and scientific perspective. Students from outside DBJ, such as employees of regional financial institutions, government bodies and business partners, have also participated. Through these courses, we look forward to opportunities for mutual exchange and the creation of networks.

• DBJ Financial Academy Curriculum

2012 Courses (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

2013 Courses (expected to run from May 2013 through February 2014)

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 Practice
- Financial Policy

Elective courses
- Real Estate Finance
- Behavioral Finance
- Investment
- Game Theory Approach to Asset Pricing Structure Concepts
- Risk Management and Real Options

Special courses
- M&A and Competition Policy
- 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.

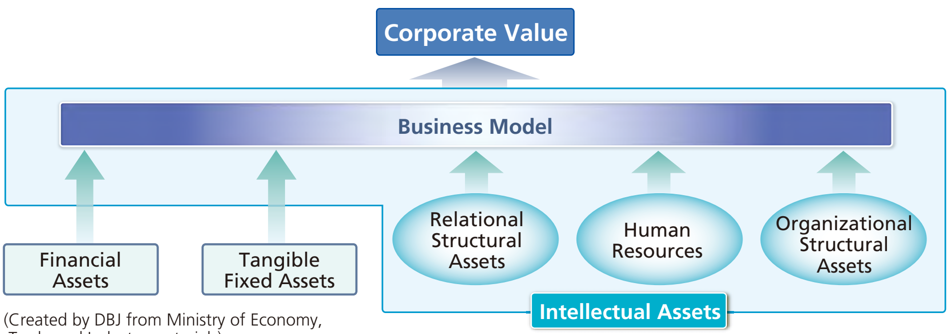
DBJ's View on Intellectual Assets

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

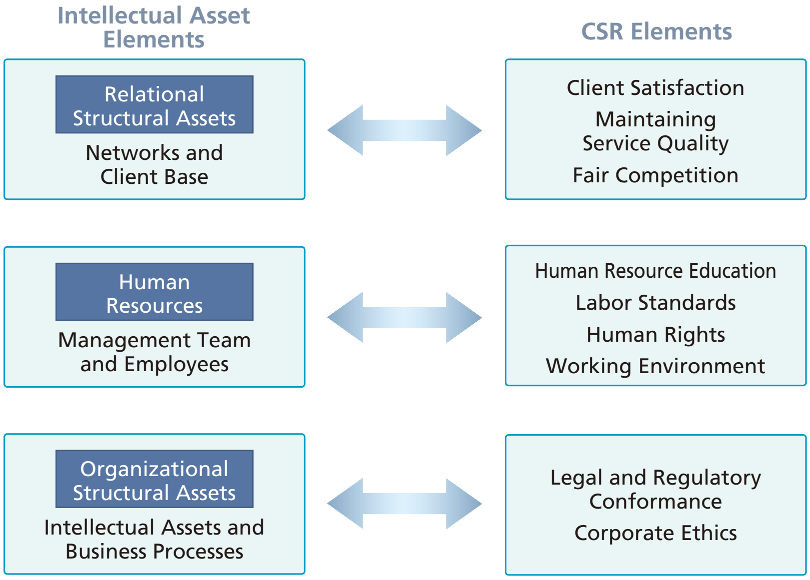
The nearby figure contrasts intellectual assets as viewed by DBJ and DBJ's role as seen by society. Evaluated in this sense, intellectual assets and CSR are two sides of the same coin.

For example, the DBJ Environmentally Rated Loan Program, the DBJ Enterprise Disaster Resilience Rated Loan Program, DBJ Employee's Health Management 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 32 to 48, "Integrated Investment and Loan Services," and on pages 68 to 89, "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 32 to 48, "Integrated Investment and Loan Services," and pages 68 to 89, "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.

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 Audit & Supervisory Board members.

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, 2013, the Board of Directors met 14 times.

The following two members are outside directors:

Akio Mimura, Senior Advisor, Nippon Steel & Sumitomo Metal Corporation and

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

Audit & Supervisory Board Members, Audit & Supervisory Board

The Audit & Supervisory Board comprises five members. This board convened 14 times during the fiscal year ended March 31, 2013.

As prescribed by the Companies Act, a majority of the five Audit & Supervisory Board members are outside members. DBJ has three Audit & Supervisory Board members, one of whom is an outside member. The Audit & Supervisory Board Office has been created to assist Audit & Supervisory Board members (including outside members) in performing their duties. Specialized staff members are assigned to the Audit & Supervisory Board Office, which is directed by the Audit & Supervisory Board.

The three outside Audit & Supervisory Board members are as follows:

Kazuyoshi Arakawa, former Managing Director, Sumishin Panasonic Financial Services Co., Ltd.;

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 Audit & Supervisory Board Members

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 three times during the fiscal year ended March 31, 2013.

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 Audit & Supervisory Board members.

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 39 times during the fiscal year ended March 31, 2013.

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, 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, Honorary Chairman of Toyota Motor Corporation
Katsunori Nakanishi, President & Chief Executive Officer, The Shizuoka Bank, Ltd.

Outside Directors

Akio Mimura, Senior Advisor, Nippon Steel & Sumitomo Metal Corporation
Kazuo Ueda, Professor, Faculty of Economics, the University of Tokyo

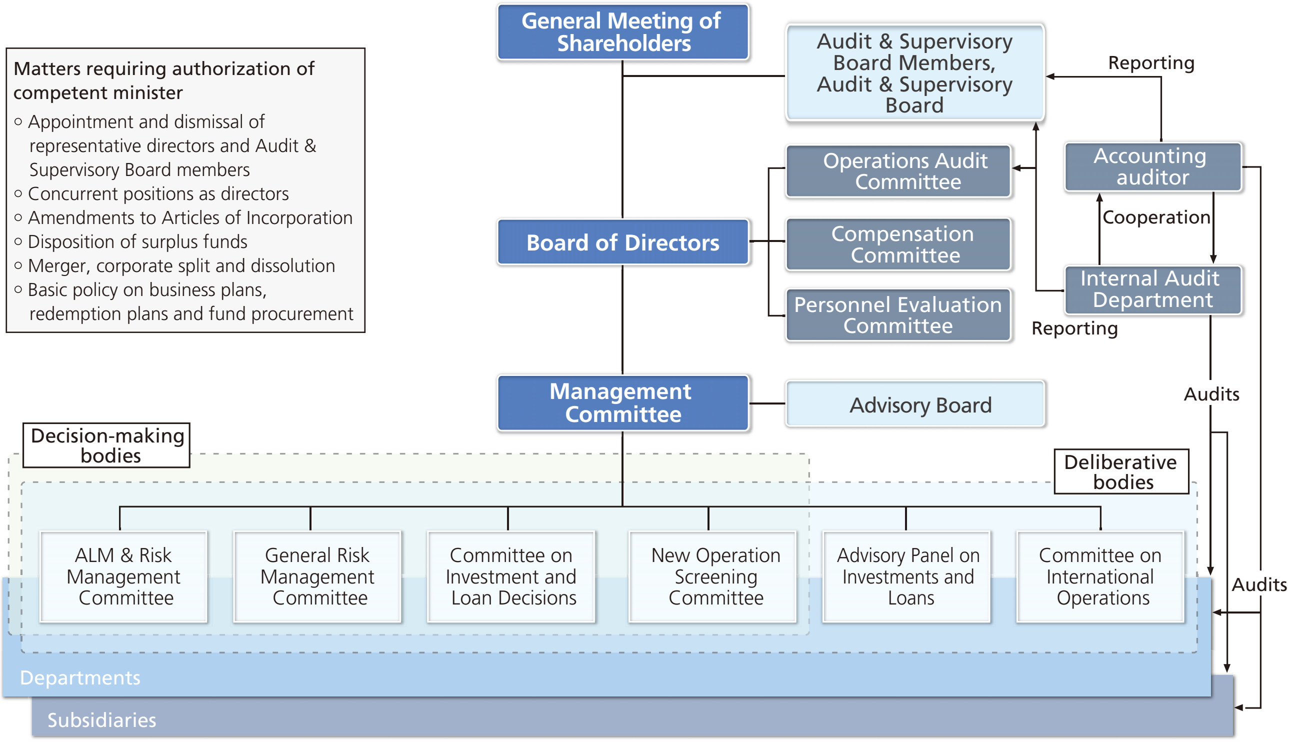
Matters Requiring Approval of Competent Minister

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 Audit & Supervisory Board members
- 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 seven executive officers.

Status of Internal Control System

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

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

Internal Control System Basic Policy

Purpose

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

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

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

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

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

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

Regulations and Other Systems Related to Managing the Risk of Loss

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

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

Systems to Ensure the Efficient Execution of Duties by Directors

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

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

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

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

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

System Related to Employees Assisting the Audit & Supervisory Board Members in Their Duties

Article 7. As a specialized organization to assist Audit & Supervisory Board members with their duties, if so requested by the members, an Audit & Supervisory Board Office shall be established under the direction of the Audit & Supervisory Board.

Matters Concerning Employees Supporting the Audit & Supervisory Board Members in Their Duties and the Independence of Such Personnel from Directors

Article 8. Personnel issues related to the employees supporting the duties of Audit & Supervisory Board members and matters related to the independence of such personnel shall be left in the control of the Audit & Supervisory Board.

System for Reporting by Directors and Employees to Audit & Supervisory Board Members and Other Systems for Reporting to Them

Article 9. Directors and employees shall report to Audit & Supervisory Board members 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 Audit & Supervisory Board members.
3. If Audit & Supervisory Board members 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 Audit & Supervisory Board Members

Article 10. In addition to attending meetings of the Board of Directors, Audit & Supervisory Board members 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 Audit & Supervisory Board members regularly, or at their request. The Representative Director shall also cooperate in the preparation of a reporting environment.
3. The Internal Audit Department works with the Audit & Supervisory Board members to establish internal audit plans. The department reports the results of internal audits and exchanges opinions and liaises with the Audit & Supervisory Board members when requested to do so.
4. Directors and employees shall cooperate with the Audit & Supervisory Board members in their audit activities and shall respect the Audit & Supervisory Board Regulations, Audit & Supervisory Board members' 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 Audit & Supervisory Board Members

DBJ has established the Internal 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 27, 2013, 21 people belonged to the Internal Audit Department.

The Audit & Supervisory Board and the Audit & Supervisory Board members audit the execution of duties by directors, based on their audit policy and audit plans.

The Audit & Supervisory Board members 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, 2013, these operations were conducted by designated certified public accountants (designated limited liability partners) Yukio Ono (continuous audit period* of five years), Atsuyuki Shimada (same, two years) and Hitoshi Torii (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 five years for Yukio Ono, two years for Atsuyuki Shimada and one year for Hitoshi Torii. 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 77 people, including a systems specialist, a licensed tax accountant, a specialist in determining fair value, a specialist in pension mathematics, real estate appraiser and a specialist in credit risk.

DBJ's Audit & Supervisory Board members, Internal 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 Audit & Supervisory Board Members

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

DBJ has no special-interest relationship with any other of its outside directors or outside Audit & Supervisory Board members.

DBJ has signed liability limitation agreements with its outside directors and outside Audit & Supervisory Board members, based on Paragraph 1, Article 427, of the Companies Act.

Overview of Agreements with Outside Directors and Outside Audit & Supervisory Board Members 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 Audit & Supervisory Board members, 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 Audit & Supervisory Board Members

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 Audit & Supervisory Board members (and former members) 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

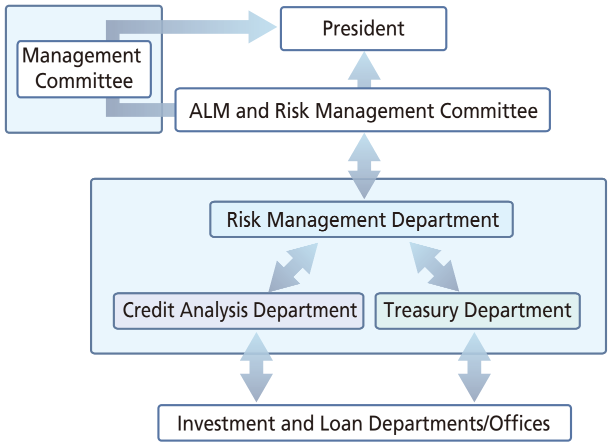
To ensure management soundness and safety, as well as raise corporate value, DBJ works to manage risk appropriately in line with specific business and risk characteristics. Controlling risk is an issue of utmost importance, and therefore we have established risk management processes and methods.

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

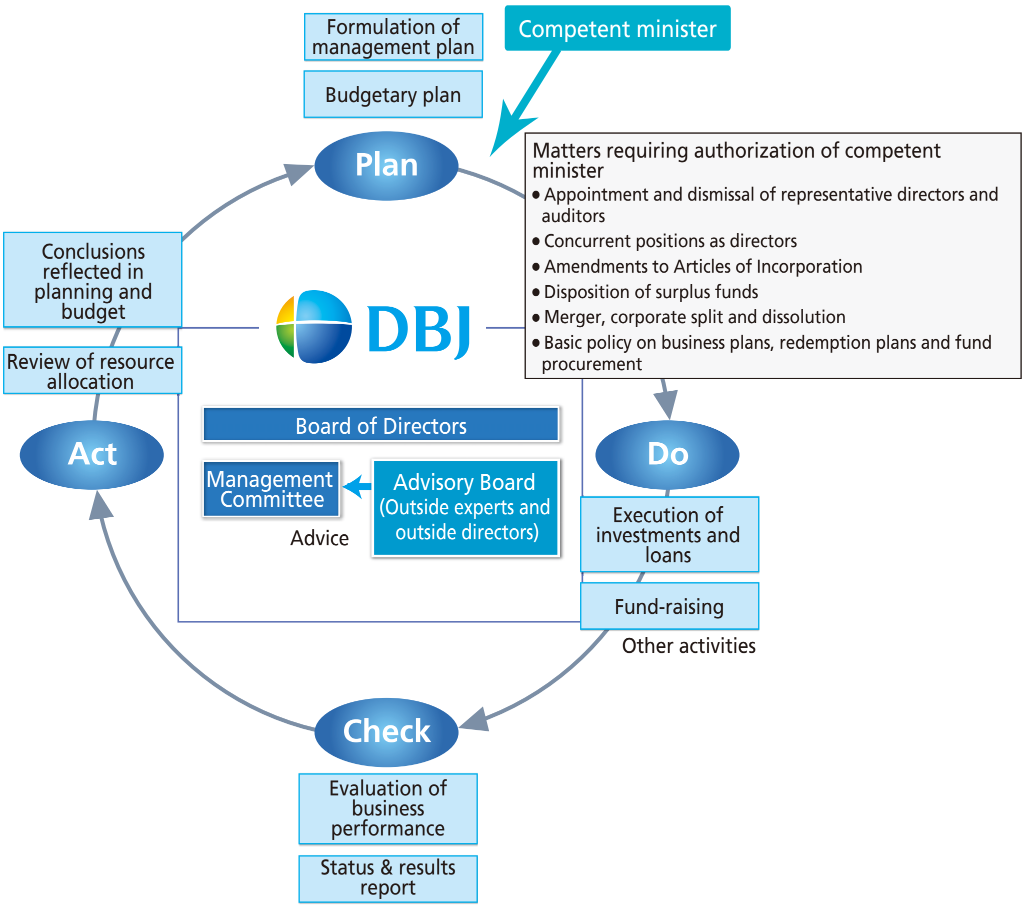
System risk refers to the risk of loss due to a computer system breakdown or malfunction, system defects, or improper computer usage. To properly manage systems risk, DBJ has implemented the following internal processes to optimize system risk management. The Information Resources Department is responsible 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 May 24, 2013, 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.
AD Capital Co., Ltd.
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.

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
2012	December	Increase of capital to ¥1,206,953 million

Board of Directors, Audit & Supervisory Board Members and Executive Officers

(As of July 1, 2013)

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, Information Resources Department

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

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

Toshiaki Ido
Director and Managing Executive Officer
In charge of Treasury Department, Financial Institution Department, Syndication Group

Susumu Kusano
Director and Managing Executive Officer
In charge of Credit Analysis Department, Accounting Department

Akio Mimura
Director (Outside)

Kazuo Ueda
Director (Outside)

Takeshi Kobayashi
Audit & Supervisory Board Member

Kosuke Takahashi
Audit & Supervisory Board Member

Kazuyoshi Arakawa
Audit & Supervisory Board Member (Outside)

Makoto Ito
Audit & Supervisory Board Member (Outside)

Shinji Hatta
Audit & Supervisory Board Member (Outside)

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

Tetsumi Hashimoto
Managing Executive Officer
In charge of Regional Planning Department, Corporate Finance Department [Division 6], Hokkaido Branch, Tohoku Branch, Niigata Branch, Hokuriku Branch, Tokai Branch

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

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

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

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

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

Shin Kikuchi
Managing Executive Officer
In charge of Urban Development Department, Asset Finance Group, Structured Finance Group, Corporate Finance Department [Division 3

Masafumi Aizawa
Executive Officer (In charge of Financial Institution)

Seiji Jige
Executive Officer, Head of Corporate Planning Coordination Department

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

Satoshi Tomizuka
Executive Officer (In charge of Internal Audit)

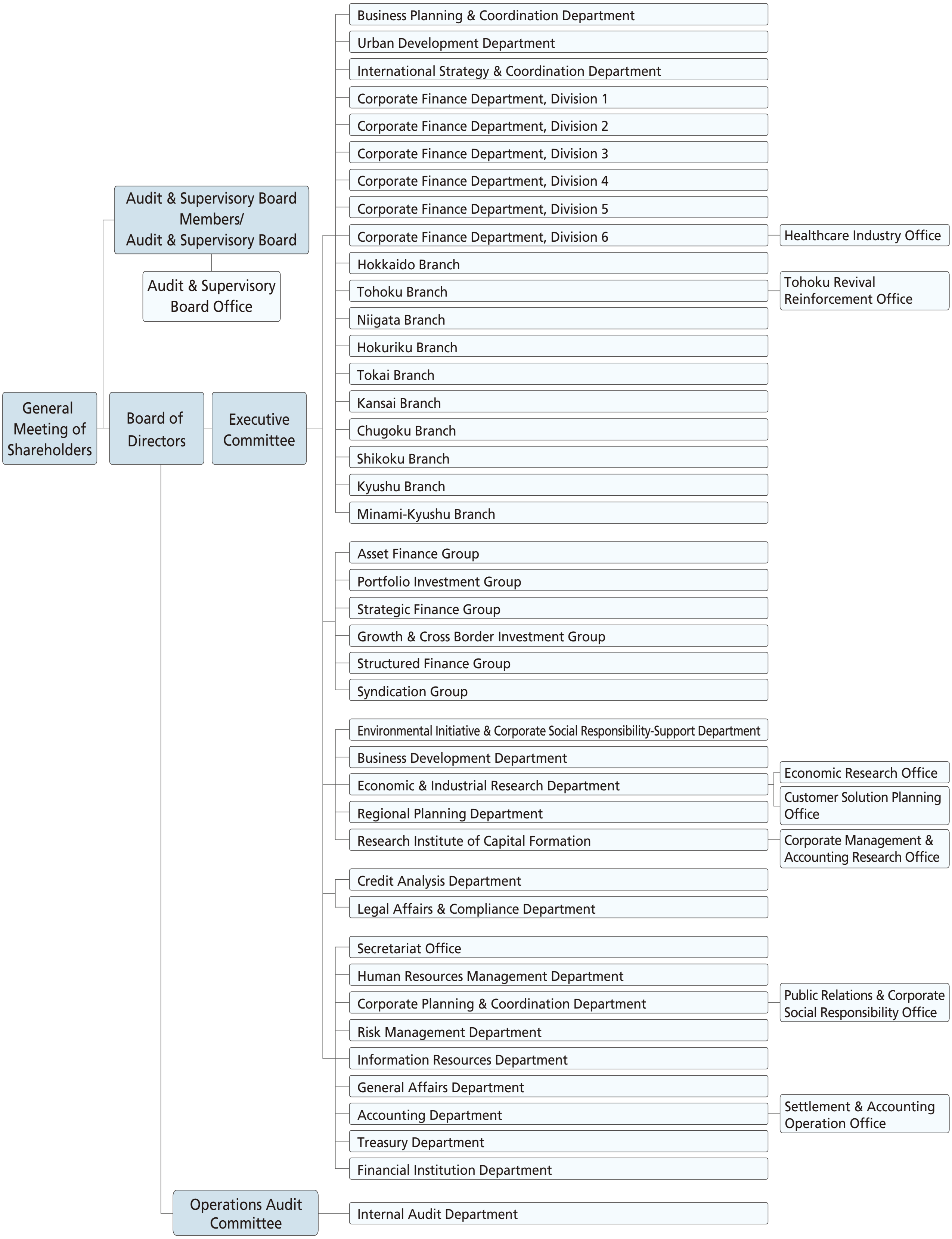
Kenkichi Fukuda
Executive Officer, Head of Human Resources Management Department

Junichiro Kitamura
Executive Officer, Head of International Strategy & Coordination Department

Tomoki Matsuda
Executive Officer, Head of Treasury Department

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 Audit & Supervisory Board members under Article 16 of Section 2 of the Companies Act.

Organization Chart (As of July 1, 2013)



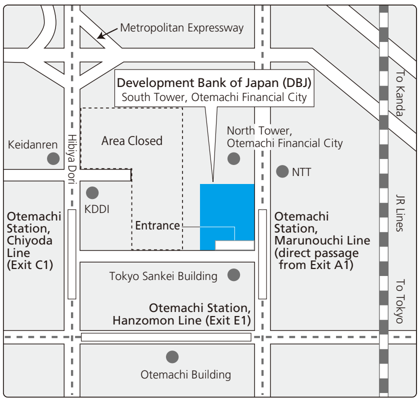
Representative Offices: Hakodate, Kushiro, Aomori, Toyama, Matsue, Okayama, Matsuyama, Oita

Overseas Representative Office: New York   Overseas Subsidiaries: DBJ Singapore Limited, DBJ Europe Limited

Locations and Directory (As of July 1, 2013)

Head Office

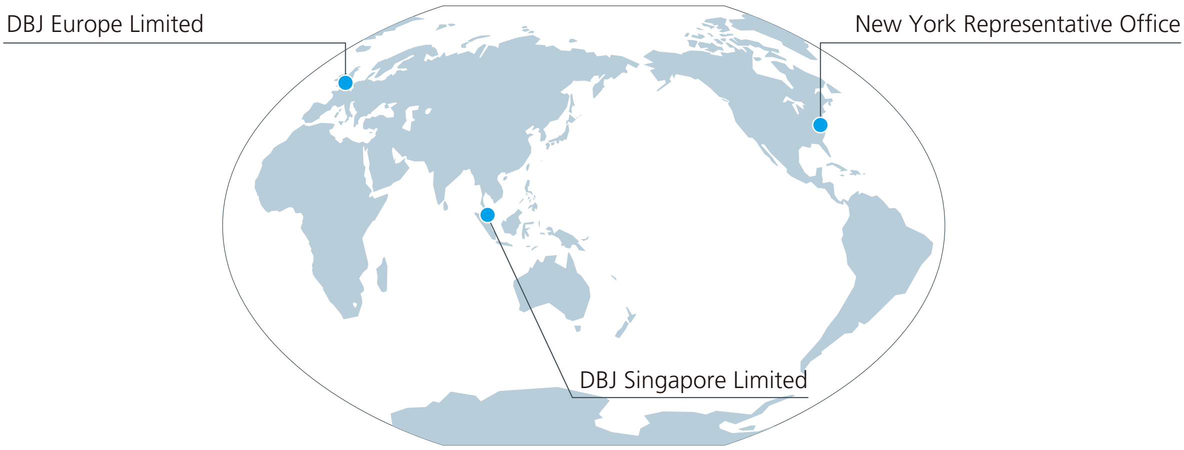
South Tower, Otemachi Financial City,
9-6, Otemachi 1-chome,
Chiyoda-ku, Tokyo
100-8178, Japan
Tel: +81-3-3270-3211
http://www.dbj.jp/en



Domestic Branch Offices, Representative Offices

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

Overseas Representative Office and Subsidiaries



New York Representative Office

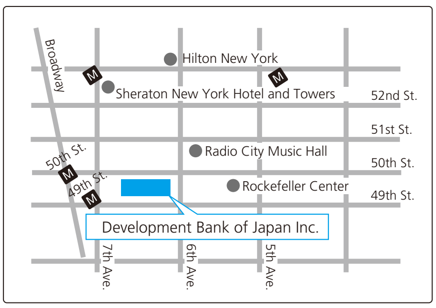
1251 Avenue of the Americas, Suite 830,
New York, NY 10020, U.S.A.
Tel: +1-212-221-0708

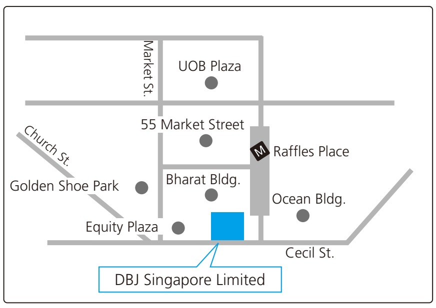
DBJ Singapore Limited

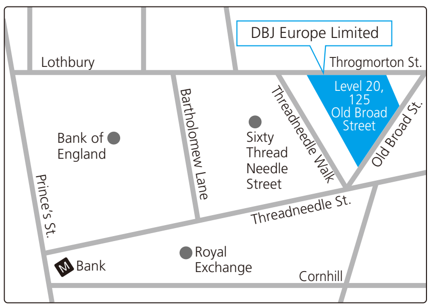
9 Raffles Place, #30-03 Republic Plaza,
Singapore 048619
Tel: +65-6221-1779

DBJ Europe Limited

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







Corporate Data

Subsidiaries (As of March 31, 2013)

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	29,614	50.00 (0.00)
UDS Corporate Mezzanine No. 3 Limited Partnership	Chiyoda-ku, Tokyo	Investment associations	February 15, 2008	35,240	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	1,032	100.00 (0.01)
DBJ New Business Investment Fund	Minato-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	1,600	100.00 (0.01)
DBJ Securities Co., Ltd.	Chiyoda-ku, Tokyo	Securities business	October 22, 1998	500	66.65
DBJ Asset Management Co., Ltd.	Chiyoda-ku, Tokyo	Investment management, investment advisory and agency services	November 22, 2006	100	100.00
Urban Redevelopment Private Fund	Chiyoda-ku, Tokyo	Investment associations	January 19, 2007	30,869	50.50 (1.00)
Green Asset Investment TMK	Minato-ku, Tokyo	Real estate leasing	November 14, 2012	20,000	—
GREIS Corporation	Delaware, USA	Investment in investment associations	February 27, 2013	US$7 million	100.00

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 Corporate Mezzanine No. 3 Limited Partnership and Asuka DBJ Investment LPS, DBJ Capital Investment Fund No. 1, DBJ New Business Investment Fund, DBJ Capital Investment Fund No. 2 and GREIS Corporation, 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 June 2012, DBJ acquired all the shares it did not already own in the former DBJ Nomura Investment Co., Ltd., and converted this company to a consolidated subsidiary. The company's name was changed to DBJ Asset Management Co., Ltd., in July 2012.
7. As is indicated in Note 6, the Urban Redevelopment Private Fund, which was formerly an affiliated company, became a consolidated subsidiary.
8. Although DBJ does not hold voting rights in Green Asset Investment TMK, DBJ effectively controls this company and so considers it a consolidated subsidiary.
9. There are 21 consolidated subsidiaries and 17 affiliated companies.

Stock Information (As of March 31, 2013)

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	—	43,623	6,170	1,187,364	—	1,060,466
March 23, 2012 Note 4	8	43,632	424	1,187,788	—	1,060,466
June 6, 2012 Note 6	—	43,632	10,528	1,198,316	—	1,060,466
December 6, 2012 Note 7	—	43,632	8,637	1,206,953	—	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, as of May 18, 2012, delivery bonds in the amount of ¥10,528 million required redemption. 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.
7. As is stated above, as of November 20, 2012, delivery bonds in the amount of ¥8,637 million required redemption. Based on this requirement, the delivery bonds were redeemed on December 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 amount of delivery bonds that remained unredeemed following this redemption was ¥1,324,665 million.) 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 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
Assets			
Cash and due from banks (Notes 14 and 28)	¥ 154,564	¥ 175,618	$ 1,643,432
Call loans and bills bought (Note 28)	84,000	89,500	893,142
Reverse repurchase agreements (Notes 3 and 28)	165,975	152,889	1,764,761
Money held in trust (Notes 28 and 30)	175,335	24,423	1,864,282
Securities (Notes 3, 14, 28 and 30)	1,357,058	1,176,622	14,429,115
Loans (Notes 4, 5, 14 and 28)	13,918,224	13,645,469	147,987,505
Other assets (Notes 6 and 14)	133,065	132,487	1,414,835
Tangible fixed assets (Notes 7 and 14)	237,988	180,962	2,530,445
Intangible fixed assets	7,927	7,057	84,294
Deferred tax assets (Note 24)	6,734	18,854	71,607
Customers' liabilities for acceptances and guarantees (Note 13)	155,753	128,518	1,656,068
Allowance for loan losses (Notes 8 and 28)	(147,414)	(151,448)	(1,567,401)
Allowance for investment losses	(501)	(1,072)	(5,335)
Total assets	¥16,248,712	¥15,579,881	$172,766,749
Liabilities and equity			
Liabilities:			
Debentures (Notes 9, 14 and 28)	¥ 3,053,277	¥ 3,130,495	$ 32,464,404
Borrowed money (Notes 10, 14 and 28)	9,448,398	9,170,553	100,461,439
Short-term corporate bonds (Notes 9 and 28)	43,997	50,999	467,815
Corporate bonds (Notes 9 and 28)	871,256	541,327	9,263,756
Other liabilities (Notes 11 and 12)	122,416	78,631	1,301,609
Accrued bonuses to employees	4,437	4,694	47,185
Accrued bonuses to directors and corporate auditors	12	12	129
Reserve for employees' retirement benefits (Note 23)	10,308	13,484	109,603
Reserve for directors' and corporate auditors' retirement benefits	64	55	687
Reserve for contingent losses	135	—	1,445
Deferred tax liabilities (Note 24)	78	43	832
Acceptances and guarantees (Note 13)	155,753	128,518	1,656,068
Total liabilities	13,710,136	13,118,816	145,774,972
Equity:			
Common stock authorized, 160,000 thousand shares in 2013 and 2012; issued, 43,632 thousand shares in 2013 and 2012 (Note 15)	1,206,953	1,187,788	12,833,099
Capital surplus (Note 15)	1,060,466	1,060,466	11,275,559
Retained earnings (Note 15)	193,595	159,606	2,058,428
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 30)	36,873	19,313	392,060
Deferred gain on derivatives under hedge accounting	33,987	27,711	361,373
Foreign currency translation adjustments	(57)	(149)	(610)
Total	2,531,817	2,454,736	26,919,910
Minority interests	6,759	6,329	71,868
Total equity	2,538,576	2,461,065	26,991,777
Total liabilities and equity	¥16,248,712	¥15,579,881	$172,766,749

See notes to consolidated financial statements.

Consolidated Statement of Income

Development Bank of Japan Inc. and Consolidated Subsidiaries

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

	Yen 2013	Yen 2012	U.S. Dollars (Note 1) 2013
Per share of common stock (Note 16)			
Basic net income	¥1,634.96	¥1,772.27	$ 17.38
Cash dividend applicable to the year	808	856	8.59

See notes to consolidated financial statements.

Financial Condition

Consolidated Statement of Comprehensive Income

Development Bank of Japan Inc. and Consolidated Subsidiaries

For the year ended March 31,	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
Net income before minority interests	**¥71,632**	**¥78,271**	**$ 761,645**
Other comprehensive income (Note 26):			
Unrealized gain on available-for-sale securities	16,451	8,854	174,923
Deferred gain on derivatives under hedge accounting	6,260	10,288	66,563
Foreign currency translation adjustments	86	(49)	923
Share of other comprehensive income in affiliates accounted for by the equity method	39	17	423
Total other comprehensive income	**22,838**	**19,110**	**242,833**
Comprehensive income	**¥94,471**	**¥97,382**	**$1,004,477**
Total comprehensive income attributable to:			
Owners of the parent	¥95,265	¥93,714	$1,012,925
Minority interests	(794)	3,668	(8,448)

See notes to consolidated financial statements.

Consolidated Statement of Change in Equity

Development Bank of Japan Inc. and Consolidated Subsidiaries

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

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows
Development Bank of Japan Inc. and Consolidated Subsidiaries

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

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Development Bank of Japan Inc. and Consolidated Subsidiaries

1. Basis of Presentation

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2012 consolidated financial statements to conform to the classifications used in 2013.

The amounts indicated in millions of yen are rounded down by omitting the figures less than one million yen. Accordingly, the sum of each amount appearing in the accompanying financial statements and the notes thereto may not be equal to the sum of the individual account balances. Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥94.05=$1.00, the effective exchange rate prevailing as of March 31, 2013, has been used in the conversion. The presentation of such amounts is not intended to imply that Japanese yen amounts have been or could have been readily translated, realized or settled in U.S. dollars at that rate or any other rate.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

(1) Scope of Consolidation

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

(i) Consolidated Subsidiaries

The number of consolidated subsidiaries as of March 31, 2013 is 21. The consolidated subsidiaries as of March 31, 2013 are as follows:

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

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

(ii) Unconsolidated Subsidiaries
The number of unconsolidated subsidiaries as of March 31, 2013 is 26. The major unconsolidated subsidiary as of March 31, 2013 was UDS II Corporate Mezzanine Limited Partnership.
Unconsolidated subsidiaries are excluded from the scope of consolidation because such exclusion has no material impact on the consolidated financial statements in terms of total assets, income, net income, retained earnings and accumulated other comprehensive income.

(iii) The majority of voting rights of Dexerials Corporation is owned by DBJ Inc. but it is not treated as a subsidiary, as the investment in this company was made for the purpose of its development and not for the purpose of obtaining control over the investee.

(2) Application of the Equity Method

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

(i) Unconsolidated subsidiaries not accounted for by the equity method
The number of unconsolidated subsidiaries not accounted for by the equity method as of March 31, 2013 was 26. The major unconsolidated subsidiary not accounted for by the equity method was UDS II Corporate Mezzanine Limited Partnership.

(ii) Affiliates accounted for by the equity method
The number of affiliates accounted for by the equity method as of March 31, 2013 was 17. The major affiliates accounted for by the equity method as of March 31, 2013 were as follows:

Makuhari Messe, Inc.
AIRDO Co., Ltd.

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

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

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

New Perspective One LLC

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

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

As of March 31, 2013

Narumi Corporation
Shinwa Seiko Corporation
Mediclude Co., Ltd.
Advangen, Inc.

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

(3) Balance Sheet Dates of Consolidated Subsidiaries

Balance sheet dates of consolidated subsidiaries are as follows:

	Number of subsidiaries
	2013
December 31	11
March 31	10

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

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

(4) Elimination of Intercompany Balances and Transactions

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

(5) Amortization of Goodwill

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

(b) Cash and Cash Equivalents

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

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Cash and due from banks	¥154,564	¥175,618	$1,643,432
Time deposits with banks	(30,546)	(51,476)	(324,795)
Cash and cash equivalents	¥124,017	¥124,141	$1,318,637

(c) Securities

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

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

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

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

(d) Valuation Method for Derivative Financial Instruments

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

(e) Hedge Accounting

(1) Hedge Accounting

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

(2) Hedging Instruments and Hedged Items

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

(3) Hedging Policy

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

(4) Evaluation of Hedge Effectiveness

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

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

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

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

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

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

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

(f) Fixed Assets

(1) Depreciation of Tangible Fixed Assets

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

The estimated useful lives are principally as follows:

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

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

(2) Amortization of Intangible Fixed Assets

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

(3) Lease Assets

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

(g) Long-lived Assets

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

(h) Debentures and Corporate Bonds Issuance Costs

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

(i) Foreign Currency Translation and Revaluation Method

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

(j) Allowance for Loan Losses

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

With respect to the claims on debtors who are legally or substantially bankrupt with collateral or guarantees, the amount of claims exceeding the estimated market values of collateral or guarantees which are deemed uncollectible were written-off, and totaled ¥50,187 million ($533,622 thousand) and ¥59,113 million for the years ended March 31, 2013 and 2012, respectively. The consolidated subsidiaries calculate the general reserve for "normal" categories based on the specific actual historical loss ratio, and the specific reserve for the "possibly bankrupt," "effectively bankrupt" and "legally bankrupt" categories based on estimated losses, considering the recoverable value.

(k) Allowance for Investment Losses

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

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

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

(m) Reserve for Employees' Retirement Benefits

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

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

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

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

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

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

(o) Reserve for Contingent Losses

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

(p) Asset Retirement Obligations

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

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

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

(q) Lease Transactions

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

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

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

(r) Consumption Taxes

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

(s) Income Taxes

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

(t) Capitalization of Interest Costs on Real Estate Development Business

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

(u) Per Share Information

Basic net income per share is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits. Diluted net income per share for the years ended March 31, 2013 and 2012 is not disclosed because there are no dilutive securities.

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

(v) New Accounting Pronouncements

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

Under the revised accounting standard, taking into the accounts the viewpoints of improvement of financial reporting and international trends, accounting treatment for actuarial gains and losses and past service costs that are yet to be recognized in profit or loss, the calculation method for retirement benefit obligations and service costs and expansion of the related disclosure requirements have been revised.

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

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

3. Securities

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

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

*1. Investments in unconsolidated subsidiaries and affiliates included in "Equities" as of March 31, 2013 and 2012, are ¥27,245 million ($289,689 thousand) and ¥24,066 million. Investments in unconsolidated subsidiaries and affiliates included in "Other securities" as of March 31, 2013 and 2012, are ¥38,404 million ($408,344 thousand) and ¥44,288 million.

*2. DBJ Inc. has contingent liabilities for guarantees of corporate bonds among securities which were issued by private placement (Article 2, Paragraph 3 of Financial Instruments and Exchange Act) and amount to ¥1,200 million ($12,759 thousand) as of March 31, 2013.

*3. There are no securities repledged as of March 31, 2013 and 2012. Securities accepted under repurchase agreements can be sold or repledged. Securities neither sold nor repledged are ¥165,975 million ($1,764,761 thousand) and ¥152,889 million as of March 31, 2013 and 2012, respectively.

*4. Marketable securities available-for-sale are considered impaired if there is a considerable decline in the market value below the acquisition cost and such decline is not believed to be recoverable. The difference between the acquisition cost and the market value is the impairment loss for the fiscal year.
The criterion for determining "Considerable decline in market value" is as follows:
Market value declined by 50% or more of the acquisition cost.
Market value declined by 30% or more of the acquisition cost, and such decline is not considered as recoverable.

Impairment losses on marketable securities available-for-sale for the years ended March 31, 2013 and 2012 are as follows:

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

4. Non-Performing Loans

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

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

*1. The amounts of loans indicated above are stated at gross amounts, before reduction of the allowance for loan losses.

*2. "Loans to bankrupt debtors" represent non-accrual loans to debtors who are legally bankrupt as defined in Article 96-1-3 and 4 of the Japanese Tax Law Enforcement Regulation.

*3. "Delinquent loans" represent non-accrual loans other than (i) Loans to bankrupt debtors and (ii) Loans whose interest payments are deferred in order to assist or facilitate the restructuring efforts of borrowers in financial difficulty.

*4. "Loans past due three months or more" are loans whose principal or interest payment is three months or more past due and do not fall under the category of "Loans to bankrupt debtors" or "Delinquent loans."

*5. "Restructured loans" are loans whose repayment terms have been modified to the advantage of debtors through means such as a reduction or exemption of interest rates, postponement of principal and interest payments, and forgiveness of loans to support or restructure the debtors' businesses, and do not fall under the category of "Loans to bankrupt debtors," "Delinquent loans," or "Loans past due three months or more."

5. Commitments

Loan commitment limits are contracts under which DBJ Inc. lends to customers up to the prescribed limits in response to customers' applications for loans as long as there is no violation of any condition in the contracts. As of March 31, 2013 and 2012, the amounts of unused commitments are ¥786,777 million ($8,365,523 thousand) and ¥580,042 million. As of March 31, 2013 and 2012, the amounts of unused commitments whose remaining contract term are within one year are ¥134,389 million ($1,428,910 thousand) and ¥455,229 million.

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

6. Other Assets

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

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

7. Tangible Fixed Assets

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

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

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

8. Allowance for Loan Losses

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

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

9. Debentures and Corporate Bonds

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

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

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

Scheduled redemptions of debentures and corporate bonds which have been assumed and repaid by DBJ Inc. for subsequent years as of March 31, 2013 are as follows:

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

10. Borrowed Money

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

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

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

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

11. Other Liabilities

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

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

12. Asset Retirement Obligations

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

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

The changes in asset retirement obligations for the years ended March 31, 2013 and 2012 are as follows:

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

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

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

13. Acceptances and Guarantees

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

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

14. Assets Pledged as Collateral

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

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥611,175 million ($6,498,415 thousand) and ¥5,539 million ($58,899 thousand) as of March 31, 2013. In addition, they are deposited as replacement of margin money for future trading and collateral for transactions, including exchange settlements as of March 31, 2013. ¥18,909 million ($201,053 thousand) of securities are pledged as collateral for loans of companies which are investees of DBJ Inc. as of March 31, 2013. Additionally, ¥937 million ($9,969 thousand) of margin deposits for futures transactions, ¥1,574 million ($16,736 thousand) of cash collateral paid for financial instruments and ¥48 million ($519 thousand) of guarantee deposits are included in other assets as of March 31, 2013. Under the DBJ Inc. Act (Article 17 of the Supplementary Provisions) and the DBJ Act (Article 43), obligations created by the bonds issued by DBJ Inc. are secured by a statutory preferential right over the property of DBJ Inc. The denomination value of these debentures amounts to ¥1,923,822 million ($20,455,311 thousand) as of March 31, 2013.

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥697,263 million and ¥14,714 million as of March 31, 2012. In addition, they are deposited as replacement of margin money for future trading and collateral for transactions, including exchange settlements as of March 31, 2012. Also, in other assets, ¥937 million of margin deposits for futures transactions is included and ¥42 million of guarantee deposits are included as of March 31, 2012. Under the DBJ Inc. Act (Article 17 of the Supplementary Provisions) and the DBJ Act (Article 43), obligations created by the bonds issued by DBJ Inc. are secured by a statutory preferential right over the property of DBJ Inc. The denomination value of these debentures amounts to ¥2,318,822 million as of March 31, 2012.

15. Equity

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

(a) Dividends

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

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

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

(c) Treasury Stock and Treasury Stock Acquisition Rights

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

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

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

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

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

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

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

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

16. Per Share Information

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

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

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

Financial Condition

17. Fees and Commissions (Income)

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

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

18. Other Operating Income

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

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

19. Other Income

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

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

20. Fees and Commissions (Expenses)

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

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

21. Other Operating Expenses

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

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

22. Other Expenses

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

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

23. Employees' Retirement Benefits

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

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

(a) The Funded Status of the Pension Plans

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

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

(b) Components of Pension Cost

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

*1. All retirement benefit costs are classified as service cost for the subsidiaries applying the simplified method.
*2. Contribution of pension premiums to the defined contribution pension plans of certain consolidated overseas subsidiaries is included in "Other".

(c) Principal Assumptions Used

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

24. Income Taxes

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

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

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

A reconciliation of the statutory tax rate to DBJ Inc.'s effective tax rate for the year ended March 31, 2013 has been omitted as the effective tax rate in the accompanying consolidated statement of income for the year ended March 31, 2013 differs from the normal effective statutory tax rate by less than 5%.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2013 and 2012 are as follows:

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

25. Lease Transactions

(a) Finance leases

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

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

	Millions of Yen		
	2013		
	Tangible fixed assets	Intangible fixed assets	Total
Acquisition cost	¥ 21	¥—	¥ 21
Accumulated depreciation	(18)	—	(18)
Accumulated impairment losses	—	—	—
Net leased property	¥ 3	¥—	¥ 3

	Millions of Yen		
	2012		
	Tangible fixed assets	Intangible fixed assets	Total
Acquisition cost	¥ 81	¥ 204	¥ 286
Accumulated depreciation	(56)	(178)	(234)
Accumulated impairment losses	—	—	—
Net leased property	¥ 25	¥ 25	¥ 51

	Thousands of U.S. Dollars		
	2013		
	Tangible fixed assets	Intangible fixed assets	Total
Acquisition cost	$ 228	$—	$ 228
Accumulated depreciation	(193)	—	(193)
Accumulated impairment losses	—	—	—
Net leased property	$ 35	$—	$ 35

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

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

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

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

*1. Depreciation expense is calculated using the straight-line method, assuming that useful life is equal to the lease term and that the residual value at the end of the lease term is zero.
*2. The difference between total lease payments and the assumed acquisition cost of leased assets is charged to assumed interest expense and is allocated to each fiscal year using the interest method.

(b) Operating leases

(As lessee)

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

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

(As lessor)

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

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

26. Other Comprehensive Income

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

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

27. Segment Information

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

Related information:

Segment information by service for the years ended March 31, 2013 and 2012 is following:

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

	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

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

28. Financial Instruments and Related Disclosures

(a) The Situation of Financial Instruments

(1) Policy for Financial Instruments

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

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

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

The financial assets of DBJ Inc. are mainly investments and loans in domestic customers, which are exposed to credit risk that stems from customers' default of contracts and decline of their creditworthiness. Main categories of industries of debtors are manufacturing, electricity, gas, thermal supply, water supply and others as of March 31, 2013. The changes of economic circumstances surrounding these industries may influence on the fulfillment of their obligations. DBJ Inc. holds securities such as bonds, equities and investments in limited partnerships and other similar partnerships, which are exposed to issuer's credit risk, interest rate risk, price volatility risk and other risks. DBJ Inc. does not have any trading-related risk because it does not engage in trading (specified transactions).

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

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

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

(3) Risk Management for Financial Instruments

(i) Credit Risk Management

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

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

(ii) Market Risk Management

1) Interest Rate Risk Management

DBJ Inc. manages interest rate risk by asset/liability management. Details of risk management methods and procedures are determined on internal rules, and Management Committee and ALM & Risk Management

Committee determine policies related to asset/liability management, monitoring of implementation and future plans. In addition, the risk management department monitors the interest rate and term of financial assets/liabilities overall. ALM & Risk Management Committee conducts regular monitoring with cash flow ladder analyses (gap analysis), value at risk (VaR), interest rate sensitivity analyses (basis point value), and other methods. As a part of asset/liability management, interest-rate swaps are executed to hedge interest rate risk.

2) Foreign Exchange Risk Management

Foreign currency investments, loans and bonds are exposed to the exchange rate risk, therefore those risks are hedged or controlled not only by offsetting some foreign currency denominated investments and loans as foreign currency denominated corporate bonds and debentures but also by making currency-related transactions.

3) Price Volatility Risk Management

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

4) Derivative Transactions

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

5) Quantitative Information about Market Risk

DBJ Inc. has not been engaged in trading activities, and all the assets and liabilities are financial instruments other than for trading purposes.

Market risk volume (estimated loss) is based on VaR using the historical simulation method (holding period of 1 year, observation period of 5 years, and confidence interval of 99.9%). The amount of market risk (risks pertaining to the changes in interest rates, foreign exchanges and market prices) as of March 31, 2013 and 2012 was ¥20,710 million ($220,211 thousand) and ¥41,484 million, respectively. Such measurements are conducted by the risk management department on a regular basis and reported to ALM & Risk Management Committee to utilize for establishing ALM operating policies.

DBJ Inc. conducts backtesting to compare the VaR calculated by the model with hypothetical performances calculated based on the actual market movements and confirms that the measurement models in use capture the market risk with sufficient accuracy. VaR measures the market risk volume under a definite probability of incidence calculated statistically based on the historical market movements and accordingly, and therefore there may be cases where market risk cannot be captured in such situations as when market conditions are changing dramatically beyond what was experienced historically.

(iii) Liquidity Risk Management on Financing

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

(4) Supplementary Explanation on Fair Value of Financial Instruments

The fair value of financial instruments is measured at the quoted market price. If the quoted price is not available, DBJ Inc. measures reasonably assessed price. Because assessed price is computed using certain assumptions, price could differ if different assumptions are used.

(b) Fair Values Information of Financial Instruments

The following are the carrying amount, fair value and differences between them as of March 31, 2013 and 2012. Unlisted equities and others, whose fair value cannot be reliably determined, are excluded from the table below (see (2)).

	Millions of Yen		
	2013		
	Carrying amount	Fair value	Difference
Cash and due from banks	¥ 154,564	¥ 154,564	¥ —
Call loans and bills bought	84,000	84,000	—
Reverse repurchase agreements	165,975	165,975	—
Securities			
Held-to-maturity debt securities	761,172	787,816	26,644
Available-for-sale securities	292,950	292,950	—
Loans	13,918,224		
Allowance for loan losses*1	(145,762)		
	13,772,462	14,468,156	695,694
Total assets	¥15,231,125	¥15,953,464	¥722,338
Debentures	3,053,277	3,216,468	163,191
Borrowed money	9,348,398	9,515,836	167,438
Short-term bonds	43,997	43,997	—
Corporate bonds	871,256	876,726	5,470
Total liabilities	¥13,316,929	¥13,653,030	¥336,100
Derivative transactions*2			
Derivative transactions not qualifying for hedge accounting	2,610	2,610	—
Derivative transactions qualifying for hedge accounting	46,452	46,452	—
Total derivative transactions	¥ 49,063	¥ 49,063	¥ —

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

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

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

(1) Following are the methods used to calculate the fair values of financial instruments:

Assets

(i) Cash and due from banks

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

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

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

(iii) Securities

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

(iv) Loans

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

Liabilities

(i) Debentures

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

(ii) Borrowed money

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

(iii) Short-term corporate bonds

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

(iv) Corporate bonds

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

Derivatives

The information of the fair values for derivatives is included in Note 29.

(2) Following are the financial instruments whose fair value cannot be reliably determined as of March 31, 2013 and 2012:
These securities are not included in the amount in the table summarizing fair values of financial instruments.

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

*1. Assets in trust and partnership assets which consist of financial instruments, whose fair value cannot be reliably determined, such as unlisted equities and other securities, are not subject to disclosing of fair values.
*2. Financial instruments for which the quoted price is not available and fair value cannot be reliably determined, are not subject to disclosing of fair values.
*3. Impairment loss on financial instruments whose fair value cannot be reliably determined for the year ended March 31, 2013 and 2012 was ¥1,866 million ($19,848 thousand) and ¥6,803 million, respectively. The breakdown is: unlisted equities ¥272 million ($2,898 thousand) and ¥6,685 million, unlisted other securities ¥1,594 million ($16,950 thousand) and ¥117 million for the years ended March 31, 2013 and 2012, respectively.
*4. For the industrial investment borrowed money (Special Account for FILP), the interest rate is not determined at the time of borrowing, but total amount of interest expense will be determined at the time of final repayment. Accordingly, since the future cash flows cannot be reasonably estimated and the fair value is extremely difficult to identify, it is not subject to the fair value disclosure requirement.

(3) Maturity analysis for financial assets and securities with contractual maturities as of March 31, 2013 are as follows:

	Millions of Yen					
	2013					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	¥154,560	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	84,000	—	—	—	—	—
Securities						
Held-to-maturity debt securities with market values	33,777	269,897	217,029	166,526	38,575	35,367
Japanese government bonds	—	—	82,447	40,502	15,375	35,367
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	28,511	127,000	100,275	39,683	13,200	—
Other	5,265	142,897	34,306	86,340	10,000	—
Available-for-sale securities with contractual maturities*	85,532	33,042	25,644	24,489	65,715	2,838
Japanese government bonds	79,992	—	—	2,143	65,715	—
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	1,005	28,749	25,639	22,345	—	—
Other	4,535	4,293	5	—	—	2,838
Loans*	2,136,526	3,993,141	3,070,054	2,148,952	1,670,645	775,614
Total	¥2,494,397	¥4,296,081	¥3,312,728	¥2,339,968	¥1,774,936	¥813,820

	Thousands of U.S. Dollars					
	2013					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	$ 1,643,388	$ —	$ —	$ —	$ —	$ —
Call loans and bills bought	893,142	—	—	—	—	—
Securities						
Held-to-maturity debt securities with market values	359,143	2,869,722	2,307,595	1,770,613	410,155	376,048
Japanese government bonds	—	—	876,635	430,644	163,477	376,048
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	303,156	1,350,346	1,066,188	421,940	140,351	—
Other	55,986	1,519,376	364,771	918,028	106,326	—
Available-for-sale securities with contractual maturities*	909,434	351,327	272,673	260,387	698,733	30,179
Japanese government bonds	850,526	—	—	22,794	698,733	—
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	10,689	305,681	272,615	237,592	—	—
Other	48,219	45,646	58	—	—	30,179
Loans*	22,716,927	42,457,647	32,642,792	22,849,045	17,763,377	8,246,836
Total	$26,522,033	$45,678,696	$35,223,060	$24,880,044	$18,872,264	$8,653,062

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

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

	Millions of Yen					
	2013					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Borrowed money	¥1,356,147	¥2,467,417	¥2,051,185	¥1,191,488	¥1,202,029	¥1,180,129
Short-term corporate bonds	43,997	—	—	—	—	—
Debentures and corporate bonds	297,445	945,377	1,185,166	516,516	524,809	455,217
Total	¥1,697,590	¥3,412,794	¥3,236,352	¥1,708,005	¥1,726,839	¥1,635,347

	Thousands of U.S. Dollars					
	2013					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Borrowed money	$14,419,429	$26,235,165	$21,809,524	$12,668,671	$12,780,751	$12,547,899
Short-term corporate bonds	467,815	—	—	—	—	—
Debentures and corporate bonds	3,162,628	10,051,859	12,601,453	5,491,940	5,580,114	4,840,165
Total	$18,049,872	$36,287,024	$34,410,977	$18,160,610	$18,360,866	$17,388,064

29. Derivative Transactions

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

(1) Interest Rate-related Transactions

	Millions of Yen			
	2013			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
Over-the-counter				
Swaps				
Receive fixed/ Pay float	¥744,028	¥671,665	¥ 21,658	¥ 21,658
Receive float/ Pay fixed	742,336	670,821	(16,863)	(16,863)
Total	—	—	¥ 4,795	¥ 4,795

	Millions of Yen			
	2012			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
Over-the-counter				
Swaps				
Receive fixed/ Pay float	¥590,096	¥507,934	¥ 17,267	¥ 17,267
Receive float/ Pay fixed	588,298	506,242	(13,908)	(13,908)
Total	—	—	¥ 3,358	¥ 3,358

	Thousands of U.S. Dollars			
	2013			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
Over-the-counter				
Swaps				
Receive fixed/ Pay float	$7,910,993	$7,141,578	$ 230,286	$ 230,286
Receive float/ Pay fixed	7,893,003	7,132,610	(179,300)	(179,300)
Total	—	—	$ 50,986	$ 50,986

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

(2) Currency-related Transactions

	Millions of Yen			
	2013			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
Over-the-counter				
Swaps	¥ 97,497	¥97,497	¥ 1,972	¥ 1,972
Forwards				
Sold	187,018	—	(3,654)	(3,654)
Bought	5,597	—	(39)	(39)
Total	—	—	¥(1,721)	¥(1,721)

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

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

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

(3) Equity-related Transactions

Not applicable.

(4) Bond-related Transactions

Not applicable.

(5) Commodity-related Transactions

Not applicable.

(6) Credit Derivatives Transactions

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

	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)

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

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

(b) Derivative Transactions to which Hedge Accounting is applied

(1) Interest Rate-related Transactions

	Hedged item	Millions of Yen 2013 Contract amount Total	Due after 1 year	Fair value
Deferral method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Securities and	¥459,741	¥453,983	¥50,582
Receive float/ Pay fixed	Loans	104,028	98,125	(4,129)
Accrual method	Debentures,			
Swaps	Borrowed money,			
Receive fixed/ Pay float	Corporate bonds and	654,397	638,047	*3
Receive float/ Pay fixed	Loans	32,325	32,207	
Total		—	—	¥46,452

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

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

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

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

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

(2) Currency-related Transactions

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

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

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

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

(3) Equity-related Transactions

Not applicable.

(4) Bond-related Transactions

Not applicable.

30. Fair Value of Securities and Money Held in Trust

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

(a) Securities

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

		Millions of Yen		
		2013		
		Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	¥173,691	¥185,432	¥11,740
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	261,070	265,930	4,860
	Other	187,756	200,643	12,886
Sub-total		622,519	652,006	29,487
Fair value does not exceed carrying amount	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	47,600	47,332	(267)
	Other	91,053	88,477	(2,576)
Sub-total		138,653	135,809	(2,843)
Total		¥761,172	¥787,816	¥26,644

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

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

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

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

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

		Millions of Yen		
		2013		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	¥ 45,197	¥ 23,334	¥21,862
	Bonds	173,702	168,756	4,946
	Japanese government bonds	97,856	95,556	2,299
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	75,846	73,199	2,646
	Other	19,185	4,640	14,544
Sub-total		238,085	196,731	41,353
Carrying amount does not exceed cost	Equities	2,699	2,873	(174)
	Bonds	51,888	51,943	(54)
	Japanese government bonds	49,995	49,996	(1)
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	1,893	1,946	(53)
	Other	30,277	30,492	(215)
Sub-total		84,865	85,309	(444)
Total		¥322,950	¥282,040	¥40,909

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

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

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

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

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

	Millions of Yen 2013 Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	¥43,523	¥18,006	¥ 91
Bonds	9,862	525	4
Japanese government bonds	—	—	—
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	9,862	525	4
Other	6,024	1,409	96
Total	¥59,411	¥19,942	¥193

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

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

(b) Money Held in Trust

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

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

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

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

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

	Millions of Yen				
	2013				
			Unrealized gains (losses)		
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	¥175,265	¥170,969	¥4,295	¥4,295	¥—

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

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

(c) Unrealized Gain on Available-for-sale Securities

The breakdown of unrealized gain on available-for-sale securities is as follows:

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

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

31. Related Party Transactions

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

				Amounts of the transactions		Balance at March 31, 2013	
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	—	¥ 19,165	$ 203,775	¥ —	$ —
		Borrowings*2	Borrowed money	600,000	6,379,585	4,466,008	47,485,468
		Repayments		711,277	7,562,755		
		Payment for interest	Accrued expenses	59,235	629,829	15,633	166,227
		Guarantees*3	—	2,450,189	26,051,990	—	—

*1. It consists of subscription due to redemption of government compensation bonds.
*2. DBJ Inc. has borrowed from the fiscal investment and loan program funds, and applied interest rates for fiscal investment and loan. The last redemption period is January 20, 2033 without putting up collateral.
*3. The guarantees are for debentures issued by DBJ Inc. free of guarantee charge.
*4. According to Article 2, item 5 of the Japan Finance Corporation Act, DBJ Inc. has borrowed ¥3,907,329 million ($41,545,231 thousand) from Japan Finance Corporation relating to the crisis response business.

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

*1. It consists of subscription due to redemption of government compensation bonds in an amount of ¥6,170 million and subscription for third party allotment of capital increase (¥50,000 per share) in an amount of ¥424 million.
*2. DBJ Inc. has borrowed from the fiscal investment and loan program funds, and applied interest rates for fiscal investment and loan. The last redemption period is January 20, 2032 without putting up collateral.
*3. The guarantees are for debentures issued by DBJ Inc. free of guarantee charge.
*4. According to Article 2, item 5 of the Japan Finance Corporation Act, DBJ Inc. has borrowed ¥3,711,361 million from Japan Finance Corporation relating to the crisis response business.

32. Subsequent Event

On June 27, 2013, the shareholders meeting resolved the following appropriations of retained earnings. After that, the timing and amounts for dividends were authorized by the Finance Minister on the same day:

Appropriations of Retained earnings as of March 31, 2013

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

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of Development Bank of Japan Inc. and its consolidated subsidiaries as of March 31, 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Development Bank of Japan Inc. and its consolidated subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

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

Member of
Deloitte Touche Tohmatsu Limited

Non-Consolidated Balance Sheet (Unaudited)

Development Bank of Japan Inc.

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

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

Non-Consolidated Statement of Income (Unaudited)

Development Bank of Japan Inc.

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

	Yen 2013	Yen 2012	U.S. Dollars (Note) 2013
Per share of common stock			
Basic net income	¥1,616.69	¥1,712.81	$ 17.19

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

Financial Condition

Non-Consolidated Statement of Changes in Equity (Unaudited)

Development Bank of Japan Inc.

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

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

Capital Adequacy Ratio

Although DBJ is not yet subject to Article 14-2 of the Banking Act of Japan, capital adequacy ratios have been calculated in accordance with "Criteria for Judging Whether a Financial Institution's Own Capital Is Sufficient in Light of the Assets Held, etc. under the Provision of Article 14-2 of the Banking Act" (2006, Financial Services Agency Notification No. 19, hereinafter, the "Capital Adequacy Ratio Notification"), and therefore effectively conform to this act.
(Reference)
Basel III uniform international standards became applicable from March 31, 2013. DBJ has applied Basel III, and capital adequacy ratios in this Capital Adequacy Ratio Notification have been calculated to these standards, on both a consolidated and non-consolidated basis.

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

Consolidated Capital Ratio (Basel 2, BIS standard)

(Millions of yen)

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

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

Financial Condition

Capital Structure Information (Consolidated)

(Millions of yen)

Items	March 31, 2013	Amounts excluded under transitional arrangements	Basel III Template No.
Common Equity Tier 1 capital: instruments and reserves			
Directly issued qualifying common share capital plus related capital surplus and retained earnings	2,425,759		1a+2-1c-26
of which: common stock and capital surplus	2,267,419		1a
of which: retained earnings	193,595		2
of which: treasury stock	—		1c
of which: planned distribution of income	35,254		26
of which: other than the above	—		
Rights to acquire new common shares	—		1b
Accumulated other comprehensive income and other disclosed reserves	—	70,803	3
Adjusted minority interests, etc. (amount allowed to be included in group Common Equity Tier 1)	7		5
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	1,260		
Common Equity Tier 1 capital: instruments and reserves (A)	2,427,026		6
Common Equity Tier 1 capital: regulatory adjustments			
Total intangible assets (excluding those relating to mortgage servicing rights)	—	4,287	8+9
of which: goodwill (including those equivalent)	—	—	8
of which: other intangible assets other than goodwill and mortgage servicing rights	—	4,287	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—	10
Net deferred losses on hedges	—	274	11
Shortfall of eligible reserves to expected losses	—	—	12
Capital increase due to securitization transactions	—	—	13
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	14
Prepaid pension cost	—	—	15
Investments in own shares (excluding those reported in the Net assets section)	—	—	16
Reciprocal cross-holdings in common equity	—	—	17
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)	—	—	18
Amount exceeding the 10% threshold on specified items	—	—	19+20+21
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	19
of which: mortgage servicing rights	—	—	20
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	21
Amount exceeding the 15% threshold on specified items	—	—	22
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	23
of which: mortgage servicing rights	—	—	24
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	25
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	—		27
Common Equity Tier 1 capital: regulatory adjustments (B)	—		28

(Millions of yen)

Items	March 31, 2013	Amounts excluded under transitional arrangements	Basel III Template No.
Common Equity Tier 1 capital (CET1)			
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	2,427,026		29
Additional Tier 1 capital: instruments			
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—		31a (30)
Rights to acquire new shares in relation to Additional Tier 1 instruments	—		31b (30)
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		32 (30)
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		(30)
Adjusted minority interests, etc. (amount allowed to be included in group Additional Tier 1)	5,426		34-35
Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	—		33+35
of which: instrument issued by banks and their special purpose vehicles	—		33
of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—		35
Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	(57)		
Additional Tier 1 capital: instruments (D)	5,368		36
Additional Tier 1 capital: regulatory adjustments			
Investments in own Additional Tier 1 instruments	—	—	37
Reciprocal cross-holdings in Additional Tier 1 instruments	—	—	38
Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)	—	—	39
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	—	1,059	40
Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	—		
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		42
Additional Tier 1 capital: regulatory adjustments (E)	—		43
Additional Tier 1 capital (AT1)			
Additional Tier 1 capital ((D)-(E)) (F)	5,368		44
Tier 1 capital (T1 = CET1 + AT1)			
Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	2,432,395		45
Tier 2 capital: instruments and reserves			
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and its breakdown	—		46
Rights to acquire new shares in relation to Tier 2 instruments	—		46
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		46
Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		46
Adjusted minority interests, etc. (amount allowed to be included in group Tier 2)	65		48-49
Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and reserves	—		47+49
of which: instruments issued by banks and their special purpose vehicles	—		47
of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—		49

Financial Condition

(Millions of yen)

Items	March 31, 2013	Amounts excluded under transitional arrangements	Basel III Template No.
Total of general reserve for possible loan losses and eligible reserves included in Tier 2	67,478		50
of which: general reserve for possible loan losses	67,478		50a
of which: eligible reserves	—		50b
Total of items included in Tier 2 capital: instruments and reserves subject to transitional arrangements	23,144		
Tier 2 capital: instruments and reserves (H)	90,688		51
Tier 2 capital: regulatory adjustments			
Investments in own Tier 2 instruments	—	—	52
Reciprocal cross-holdings in Tier 2 instruments	—	—	53
Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	—	—	54
Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	—	—	55
Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements	—		
Tier 2 capital: regulatory adjustments (I)	—		57
Tier 2 capital (T2)			
Tier 2 capital (T2) ((H)-(I)) (J)	90,688		58
Total capital (TC = T1 + T2)			
Total capital (TC = T1 + T2) ((G) + (J)) (K)	2,523,084		59
Risk weighted assets			
Total of items included in risk weighted assets subject to transitional arrangements	5,346		
Risk weighted assets (L)	16,255,349		60
Capital ratio (consolidated)			
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	14.93%		61
Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	14.96%		62
Total risk-weighted capital ratio (consolidated) ((K)/(L))	15.52%		63
Regulatory adjustments			
Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	202,916		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	6,592		73
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—		74
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	9,325		75
Reserves included in Tier 2 capital: instruments and reserves			
General reserve for possible loan losses	67,478		76
Cap on inclusion of general reserve for possible loan losses	200,088		77
Eligible reserves for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	—		78
Cap for inclusion of reserves in Tier 2 under internal ratings-based approach	—		79
Capital instruments subject to transitional arrangements			
Current cap on Additional Tier 1 instruments subject to transitional arrangements	—		82
Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	—		83
Current cap on Tier 2 instruments subject to transitional arrangements	—		84
Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	—		85

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

(Millions of yen)

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

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

Capital Structure Information (Non-Consolidated)

(Millions of yen)

Items	March 31, 2013	Amounts excluded under transitional arrangements	Basel III Template No.
Common Equity Tier 1 capital: instruments and reserves			
Directly issued qualifying common share capital plus related capital surplus and retained earnings	2,419,895		1a+2-1c-26
of which: common stock and capital surplus	2,267,419		1a
of which: retained earnings	187,730		2
of which: treasury stock	—		1c
of which: planned distribution of income	35,254		26
of which: other than the above	—		
Rights to acquire new common shares	—		1b
Valuation and translation adjustment and other disclosed reserves	—	61,511	3
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	—		
Common Equity Tier 1 capital: instruments and reserves (A)	2,419,895		6
Common Equity Tier 1 capital: regulatory adjustments			
Total intangible assets (excluding those relating to mortgage servicing rights)	—	4,257	8+9
of which: goodwill (including those equivalent)	—	—	8
of which: other intangible assets other than goodwill and mortgage servicing rights	—	4,257	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—	10
Net deferred gains on hedges	—	90	11
Shortfall of eligible reserves to expected losses	—	—	12
Capital increase due to securitization transactions	—	—	13
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	14
Prepaid pension cost	—	—	15
Investments in own shares (excluding those reported in the Net assets section)	—	—	16
Reciprocal cross-holdings in common equity	—	—	17
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)	—	—	18
Amount exceeding the 10% threshold on specified items	—	—	19+20+21
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	19
of which: mortgage servicing rights	—	—	20
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	21
Amount exceeding the 15% threshold on specified items	—	—	22
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	23
of which: mortgage servicing rights	—	—	24
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	25
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	—		27
Common Equity Tier 1 capital: regulatory adjustments (B)	—		28
Common Equity Tier 1 capital (CET1)			
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	2,419,895		29

(Millions of yen)

Items	March 31, 2013	Amounts excluded under transitional arrangements	Basel III Template No.	
Additional Tier 1 capital: instruments				
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—		31a	30
Rights to acquire new shares in relation to Additional Tier 1 instruments	—		31b	
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		32	
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—			
Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	—		33+35	
Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	—			
Additional Tier 1 capital: instruments (D)	—		36	
Additional Tier 1 capital: regulatory adjustments				
Investments in own Additional Tier 1 instruments	—		37	
Reciprocal cross-holdings in Additional Tier 1 instruments	—		38	
Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)	—		39	
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	—		40	
Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	—			
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		42	
Additional Tier 1 capital: regulatory adjustments (E)	—		43	
Additional Tier 1 capital (AT1)				
Additional Tier 1 capital ((D)-(E)) (F)	—		44	
Tier 1 capital (T1 = CET1 + AT1)				
Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	2,419,895		45	
Tier 2 capital: instruments and reserves				
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and its breakdown	—		46	
Rights to acquire new shares in relation to Tier 2 instruments	—			
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—			
Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—			
Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and reserves	—		47+49	
Total of general reserve for possible loan losses and eligible reserves included in Tier 2	68,074		50	
of which: general reserve for possible loan losses	68,074		50a	
of which: eligible reserves	—		50b	
Total of items included in Tier 2 capital: instruments and reserves subject to transitional arrangements	12,468			
Tier 2 capital: instruments and reserves (H)	80,543		51	

Financial Condition

(Millions of yen)

Items	March 31, 2013	Amounts excluded under transitional arrangements	Basel III Template No.
Tier 2 capital: regulatory adjustments			
Investments in own Tier 2 instruments	—	—	52
Reciprocal cross-holdings in Tier 2 instruments	—	—	53
Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	—	—	54
Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	—	—	55
Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements	—		
Tier 2 capital: regulatory adjustments (I)	—		57
Tier 2 capital (T2)			
Tier 2 capital (T2) ((H)-(I)) (J)	80,543		58
Total capital (TC = T1 + T2)			
Total capital (TC = T1 + T2) ((G) + (J)) (K)	2,500,438		59
Risk weighted assets			
Total of items included in risk weighted assets subject to transitional arrangements	4,257		
Risk weighted assets (L)	16,645,774		60
Capital ratio (consolidated)			
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	14.53%		61
Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	14.53%		62
Total risk-weighted capital ratio (consolidated) ((K)/(L))	15.02%		63
Regulatory adjustments			
Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	193,026		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	6,592		73
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—		74
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	9,250		75
Reserves included in Tier 2 capital: instruments and reserves			
General reserve for possible loan losses	68,074		76
Cap on inclusion of general reserve for possible loan losses	204,993		77
Eligible reserves for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	—		78
Cap for inclusion of reserves in Tier 2 under internal ratings-based approach	—		79
Capital instruments subject to transitional arrangements			
Current cap on Additional Tier 1 instruments subject to transitional arrangements	—		82
Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	—		83
Current cap on Tier 2 instruments subject to transitional arrangements	—		84
Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	—		85

Capital Adequacy Status

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

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

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

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

[1] Capital Adequacy Ratio Status (Consolidated)

Quantitative Disclosure

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

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

(Millions of yen)

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

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

(1) By region

(Millions of yen)

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

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

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

(Millions of yen)

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

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

(Millions of yen)

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

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

(3) Breakdown by period to maturity

(Millions of yen)

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

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

(Millions of yen)

	March 31, 2013	March 31, 2012
Risk weight 0%	¥ 577,732	¥ 485,398
Risk weight 10%	56,378	86,205
Risk weight 20%	2,190,604	2,903,066
Risk weight 50%	6,340,198	5,164,121
Risk weight 100%	6,740,301	6,377,135
Risk weight 150%	20,313	25,005
Risk weight 250%	15,918	—
Risk weight 1,250%	388	—
Other	31,824	—

2. Securitization Exposure

(a) Securitization exposure in which the Consolidated Group is the originator

Not applicable.

(b) Securitization exposure in which the Consolidated Group is an investor

(1) Retained securitization exposure amount and breakdown by major underlying asset type

(Millions of yen)

	March 31, 2013	March 31, 2012
Structured finance	¥754,856	¥715,430
Of which, resecuritization exposure	—	—
Credit derivatives	56,673	71,312
Of which, resecuritization exposure	33,507	41,763
Funds*	200,342	182,600
Of which, resecuritization exposure	4,876	3,499

* Assets held by funds including the commitment to funds (calculated on "look-through" approach basis).

(2) Balance of retained securitization exposure by risk weight and required capital amounts (Millions of yen)

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

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

Resecuritization exposure (Millions of yen)

			March 31, 2013	March 31, 2012
Risk weight	40%	Balance	¥33,507	¥41,763
		Capital requirement	1,072	1,336
Risk weight	100%	Balance	831	618
		Capital requirement	66	49
Risk weight	225%	Balance	1,602	1,133
		Capital requirement	288	204
Risk weight	650%	Balance	2,034	1,195
		Capital requirement	1,058	621
Risk weight	1,250%	Balance	407	—
		Capital requirement	407	—

(3) A 1,250% risk weight is applied to the breakdown of securitization exposure amounts in accordance with Article 247 of the Capital Adequacy Ratio Notification (Millions of yen)

	March 31, 2013	March 31, 2012
Structured finance	¥195,161	¥—
Funds*	192,589	—

* Assets held by funds including the commitment to funds (calculated on "look-through" approach basis).

(4) Breakdown of retained resecuritization exposure by application of techniques to mitigate credit risks and guarantors, or by risk weighting applied to guarantors.

Not applicable.

(5) Amount of credit risk assets calculated with application of Article 15 of the Supplementary Provisions to the Capital Adequacy Ratio Notification (Millions of yen)

	March 31, 2013	March 31, 2012
Credit risk assets	¥12,497	¥14,286

3. Interest Rate Risk in the Banking Book

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

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

Qualitative Disclosure

1. Overview of Methods for Evaluating the Degree of Capital Adequacy of the Bank	Regarding the degree of capital adequacy, DBJ quantifies credit risk, interest rate risk and operational risk, compares the total risk amount with total capital and measures the capital surplus. This surplus enables DBJ to respond to unquantifiable risks and unforeseen events, decide whether to take new financing risks and establish the operating directions.
2. Credit Risk	**(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).
3. 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 certain to be recovered based on a reasonable evaluation of the collateral. In principal, collateral valuation is performed by the Credit Analysis Department, based on the request of investment and loan departments/offices. Investment and loan departments/offices and the Credit Analysis Department manage credit risk based on valuation results. In principle, the valuation of all collateral property is reviewed once or twice each year to ensure DBJ is aware of the current status of its collateral property.
4. 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.
5. Securitization Exposure	**(a) Overview of Risk Management Policies and Risk Characteristics** Excluding credit derivatives, the majority of DBJ's securitization exposure falls into the category of specialised lending (Item 47, Article 1, of the Capital Adequacy Ratio Notification) employing internal rating methods. Different from the internal ratings that are applied to standard corporate credit, this exposure is given a rating by using a grading system applied to match the characteristics of specialised lending. DBJ conducts risk management in line with changes in rating level. In addition to rating its exposure when making new acquisitions, DBJ reviews these ratings periodically. DBJ's involvement in securitized and 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 adequately accounts for these transactions in accordance with the "Accounting Standard for Financial Instruments." **(e) Rating Agencies Eligible to Weight Risks by Type of Securitization Exposure** The rating agencies that DBJ uses for weighting risk are among the four that the FSA has named eligible to perform such weighting. Eligible rating agencies are not selected according to type of securitization exposure. The rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), and Standard & Poor's Corp. (S&P).
6. Market Risk	Based on Article 16 of the Capital Adequacy Ratio Notification, DBJ includes in its calculation method no market risk equivalent amount.
7. Operational risk	**(a) Overview of Risk Management Policies and Procedures** DBJ defines operational risk as the risk of loss arising from internal processes, the activities of officers and employees or systems that are inappropriate or non-functioning, or from extrinsic events. DBJ establishes its management structure and basic risk management policy pertaining to management methods after considering the wide range of operational risks that it potentially faces, such as operational risk, systems risk, legal risk, human risk, tangible asset risk and reputational risk. DBJ designates operational risk officers at each of its offices. These personnel are charged with establishing data collection procedures, understanding risks and creating risk databases. In line with the increasing advancement and diversity of the financial business, DBJ addresses various operational risks by establishing or improving management methods and preparations to appropriately identify, evaluate, measure, monitor and control these risks. **(b) Method Used to Calculate Operational Risk Equivalent Amount** DBJ uses the basic indicator approach to calculate this risk.
8. Overview of Risk Management Policies and Procedures Regarding Exposure to Shares and Other Equity Investments and Capital Injections into the Banking Book	DBJ defines investment risk as its risk of sustaining a partial or total loss on the economic value of assets (including off-balance-sheet assets), owing to such factors as the worsening of an investee's financial conditions or to fluctuations in the market environment. For newly acquired exposure, DBJ considers the balance between investment risk and potential return in each field of investment. Thereafter, DBJ regularly conducts performance evaluations on its exposure.
9. Interest Rate Risk on the Banking Book	**(a) Overview of Risk Management Policies and Procedures** Long-term, fixed-rate loans make up the majority of the DBJ's lending, and DBJ seeks to reduce its interest rate risk by raising funds featuring similarly long-term, fixed rates. DBJ also employs the value at risk (VaR) and the Basel Accord standardized interest rate shock* method to compute various risks from the standpoint of their economic value. * Measurement methods are described in (ii) and (iii) of (b). DBJ regularly compares VaR and 200bpValue against capital to ensure that interest rate risk remains within a specified range of capital. **(b) Overview of Methods for Calculating Interest Rate Risk Used by the Bank for Internal Control of the Banking Book** DBJ calculates interest rate risk based on the following method. (i) VaR: Use a historical method of measurement with a one-year holding period, a five-year time horizon and a 99.9% confidence level (ii) Measure interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon (iii) 200bpValue: Use a 2% parallel shift in a standardized interest rate shock to measure the change in economic value ((ii) and (iii) are methods for measuring the standardized interest rate shock under the Basel Accord.)

Quantitative Disclosure

1. Items Related to Capital Adequacy Level

(Millions of yen)

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

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

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

(Millions of yen)

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

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

(1) By region

(Millions of yen)

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

Note: DBJ has no overseas sales locations.

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

(Millions of yen)

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

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

(Millions of yen)

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

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

(3) Breakdown by period to maturity

(Millions of yen)

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

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

(Millions of yen)

	March 31, 2013	March 31, 2012
Risk weight 0%	¥ 577,732	¥ 485,398
Risk weight 10%	56,378	86,205
Risk weight 20%	2,168,875	2,896,755
Risk weight 50%	6,340,198	5,164,121
Risk weight 100%	6,797,228	6,411,453
Risk weight 150%	20,313	25,005
Risk weight 250%	15,843	—
Risk weight 1,250%	388	—
Other	31,824	—

3. Items Related to the Effect of Credit Risk Mitigations

Exposure to Items to Which Effect of Credit Risk Mitigations Applied

(Millions of yen)

	March 31, 2013	March 31, 2012
Eligible financial collaterals	¥ 165,868	¥ 152,830
Guarantees or credit derivatives	1,210,719	1,210,309

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

(Millions of yen)

		March 31, 2013	March 31, 2012
Equivalent credit calculation method		Current exposure method	Current exposure method
Gross restructuring cost		¥153,842	¥133,953
Gross add-on, by transaction type		85,604	80,789
	Interest rate transactions	48,647	49,504
	Foreign exchange transactions	36,936	30,734
	Credit derivative transactions	—	550
	Other commodity transactions	20	—
Reducing credit equivalent amounts through netting		113,462	115,667
Net equivalent credit		125,984	99,075
	Net restructuring cost	74,325	54,916
Notional amounts of credit derivatives for calculated credit equivalent amount by type of credit derivative, by protection purchase or provision	Credit default swaps provision	61,673	85,219
	Credit default swaps purchase	—	11,000
Notional amounts of credit derivatives taking into account credit risk mitigations		—	—

Notes: 1. Collateral is not used to reduce credit risk on derivative product transactions.
2. Credit derivatives used to compute the credit equivalent amount are included in securitization exposure; there is some data overlap with securitization exposure indicated elsewhere and what are known as single-name CDS offerings include the measurement of customers' liabilities for acceptances and guarantees as consisting of the legal and other exposure of the company in question.

5. Securitization Exposure

(a) Securitization exposure in which DBJ is the originator

Not applicable.

(b) Securitization exposure in which DBJ is an investor

(1) Retained securitization exposure amount and breakdown by major underlying asset type

(Millions of yen)

	March 31, 2013	March 31, 2012
Structured finance	¥733,263	¥692,945
Of which, resecuritization exposure	—	—
Credit derivatives	56,673	62,467
Of which, resecuritization exposure	33,507	41,763
Funds*	255,724	223,486
Of which, resecuritization exposure	2,158	2,274

* Assets held by funds including the commitment to funds (calculated on "look-through" approach basis).

(2) Balance of retained securitization exposure by risk weight and required capital amounts

(Millions of yen)

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

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

Resecuritization exposure (Millions of yen)

			March 31, 2013	March 31, 2012
Risk weight	40%	Balance	¥33,507	¥41,763
		Capital requirement	1,072	1,336
Risk weight	100%	Balance	368	402
		Capital requirement	29	32
Risk weight	225%	Balance	709	736
		Capital requirement	127	132
Risk weight	650%	Balance	900	777
		Capital requirement	468	404
Risk weight	1,250%	Balance	180	—
		Capital requirement	180	—

(3) A 1,250% risk weight is applied to the breakdown of securitization exposure amounts in accordance with Article 247 of the Capital Adequacy Ratio Notification (Millions of yen)

	March 31, 2013	March 31, 2012
Structured finance	¥169,027	¥—
Funds*	245,992	—

* Assets held by funds including the commitment to funds (calculated on "look-through" approach basis).

(4) Breakdown of retained resecuritization exposure by application of techniques to mitigate credit risks and guarantors, or by risk weighting applied to guarantors.

Not applicable.

(5) Amount of credit risk assets calculated with application of Article 15 of the Supplementary Measure (Interim Measure for Securitization Exposure) to the Capital Adequacy Ratio Notification (Millions of yen)

	March 31, 2013	March 31, 2012
Credit risk assets	¥12,497	¥14,286

6. Items Related to Market Risk

DBJ falls into the category indicated in Article 16 of the Capital Adequacy Ratio Notification. Consequently, calculation of the market risk equivalent amount was not performed.

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

(Millions of yen)

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

Notes: 1. DBJ has no gains or losses from valuation unrecognized on the non-consolidated balance sheets or the non-consolidated statement of income.
2. DBJ has no exposure to shares to which Article 13 of the Supplementary Provisions to the Capital Adequacy Ratio Notification applies.

8. Exposure Applied for the Deemed Calculation of Credit Risk Assets

Not applicable.

9. Interest Rate Risk in the Banking Book

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

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