Applying Financial Expertise to Design the Future

Annual Report & CSR Report

2014

Development Bank of Japan Inc.

Profile (As of July 1, 2014)

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:	1,189 (As of March 31, 2014)
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, 3
Subsidiaries and affiliated companies:	Consolidated subsidiaries, 21; non-consolidated subsidiaries, 29; and affiliated companies, 19 (As of March 31, 2014)
Main business:	The provision of long-term funding (investment and loans)
Purpose:	To conduct business activities utilizing the methods of integrated investment and loan services 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:	¥16,247.9 billion (As of March 31, 2014)
Loans:	¥13,963.0 billion (As of March 31, 2014)
Capital adequacy ratio:	15.23% (Basel 3, BIS standard) (As of March 31, 2014)
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

These are challenging times for the Japanese economy. In addition to intense global competition, the economy faces energy problems and, amid policy constraints, the need for infrastructure renewal. The country also needs to revitalize its communities despite a decreasing population, and is experiencing a shortage of risk money and fund management opportunities.

We see our role as supporting Japan's sustained growth as a global innovator. As a provider of both risk money anchored in the real economy (capital funding such as mezzanine financing and investment, long-term funding for infrastructure and other projects, and the stable provision of funds that will drive the long-term growth of Japanese companies) and original knowledge (knowledge services that leverage "experiential knowledge"), DBJ works with diverse financial players to resolve Japan's problems from a long-term perspective, operating as a catalyst in creating a smoothly functioning market. In these ways, we believe we can accelerate initiatives that we have been pursuing under the theme of providing financing services that integrate investment and loans.

The Third Medium-term Management Plan

DBJ launched its Third Medium-term Management Plan during the fiscal year under review. We believe that many of the problems affecting the Japanese economy need to be addressed over the medium to long term. As a first step in this direction, the Third Medium-term Management Plan outlines our path for the next three years and defines three functions through which DBJ will fulfill its role.

The first function is "risk-sharing with banks and other organizations." By supplying high-risk capital through long-term, large-volume, mezzanine finance, DBJ will appropriately share risks with other banks and other organizations, helping to activate the flow of funds.

The second is "opportunities for fund management by investors." Through this function, DBJ works to stimulate the financial markets by arranging excellent investment opportunities and sharing them with regional banks, pension funds and other entities.

The third function is "knowledge extending beyond the financial sphere." By leveraging its neutral networks and its expertise in industry research, DBJ will strive to create new business concepts that employ high-quality knowledge provided from a long-term perspective, and help to identify and resolve social, regional, and customer issues.

Using these three functions, DBJ will take part proactively in four primary areas.

The first of these areas is "growth support." To support corporate efforts toward restructuring and new business creation, mergers and acquisitions, and response to globalization, including through the effective use of exploitable operating resources, DBJ will offer mezzanine finance, investments, consulting services and other "knowledge products," and provide support for growing fields such as the environment, healthcare and opportunities for women in the workplace.

The second area for response is "infrastructure and energy." In addition to community development and the safety of the nation's transportation networks, DBJ will make use of PPP/PFI schemes to address the renewal of aging public infrastructure. We will also assist with reconstruction of the energy supply system in response to the energy problems arising from the Great East Japan Earthquake.

The third area is "regional revitalization tailored to regional needs." As regional firms make up approximately half of DBJ's clients, DBJ will work with regional financial institutions, providing comprehensive support for companies whose activities help to revitalize their communities.

The final area is "strengthening the safety net." In this category, DBJ will utilize in times of crisis the information, expertise and evaluation skills developed through day-to-day business to mount crisis response operations and independent initiatives swiftly and smoothly.

By introducing such initiatives dynamically and flexibly, we aim to fulfill the roles outlined above and support Japan in achieving sustained growth.

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 2014

Toru Hashimoto
President & CEO
Development Bank of Japan Inc.

Initiatives in the Energy Sector

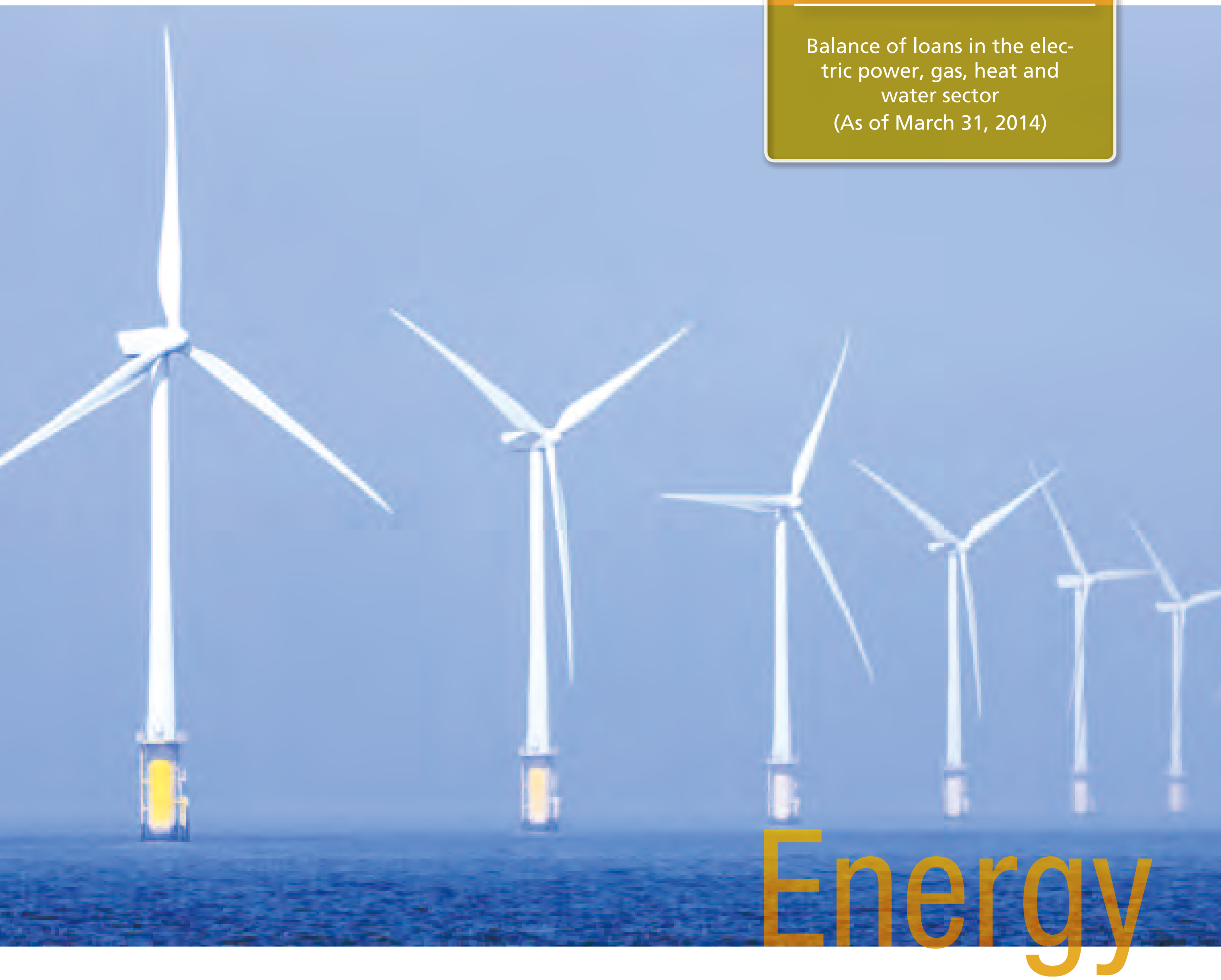
DBJ supports the growth of Japanese industry through its investments and loans for resource development, oil storage and other initiatives. Against the backdrop of global warming, we also support clients' efforts to encourage and promote renewable energy from solar power, wind, biomass and other sources.

As of March 31, 2014, our balance of loans in the electric power, gas, heat and water sector totaled ¥3,141.5 billion, accounting for 22.5% of total loans, by industry.

See pages 53, 75–76

¥3.1 trillion

Balance of loans in the electric power, gas, heat and water sector
(As of March 31, 2014)



Transportation

¥2.5 trillion

Balance of loans in the transportation infrastructure sector (As of March 31, 2014)

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, 2014, our balance of loans in the transportation infrastructure sector (to transportation providers) totaled ¥2,597.7 billion, accounting for 18.6% of total loans, by industry.

See page 77

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, 2014, our balance of loans in the real estate sector totaled ¥1,606.5 billion, accounting for 11.7% of total loans, by industry.

See pages 78–79

¥1.6 trillion

Balance of loans in the real estate sector (As of March 31, 2014)

Infrastructure

¥7.8 trillion

Balance of loans in the electric power, gas, heating, water, telecommunications, transport and real estate sector
(As of March 31, 2014)

Social Infrastructure Initiatives

Since the era of reconstruction following World War II, DBJ has supported the development and advancement of Japan's 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, 2014, DBJ's balance of loans in the social infrastructure (electric power, gas, heating, water, telecommunications, transport and real estate) totaled ¥7,852.3 billion.

See pages 80–81

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.

As of March 31, 2014, DBJ's cumulative amount of loans as crisis countermeasures related to the Great East Japan Earthquake was ¥1,997.0 billion.

See pages 47–53, 86-87

¥1.9 trillion

Cumulative amount of loans as crisis countermeasures related to the Great East Japan Earthquake
(As of March 31, 2014)

Growth

Approx. ¥85 billion

Cumulative investment and lending by the Fund for Japanese Industrial Competitiveness (As of March 31, 2014)

Initiatives to Promote Competitiveness

The growth of emerging nations and economic globalization are intensifying competition, while the Japanese economy is maturing and its rate of expansion is slowing as the country's birth rate falls and the population ages. Given these conditions, it is essential for Japanese companies to bolster their competitiveness though new business creation, restructuring and acquisitions.

DBJ supports efforts to promote the competitiveness of Japanese companies by providing risk money through mezzanine finance and investments such as the Fund for Japanese Industrial Competitiveness. The size of the fund is currently set at ¥150.0 billion; this figure may be expanded to around ¥300.0 billion, depending on how investment and loans progress.

As of March 31, 2014, our cumulative investment and lending amounted to approximately ¥85.0 billion.

See pages 67–69

Overseas Business Initiatives

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

We are building an overseas risk management structure for investment and loans, 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, 2014, more than 40 countries were targeted for investments and loans.

See pages 26, 70–71

More than 40 countries

Number of countries targeted for investments and loans (As of March 31, 2014)

Overseas

Healthcare

¥69.2 billion

Balance of loans in the healthcare and welfare sector (As of March 31, 2014)

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, 2014, our balance of loans in the healthcare and welfare sector stood at ¥69.2 billion.

See pages 72, 74

See pages 73, 88–91

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.

As of March 31, 2014, we had provided such financing to more than 417 companies, with the cumulative total amounting to ¥692.0 billion.

¥692.0 billion

Cumulative amount of DBJ Environmentally Rated Loan Program (As of March 31, 2014)

Environment

Network

101
institutions

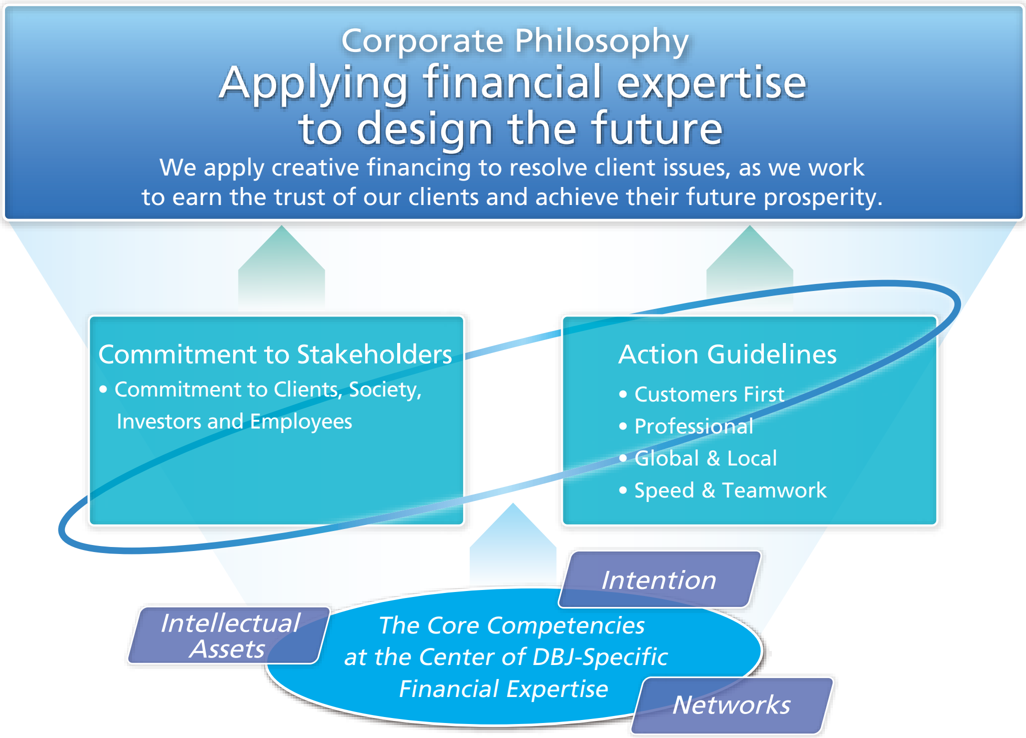
Cumulative number of allied financial institutions
(As of March 31, 2014)

See pages 82–85

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, 2014, a cumulative total of 101 financial institutions had entered into business alliances with DBJ.



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.

Logo and Corporate Color

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

Each Color Represents Two Aspects of DBJ

Corporate Values:
- Long-Term Perspective
- Neutrality
- Public-Mindedness
- Reliability

Action Guidelines:
- Customers First
- Professional
- Global & Local
- Speed & Teamwork

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

DBJ's Target Business Model

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

Overview of DBJ's Third Medium-term Management Plan (Announced May 16, 2014)

DBJ has formulated the Third Medium-term Management Plan for the fiscal years from April 1, 2014, to March 31, 2017. We believe that many of the issues facing the Japanese economy need to be addressed from a medium- to long-term perspective, and initiatives put in place to resolve them. The Third Medium-term Management Plan represents a first step in this direction, charting DBJ's course for the next three years.

Challenges for the Japanese economy

Issues in the macroeconomy

- Contracting, aging population; falling birthrate
- Declining global competitiveness
- Decline in economic growth rate
- Globalization of the economy
- Aging infrastructure
- Energy problems arising from the Great East Japan Earthquake
- Decline in regional vitality
- Earthquake reconstruction; response to natural disasters
- Global spread of crises

Issues for financial and capital markets

- Short supply of risk money
- Shortage of fund management opportunities

Issues for firms ("semi-macroeconomic")

- Elimination of excessive competition in similar goods and services
- Creation of strategic markets
- Innovation and technological development
- Fostering crisis-resistance in industry, the government, and the population

Others

Identification of issues
(Survey of Capital Investment, etc.)

DBJ actions

Role of DBJ

A neutral source of industrial finance

Growth support

- Promotion of competitiveness
- Support for growing fields such as the environment, healthcare, women's participation in the workplace
- Response to globalization

Infrastructure & energy

- Renewal & strengthening of infrastructure
- Stronger, more disaster-resilient transportation networks and other infrastructure
- Reconstruction of the energy supply system

Regional revitalization tailored to regional needs

- Growth support (promotion of innovation; discovery of corporate value in the value chain)
- Infrastructure-building through PPP/PFI
- Support for community development initiatives

Strengthening the safety net

- Provision of necessary funds for crisis (natural disaster or financial markets disruption, etc.)
- Use of analytical skills developed during normal times
- Coordination with government

DBJ

Providing anchored risk money and knowledge (intellectual services) from long-term perspective

- Specialized financial functions: Long-term perspective, large accounts, integrated investments and loans
- Catalytic function: Platform for new value creation based on neutrality

- Customer base
- Wealth of experience
- Capital
- Integrated application of managerial resources (neutrality, analytical and research capacity, R&D skills, networks)

Risk-sharing with banks and other organizations

- Risk-sharing finance
→ Effective use of stagnant funds

Opportunities for fund management by investors

- Market-stimulating finance
→ Creation of new money flow

Knowledge extending beyond the financial sphere

- Knowledge bank
→ New value creation

DBJ has defined three functions for fulfilling its roles. By pursuing proactive initiatives in four primary areas in line with these functions, DBJ will work toward enhancing Japan's sustainable growth.

Three Functions to Leverage

(1) Risk-sharing finance

- DBJ will promote the appropriate sharing of risk through many of the approaches it has pursued in the past, by supplying high-risk capital through long-term, large-volume, mezzanine finance and in collaboration with general financial institutions, companies and other entities, as well as through other forms of cofinancing and coinvestment.

<Case Studies> See pages 67–68, 72, 75, 77, 81–82, 85–87.

(2) Market-stimulating finance

- DBJ arranges excellent opportunities for managing this capital through means including syndicated loans and asset management. Working with regional banks, pension funds and other entities, DBJ shares fund management opportunities with them and helps stimulate the financial market.

<Case Studies> See pages 70–71, 73, 76–78, 84.

(3) Knowledge bank

- Utilizing not only high-quality knowledge* provided from a long-term perspective but also its neutral networks and industrial research skills, DBJ will work on creating new business concepts.

* Knowledge services that leverage structured "experiential knowledge."

<Case Studies> See pages 69, 72–74, 78–81, 84, 86.

Four Primary Areas

(1) Growth support

- To strengthen Japan's competitiveness in the global market, DBJ will provide support for the effective use of exploitable operating resources, business creation, corporate restructuring, mergers and acquisitions or the challenges of globalization.
- DBJ will also support growth fields that will play key roles in Japan's development as a sustainable society, such as environmental business, healthcare and opportunities for women.

<Case Studies> See pages 67–74.

(2) Infrastructure & energy

- In addition to the safety of the nation's transportation networks and community development, initiatives will concentrate on the renewal of aging public infrastructure.
- The Great East Japan Earthquake left Japan with serious energy issues. DBJ will address this problem by providing comprehensive support for the restructuring of the energy system.

<Case Studies> See pages 75–81.

(3) Regional revitalization tailored to regional needs

- Regional firms make up approximately half of DBJ's clients. To ensure that regional revitalization is both sustainable and suited to regional conditions, DBJ works with regional clients and banks in supporting innovative business development, community-building, infrastructure renewal and other initiatives by which firms create vigorous and healthy communities.

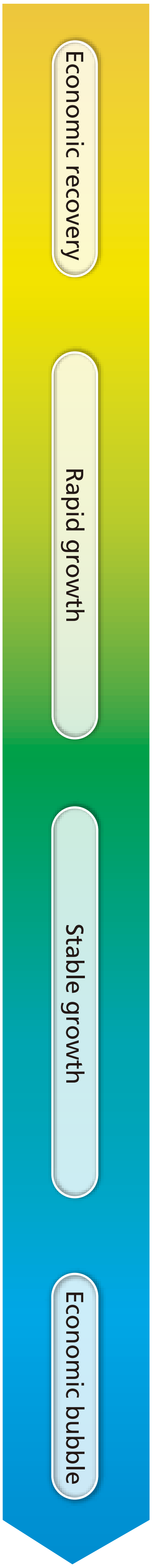
<Case Studies> See pages 82–85.

(4) Strengthening the safety net

- DBJ will respond quickly and effectively to crises, whether natural or financial. It will conduct both government-mandated crisis response operations and its independent initiatives based on information, expertise and evaluation skills developed through day-to-day business.

<Case Studies> See pages 86–87.

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



1951–1955

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.

Kawasaki Steel Corporation (currently JFE Steel Corporation): Construction of Chiba Steelworks (Chiba Prefecture) Modernization of steelmaking through construction of the first postwar blast furnace

1956–1965

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.

Kawasaki Kisen Kaisha, Ltd.:
The *Tonegawa Maru* tanker
Built tanker that was indispensable for the import of energy and raw materials

1966–1971

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.

Sony Corporation: Trinitron color television factory
Promotion of home-grown technologies through commercial application of new technologies

1972–1984

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.

Shinjuku new urban center: Shinjuku Mitsui Building and others (Tokyo)
New urban center formation through redevelopment of purification plant site

1985–1995

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.

Yamagata JR Chokko Tokkyu Holdings:
Yamagata Shinkansen
Improvements to regional railway infrastructure

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

Post-bubble

1996–2000

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.

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

Structural reform

2001–2007

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.

The Former Niigata Tekkosho Co., Ltd.

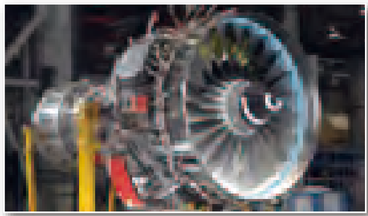
Through such methods as DIP financing, mergers and acquisitions, and business revitalization funds, DBJ supports local companies, helping communities maintain excellent supplies of technical expertise and employment opportunities.

The Lehman shock / The Great East Japan Earthquake

2008 onward

Development Bank of Japan Inc. established

Development Bank of Japan Inc. was established on October 1, 2008, as a special stock company by means of conversion to a joint-stock company. As a neutral source of industrial finance, long-term funds and anchored risk money provided through integrated investments and loans, DBJ addresses the various issues that clients face.



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.

Global financial crisis precipitated by the Lehman shock

The Lehman shock in the autumn of 2008 precipitated a global financial crisis. As this situation impaired the functioning of the bond markets, corporate cashflow worsened. DBJ responded promptly with financial crisis response operations. Furthermore, in response to falling functionality in the market for commercial paper DBJ commenced purchases of commercial paper in January 2009 as part of its financial crisis response operations.

Disaster and crisis response to the Great East Japan Earthquake

As a disaster and crisis response to the Great East Japan Earthquake, which struck on March 11, 2011, DBJ worked with other financial institutions to provide appropriate financing, particularly to electric power companies. Through the Great East Japan Earthquake Reconstruction Fund, established jointly with banks in the disaster-stricken region, DBJ is providing anchored risk money through such methods as subordinated loans and preferred shares.

Joban Kosan, Ltd.: Spa Resort Hawaiians

By providing anchored risk money through the Great East Japan Earthquake Reconstruction Fund, DBJ supports restoration and reconstruction initiatives by stricken companies.

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

Investment and Loans

The object of the New DBJ Act is to maintain the foundations of the investment and loan functions of long-term business funds of the Development Bank of Japan by conducting business activities utilizing the methods of integrated investment and loan services 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
Funds transfer, money exchange	No	No
Bond issuance	Yes	Yes (including bank debenture bonds)
Borrowings	Fiscal Loan Fund	Fiscal Loan Fund + Private-sector borrowings
Deposits	No	Yes (Deposits covered by the deposit insurance system shall not be accepted.)

Amendment 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 ("amendment 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. The act's amendment allowed government investment through March 31, 2012, and extended the target date for full privatization to five to seven years after April 1, 2012. By the end of fiscal 2011, the government was to have reviewed DBJ's organization, and the ways the government held its stake.

Note: Please refer to pages 124–130 for details of the New DBJ Act, the amendment 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 amendment and the exception to New DBJ Act, was passed into law by the Japanese Diet.

The amendment and the exception 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 to review of DBJ's organization, which shall include the way the government is to hold its stake, by the end of fiscal 2014. The government shall continue to hold its shares until then.

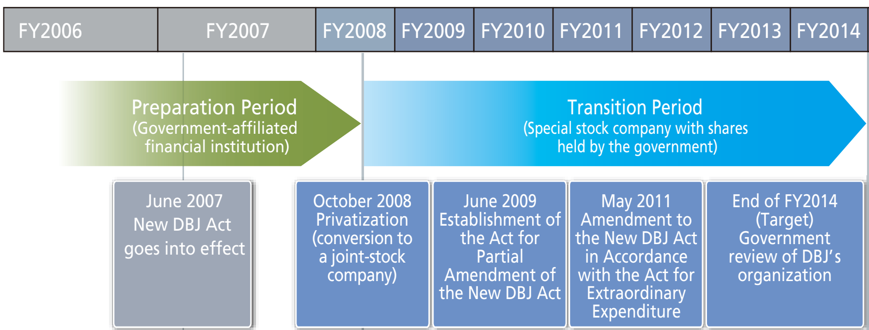
The Amendment and the Exception to the New DBJ Act in Accordance with the Act for Extraordinary Expenditure

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 amendments 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 a 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 reviewing and measurement was revised to the end of fiscal 2014.

● **Amendments to the New DBJ Act**



	FY2006–FY2007	FY2008–
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, fiscal loans, independent funding	Independent funding, government-guaranteed bonds and FILP agency bonds

* Owing to the Revised New DBJ Act in Accordance with the Act for Extraordinary Expenditure, the disposition of DBJ shares was rescheduled to within approximately five to seven years after April 2015.
  Under the provisions of the revised act, the government shall review its organizational structure and other aspects of DBJ by the end of FY2014. Based on the review, the government shall take necessary measure in view of a 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.
  The government shall not dispose of its shares in DBJ until the necessary measure described above have been taken.

Overview of Operations in Fiscal 2013

Operating Results

Financial and Economic Environment

During fiscal 2013, the global economy experienced a mild recovery. Although progress was gradual, in the United States employment improved and personal consumption rose, leading to ongoing economic recovery. Against this backdrop, the U.S. Federal Open Market Committee began to scale back on its third round of large-scale quantitative easing (QE III).

In China, structural reforms are gradually progressing. Although the rate of growth leveled off, the economy maintained the Chinese government's target annual rate of growth, at 7.5%.

In Europe, the government debt crisis abated and, as the pace of financial tightening eased somewhat, the region showed a slight economic upturn.

In Japan, the impact of high share prices and improved economic sentiment, combined with a spike in demand in the second half of the fiscal year ahead of the April 1, 2014, consumption tax hike, caused consumption to rise. Furthermore, public-sector spending continued to increase, owing to earthquake reconstruction and measures to address the issue of aging infrastructure, and capital expenditure rose, prompting economic recovery.

However, export growth was sluggish, and the halting of the country's nuclear reactors necessitated greater fossil fuel purchases. These factors, plus the upturn in domestic demand, caused imports to rise. Thus, Japan's substantially negative balance of payments continued.

In the corporate sector, the recovery in domestic demand encouraged an uptick in production, and in foreign exchange markets the yen stabilized at a relatively low level, leading to substantial increases in corporate earnings, centered on manufacturers. The slow rise in exports resulted in sluggish capital investment by manufacturers, but capital investment by the non-manufacturing sector grew firmly.

For households, the employment situation continued to improve, marked by a rise in the number of people employed and a decrease in unemployment. Also, stock prices and asset prices rose. These conditions, plus the demand spike ahead of the consumption tax increase pushed up consumption and housing investment.

On the financial front, in April 2013 the Bank of Japan embarked on a campaign of monetary easing, centered on massive purchases of Japanese government bonds (JGBs). Consequently, the fund-raising environment remained generally accommodating.

Long-term interest rates fluctuated substantially, falling to a historic low of 0.315% shortly after the Bank of Japan determined monetary easing measures and then rising sharply to more than 1% at one point before gradually returning to a lower level and remaining in the neighborhood of 0.6% during the second half of the fiscal year.

Impacting currency exchange rates, in Japan the central bank continued to pursue both quantitative and qualitative easing, while the United States began to scale back its level of QE III. The growing disparity between Japanese and U.S. interest rates caused the yen to remain low against the dollar. On March 31, 2014, the yen was trading above ¥102 against the U.S. dollar.

On March 31, 2014, the yen was trading at around ¥141 against the euro, as the euro rose due to the abatement of the European debt crisis.

The Nikkei stock average, in the ¥12,300 range on March 31, 2013, has risen to the ¥14,800 range as of March 31, 2014, as economic recovery and ongoing yen depreciation caused corporate earnings to improve.

Looking at commodity prices, gasoline prices rose, electricity rates were increased, and yen depreciation drove up the price of imports. As a result, consumer prices (excluding perishable goods) turned upward year on year from June 2013, reaching a year-on-year growth rate of more than 1% in the second half of the fiscal year.

Progress and Results of DBJ Group Operations

Review of the Year Ended March 31, 2014

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 have 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, 2014. 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, 2014, we provided ¥2,805.1 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 48 entitled "Results of Crisis Response Operations."

Investment

We work to resolve client issues involving business expansion and support strategies and the formation of financial infrastructure. 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, ¥138.2 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 ¥12.3 billion.

Subsidiaries

In April 2013, the DBJ Group acquired additional shares in Value Management Institute, Inc., a business alliance partner, converting the company to a wholly owned subsidiary.

By making the company a subsidiary, the DBJ Group expects to augment its research and consulting functions that target both the private and public sectors, helping to provide solutions that will resolve the issues customers face.

Two consolidated subsidiaries underwent corporate liquidations during the year, New Business Investment Co., Ltd., in September 2013 and DBJ Credit Line, Ltd., in March 2014, and accordingly ceased to be consolidated subsidiaries.

Loans and Investments and Fund-Raising Conditions (Flow)

(Billions of yen)

	For the Year Ended March 31, 2013	**For the Year Ended March 31, 2014**
Loan and investment balance	2,652.4	**2,943.3**
Loans[*1]	2,524.5	**2,805.1**
Investment[*2]	127.8	**138.2**
Funds raised	2,652.4	**2,943.3**
Fiscal Investment and Loans	895.1	**510.7**
Of which, FILP agency bonds[*3]	600.0	**300.0**
Of which, government-guaranteed bonds (domestic)	160.0	**110.0**
Of which, government-guaranteed bonds (overseas)[*4]	135.1	**100.7**
Corporate bonds (FILP bonds)[*4, 5]	386.6	**372.0**
Long-term debt[*6]	868.3	**753.1**
Recovery, etc.	502.2	**1,307.5**

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, 2014, amounted to ¥500.0 billion.

Overview of Consolidated Operating Performance

Consolidated Financial Highlights

(Billions of yen)

	For the Year Ended March 31, 2013	**For the Year Ended March 31, 2014**
Total income	341.1	**362.1**
Net income	71.3	**124.3**
Total assets	16,248.7	**16,310.7**
Loans	13,918.2	**13,838.4**
Securities	1,357.0	**1,637.5**
Total liabilities	13,710.1	**13,682.9**
Borrowed money	9,448.3	**9,182.6**
Debentures and corporate bonds	3,924.5	**4,237.4**
Total equity	2,538.5	**2,627.7**
Common stock	1,206.9	**1,206.9**
Total capital ratio (Basel 3, BIS standard)	15.52%	**15.83%**
Ratio of risk-monitored loans (Banking Act base)	1.23%	**0.99%**
Return on equity	2.86%	**4.83%**
Return on assets	0.45%	**0.76%**
Number of employees	1,315	**1,391**

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

Consolidated Income and Expenses

During the period, DBJ posted total income of ¥362.1 billion, up ¥21.0 billion from the previous fiscal year. Of this amount, interest income was ¥255.3 billion, down ¥12.5 billion, and fees and commissions rose ¥3.6 billion, to ¥13.9 billion. Other operating income expanded ¥7.8 billion, to ¥15.6 billion, while other income increased ¥22.6 billion, to ¥76.6 billion.

Total expenses were ¥195.8 billion, down ¥28.6 billion. This amount included interest expenses of ¥132.1 billion, down ¥12.1 billion, expenses on fees and commissions of ¥0.2 billion, decreasing ¥0.8 billion, other operating expenses of ¥7.2 billion, falling ¥4.9 billion, and general and administrative expenses of ¥47.4 billion, which rose ¥2.5 billion, as well as other expenses of ¥8.7 billion, which decreased ¥13.3 billion.

Net interest income fell ¥0.4 billion, to ¥123.1 billion, whereas net fees and commissions increased ¥4.4 billion, to ¥13.6 billion. We posted net other operating income of ¥8.4 billion, compared with net other operating loss of ¥4.2 billion in the preceding fiscal year. Moreover, DBJ recorded net other income of ¥67.9 billion, expanding ¥35.9 billion, owing to the reversal of allowances for loan losses.

Consequently, income before income taxes and minority interests came to ¥166.0 billion, up ¥49.7 billion from the previous fiscal year.

After posting current income taxes of ¥25.1 billion, ¥16.6 billion less than in the preceding fiscal year, deferred income taxes amounted to ¥15.7 billion, up ¥12.9 billion, and minority interests in net income increased ¥0.5 billion, to ¥0.8 billion. As a result, consolidated net income came to ¥124.3 billion, ¥52.9 billion more than in the previous term.

Consolidated Assets, Liabilities and Equity

As of March 31, 2014, total assets amounted to ¥16,310.7 billion, up ¥61.9 billion from one year earlier. Of that amount, loans were ¥13,838.4 billion, down ¥79.8 billion. The main reason for the decrease in loans was the collection of crisis-countermeasure loans that DBJ had extended in the past.

Due to increased acquisitions of short-term JGBs and ongoing investment operations, securities expanded ¥280.5 billion from the preceding fiscal year, to ¥1,637.5 billion. Call loans and bills bought amounted to ¥87.0 billion at the end of the term, an increase of ¥3.0 billion, and reverse repurchase agreements were ¥0 billion, down ¥165.9 billion from the previous year. DBJ conducted expeditious short-term investments to fill the gap between fund-raising and investments.

Total liabilities as of March 31, 2014, stood at ¥13,682.9 billion, ¥27.1 billion less than a year earlier. Of this amount, debentures and corporate bonds came to ¥4,237.4 billion, an increase of ¥312.8 billion, and borrowed money was ¥9,182.6 billion, down ¥265.7 billion. The decrease in borrowed money mainly reflects the collection of crisis-countermeasure loans and, accordingly, lower borrowings (two-step loans) from the Japan Finance Corporation.

Also, acceptances and guarantees came to ¥107.1 billion, down ¥48.5 billion.

Total equity at the end of the period was ¥2,627.7 billion, up ¥89.1 billion from one year earlier. The primary reason for this rise was higher net income.

Also, in June 2013, 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, 2013, and a total amount of ¥35.2 billion, for dividends per share of ¥808, 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 ¥37.7 billion, up ¥0.8 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 ¥137.3 billion (down ¥34.0 billion from one year earlier), accounting for 0.99% of total loans, 0.24 percentage point less than at the end of the preceding fiscal year.

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	**For the Year Ended March 31, 2014**
Gross operating profit	45.8	121.8	136.7	133.6	128.5	**145.3**
Net operating profit (after addition to the general provision for loan losses)	(75.6)	86.7	100.0	95.7	74.7	**97.8**
Income before income taxes and minority interests	(118.1)	51.1	104.3	110.2	116.2	**166.0**
Total income taxes	(13.5)	(10.8)	(1.3)	(31.9)	(44.5)	**(40.8)**
Net income	(128.3)	39.8	101.5	77.3	71.3	**124.3**
Total dividend amount*	—	10.0	50.0	37.3	35.2	**30.8**

* 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 entry into international business, creating an overseas risk management structure for investment and loans, 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 in December 2008, and DBJ Europe Limited commenced operations in November 2009. Furthermore, DBJ converted DBJ Investment Consulting (Beijing) Co., Ltd. (formerly Japan Asia Investment Consulting (Beijing) Co., Ltd.) to a wholly owned subsidiary in June 2014.

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:	Investment and loan support and advisory services
Address:	9 Raffles Place, #30-03 Republic Plaza, Singapore 048619
CEO & Managing Director:	Katsushi Kitajo

DBJ Europe Limited

Established:	November 2009
Capital:	€7,500,000
Business:	Investment 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

DBJ Investment Consulting (Beijing) Co., Ltd.

Established:	September 2011
Capital:	¥60 million
Business:	Investment and loan support and advisory services
Address:	Beijing Fortune Building, Suite 814-815, No. 5, Dong San Huan Bei Lu, Chaoyang District, Beijing, 100004, P.R.C
Chairman & General Manager:	Yoshihisa Tsuruoka

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

Initiatives toward the Establishment of International Long-term Financial Markets

In line with the increased globalization of economics and finance, DBJ considers the establishment of efficient and stable international long-term financial markets to be important. Based on this conviction, in July 2012 DBJ joined the Long-Term Investors Club (LTIC), an international platform for financial institutions that conduct long-term financing, thereby becoming the first Japanese financial institution among the club's members.

Established in 2009, 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. LTIC promotes in areas such as information sharing in long-term financing, academic studies and research and co-investments.

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:	Masutami Ohno

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:	Tsuyoshi Inoue

Topics

2013

Apr.

- Opening of the Otemachi Innovation Hub (iHub) (See page 44.)
- Conversion of Value Management Institute, Inc., to a subsidiary (See pages 23 and 27.)

May

- Receipt of the CSR division award for operation of the DBJ Women Entrepreneurs Center at the ADFIAP annual meeting

Jun.

- Holding of the second DBJ Women Entrepreneurs New Business Plan Competition award ceremony
- Establishment of the PPP/PFI Promotion Center

Aug.

- Announcement of report by the Study Council on Strengthening Competitiveness
- Announcement of Capital Investment Planning Survey (nationwide and by region) results (See page 55.)

Oct.

- Signing of a business cooperation agreement related to asset-based lending with Shinkin Central Bank and Gordon Brothers Japan Co., Ltd.
- Founding investment in the Private Finance Initiative Promotion Corporation of Japan (See page 81.)
- "Environment/Reconstruction Support Syndicated Loans" win the Grand Prize and Minister of the Environment Prize in the Green Purchasing Awards (See page 91.)

Dec.

- Commencement of regional development at iHub (See page 44.)
- Establishment of a healthcare strategy team
- Exhibition and presentation at Japan's largest environmental exhibition, Eco-Products 2013 (13th consecutive year) (See page 64.)

2014

Feb.

- Naming as a designated financial institution based on the Industrial Competitiveness Enhancement Act

Mar.

- Commencement of joint operation of DBJ Green Building Certification with the Japan Real Estate Institute (See page 40.)

Apr.

- Expansion of the Regional Areas *Genki* Program (See page 41.)

May

- Formulation of DBJ's Third Medium-term Management Plan (See pages 16–17.)
- Receipt of the ADFIAP Awards 2014 for DBJ Enterprise Disaster Resilience Rated Loan Program at the ADFIAP annual meeting (See pages 64–65.)

Jun.

- Holding of the third DBJ Women Entrepreneurs New Business Plan Competition award ceremony (See page 45.)
- Conversion of DBJ Investment Consulting (Beijing) Co., Ltd. (formerly Japan Asia Investment Consulting (Beijing) Co., Ltd.) to a wholly owned subsidiary (See pages 26 and 118.)

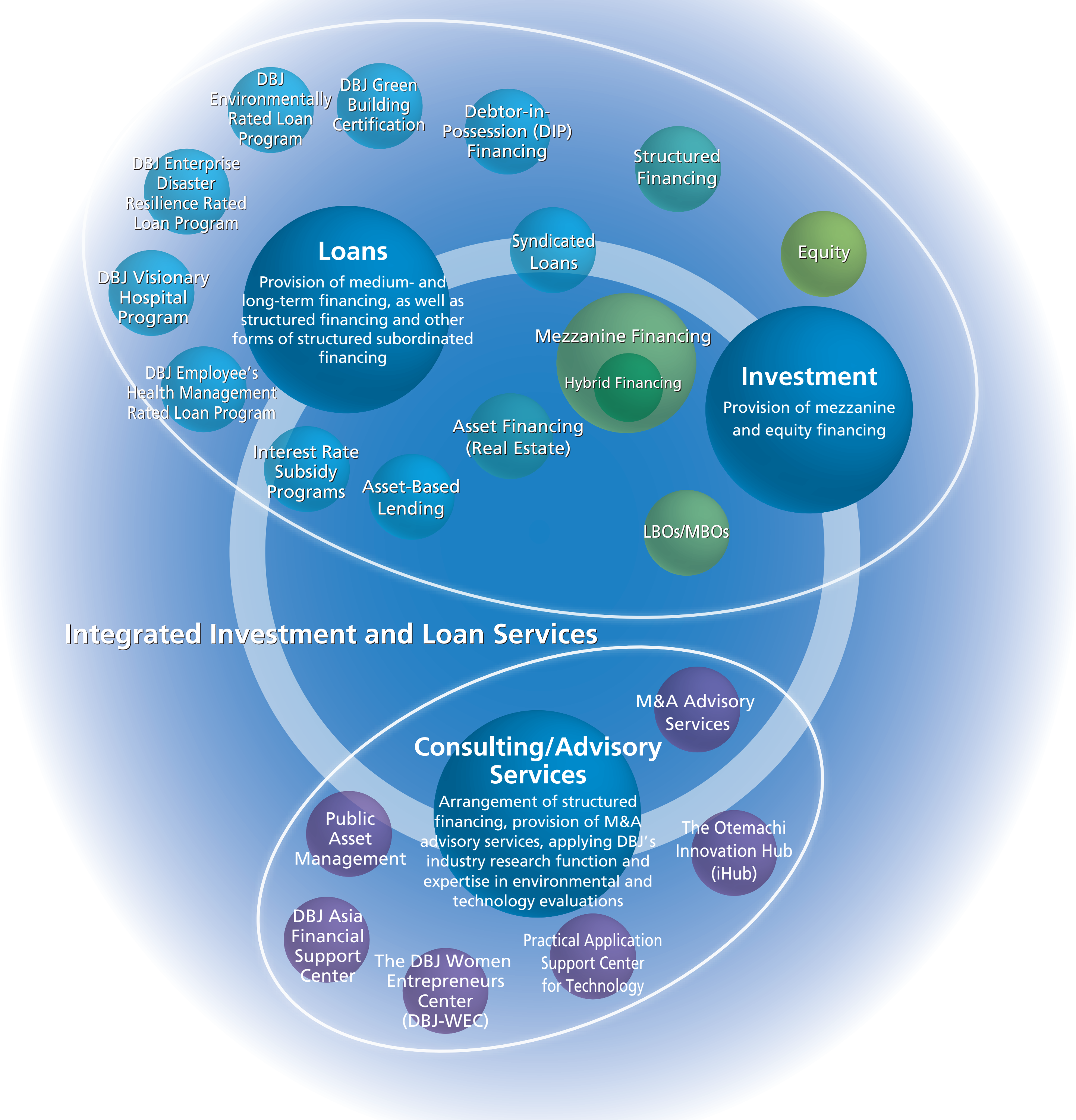
DBJ’s Businesses

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.

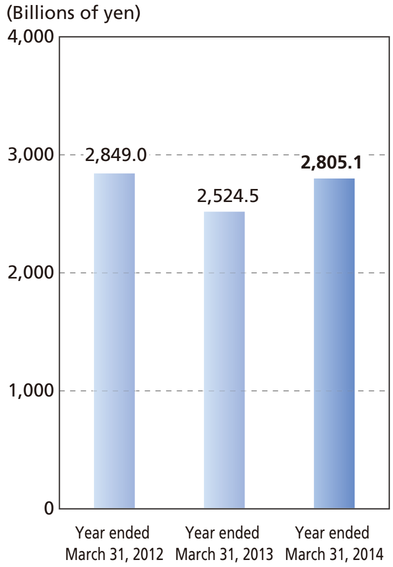
- We provide investment to assist businesses in terms of growth strategies, business restructuring, international competitiveness and infrastructure operations. We provide such funding through mezzanine financing, as well as through equity and other funding.

Consulting/ Advisory Services

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

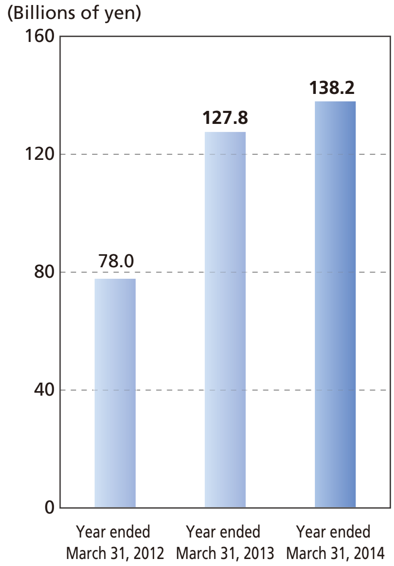
- Provides M&A advisory services
- Makes proposals that apply its expertise in industry research and ability to develop new financial technologies
- Arranges structured and other types of financing

● Loan Amounts Provided
(Non-consolidated) (Flow base)



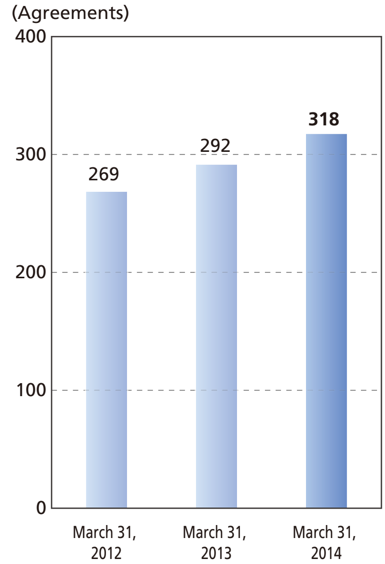
Note: Figures, including those for corporate bonds, are on a management accounting basis.

● Investment Amount Provided
(Non-consolidated) (Flow base)



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
(Non-consolidated) (Cumulative)



Investments and Loans

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

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

The case study section on pages 66 through 87 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. Medium- to long-term repayment plans are proposed based on the profitability of the business that requires funding. DBJ also works to meet the varied needs of our clients, such as by introducing grace periods.

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.

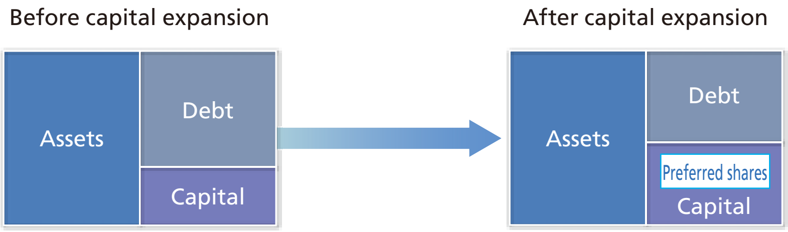
Mezzanine financing has the benefit of providing risk capital that may be difficult to obtain through senior loans. Such financing also prevents dilution of the voting rights of existing shareholders. Redemption and exit methods can be set to be flexible.

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.

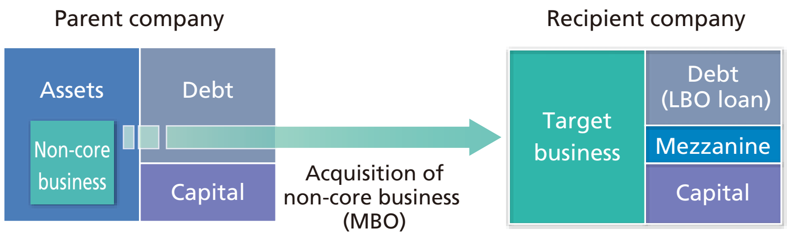
● **Case Studies: Mezzanine Financing**

Case 1: Resolving an Undercapitalization Issue



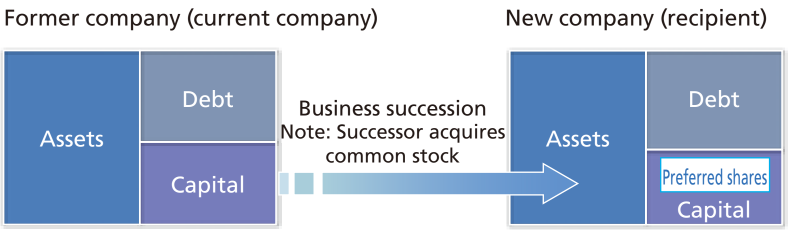
Objective
Conventional restructuring methods involve posting extraordinary losses, which is problematic for companies that are undercapitalized. This issue was resolved by raising capital through the issuance of preferred stock.

Case 2: Supplementary Method of Financing a Business Acquisition



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

Case 3: Avoiding Dilution of Voting Rights during Business Succession



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

Equity

In an environment characterized by new business creation, business restructuring and M&A activity, growth through globalization is an increasing emphasis. Against this backdrop, along with the current formulation of growth strategies and 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

- Initiatives targeting new business creation, business restructuring and M&A activity
- Response to globalization
- Meeting corporate governance requests

DBJ's Solutions

- Inject growth capital
  Capital injections into individual companies, special-purpose 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

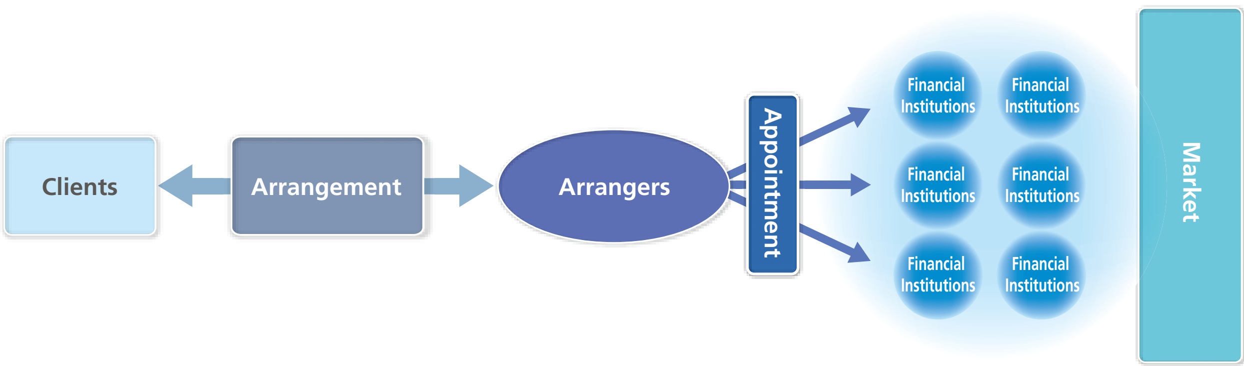
Structured Financing, Financial Technologies

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 cashflow, 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. In recent years, in addition to arranging project financing and providing financing for domestic solar and wind power generation projects, DBJ has been proactive in its financing of energy and infrastructure projects overseas.

● 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

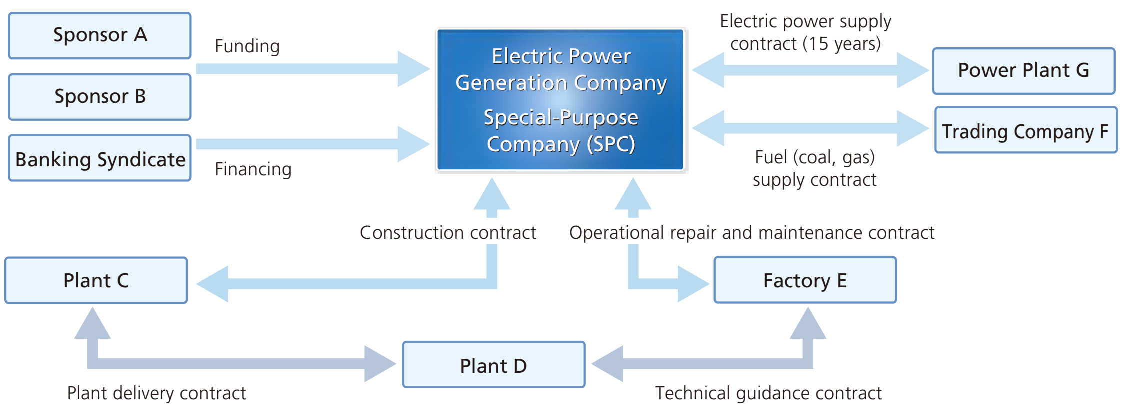
Through finance methods such as liquidation and securitization of receivables focusing on their future cash flows, and through whole business securitization in which debts are repaid through future cash flows generated by a particular business, DBJ supports its clients' finance strategies and helps optimize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

● 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. Expectations for PFIs are growing, and amendment to the PFI Act in 2011 marked the introduction of concession-type PFIs. In this environment, we provide numerous types of support to help clients 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 fluctuations 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.

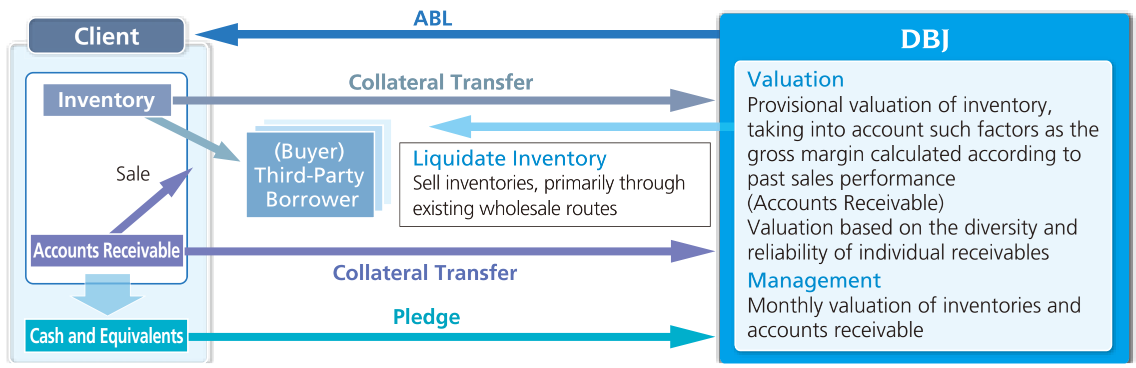
As a financial advisor, DBJ ties together all MBO-related details, arranges investment and mezzanine financing, and works out joint equity financing with sponsors. The ability to handle this range of activities allows DBJ to offer LBO/MBO solutions.

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.

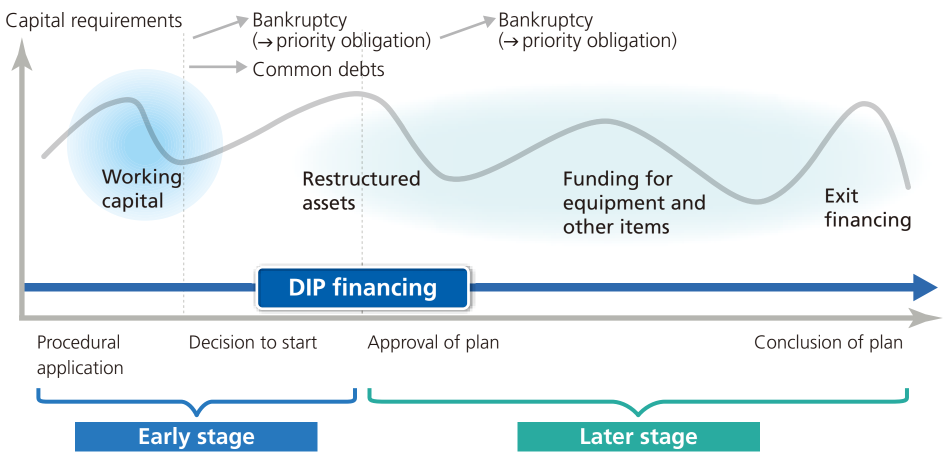


Debtor-in-Possession Financing

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 four decades. DBJ developed a screening (rating) system that scores companies on the level of their environmental management and then applies one of three different interest rates reflecting that effort. This was the world's first incorporation of environmental ratings in financing menus. In fiscal 2007, we launched an interest rate subsidy programs for the promotion of environmentally conscious management 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.

DBJ 環境格付
2014

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 management (BCM) 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.

DBJ BCM格付
2014

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, the World Economic Forum, NPOs and other experts, DBJ developed a screening sheet containing approximately 100 questions.

DBJ convenes a BCM Rating Advisory Committee that seeks advice from outside experts and require annual renewal visits.

- 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 2014

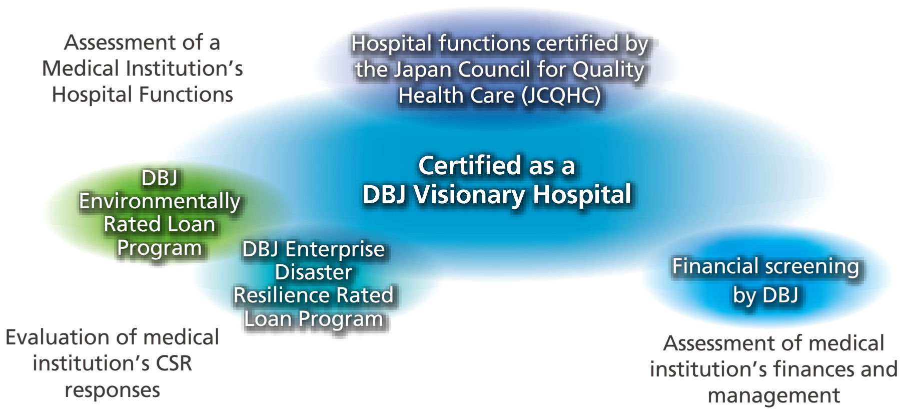
Program logo

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 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 Green Building Certification

Applying the expertise and networks accumulated over many years of real estate financing, DBJ inaugurated DBJ Green Building Certification in fiscal 2011. This certification program provides 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). Through this program for evaluating and certifying the sustainability of real estate, we contribute to the broad-ranging IR, PR and CSR aspects of our clients' real estate businesses.

In August 2012, we introduced a logistics edition of DBJ Green Building Certification for distribution facilities. To bolster the sustainability of logistics companies, in March 2013 we commenced the joint operation of this certification system with the Japan Real Estate Institute (JREI). Going forward, we aim to foster a correlation between a building's certification ratings and its economic value, creating a market in which green buildings are valued appropriately.

● 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 energy-saving performance initiatives toward the conservation of resources • Construction and use of renewable energy systems	+	Comfort, safety and security • Confortable facility specifications and equipment that is convenient for people who use buildings • Building disaster performance and security	+	Relationships for and communication with stakeholders • Relationships with region and universal design • Tenant awareness, information sharing and disclosure

Certification Results Clients scoring above a certain level are certified in one of five categories (platinum, gold, silver, bronze, certified), depending on the status of their initiatives.

Regional Areas *Genki* Program

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.

In 2010, DBJ arranged a unique initiative, the Regional Areas *Genki**[1] Program, to support regional growth that capitalizes on each region's respective strengths and information and funding potential. We have enhanced our information support service to regions. In addition, each DBJ branch office focuses on its region's distinctive fields and businesses based on its industrial structure and partners with regional financial institutions to offer financial support.

To further promote these initiatives, DBJ has partially revised the content of programs set by each of its branch offices and has adopted as a nationwide theme the concept of "companies that contribute to the region."*[2] By encouraging further regional contributions from companies on the financial and information fronts, DBJ is helping to foster a virtuous circle of *genki* between regions and companies.

*[1] The Japanese word *genki* implies a positive spirit and good health.
*[2] Company that Contributes to the Region: A company that creates employment opportunities and utilizes the region's personnel and resources, effectively employing people, physical goods and money for the good of the region.

● Regional Areas *Genki* Program

Niigata Area
- Promotion of value-added strategies in food and manufacturing
- Promotion of safety and security in regional development

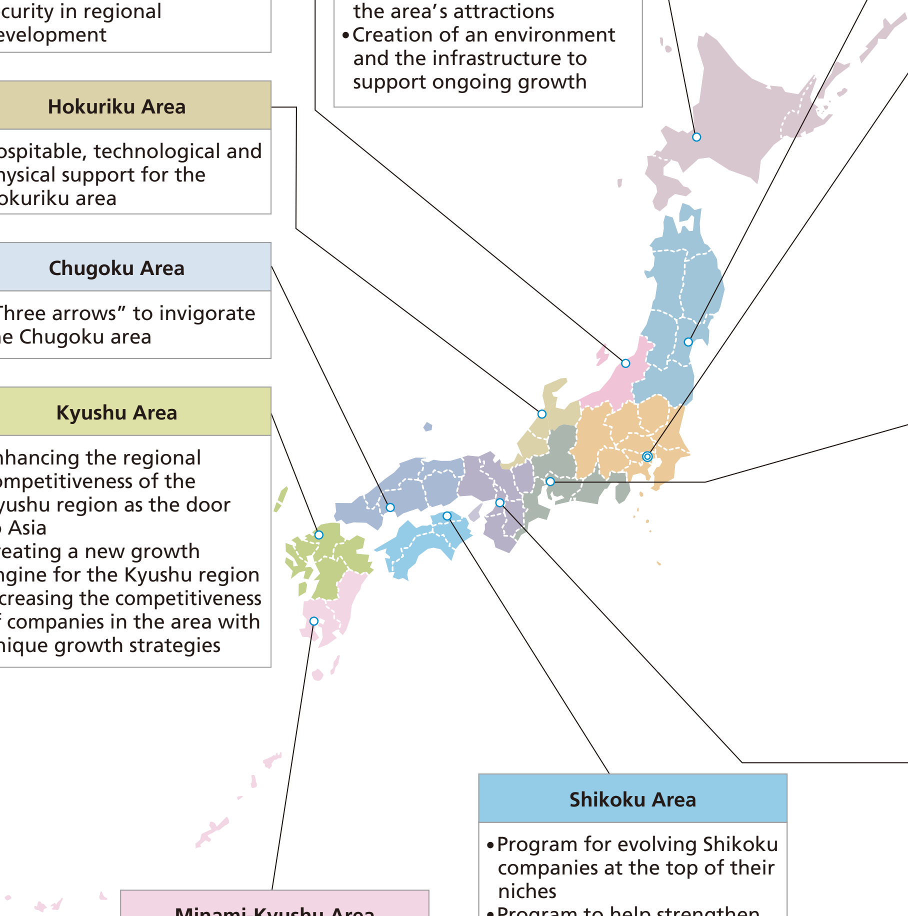
Hokkaido Area
- Strengthening of the food value chain to drive growth
- Development of the tourism industry by communicating the area's attractions
- Creation of an environment and the infrastructure to support ongoing growth

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

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

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

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

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

Shikoku Area
- Program for evolving Shikoku companies at the top of their niches
- Program to help strengthen the shipbuilding cluster
- Program to support measures to prepare for a massive earthquake in the Nankai Trough

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

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 zones for reconstruction**
  This interest rate 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 Zones 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.
- **Interest rate subsidy programs for the promotion of environmentally conscious management ratings**
  These interest rate subsidies are for fixed investment and the promotion of research and development to prevent global warming, and target companies 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 companies 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 companies 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 companies that 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 companies that 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 47–53.)

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

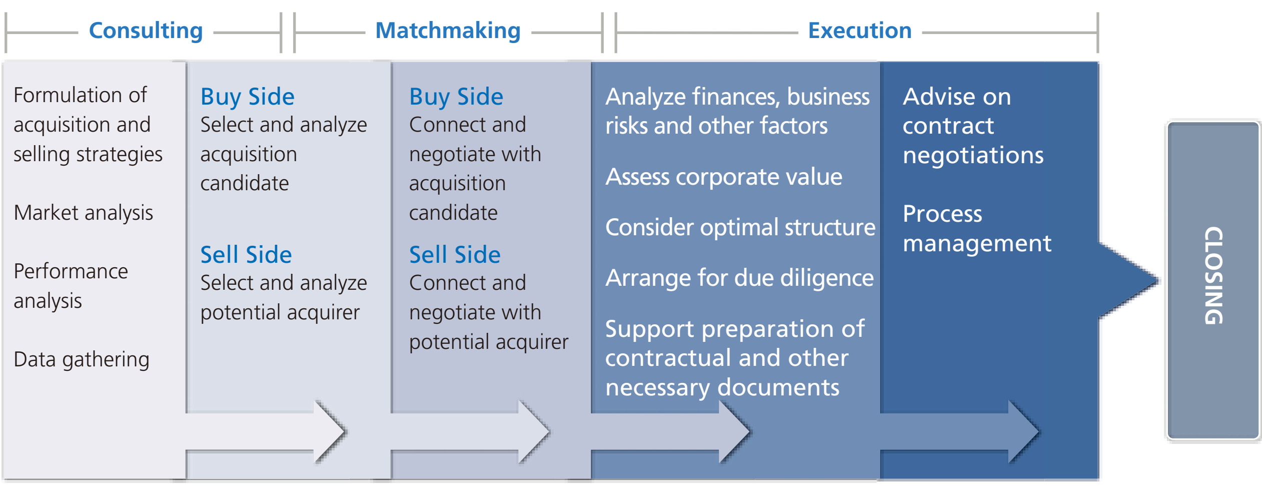
M&A Advisory Services

As corporate development options diversify, M&A activity is growing more prevalent amid the expansion of business overseas, 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.

M&A Advisory Service Characteristics

- **Partners**
  DBJ is thoroughly client-focused and takes a long-term perspective, working with clients to help them realize the visions they have set for themselves.
- **Brand**
  DBJ is a unique and trusted financial institution that has built up its brand over many years of financing and experience in providing project support and maintaining relations over the long term.
- **Knowledge**
  DBJ has developed deep insights into a broad range of industries by virtue of its provision of financing over many years, as well as analytical capabilities and the ability to maintain strategy that is unaffected by short-term movements.
- **Network**
  DBJ maintains close relationships with overseas financial institutions, domestic financial institutions, accounting and legal firms, and government institutions both in Japan and overseas. Such relationships enable us to build networks to accumulate accurate information.

● **M&A Advisory Services**



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 cooperation between corporations, government offices and society (including universities, citizens and government bodies), 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.

The iHub also aims to promote regional development by encouraging open collaboration among diverse regional partners that possess superior management resources and technologies to create new value together and address region-specific issues and conditions.

● Examples of iHub Regional Developments

Region	Date	Theme
Kanto/Tokyo	May 2014	Workshop for employees of regional government bodies
Hokuriku	From December 2013	Participation in the Hokuriku regional alliances platform
Hamamatsu	February 2014	Opportunity to introduce new businesses generated by the region
Kansai	From December 2013	Healthcare
Hiroshima	February 2014	Workshop on creating new businesses
	June–October 2014 (four times)	Opportunity to jointly consider new business ideas
Kyushu	From December 2013	Participation in "Future of Kyushu 2030"

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 plan and operate iHub, as well as to diagnose whether companies have the management strength (technology management expertise) to create value in technology. Aiming to create value from a new perspective, the center will engage in survey analysis and the proposal of future business models from the perspective of technology management, recommendations and technology management training.

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 social issues and the creation of business models. We provide additional evaluations based on our expertise in operational screening and, through consultations on business and financial strategies, help clients consider their optimal long-term strategies and business plans.

● 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

Support for new value creation

Practical Application Support Center for Technology

Conduct surveys and provide recommendations on technology and industry vision for the future
Analyze business models and support creation of ecosystems
Help train and develop managerial level human resources

DBJ's expertise
- Screening
- Industrial research
- Finance

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

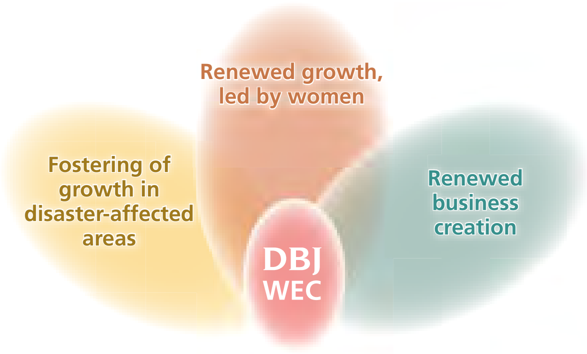
The DBJ Women Entrepreneurs Center (DBJ-WEC)

Japan faces a number of issues, including protracted economic sluggishness, a falling birthrate and aging society, and reconstruction following the Great East Japan Earthquake. Amid these conditions, Japan aims to introduce a new growth model, wherein 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 DBJ Women Entrepreneurs Center (DBJ-WEC). 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.

In the future, the center will continue to work with female managers to meet the challenges of developing businesses with unique perspectives, fostering collaboration with regions and specialists.



The DBJ Women Entrepreneurs Center

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

Grand prize winner of the third annual competition: Ms. Rie Yano

DBJ Asia Financial Support Center

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

The center's role is as a liaison to help regional banks throughout Japan, meet their various needs and help other entities develop their operations in Asia. In addition to leveraging DBJ Group resources, such as its overseas representative office, its overseas subsidiaries and Japan Economic Research Institute Inc., this center provides consulting services that take advantage of a comprehensive agreement on collaboration with Hitotsubashi University (entered into in June 2011) and of networks of overseas development finance organizations, private financial institutions and legal and accounting firms.

As of June 30, 2014, the center has a membership of 66 regional banks and has fielded a total of 1,462 inquiries. Breaking down inquiries by country, the majority were in relation to China, Thailand, Vietnam or Indonesia. Inquiries concentrated on such topics as industry trends and funding. In 2014, we expect to begin playing a part in the "fast-pass" system to provide consistent support for overseas development, in keeping with the Japanese government's growth strategy. DBJ will continue augmenting its ability to disseminate information related to Asia.

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.

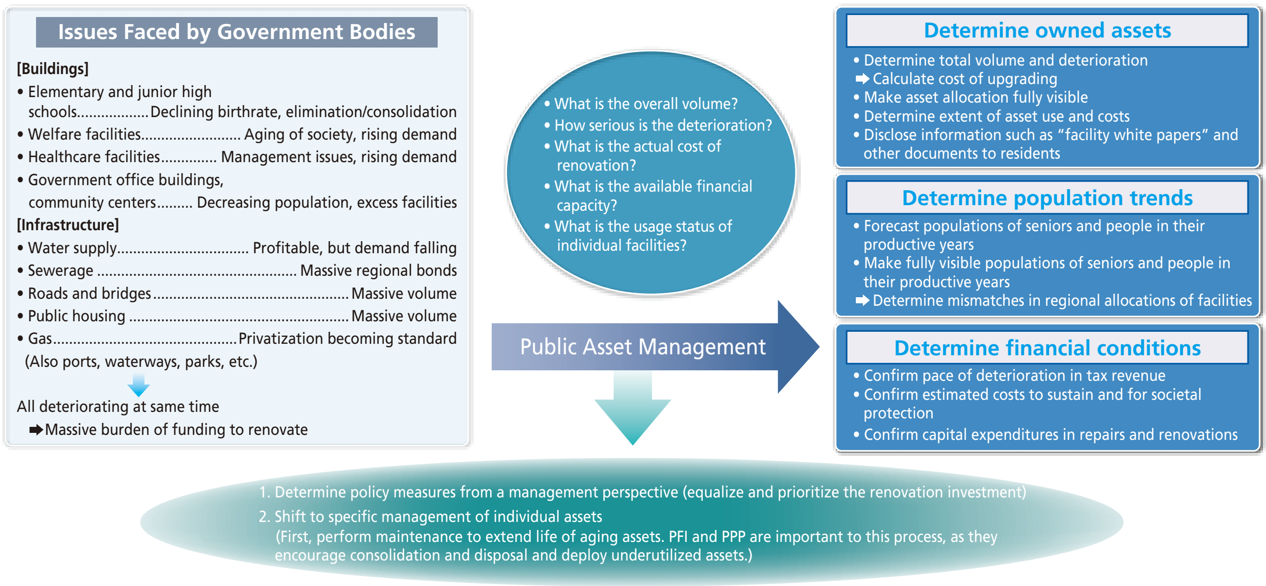
The public assets owned by government bodies are many and varied. They include buildings, such as schools, public offices and community centers, as well as waterworks, sewerage, roads and other infrastructure. Two major issues have come to the fore in this category in recent years.

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.



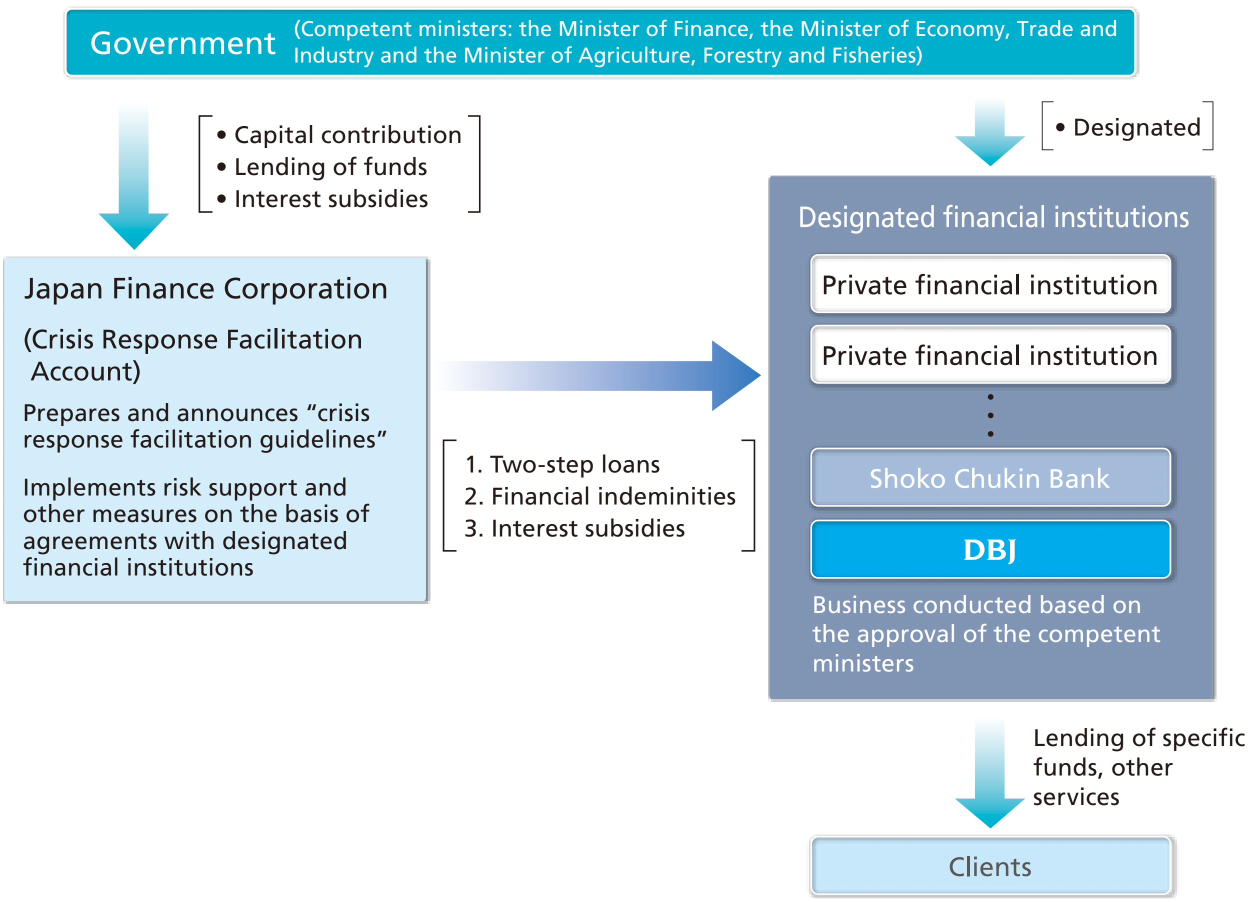
Crisis Response Operations

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 on October 1, 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 50–52 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 amendment 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.)

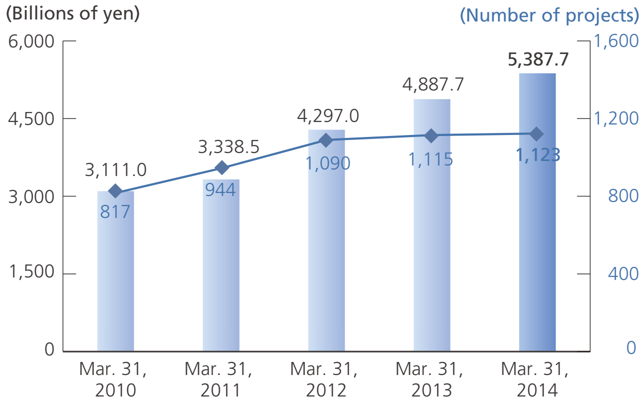
As of March 31, 2014, DBJ's loan performance and commercial paper acquisitions of crisis countermeasure loans were as follows.

- Cumulative loans: ¥5,387.7 billion (1,123 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)

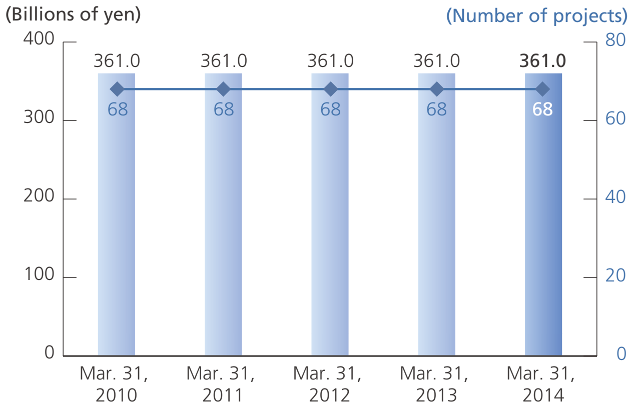
*1 Of the ¥67.0 billion in loans executed with loss guarantee agreements to Japan Airlines in relation to crisis response operations, ¥47.0 billion (amount confirmed in April 2011 owing to DBJ's completion of corporate rehabilitation procedures) in compensation was ultimately provided by the Japan Finance 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, and has already received, a total of ¥27.7 billion in loss guarantee compensation on the loans. 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

Initiatives Related to the Great East Japan Earthquake

Crisis Response Operations

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

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

Response to Electrical Power Supply Problems

Since 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.

As of March 31, 2014, DBJ's balance of loans in the energy (electric power, gas, heat and water) sector totaled ¥3.1 trillion.

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 and other disaster-stricken regions.

The Tohoku Revival Reinforcement Office has a cross-departmental structure that spans the Regional Planning Department, Financial Institution Department, and other departments and branches. The office provides information related to estimating damage amounts in stricken areas and communicates with government bodies, national institutions, economic organizations and regional financial and other institutions to conduct surveys. It also introduces plans used in "creative reconstruction."

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 use of such instruments as subordinated loans and preferred shares, with the aim of supporting expeditious reconstruction of the disaster-stricken region.

Name	Iwate *Genki Ippai* Investment Limited Partnership	Fukushima Booster Fund Investment Limited Partnership	Miyagi Reconstruction Bridge Investment Limited Partnership	Ibaraki *Kizuna* Investment Limited Partnership
Scale of fund	¥5.0 billion (initially)	¥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.)			
Projects (As of March 31, 2014)	18 projects	11 projects	7 projects	7 projects

Examples of Matching to Enhance Corporate Value Conducted for Investment and Loan Recipients through the Great East Japan Earthquake Reconstruction Fund

• Aizu Sake Plan Student Contest
Suehiro Sake Co., Ltd., headquartered in the city of Aizuwakamatsu, Fukushima Prefecture, received a loan through the Fukushima Booster Fund Investment Limited Partnership. Following an exchange of opinions, in February 2014 DBJ and the Aizuwakamatsu Distillery Cooperative Association held the Aizu Sake Plan Student Contest with the aim of cultivating new markets. In this way, DBJ is actively providing crisis reconstruction support through events and the dissemination of information.

• Collaboration between Kesennuma and Akiu Onsen
DBJ and Murata Co., Ltd., headquartered in the city of Kesennuma, Miyagi Prefecture, a loan recipient through the Miyagi Reconstruction Bridge Investment Limited Partnership, held a Kesennuma design promotion meeting, attended by eight companies in the city of Kesennuma that are involved in the processing of shark fin and shark meat, and conducted business matching with the Akiu Onsen Ryokan Association. By leveraging the networks that DBJ has created with its clients, collaboration led to the cultivation of sales routes and regional industry support initiatives.

Tohoku Future Creation Initiative

The Tohoku Future Creation Initiative (founders: Seiichi Ohtaki, Manager of Graduate School of Economics and Management & Dean of Faculty of Economics, Tohoku University; and Kentaro Ohyama, Representative Director of Iris Ohyama, Inc.) commenced in April 2012. Centering on private-sector volunteers, the initiative aims to support the affected region's efforts toward reconstruction, autonomy and future value creation. The initiative operates a center for personnel training and cultivates managers and entrepreneurs. To promote urban development and industry creation, the initiative dispatches volunteers from among local chief executives to private-sector support teams. These teams work with local governments to put reconstruction plans into action and in other ways help to lay the foundations for autonomous development in the affected region. At the center for personnel training, DBJ takes charge of a session themed on "management and finance," providing instructors, conducting training programs and cooperating with the project in other ways.

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. DBJ provided overall support for planning and holding the lecture.

Collaboration Agreement on Industrial Reconstruction with Fukushima Prefecture

In March 2013, DBJ signed a collaboration agreement on industrial reconstruction with Fukushima Prefecture. 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.

• Study Council on Fukushima Medical-Related Industrial Cluster
DBJ and the DBJ Group's Value Management Institute, Inc., served as the secretariat for the June 2013 Study Council on the Fukushima Medical-Related Industrial Cluster, chaired by Makoto Kikuchi, President of the Japan Association for the Advancement of Medical Equipment (JAAME).

This council advocates a "Fukushima-driven Japanese model" of creating a new base for the medical instrument business in Fukushima Prefecture and supports business collaboration to that end.

• Fukushima Reconstruction Symposium
In May 2014, DBJ held the Fukushima Reconstruction Symposium in the city of Koriyama, Fukushima Prefecture. The symposium was jointly hosted by Xebio Co., Ltd., and sponsored by the Reconstruction Agency, Fukushima Prefecture, and The Toho Bank, Ltd. The symposium provided an opportunity for related organizations, companies and public-sector entities to discuss businesses aimed at creating a society in which the children of Fukushima Prefecture can come into contact with nature and enjoy sporting and cultural events as they grow up.

• Creation of a Location for the Rearing of Children That Makes Use of Lake Inawashiro
To promote PFI initiatives that take advantage of the financial expertise of private-sector organizations involved in crisis reconstruction, the Reconstruction Agency and the Cabinet Office are selecting and supporting crisis reconstruction projects that employ PFI methods. Through this project, DBJ introduces business methods, collaborates with related parties, and plans to provide future support.

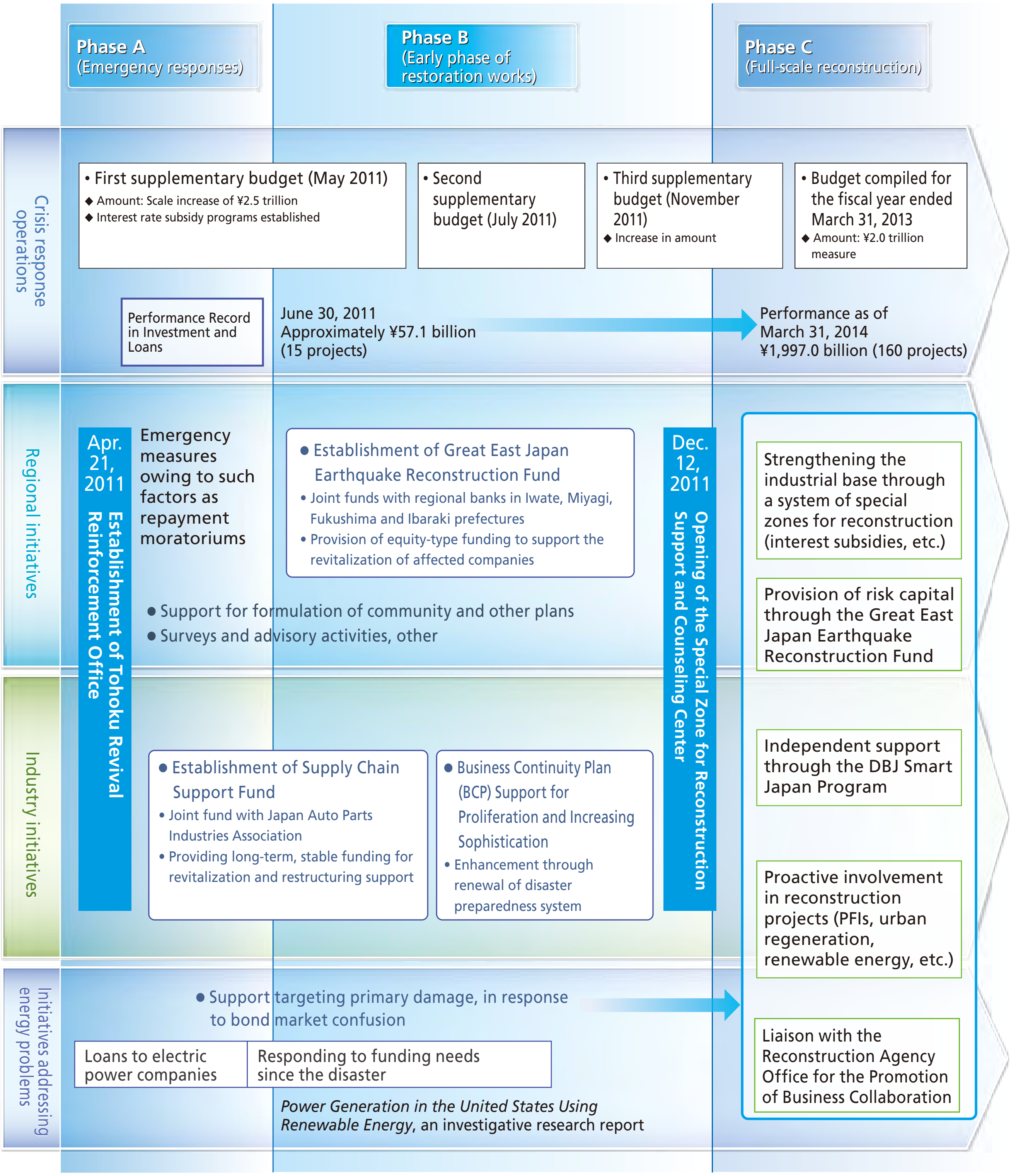
The New Tohoku Partnership Promotion Committee

The Reconstruction Agency is working toward the Creation of "a New Tohoku." To further promote initiatives by diverse bodies that are active in the stricken region, including companies, universities and NPOs, in December 2013 the agency established the New Tohoku Partnership Promotion Committee to conduct ongoing activities in Tohoku. Being in agreement with the tenor of these activities, DBJ served as a founding member of the committee and serves as its deputy chair.

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



Responding to the Need to Reconfigure the Energy Supply Structure

Reforms to the electric power system are providing opportunities for the retail sale of electric power and allowing new entrants into the field of electric power generation. Given such changes, over the medium term this sector is likely to require large-scale funding to replace aging thermal power plants and construct new facilities. Meanwhile, from the perspective of global warming countermeasures, the energy sector will need to secure diverse new power sources, including such renewable energies as solar and wind power, and build a value chain to ensure stable fuel supplies.

In response to this situation, DBJ is working closely with other financial institutions and related entities to coordinate the provision of capital and other funds.

Response to TEPCO Needs

Recognizing that the most important issue for Tokyo Electric Power Company, Inc. (TEPCO), lies in balancing appropriate compensation payments to Fukushima power plant accident victims while simultaneously providing a stable supply of electricity, DBJ began collaborating with major banks immediately after the accident to provide financing. DBJ has 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 prime minister and the minister of economy, trade and industry in November 2011.

In May 2012, the prime minister and the minister of economy, trade and industry 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 that the new comprehensive special business plan approved by the prime minister and the minister of economy, trade and industry in January 2014 proceeds smoothly, DBJ regularly discusses its progress with TEPCO and the Nuclear Damage Liability Facilitation Fund. Accordingly, we continue to support victim compensation payments, Fukushima reconstruction, reactor decommissioning, and accident convergence activities such as water pollution countermeasures, a stable supply of electricity and initiatives to raise corporate value.

Investing in HEPCO and Kyushu Electric Power Preferred Shares

Since the Great East Japan Earthquake, the environment in which electric power companies operate has changed dramatically. Under these new management conditions, electric power companies are being called upon to reform their power systems.

In response, Hokkaido Electric Power Co., Inc. (HEPCO), is planning strategic infrastructure enhancements, such as augmenting its Hokkaido-Honshu high voltage direct current (HVDC) link and building a new port generation facility in Ishikari Bay.

Kyushu Electric Power Co., Inc. is working to meet the new standards on nuclear power generation facilities by enhancing safety measures on its nuclear reactors.

By investing in preferred shares in these companies, DBJ helps to ensure the medium-term investment needed to provide a stable supply of electricity. In this way, DBJ is making use of the integrated investment and loan function, its forte, and helping to the expansion of financial structures.

Initiatives to Expand the Market for Renewable Energy

The introduction of solar power, wind power and other renewable energies that do not deplete resources, are repeatable and do not impact the environment are essential to maintaining a steady supply of energy.

DBJ collaborates with regional financial institutions to provide long-term funds and risk money to support various initiatives aimed at helping to expand the renewable energy market.

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.

"Reinforcing Industrial Competitiveness by Supporting Core Value Chain Companies, Fiscal 2013 Edition"
(*DBJ Monthly Overview*, No. 203, December 2013)
DBJ refers to companies that generate value across the supply chain as "core value chain companies." Since fiscal 2012, DBJ has been working to identify, analyze and support such companies.

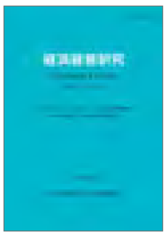
This report considers these companies from numerous perspectives, in five sections: a survey overview of core value chain companies; methods of identifying, analyzing and evaluating core value chain companies; analysis and evaluation results; initiatives to support core value chain companies; and considerations and future outlook.

"Leveraging Big Data to Enhance Competitiveness—Issues and Countermeasures"
(*DBJ Monthly Overview*, No. 196, September 2013)
The ongoing march of information technology has led to the concept "big data," in which huge volumes of diverse data are gathered, analyzed and stored in real time as information assets. The growing prevalence of smartphones, tablets and machine-to-machine (M2M) communications is causing the volume of data to skyrocket. The types of data available are growing more diverse as well, encompassing email and Twitter feeds, as well as unstructured information from sensors and cameras providing locational information and data on the status of equipment. The volume of such data is expected to expand. This report looks at the potential for creating new markets and services that make use of big data, considers potential issues with regard to using such data and discusses countermeasures.

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.

"Corporate Governance and Diversified Action—Verification Analysis Using Japanese Corporate Data"
(*Economics Today*, Vol. 34 No. 5, February 2014)
This report discusses the increasing diversification of corporate business activity in Japan based on data for listed companies over the past 20 years. In a verification analysis, the report focuses on the relationship between corporate governance and diversification, examining whether ownership structure and other company-specific aspects of corporate governance affect diversification, or whether the degree of diversification is a dimension of governance variables, as well as the impact of corporate performance.



Activity in the International Intellectual Community—Cooperation with Columbia University

DBJ and the Center on Japanese Economy and Business (CJEB; Director: Professor Hugh Patrick), a research institution affiliated with the Columbia Business School, jointly held an international conference in May 2014 entitled "Restoring the Japanese Economy," inviting eminent scholars and professionals from various fields.

DBJ and CJEB have long been keeping a cooperative relationship through DBJ's dispatch of research fellows to CJEB, CJEB's utilization of DBJ's information network for its research, the holding of joint study meetings and so on.

DBJ takes a proactive role in providing intelligence regarding the economy and finance to the international intellectual community by collaborating with internationally prominent academic institutions.

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 2013 Survey of Capital Investment Plans for Years to March 31, 2013, 2014 and 2015"
(*Surveys*, No. 106, September 2013)
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

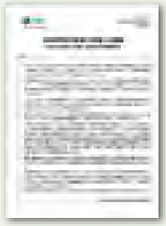
Local communities are experiencing increasingly difficult environmental circumstances, such as a declining birthrate, an aging population, the amalgamation of towns, cities and villages, and financial crises. Addressing these issues requires a greater degree of expertise and more ingenuity than ever. DBJ assists by analyzing the information it accumulates through its network of offices (19 domestic locations—head office, branches and representative offices—and four overseas locations—subsidiaries and a representative office (as of July 1, 2014)), 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 2014 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, Yoshiyuki Mano, professor of the Faculty of Sport Sciences, Waseda University, contributed a special section entitled "The Tokyo 2020 Olympics and Paralympics."

"Issues Faced by Merging Villages, Towns and Cities from the Standpoint of Public Finance—Lost Tax Allocations of ¥900 Billion and Aging of Public Facilities"

This report explores the various issues faced by merging villages, towns and cities as part of the so-called Heisei merger. It looks at the effect that the ending of preferential measures on mergers from a public finance perspective has had on fiscal administration and the measures that these merging entities should introduce going forward with regard to public facility management and making proactive use of the PPP/PFI initiatives that government is currently promoting.



"Regional Trends Regarding the Formation of Medical Instrument Clusters"

The medical instruments industry is expected to enjoy steady growth on a global scale. Furthermore, the industry has numerous related sectors, suiting it for cultivation as the core industry for a region; so, many regions are working to establish their own clusters in this category. This report covers the environment surrounding the medical instruments industry and considers measures for promoting regional clusters. The report introduces efforts underway in Fukushima Prefecture, which has made significant headway in the promotion of diverse medical instrument clusters.

"Using 'Smart Venues' as Core Urban Sporting Locations—Multipurpose Facilities as Interactive Spaces for Regions"

Given that Japanese society is characterized by a shrinking and aging population, the public finance situations of the national government and government bodies are likely to grow increasingly serious. Against this backdrop, the consolidation of urban functions is needed to increase the efficiency of public disbursements. One proposal in this direction calls for the promotion of the "compact city." This report concentrates on stadiums, arenas, and other sports facilities as core interactive spaces for the formation of compact cities.

Branch Reports

Hokkaido Branch

"Learning from Business Strategies for Kobe Sweets to Further Promote the Development of Confections from Hokkaido"

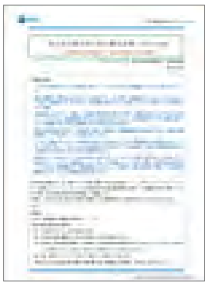
(*Report*, March 2014)

Hokkaido has a solid brand that is well regarded in Japan and overseas. The Hokkaido confectionery industry is a strong employer that has chalked up steady growth in recent years. With Japan's population falling and new companies entering the market, the confectionery business is expected to grow increasingly challenging. Hokkaido's confectionery industry has developed by making use of foodstuffs produced in the region, addressing the ongoing issue the region faces of how to add value to its primary-sector products. Further development of "Hokkaido sweets" is considered one way to bring about a market change.

This report compares "Kobe sweets" with "Hokkaido sweets," looking at corporate trends and analyzing the outlook for the future.

Tohoku Branch

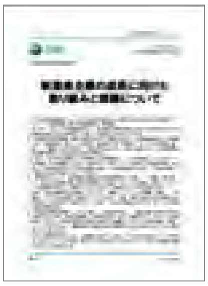
"Tourists' Sentiments about Visiting Japan after the Great East Japan Earthquake (2013 Edition)"
(*Report*, December 2013)



This report is a sequel to "Tourism Consciousness toward Japan Following the Great East Japan Earthquake (Eight Asian Regions)," published in December 2012. Based on Internet surveys of potential tourists to Japan from eight Asian regions (South Korea, China, Taiwan, Hong Kong, Thailand, Singapore, Malaysia, Indonesia), this survey concentrates on responses related to the impact of the Great East Japan Earthquake. Survey results suggested that although potential tourists were not altogether devoid of concerns about post-disaster Japan from a safety perspective, some 70% of respondents had a positive outlook toward traveling to Japan.

Niigata Branch

"Growth Initiatives and Issues Facing Companies in Niigata Prefecture" (*Report*, September 2013)



DBJ conducted its Corporate Behavior Awareness Survey in tandem with its Capital Investment Planning Survey, and the DBJ Niigata Branch summarized survey results pertaining to companies in Niigata Prefecture.

These results suggested the following characteristics among companies in Niigata Prefecture.

(1) Manufacturers in the prefecture tended to focus on new product development and design and manufacturing-process efficiency increases to augment growth and strengthen competitiveness. (2) Issues they faced were related to technological skills and human resources.

(3) More than half cited "concentrate on using internal resources" as measures to address the issues they faced, suggesting a strong predilection toward products and manufacturing, but with a conservative bent.

Hokuriku Branch

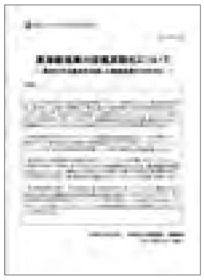
"Harnessing the Power of Women in Manufacturing Industries" (*Report*, September 2013)

With Japan's working population decreasing in line with the overall population, leveraging the power of women in the workforce is being touted as one way to address Japan's impending labor shortage.

This report examines the current status of women employed in the manufacturing sector and looks at possibilities for the future. The report also explores the Hokuriku region, where the rate of female employment is high, looking at harnessing the "power of women" from a female perspective. The study finds examples of companies that generate high-value-added products and introduces government initiatives to create women-friendly working environments.

Tokai Branch

"The Aging of Manufacturing Facilities in Tokai—Ample Funds on Hand, But a Lack of Strategic Investment" (*Report*, December 2013)



With the capital markets unsteady in the aftermath of the Lehman shock, many companies tended to accumulate funds on hand, such as cash and equivalents and securities holdings. Manufacturers in the Tokai region continue to maintain high balances of funds on hand, even now that the capital markets have normalized.

This report uses estimated ages of facilities to show clearly the aging of manufacturing equipment in the region and suggests that companies could use the abundant funds they have on hand to make strategic capital investments that would lower the age of their fixed capital and boost corporate value.

Kansai Branch

"Kansai Manufacturing: 'Building Fans through Design Innovation" (*Report*, April 2014)

Although the Kansai region's economy has been upbeat in recent years, major structural changes continue unabated, due to commoditization and the overseas shift of manufacturing. Against this backdrop, it is increasingly important for Kansai companies to augment their erstwhile strengths in functionality and quality with unique characteristics, generating products and services that are difficult for other companies to emulate.

This report follows on from the thesis of a report issued in March 2013 entitled "Kansai Companies Using Design Innovation as a High-Value-Added Strategy—Case Studies of Companies Using Design as a New Management Resource." This report defines "organizational design capabilities" as an important element of value creation and introduces examples of Kansai companies that generated hit products by making effective use of this element.

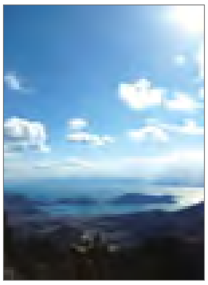
Chugoku Branch

"Ongoing Development of the Automotive Industry in the Chugoku Region—Focusing on Trends among Automotive Parts Suppliers in Hiroshima and Okayama" (*Report*, December 2013)

The Japanese manufacturing sector has embarked on a path of globalization in recent years, shifting production to the most appropriate region, and this environment is difficult to change. Amid these conditions, this report looks at the need to clearly define the division of roles and the importance of domestic and overseas bases for automobile production, which is a core industry for the Chugoku region. Based on a recognition of the importance of the ongoing development of this industry and a growing sense of urgency, the report summarizes the results of interviews with 31 auto parts suppliers that have established their headquarters in the Chugoku region.

Shikoku Branch

Trial Calculation of "The Economic Ripple Effect from 'The Setouchi Triennale 2013'" (*Report*, December 2013)

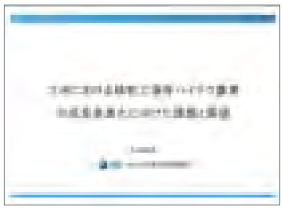


"The Setouchi Triennale 2013" is a modern art festival held against the backdrop of Naoshima and other islands within the Seto Inland Sea. The 2013 festival was the second so far, after an inaugural event in 2010. Sessions were divided into the seasons of spring, summer and autumn. With its attractiveness augmented by displays on an increasing number of islands, the festival attracted numerous visitors from Japan and overseas.

In cooperation with the Art Setouchi Executive Committee, this report makes a trial calculation of the economic ripple effect of the Setouchi Triennale 2013 and examines the event from the perspective of community revitalization.

Kyushu Branch

"Issues and Expectations for the Growth Industry of Plant Factories and Other Types of High-Tech Agriculture in Kyushu" (*Report*, March 2014)

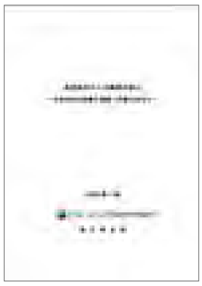


Kyushu, which accounts for approximately 20% of all agricultural production in Japan, plays an important role in the nation's sourcing of farm produce. As in other parts of Japan, however, in Kyushu the average age of farmers is rising, and the industry faces potential challenges from trade agreements such as the Trans-Pacific Partnership.

This report looks into the recent phenomenon of factory farming as a method to convert agriculture into a growth industry. Looking at the example of advanced farming countries such as the Netherlands and Israel, the report explores some of the issues of plant factories and looks at the potential for their introduction in Kyushu.

Minami-Kyushu Branch

"The Changing Population Structure in the City of Kagoshima—Ongoing Increases in the Average Age of Residents in Housing Estates" (*Report*, January 2014)



The average age of the Japanese population is rising, and Kagoshima is no exception. As of 2010, the city's senior citizens already accounted for 21.2% of the population, putting it within the category of the "super-aging society."

Taking the city of Kagoshima as its subject, this report analyzes the aging of the population. Specifically, it maps the city using Japan's national census mesh statistics, looking in particular at potential aging-related problems in the city's housing estates, clarifying the severity of the problem going forward. The report also suggests a number of approaches for addressing the issue.

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, 2008, 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 the 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, 2013, to March 31, 2014
	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 2014
Next publication:	September 2015 (previous publication: September 2013; frequency: annual)

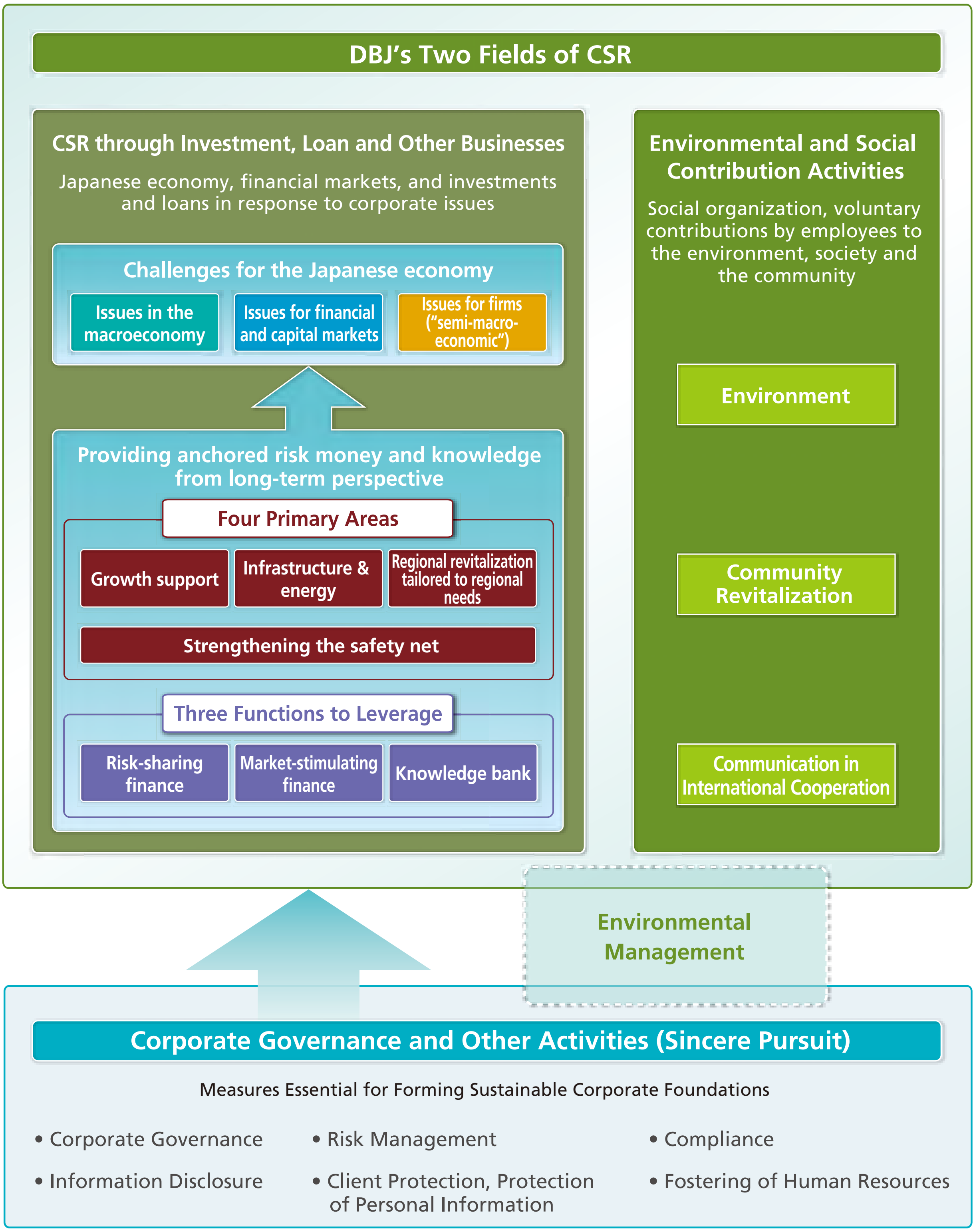
Reference Guidelines

The Sustainability Reporting Guidelines (Fourth Edition), issued by the Global Reporting Initiative (GRI), were used as reference guidelines.

Implementing CSR Management

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

Fields of CSR Implementation at DBJ

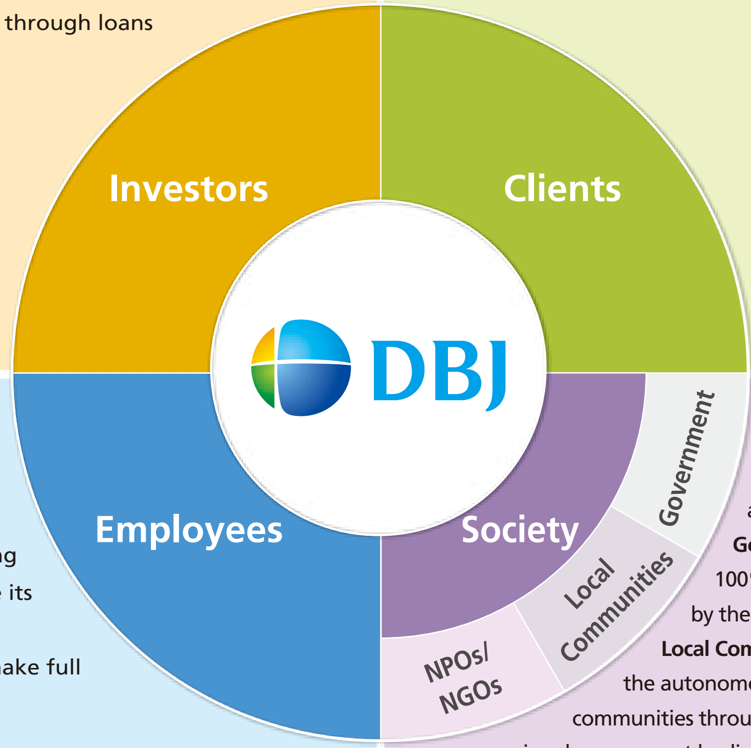


DBJ and Its Stakeholders

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 financial institutions.

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.



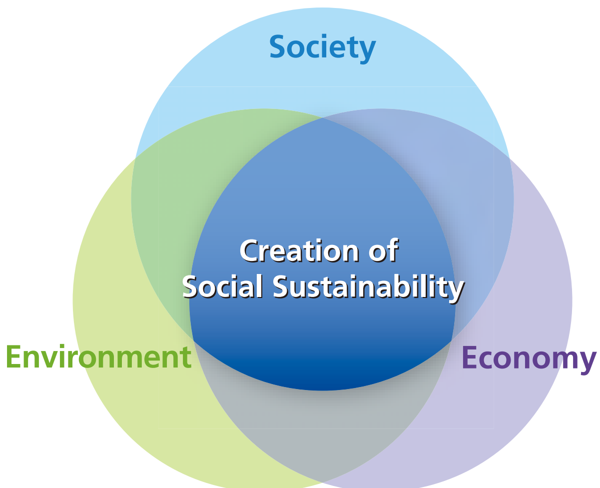
As of March 31, 2014, DBJ's employees numbered 1,189. DBJ employee training is designed to enable its employees to act autonomously and make full use of their abilities.

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 society, the 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

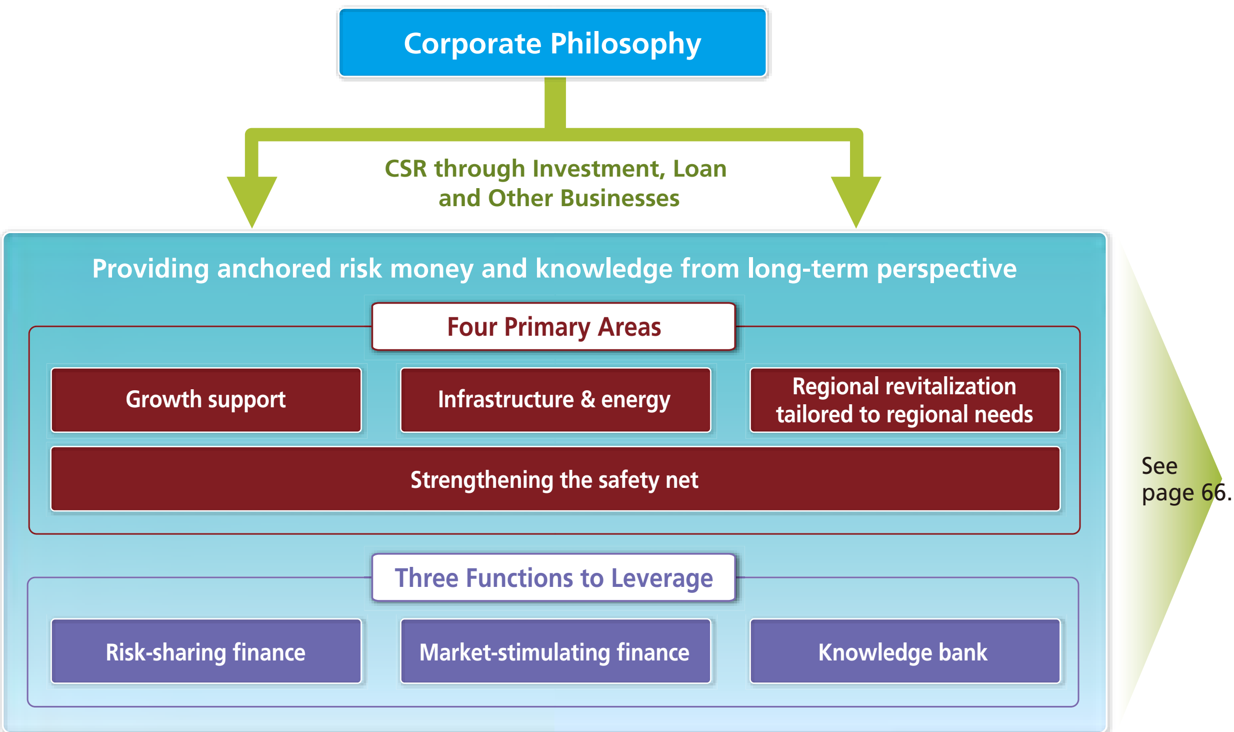
Due consideration of compliance issues is a prerequisite for the sustainable development of enterprises. Accordingly, it is important that a corporation's business activity brings new value to, contributes to problem-solving in, and gains the trust of society.

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 to clients various solutions that address expected changes and other issues that are forecast for the economic and social environments. In this way, DBJ will proactively leverage its three functions—risk-sharing finance, market-stimulating finance and knowledge bank—to take part in four primary areas: growth support, infrastructure & energy, regional revitalization tailored to regional needs, and strengthening the safety net.



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-Products 2013 booth

Eco Presentation Stage (Eco-Products 2013)

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 2013 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, disaster preparedness related DBJ Enterprise Disaster Resilience Rated Loan Program and DBJ Green Building Certification.

Messe Nagoya 2013 booth

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. 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), and since 1976 we have been networking with financial institutions from China, South Korea, ASEAN countries, India and other areas. In 2014, ADFIAP's annual meeting was held in Moscow, Russia. DBJ received an ADFIAP Award for its efforts through the DBJ Enterprise Disaster Resilience Rated Loan Program, citing their effectiveness in addressing large-scale natural disasters, which have become an increasing point of focus in Asia.

ADFIAP annual meeting in Moscow, Russia

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 2013 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 2014, DBJ's contributions totaled ¥1,445,720—enough to provide 72,286 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.

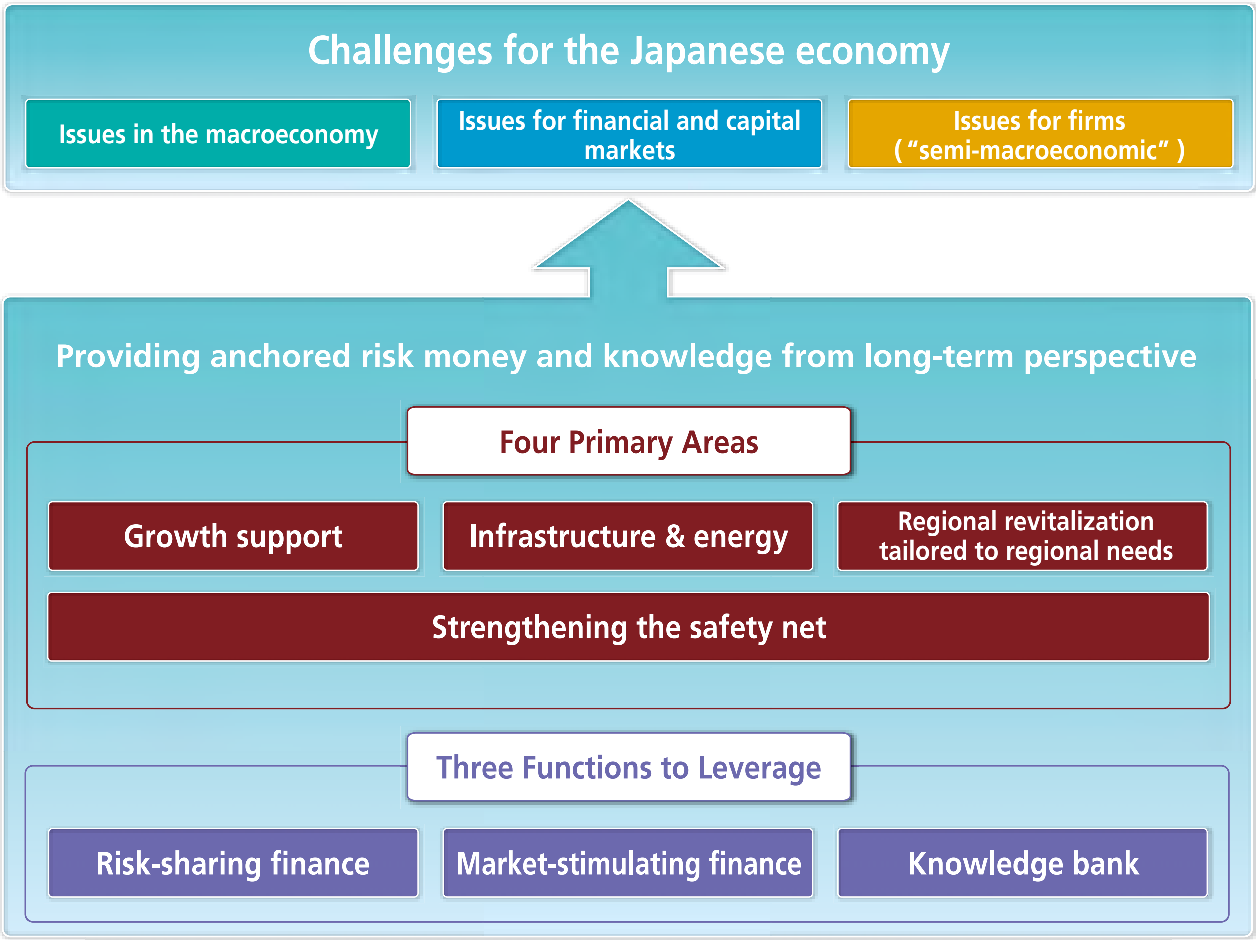

Marunouchi shuttle bus

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 to clients various solutions that address expected changes and other issues that are forecast for the economic and social environments. In this way, DBJ will proactively leverage its three functions—risk-sharing finance, market-stimulating finance and knowledge bank services—to take part in four primary areas: growth support, infrastructure & energy, regional revitalization tailored to regional needs, and strengthening the safety net.

CSR through Investment, Loan and Other Businesses

Japanese economy, financial markets, and investments and loans in response to corporate issues



Case Studies

Growth Support

Promotion of Competitiveness

The current state of the Japanese economy is characterized by a sense of gradual recovery. 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 LIXIL/GROHE

LIXIL Corporation, headquartered in Chiyoda-ku, Tokyo, is the core business company of the LIXIL Group, the largest housing and building materials company in Japan.

LIXIL and DBJ are 50–50 partners in a special-purpose company that has acquired 87.5% of the outstanding shares in GROHE Group S.à r.l., headquartered in Luxembourg, one of the leading providers of premium sanitary fittings. The LIXIL Group's Medium-Term Management Vision, announced in May 2011, expresses its aim as "Becoming a comprehensive housing solutions provider targeting the global market." In 2011, LIXIL acquired Italy's Permasteelisa, which is involved in the business of curtain wall, and by 2013 had also acquired American Standard Brands, a U.S. company that is a leading North American manufacturer of a wide range of high quality kitchen and bath products. Through these acquisitions, LIXIL is increasing the number of home product brands under its umbrella and proactively expanding its global business.

The acquisition of shares in the GROHE Group was one aspect of LIXIL's efforts to this end. Through its joint investment, DBJ provides support on the financial front, as well as the expertise gained through operations in Japan and overseas, human resources and information networks. Consequently, DBJ aims to enhance the overall corporate value of the LIXIL Group.

GROHE products

Case Study Omori Machinery

Since its establishment in 1948, Omori Machinery Co., Ltd., headquartered in the city of Koshigaya, Saitama Prefecture, has evolved into an industry leader in the development and provision of various sorts of packaging equipment and systems tailored to customers' needs. The company's management philosophy expresses its aim to "develop packaging systems that satisfy users with their quality and contribute to a more international society." Having succeeded in the development of highly challenging packaging equipment and systems, the company has amassed a wealth of advanced proprietary technologies and expertise. For this reason, DBJ has identified Omori Machinery as a "core value chain company."*

DBJ provided Omori Machinery with anchored risk money to acquire Multi Pack Systems Private Limited, headquartered in Gujarat, India (now OMORI India Private Limited). Through this acquisition of a local manufacturer of packaging equipment, Omori Machinery aims to participate in the rapidly growing Indian market for packaging equipment. The acquisition extends Omori Machinery's global reach and should enhance its overseas competitiveness.

* A core value chain company is one that plays a key role in the value chain due to its advanced technological capabilities.

OMORI India Private Limited plant

Case Study Maritime Innovation Japan

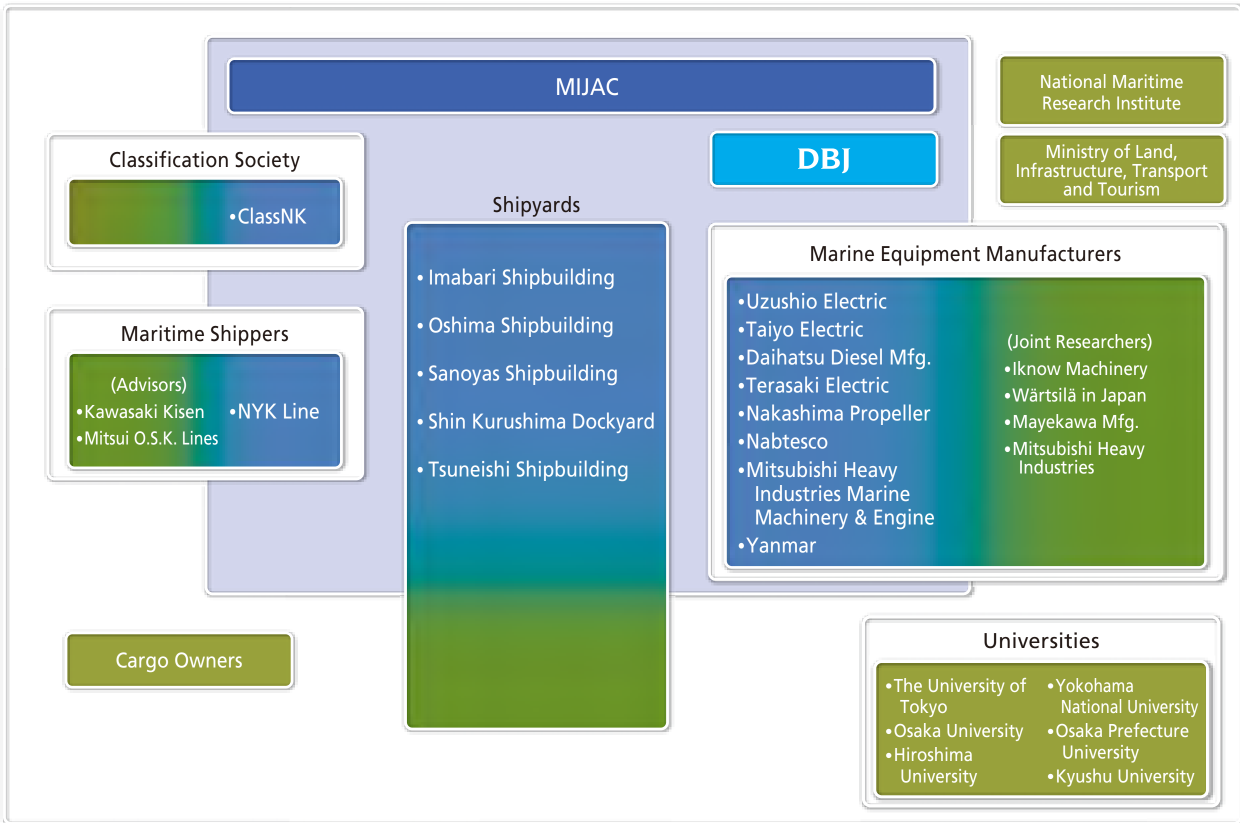
Maritime Innovation Japan Corporation (MIJAC), headquartered in Shinagawa-ku, Tokyo, was established in April 2013 as an R&D platform for the marine transport sector. Currently, participating members are five shipbuilders (Imabari Shipbuilding Co., Ltd., Oshima Shipbuilding Co., Ltd., Sanoyas Shipbuilding Corporation, Shin Kurushima Dockyard Co., Ltd., and Tsuneishi Shipbuilding Co., Ltd.), NYK Line, Nippon Kaiji Kyokai (ClassNK) and eight manufacturers of marine equipment (Uzushio Electric Co., Ltd., Taiyo Electric Co., Ltd., Daihatsu Diesel Mfg. Co., Ltd., Terasaki Electric Co., Ltd., Nakashima Propeller Co., Ltd., Nabtesco Corporation, Mitsubishi Heavy Industries Marine Machinery & Engine Co., Ltd., and Yanmar Co., Ltd.). These members jointly invest in MIJAC and take part in business partnerships through the organization.

MIJAC was established to raise the level of technologies in Japanese shipbuilding, ocean transport and other marine-related activities. In keeping with its vision of continuing to enhance Japanese technologies and taking them to the world, MIJAC conducts research and development activities on ship design and construction, ship-operating technology, technologies to reduce CO_2 and other noxious emissions from ships, and the efficient use of ocean energy.

DBJ utilized the Fund for Japanese Industrial Competitiveness to provide anchored risk money to support MIJAC's initiatives. This involves forging strategic partnerships among multiple shipbuilders and marine shipping companies to consolidate technological capabilities and expertise in the aim of creating and commercializing the new value needed to enhance the international competitiveness of Japanese shipbuilders.

Bulker

● MIJAC's Development Network



M&A

Mergers and acquisitions (M&A) have entered the spotlight with their increasing prevalence, owing to such factors as more diverse forms of business development, 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 manufactures products 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

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.

Emerging markets in particular, with their notable growth in middle income groups, represent 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.

Case Study Government Pension Investment Fund/Canada's Ontario Municipal Employees Retirement System

DBJ is taking part in an infrastructure investment program under a co-investment agreement with Government Pension Investment Fund (GPIF), located in Chiyoda-ku, Tokyo, and Canada's Ontario Municipal Employees Retirement System (OMERS), located in the province of Ontario, Canada. The investment will be made through a unit trust along with other co-investors as appropriate investment opportunities are identified.

The investment in infrastructure is one of the most valuable investments for overseas pension funds and with its long-term stable revenue from usage fees in such areas as electric power transmission, gas pipelines and railways and its return being less affected by public market volatility.

Understanding this background, GPIF has encouraged the signing of the co-investment agreement with experienced investors such as DBJ and OMERS for more improved investment capabilities and advanced risk management.

Power transmission lines

Case Study Aviation Capital Group

Aviation Capital Group Corp. (ACG), headquartered in the U.S. state of California, is one of the world's leading aircraft leasing companies. ACG has a fleet of approximately 255 aircraft worth over US$8 billion and offers a wide range of commercial aircraft leasing and asset management services to approximately 90 airlines around the world.

In response to ACG's desire to broaden its relationship with financial institutions in Japan and diversify its funding sources, DBJ and BNP Paribas S.A., Tokyo Branch (BNPP) arranged a yen-denominated syndicated loan for ACG with 14 of Japan's regional banks and other financial institutions. DBJ and BNPP have been working for several years to cultivate a better understanding of aircraft finance among regional banks and other financial institutions by hosting aircraft finance seminars. The syndicated loan that resulted from this initiative connected the needs of ACG with those of regional banks, which are highly interested in expanding their cross-border financing operations. This was also the first syndicated loan to an overseas aircraft leasing company involving numerous regional banks.

Aircraft finance seminar

Aircraft owned by ACG

Overseas

Case Study TOKYO PRO-BOND Market

The TOKYO PRO-BOND Market is a new bond market for professional investors that was established in 2011 and is currently operated by the Tokyo Stock Exchange. The TOKYO PRO-BOND Market was set up with the aim of creating a global bond market in Japan which would be equal to the euro market as a core market in Asia. The TOKYO PRO-BOND Market accepts English-only disclosure, making it convenient for non-Japanese companies to issue debt in Japan.

In April 2014, DBJ invested in yen-denominated bonds issued in this market by Banco Santander-Chile, a leading Chilean bank, followed by an investment in May 2014 in bonds issued by a leading Malaysian bank, Malayan Banking Berhad.

In this way, DBJ is working to vitalize the new market in the interest of promoting the development of financial markets in Japan. By being a principal investor in bonds issued on the TOKYO PRO-BOND Market, DBJ is encouraging participation from prominent investors and prompting leading companies from around the world to issue bonds in the financial markets of Tokyo. Raising the global profile of the financial markets of Tokyo should also provide more investment opportunities for Japan's professional investors. DBJ plans to invest a total of ¥100 billion in bonds issued in the TOKYO PRO-BOND Market.

TOKYO PRO-BOND Market logo

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.

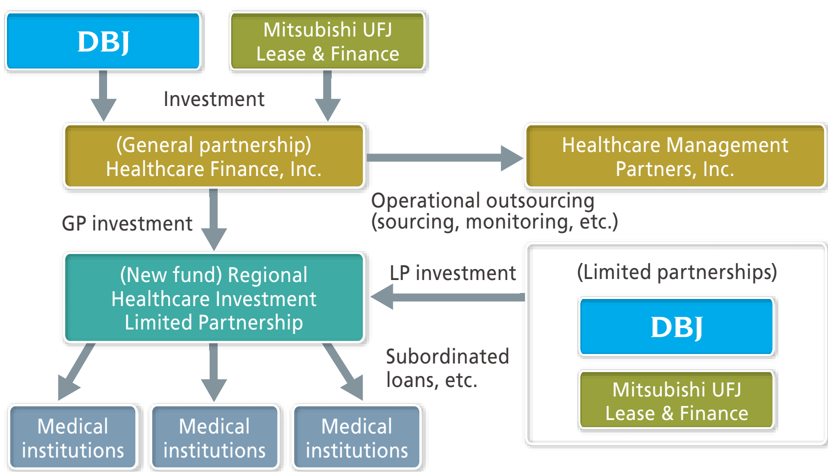
Case Study Regional Healthcare Fund

As Japan transitions fully toward a "super-aged" society, cultivation of the healthcare and medical industries is taking on a growing importance, as is the cultivation of business foundations in these fields. In relation to this, the Japanese government is promoting a "Japan Revitalization Strategy." As medical facilities are core components of the healthcare and medical sectors, the country faces a growing need to rebuild dilapidated hospitals and upgrade medical equipment in order to augment medical functionality. Japan will also need to undertake initiatives to build healthcare systems suited to regional environments.

Against this backdrop, DBJ and the Mitsubishi UFJ Lease & Finance Company, Ltd., headquartered in Chiyoda-ku, Tokyo, formed the Regional Healthcare Investment Limited Partnership (Regional Healthcare Fund), with a total investment of ¥10.0 billion, to invest in medical institutions' subordinated loans and loan claims.

Through this cooperation with Mitsubishi UFJ Lease & Finance, DBJ aims to promote initiatives by medical institutions and encourage collaboration with regional financial institutions. By leveraging its financial solutions and wealth of knowledge, through the Regional Healthcare Fund, DBJ is providing risk money for subordinated loans and other investments.

● **Regional Healthcare Fund Scheme**



Case Study Saiseikai Niigata Daini Hospital

Social Welfare Organization Saiseikai Imperial Gift Foundation, Inc., operates the Saiseikai Niigata Daini Hospital, located in the city of Niigata, Niigata Prefecture. 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.

For the current round of financing, DBJ rated the hospital highly for: (1) its registration with the Emergency Medical Information System (EMIS), its signing of an accord with Niigata Prefecture in relation to disasters, and other examples of efforts to maintain close relations with government bodies even in normal times to heighten the functioning of medical operations in times of disaster; (2) its signing of an agreement establishing a secondary health maintenance zone to coordinate mutually with a hospital outside its group during times of disaster and the option to use that hospital as an alternate headquarters; and (3) the securing of redundant power supply sources and fuel storage, the ongoing confirmation of the status of pharmaceutical companies' and medical equipment suppliers' inventories and maintenance systems, and other such efforts to remove bottlenecks to operational continuity.

Saiseikai Niigata Daini Hospital

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 Mitsubishi Chemical Holdings

Mitsubishi Chemical Holdings Corporation, headquartered in Chiyoda-ku, Tokyo, and its Group have introduced CSR management at a high level that aims to achieve "KAITEKI"* by helping to resolve various societal issues through its business activities. The Mitsubishi Chemical Holdings Group is also working together on environmental activities based on a corporate charter for action.

DBJ has provided Mitsubishi Chemical Holdings with financing based on its DBJ Environmentally Rated Loan Program.

We accorded Mitsubishi Chemical Holdings a high rating and provided it financing for three reasons. (1) The company traditionally provides a wide variety of products, backed by advanced technologies, that contribute to the environment and has measured their direct effects in terms of resource and energy savings. Mitsubishi Chemical Holdings is working to quantify the contribution of such products to sustainability over their lifecycle by determining their CO_2 reduction and water resource preservation effects. The company has also adopted management of sustainability (MOS) as a financial target, and is constructing a system to promote development and sales on this basis. (2) Mitsubishi Chemical Holdings is working to minimize the impact of its business activities on the environment by utilizing its own "global environmental impact" indicator. The company is taking a principal role in formulating industry guidelines for risk assessments of chemical substances and Scope 3 calculations. (3) While incorporating MOS as a key performance indicator, to promote disclosure the company has integrated its financial and non-financial reporting in a single "KAITEKI Report."

* KAITEKI is a concept devised by the Mitsubishi Chemical Holdings Group and intended to describe an ongoing state of congeniality among people, society and the planet that goes beyond time and generation.

Certificate presentation ceremony

Case Study Sumitomo Rubber Industries

Sumitomo Rubber Industries, Ltd., headquartered in the city of Kobe, Hyogo Prefecture, has formulated the "SRI WAY," as a shared basis for employees' values and its principles for action. The company positions environmental initiatives, symbolized and abbreviated as "GENKI,"* as a key management priority in its CSR guidelines. By utilizing GENKI, the company enables itself to conduct environmental management with excellence.

Key considerations for DBJ's rating assessment for Sumitomo Rubber Industries are based on the following three features. (1) The company has publicly committed itself to efforts to reduce its environmental footprint by offering a 100% fossil resource-free tire from 2013. The company has also set the specific goal of developing a 50% reduced rolling resistance tire and bring it to the market by the end of 2014. (2) The company has achieved zero emissions in terms of landfill waste at its principal production bases located in Japan and overseas. (3) As a part of the "green initiatives" that form one pillar of its CSR guidelines, the company has set the target of planting 1 million seedlings by fiscal 2029 at and around its offices in Japan and overseas. The company is now well ahead of the plan, having planted a cumulative 1.39 million seedlings as of fiscal 2013.

DBJ has provided financing based on the DBJ Environmentally Rated Loan Program and arranged a syndicated loan for Sumitomo Rubber Industries totaling ¥10.0 billion.

* "GENKI" stands for five basic CSR categories: green initiatives (tree planting), ecology (reducing the environmental impact of business activities), next (developing next-generation technologies and products), kindness (measures towards employees and communities) and integrity (honesty and reliability toward stakeholders).

ENASAVE 100

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 TonenGeneral Sekiyu

TonenGeneral Sekiyu K.K., headquartered in Minato-ku, Tokyo, is the core of the TonenGeneral Group, whose missions are to "maintain a stable supply of high-quality products," "offer high-value-added services" and "contribute to customers, shareholders, employees and local communities." TonenGeneral Sekiyu is an integrated energy company, with operations ranging from refining to sales. The company accords top operational priority to safety, health and the environment, and accordingly has a lower rate of lost work time due to employee accidents than other companies. The Ministry of Economy, Trade and Industry (METI) has recognized the company as the only member of the oil and petrochemicals industry to have reached its energy conservation benchmarks.

DBJ provided TonenGeneral Sekiyu with financing based on the DBJ Employee's Health Management Rated Loan Program, making this the first such instance in the oil industry.

We gave the company a high evaluation for three reasons. (1) As a basis for its health management initiatives, TonenGeneral Sekiyu has set up a health management department as an independent organization to focus on the occupational health and safety function. This department brings together industrial physicians, nurses and industrial hygienists and drafts comprehensive health measures for the group as a whole, including measures to address the risk of petrochemical explosions. (2) TonenGeneral Sekiyu has introduced the Operations Integrity Management System (OIMS) as an independent safety, health and environmental management system that is completely consistent throughout the company. At each of its offices, the company also conducts regular checks of health measures and addresses matters of occupational health and safety. (3) In addition to medium- to long-term numerical targets based on its current conditions, the group sets targets for outputs/outcomes in a variety of areas, such as lifestyle diseases and mental health.


Certificate presentation ceremony

Case Study Medical Treatment Corporate Foundation Group Hakuaikai

Medical Treatment Corporate Foundation Group Hakuaikai, located in the city of Fukuoka, Fukuoka Prefecture, follows an ideology that stresses close ties with the community, being trusted by local residents, and the provision of health maintenance, healthcare and welfare services. As a medical organization that provides quality healthcare and welfare services with close community ties, the organization operates a number of healthcare and nursing care facilities in the city of Fukuoka, including Hakuaikai Hospital.

Hakuaikai became the first entity in Kyushu to receive DBJ financing based on the DBJ Employee's Health Management Rated Loan Program.

DBJ gave Hakuaikai high ratings for three reasons. (1) Top management has set forth policies emphasizing the importance of health initiatives. These policies are broadly disseminated both inside and outside the organization. Hakuaikai also recognizes employee health as a management objective and makes it a clear resolve. (2) Hakuaikai determines and recognizes various health-related indices and sets targets based on its analysis of the indices. Rather than being for a single fiscal year, the organization sets multiple three-year targets, operating according to a PDCA cycle with a medium- to long-term perspective. (3) Hakuaikai has set up a specialized health management promotion office to spearhead these initiatives. Roles are clearly defined, with this office at the center, resulting in a system befitting an organization that is working to maintain health.


Hakuaikai Hospital

Infrastructure & Energy

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 forms of 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 Kashima Kyodo Electric Power

Kashima Kyodo Electric Power Co., headquartered in the city of Kashima, Ibaraki Prefecture, was established in 1969 through joint investment by Tokyo Electric Power Company, Inc., and Sumitomo Metal Industries, Ltd. (now Nippon Steel & Sumitomo Metal Corporation). Kashima Kyodo Electric Power uses byproduct gases from Nippon Steel & Sumitomo Metal Kashima Works as its main fuel to economically generate electricity, which it supplies to its two investors.

Kashima Kyodo Electric Power's power generation facilities (generators one through four) were damaged in the Great East Japan Earthquake, halting operations. In keeping with its responsibilities as an electric power supplier, the company and its subcontractors all worked together to restore generation capacity and succeeded in getting back on line quickly.

In November 2013, the company commenced operations with its fifth generator, on which construction had begun in January 2011. The fifth unit generates power more efficiently than previous models, and therefore delivers excellent economic performance and reduces environmental impact.

DBJ provided financing to support the construction of this fifth generator. This financing, provided through the Interest Rate Subsidy System for Special Zones for Reconstruction, contributes to a core business identified in the city of Kashima's plan to promote reconstruction. This plan emphasizes the need to address issues that existed prior to the earthquake, including global warming countermeasures, promotion of recycling and environmental preservation in other communities.

Kashima Kyodo Electric Power's generation facility

Case Study SF Solar Power

SF Solar Power K.K., headquartered in Chiyoda-ku, Tokyo, is a joint investment company set up by a subsidiary of Showa Shell Sekiyu K.K., Solar Frontier K.K., headquartered in Minato-ku, Tokyo, and DBJ.

To make effective use of idle land throughout Japan, SF Solar Power has been developing megasolar power plants such as an approximately 11,600 kilowatt megasolar facility constructed within Kansai International Airport.

Solar power is characterized as a type of sustainable and low-environmental-load renewable energy, and Solar Frontier has been expanding its business in CIS thin-film solar modules with high economic efficiency and environmental friendliness.

Under its aim of promoting renewable energy in the Japanese domestic market, DBJ has provided investment and loans to SF Solar Power's project, where their solar modules are utilized, as the first project of the Fund for Japanese Industrial Competitiveness.

Kansai International Airport generation facility

Photo courtesy of Solar Frontier K.K.

Case Study Kyuden Mirai Energy (formerly Kyuden Ecosol)

Kyuden Mirai Energy Co., Inc., headquartered in the city of Fukuoka, Fukuoka Prefecture, is a wholly owned subsidiary of Kyushu Electric Power Co., Inc., that develops solar and other sources of renewable energy. The company also provides related services to industries and public-sector entities within Kyushu. Recently, in its mainstay business of megasolar power generation Kyuden Mirai Energy has concentrated on the development and operation of solar power plants in various Kyushu locations.

DBJ, along with regional financial institutions, structured a syndicated loan totaling ¥4.2 billion for Kyuden Mirai Energy's solar power generation business.

The business covered by the loan spans nine sites in Kyushu for which Kyuden Mirai Energy is the primary operator (including in the city of Sasebo, Nagasaki Prefecture; the city of Munakata, Fukuoka Prefecture; the city of Kikuchi, Kumamoto Prefecture; and the town of Aya, Miyazaki Prefecture). Together, these sites represent around 21 megawatts of generating capacity.

Sasebo megasolar generation facility

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 Skynet Asia Airways

Skynet Asia Airways Co., Ltd. (Solaseed Air), headquartered in the city of Miyazaki, Miyazaki Prefecture, introduced its new brand, Solaseed Air, in July 2011. Based on a new medium-term management plan introduced in fiscal 2013, Solaseed Air aims to provide service that delivers high customer satisfaction under the brand concept of "planting the seeds of a smile from the air." While aiming to be one of the most cost-competitive of Japan's new airlines, Solaseed Air is expanding its route network in Kyushu and Okinawa.

Solaseed Air has begun implementing one aspect of its strategy, namely to own the (Boeing 737-800) aircraft it operates.

To support the company's efforts, DBJ worked with local financial institutions in Solaseed Air's service area to structure a syndicated loan employing aircraft financing methods.

Solaseed Air aircraft

Case Study Keisei Electric Railway

Keisei Electric Railway Co., Ltd., headquartered in the city of Ichikawa, Chiba Prefecture, operates the Keisei Main Line and the Narita SKY ACCESS Line, which connect Ueno and Narita Airport, as well as the Keisei Oshiage Line and the Keisei Chiba Line. In addition to operating a route network that extends a total of 152.3 kilometers, the Keisei Group is involved in distribution and hotel operations.

To alleviate traffic congestion and prevent accidents at railway crossings, Keisei Electric Railway is undertaking a project involving continuous grade separation on the Keisei Oshiage Line. A portion of this project that commenced in August 2008 to elevate a section of track between Oshiage Station and Yahiro Station was completed in August 2013, and the company has begun construction to elevate the next section.

DBJ provided financing to Keisei Electric Railway, which supports the lives of the citizens who live along its routes through the transportation services it provides and contributes to community development.

Continuous grade separation project

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 Kintetsu/Abeno Harukas

Kintetsu Corporation, headquartered in the city of Osaka, has constructed Abeno Harukas, the tallest multi-purpose skyscraper in Japan, in the Abeno Tennoji area of the city. This 300-meter edifice opened for full-scale business in March 2014.

In addition to the highest available level of aseismic performance, Abeno Harukas employs leading-edge environmental technologies. This "three-dimensional city" houses department stores, large-scale office spaces, an internationally known hotel brand, and an urban museum—a host of facilities and functions that contribute to the richness of urban living.

Directly linked to one of Osaka's best terminal buildings, providing access to seven train lines, Abeno Harukas serves as an excellent urban transport hub offering good access to Kansai International Airport and Osaka International Airport. In addition to functioning as a southern entry to Osaka, the building facilitates access to other parts of Asia, as well as the rest of the world.

DBJ provided financing for Abeno Harukas, applying DBJ Green Building Certification and ranking the building "Platinum (plan) 2013."

Abeno Harukas, completed in March 2014

Case Study Tokyo Prime Stage

Tokyo Prime Stage Co., Ltd., is an SPC established jointly for the purpose of developing a prime site located in Chiyoda-ku, Tokyo—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 "Otemachi Forest." Construction was completed in April 2014.

The project, which is being funded through real estate loans provided via an SPC, is one of the largest in Japan. DBJ began working as the lead arranger on this project in 2004. In March 2014, we structured the project's fourth syndicated loan, totaling ¥190 billion.

The Otemachi Tower

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 Ishiya

Ishiya Co., Ltd., headquartered in the city of Sapporo, Hokkaido, was founded in 1947 as a manufacturer and seller of confectioneries with a Hokkaido character.

DBJ provided DBJ Green Building Certification to Ishiya's Sapporo Odori Nishi 4 Building, according the building the first "Gold 2013" certification in Hokkaido, provided for "properties exhibiting exceptionally high environmental and social awareness." DBJ gave the building a high rating for three reasons. (1) The building embodies environmental consciousness, being equipped with LED lighting in common areas, water-saving toilets and other equipment that deliver high energy savings. (2) In addition to advanced office building specifications, the building offers extensive amenities, such as the ISHIYA CAFÉ operating on the B2 floor. (3) The outer walls of the building are decorated with a Hokkaido flora-and-fauna motif, with carvings and stained glass that take regional culture into consideration.

Sapporo Odori Nishi 4 Building

Case Study Nippon Life Insurance

DBJ and Japan Real Estate Institute (JREI), headquartered in Minato-ku, Tokyo, have begun joint operation of the DBJ Green Building Certification program.

Under the new jointly operated program, DBJ and JREI intend to elaborate the assessment system and analyze the relevance between a building's sustainability and its economic value. Furthermore, by creating a market that evaluates green buildings properly, we contribute to form a real estate financing market conducive to such social demand.

The first building to be certified under the joint operation is the Marunouchi 1-chome Project (tentative name) of the Nippon Life Insurance Company, headquartered in the city of Osaka. We have accorded the architectural plan a "Platinum (plan) 2013" certification for "properties with the best class environmental & social awareness."

Reasons for the high rating were twofold. (1) The building achieves superb environmental performance. It employs LED lighting throughout, uses solar power generation panels and has a building energy management system to optimize and lower energy consumption. (2) The building utilizes vibration damping construction, and construction specifications call for an extensive backup power supply system that takes its own disaster prevention and tenants' business continuity plans (BCPs) into consideration.

Marunouchi 1-chome Project (tentative name)

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 the 2011 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 protect themselves against lost revenue and retain their clients in the event of disaster.

Case Study Tokai Rubber Industries

Tokai Rubber Industries, Ltd., headquartered in the city of Komaki, Aichi Prefecture (name to be changed to Sumitomo Riko Company Limited on October 1, 2014) is a manufacturer of high-performance rubber products that boasts the top share of the global market for anti-vibration rubber, a key automotive material. The company is engaged in building an advanced management system for business continuity to enable it to meet its global supply responsibilities.

DBJ provided Tokai Rubber Industries with financing under the DBJ Enterprise Disaster Resilience Rated Loan Program, established as a restoration fund provision for times of disaster. This is the first such provision in the rubber products industry, as well as in the Tokai region. The disaster restoration fund provision stipulates that in the event of a major earthquake that meets specific conditions at observation points near that company's headquarters or the Komaki plant, DBJ will provide a specified amount of financing as restoration funds.

Our rating evaluation of Tokai Rubber Industries is based on our high appraisal in the following areas: (1) the core product workflow is visible, with bottlenecks identified and measures to eliminate them implemented; (2) the company is promoting the construction of a resilient supply chain through the examination of disaster/business continuity frameworks at suppliers, the stockpiling of inventories, and the securing of substitute raw materials; and (3) the company takes a proactive approach to regional disaster response, including the laying in of emergency provisions for local residents and the conclusion of agreements with local authorities.

Automotive anti-vibration rubber

Case Study Japan Motor Terminal

Japan Motor Terminal Co., Ltd., headquartered in Chiyoda-ku, Tokyo, services and administers four public truck terminals connected to express highway networks in the Tokyo area. These terminals serve as bases for the nationwide logistics network, easing traffic congestion and improving the functioning of cities to rationalize growing logistics activity.

DBJ has made the DBJ Enterprise Disaster Resilience Rated Loan Program available to Japan Motor Terminal. Our rating of Japan Motor Terminal is based on our high appraisal of the following items. (1) In addition to making intensive users of the highway system thoroughly aware of initial emergency countermeasures using the Earthquake Early Warning System and creating an emergency communications system that employs satellite communications, the company is engaged in systematic, proactive strengthening of its disaster countermeasures by establishing emergency-use, non-utility generators and building logistics facilities with seismically isolated structures. (2) In addition to taking the number of other-company employees on premises into consideration in storing a sufficient level of emergency provisions, Japan Motor Terminal regularly conducts assembly drills for its own employees as well as initial response training for maintenance contractors and other contract employees. (3) When setting up a region-wide transport base under an emergency response agreement with the Tokyo metropolitan government, the company established a system for coordination with the metropolitan government and the Tokyo Route Truck Conference Association, and conducts joint training exercises to ensure its reliability.

Keihin Truck Terminal

Public–Private Partnerships/Private Finance Initiatives

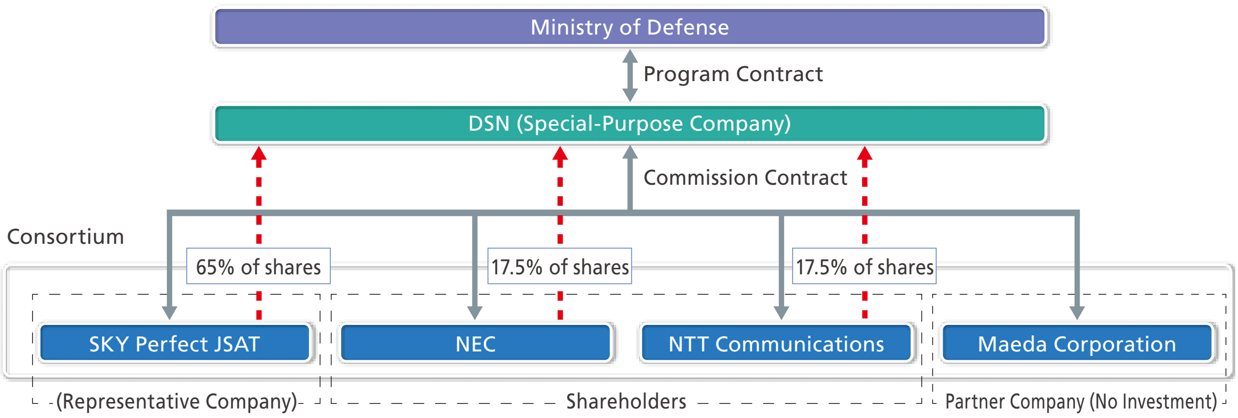
Public–private partnerships (PPPs) describe a variety of schemes for the provision of public services through partnerships between government and private-sector companies. They involve harnessing private capital and expertise for use in the delivery of public facilities traditionally provided by national or local governments, with private finance initiatives (PFIs) being representative of such schemes for the provision or management, supervision and support of public facilities. At a time when national and local governments are in difficult financial straits, the use of PPPs, and particularly PFIs, in restoring aging public infrastructure and similar projects represents a promising field.

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 Investment in the Private Finance Initiative Promotion Corporation of Japan

DBJ is a founding investor in the Private Finance Initiative Promotion Corporation of Japan (PFIPC), headquartered in Chiyoda-ku, Tokyo.

The PFIPC was established based on the PFI Act (of June 2013, since revised) as an important measure within the Japan Revitalization Strategy (Cabinet decision of June 14, 2013). The PFIPC is expected to reduce the nation's fiscal burden and provide business opportunities for the private sector through investment and financing in PFI business, such as concessions, and will cultivate the infrastructure investment market by dispatching experts and providing advice to public organizations.

DBJ has recently proceeded with efforts to expand the use of PPP/PFI, such as establishing the PPP/PFI Promotion Center and working with regional financial institutions and the Cabinet Office in holding PPP/PFI promotion seminars. Our investment in the PFIPC also represents an opportunity to take our efforts to the next level, using the appropriate ties created with the PFIPC and its affiliates to conduct a variety of surveys, provide information and offer proposals concerning PPP/PFI, as well as to support the creation and formation of a variety of PPP/PFI businesses and provide risk money.

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.

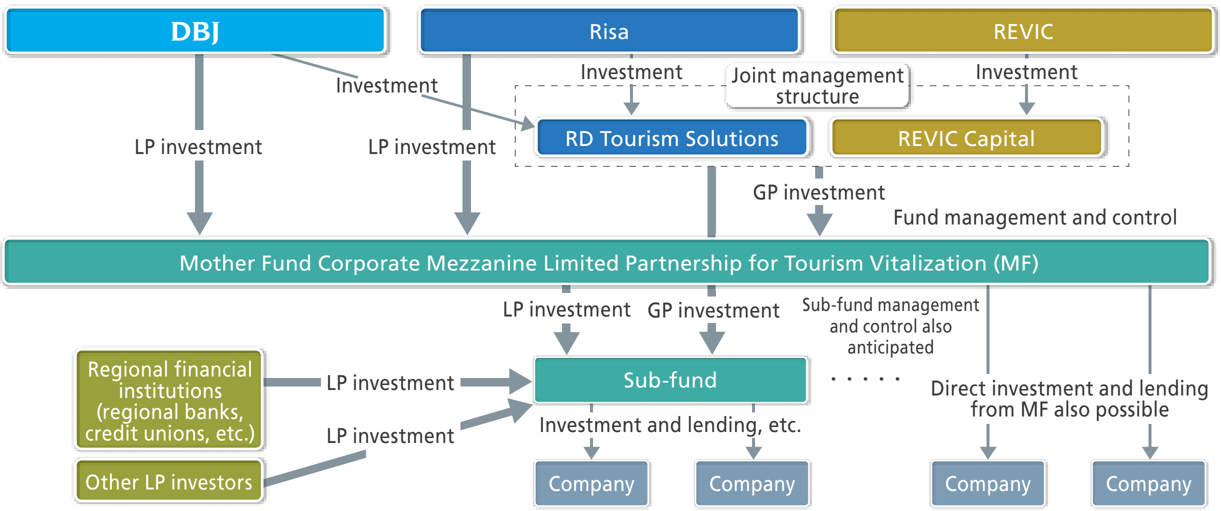
For local economies to sustainably exist, development having a broad view (involving other regions in Japan and overseas markets) is important.

Case Study Mother Fund Corporate Mezzanine Limited Partnership for Tourism Vitalization

DBJ has joined with the Regional Economy Vitalization Corporation of Japan (REVIC), headquartered in Chiyoda-ku, Tokyo, and Risa Partners, Inc., headquartered in Minato-ku, Tokyo, in forming the Mother Fund Corporate Mezzanine Limited Partnership for Tourism Vitalization to support the invigoration of regional economies through the tourism industry.

The tourism industry covers a broad range of businesses and is very important to regional economies, with support for its growth contributing to their invigoration. DBJ is teaming up with REVIC and Risa, employing the networks and expertise of all three organizations to cooperate with regional financial institutions and help invigorate the regional tourism industry by providing the investment necessary for growth and development, as well as by forming ties with companies in communities and regions and assisting in restructuring.

● Mother Fund Scheme for Tourism Vitalization

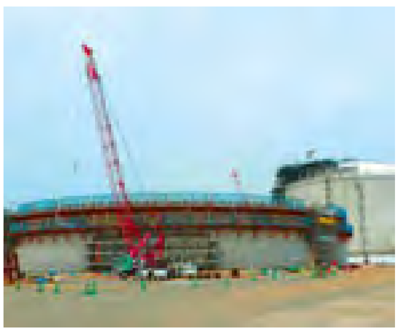


Case Study Hokkaido Gas

Hokkaido Gas Co., Ltd., headquartered in the city of Sapporo, Hokkaido, views increasing the use of natural gas—which is superior in terms of supply stability and low environmental impact—to be one of its social responsibilities in Hokkaido, where energy consumption and demand for oil are high.

Working from its strong creed of "supporting the regional economy and the lives of our customers," Hokkaido Gas operates the Ishikari LNG Terminal, where Japan's largest gas storage tanks are located. The company has secured stable sources of natural gas, building a natural gas value chain enabling it to supply all of Hokkaido with natural gas stably over the long term.

Hokkaido Gas is proceeding with the construction of a second LNG tank site to achieve more stable operation of the Ishikari LNG Terminal and diversify LNG supplies, as well as to meet the forecast increase in demand for natural gas in Hokkaido. DBJ is providing financing in support of these efforts.



Hokkaido Gas, Ishikari LNG Terminal

Community Revitalization

Case Study Kanbun

Kanbun Co., Ltd., headquartered in the city of Ninohe, Iwate Prefecture, operates 10 home centers and three gasoline stations in Iwate and Aomori prefectures and conducts building materials and remodeling business with deep regional ties. Kanbun seeks to offer solutions to a variety of housing needs that improve housing and life in local communities, and recently has begun offering delivery services and residential convenience services in response to the aging of the regional population.

Kanbun's experience in the Great East Japan Earthquake prompted the company to install solar power equipment on the roof of its Ninohe Home Center, making it possible to continue operating in the aftermath of disaster and promoting the use of renewable energy.

DBJ provided financing support for this effort through the DBJ Smart Japan Program.


Solar power equipment at a Ninohe Home Center

Case Study Kashimaya

Kashimaya Co., Ltd., headquartered in the city of Niigata, Niigata Prefecture, was founded at the end of the Edo period, and is engaged mainly in the production and sale of processed marine products for use as gifts. Kashimaya developed its signature "powdered salmon rice topping" in the 1950s. The product's homemade flavor has been prized since that time in the cultural and culinary life of Niigata as one of the "flavors of home." The Kashimaya brand is synonymous with high-quality Niigata gift and souvenir items. Kashimaya's creed is "Today's meals build tomorrow's life," and while protecting the culinary lifestyle of Niigata, the company continues to come up with new techniques and diverse flavors, promoting the spread of Niigata cuisine throughout Japan and contributing to regional vitalization.

DBJ provides financing to Kashimaya through the Regional Areas *Genki* Program to promote that company's strategic efforts to create products with value added through flavorings and craftsmanship.


Kashimaya headquarters

Case Study Kagaya

Kagaya Co., Ltd., headquartered in the city of Nanao, Ishikawa Prefecture, operates three *ryokan* (Japanese-style inns) at the Wakura Hot Spring on the Noto Peninsula: Kagaya, Aeno Kaze and Niji to Umi. Kagaya's painstaking attention to detail in ensuring customer satisfaction and tireless efforts toward improving service to the 20,000 visitors it receives every year have honed its hospitality to such a degree that the Group has been named among the "top 100 Japanese hotels and *ryokan* selected by professionals" for 34 consecutive years.

Hokuriku Shinkansen service to Kanazawa is scheduled to commence in spring of 2015. To continue providing high-quality service to a greater number of expected visitors, Kagaya is increasing its number of employees and building worker dormitories.

DBJ provided Kagaya with financing through the Regional Areas *Genki* Program to help the group extend its hospitality to a wider customer base and enhance the Hokuriku region's attractiveness as a tourist destination.


Hospitality at Kagaya

Community Revitalization

Case Study Yagami

Yagami Co., Ltd., headquartered in the city of Nagoya, Aichi Prefecture, was founded in 1871 as a trading company specializing in medical devices and assistive products. With the Japanese population aging at a rapid pace, the country's medical and nursing insurance systems are being revised in various ways, as is the system for providing healthcare. Through such programs as the "Plan to Transition to Centers" and "Nearby Business Office," Yagami is working steadily to provide the sophisticated levels of support needed to utilize these systems and meet society's expectations for dealers in medical devices.

DBJ has provided financing through the Regional Areas *Genki* Program to Yagami, which is strengthening ties with medical institutions by opening new offices and expanding group sales bases, thereby contributing to the Tokai region's healthcare industry.

Sales activities under way and the Home Health Center

Case Study Morimoto Soko

Morimoto Soko K.K., headquartered in the city of Kobe, Hyogo Prefecture, is one of the city's leading warehousing and real estate companies. Morimoto Soko reconstructed its Sannomiya Building North Annex on the site of the former annex, which was destroyed in the Great Hanshin-Awaji Earthquake. This rebuilding was one of the final projects in the overall reconstruction of the area facing Sannomiya Station.

DBJ joined Sumitomo Mitsui Trust Bank, Ltd., to provide a syndicated loan totaling ¥3.5 billion to support financing for Morimoto Soko and Kobe's reconstruction, and at the same time implemented DBJ Green Building Certification.

This certification gave high ratings to the following areas: (1) the installation of solar panels, LED lighting and motion sensors in all tenant spaces to provide superior environmental performance; (2) a strong structure seismically isolated to resist earthquakes; and (3) roomy specs for business offices and the inclusion of desiccant spaces to control humidity levels for tenant comfort. As a result, the building was certified under "Gold (plan) 2013" for "buildings that are extremely superior in consideration for the environment and society."

Sannomiya Building North Annex

Case Study Chugoku Lumber

Chugoku Lumber Co., Ltd., headquartered in the city of Kure, Hiroshima Prefecture, is Japan's leading processor of lumber for use in housing construction. The company is involved mainly in the manufacture and sale of seasoned and laminated wood products made of Douglas fir. With a policy focusing on wide variety, prompt delivery and maintenance of stock, the company supports Japan's housing industry by providing a stable supply of high-quality construction materials through its lumber drying facilities and logistics network, which are among the industry's largest.

In the city of Hyuga, Miyazaki Prefecture, Chugoku Lumber operates a new lumber mill and processing plant and has erected a wood biomass and solar power generation facility to promote the use of forestry resources in the mountains of Kyushu and reduce environmental impact through the use of next-generation energy. The company aims to invigorate the region by bringing processes ranging from the accumulation of raw wood to sawmilling together at one location.

DBJ provided the company with financing under the Regional Areas *Genki* Program, according it high ratings for its initiatives to reduce the region's environmental impact and promote the growth of regional industry.

Chugoku Lumber's Hyuga factory

Community Revitalization

Case Study Imabari Shipbuilding

Imabari Shipbuilding Co., Ltd., headquartered in the city of Imabari, Ehime Prefecture, is a specialized shipbuilder that carries out construction and repairs on various types of vessels and operates under a management philosophy of "Growing Together with Shipowners." The Imabari Group operates eight shipyards along the coast of the Seto Inland Sea, making it one of the largest shipbuilders in Japan in terms of market share. In recent years, the company has been working to differentiate itself further by applying leading-edge technological development to the construction of sophisticated ships that reduce environmental impact through fuel efficiency.

DBJ provided Imabari Shipbuilding with financing through the Regional Areas *Genki* Program at its Shikoku Branch to assist the company in its initiatives to boost international competitiveness in the shipbuilding industry.

Saijo Shipyard

Case Study Fundokin Shoyu

Fundokin Shoyu Co., Ltd., headquartered in the city of Usuki, Oita Prefecture, was founded in 1861 to produce and sell soy sauce and miso paste. In the 1960s, the company pioneered the industry's development of preservative-free miso, and in 1985 began producing dressing in the city of Usuki. Through such moves, the company has established itself as one of Kyushu's foremost condiment producers, responding to emerging consumer needs and growing in pace with its region.

Fundokin Shoyu aims to provide high-quality products that are safe and offer peace of mind. To this end, the company acquired ISO 9001 certification for its ingredient selection, production processes and product management and has established a quality management system based on this system. The company also undertakes initiatives to encourage local production for local consumption and works to invigorate its community by disseminating information and conducting promotions relating to food culture from its base in the city of Usuki.

Over a history spanning more than 150 years, Fundokin Shoyu has contributed to the evolution of a food culture unique to Kyushu through ongoing product development. Evaluating these initiatives highly, as well as the company's growth strategies that are unique to a company based in northern Kyushu, DBJ provided Fundokin Shoyu with financing via the Regional Areas *Genki* Program.

Fundokin Shoyu soy sauce crock

Case Study Kyushu Power Development

Kyushu Power Development Co., Ltd., headquartered in the city of Kagoshima, Kagoshima Prefecture, benefits from the prefecture's strong natural potential for the introduction of low head hydro power generation facilities. Backed by investment from prominent local companies, Kyushu Power Development is leading the nation in the operation of low head hydro power facilities.

DBJ provided construction financing for the company's first project, the Funama Low Head Hydro Power Plant, located in the town of Kimotsuki, Kagoshima Prefecture, in cooperation with The Kagoshima Bank, Ltd. We evaluated the company highly for four reasons: (1) the initiative it has taken in bringing together prominent companies in the prefecture to support new business; (2) its great potential to generate abundant hydro power in the region; (3) its contribution to the development of a supportive relationship with manufacturers of generation equipment, power companies, local municipalities and residents; and (4) its role in promoting renewable energy to reduce the region's environmental impact.

Funama power plant, under construction

Strengthening the Safety Net

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 Ibarakisuisan

Ibarakisuisan K.K., headquartered in the city of Mito, Ibaraki Prefecture, wholesales marine products, chiefly through the Mito City Public Wholesale Market. The company operates a plant in the city of Hitachinaka, where it processes smoked salmon and packages these and other marine products for sale by volume retailers.

Ibarakisuisan's Nakaminato plant was damaged by the tsunami and liquefaction accompanying the Great East Japan Earthquake. Even after operations were restored soon after the disaster, the company was only able to return to partial production, resuscitating its packing and smoked salmon slicing operations. In May 2013, Ibarakisuisan completed construction and began operations at an alternative Hitachinaka plant similar in scale to the Nakaminato plant, restoring sales to approximately pre-crisis levels.

The Ibaraki-related part of the Great East Japan Earthquake Reconstruction Fund is administered by Ibaraki *Kizuna* Investment Limited Partnership, in which DBJ and The Joyo Bank, Ltd., are joint investors, and provides financing for Ibarakisuisan. This financing aims to ensure ongoing support for the early restoration and construction of marine product wholesaling and other industries central to the economy and employment of the affected region.

Hitachinaka plant

Case Study Senkon Logistics

Senkon Logistics Co., Ltd., headquartered in the cities of Natori and Sendai, Miyagi Prefecture, provides integrated logistics services in the Tohoku region, particularly transportation and warehousing. As such, the company serves a role as part of the social infrastructure. Senkon Logistics' group companies also take part in such businesses as passenger car sales and solar power generation.

DBJ provided financing based on the DBJ Enterprise Disaster Resilience Rated Loan Program to Senkon Logistics, which suffered damage from the Great East Japan Earthquake. This financing went toward expanding the company's logistics warehouse as part of its efforts to rebuild its logistics network.

The company earned high ratings for (1) its establishment of a company-wide structure to promote disaster countermeasures and safety measures, as well as a system to conduct regular disaster-prevention initiatives such as performing regular checks, audits and corrective actions, (2) its establishment of multiple headquarters to permit alternative operations in emergency situations, thereby providing a broad-ranging network to support business continuity throughout the Tohoku region—the viability of which was confirmed during the Great East Japan Earthquake and (3) its efforts to identify and conduct impact analysis for all the risks it faces, to evaluate the risks to its information assets based on the customer information it holds as part of its business and to implement exhaustive overall management.

New Fukushima warehouse

Reconstruction Response

Case Study NPR Fukushima Works

NPR Fukushima Works Co., Ltd., headquartered in the town of Kawamata, Fukushima Prefecture, is a group company of Nippon Piston Ring Co., Ltd. NPR Fukushima Works produces cylinder liners and is one of Japan's leading manufacturers of valve seats and other parts for automotive engines used on both land and sea. The company is distinctive for its materials technologies that involve special steel and sintered alloys, as well as its surface treatment and precision processing technologies. The company takes a proactive approach to the development of innovative technology, as it aims to remain at industry's leading edge in the various functional components it manufactures.

DBJ and The Toho Bank, Ltd., provided joint financing to NPR Fukushima Works, providing the capital investment needed to augment production capacity for engine parts in the town of Kawamata, Fukushima Prefecture, which was affected by the Great East Japan Earthquake. This financing was provided under the Interest Rate Subsidy System for Special Zones for Reconstruction.*

The business of manufacturing devices for transportation equipment is an important industry in the town of Kawamata, accounting for around 33% of its manufacturing output. The financing helped to support a company in a business identified as key in the town of Kawamata's plan to promote reconstruction. This plan identifies the need to "provide ongoing employment for people affected by disaster, as well as opportunities for new employment; promote new corporate sitings and investment; attract and invigorate industry; and provide support that reinforces companies in core industries for the town."

* The Interest Rate Subsidy System for Special Zones 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.

Panoramic view of the NPR Fukushima Works

Case Study Morishita Suisan

Morishita Suisan K.K., headquartered in the city of Ofunato, Iwate Prefecture, was established in 1982 to process marine products. The company operates the only plant in the city of Ofunato to have received HACCP* certification, attesting to its high quality of hygiene management and production technology.

This plant, which was completely demolished in the Great East Japan Earthquake, quickly recommenced partial production in July 2011 and has been gradually recovering production capacity since that time.

Going forward, Morishita Suisan plans to build a new plant to provide highly processed, high-value-added products made from local seafoods. The new plant is expected to invigorate the local economy, including through employment, and contribute to the region's economic resurgence.

The Great East Japan Earthquake Reconstruction Fund is administered in Iwate by Iwate *Genki Ippai* Investment Limited Partnership, in which DBJ and The Bank of Iwate, Ltd., are joint investors, and provides financing for Morishita Suisan initiatives targeting future business development.

* HACCP (acronym for Hazard Analysis Critical Control Point) is a sanitation management procedure involving analysis at critical stages of the ongoing system—processes from the receipt of food ingredients, through production, and on through shipment.

Marine product processing plant

Environmental Management

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

In June 2001, DBJ became the first Japanese bank to sign the UNEP Statement by Financial Institutions on the Environment and Sustainable Development, promising to strive for harmony between economic development and environmental conservation and to cooperate in resolving environmental problems. In addition, in November 2002, we acquired ISO 14001 certification, and in November 2011, we signed the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century). Such efforts indicate our organizational commitment to environmental preservation and the realization of a sustainable society.

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

DBJ's Basic Environmental Policy

Promulgated and Put into Effect October 1, 2008

Purpose

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

Promotion of Environmental Measures through Loan and Investment Activities

Article 2.

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

Promotion of Environmental Awareness through Environmental Communication

Article 3.

1. Through continuing research and advisory activities relating to environmental issues, DBJ seeks to help resolve environmental issues through enhanced awareness, thereby contributing to the realization of a sustainable society.
2. DBJ seeks to promote environmental awareness through international cooperation, including the distribution of information about environmental initiatives by Japan.
3. DBJ endeavors to improve its initiatives by sharing information on its environmental activities and through communication with society.

Promotion of Environmental Awareness Activities in Offices

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

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

Promotion of Environmental Awareness Activities in Communities

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

Putting into Practice DBJ's Basic Environmental Policy

Promotion of Environmental Measures through Investment and Loan Activities

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 38 and 73.)
- DBJ Green Building Certification (See pages 40 and 79.)

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 64.)
- Communication on Community Revitalization (See page 64.)
- Communication in International Cooperation (See pages 64–65.)

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, 2012	Year Ended March 31, 2013	Year Ended March 31, 2014
Copy and printing paper usage (kg)	100,494	85,011	**60,139**
Waste emissions (kg)	63,530	55,688	**33,976**
Energy consumption (kWh)	3.53 million	4.01 million	**4.05 million**
Water usage (m^3)	24,105	22,667	**10,083**

Note: Head office building only

• Promotion of environment-friendly sourcing of supplies

In line with the Law Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Law on Promoting Green Purchasing), 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, 2014
Paper	99.7%
Stationery	97.3%
Equipment	100%
Office equipment	98.3%
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 2013

DBJ participates in the Uchimizu Project 2013, 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.

• Hokuriku Branch

Kanazawa Eco Suishin Jigyousya Network

Since fiscal 2004, the branch has participated in the Kanazawa Eco Suishin Jigyousya Network, undertaking initiatives to (1) reduce waste, (2) conserve energy and (3) promote green purchasing.

• Kansai Branch

Kansai Eco Office Declaration

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

• Shikoku Branch

Forest-thinning activities

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

Earth-Friendly Office

In fiscal 2009, we registered with the "Earth-Friendly Office" program created by the city of Takamatsu's environmental department. We continued these activities in fiscal 2013, 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.

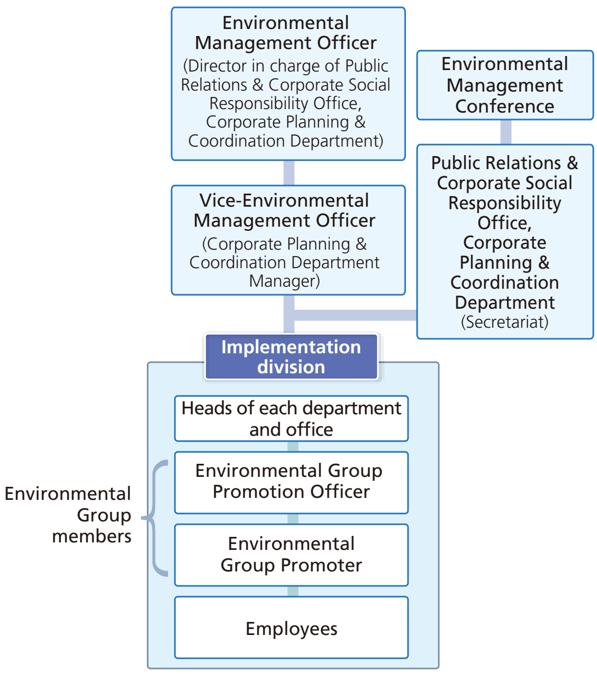
• Other Branches

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 Structure

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

● Environmental Management 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 Executive 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)
2013	October	"Environment/Reconstruction Support Syndicated Loans" win the Grand Prize and Minister of the Environment Prize in the Green Purchasing Awards

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).

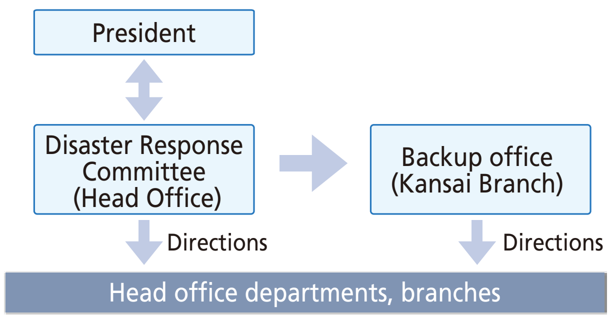
1) Confirmation and assurance of the safety of executives and regular employees
2) Uninterrupted continuation of settlement-related business
3) Reliable formation of the Disaster Response Committee
4) Restoration and maintenance of IT systems
5) Confirmation of the status of clients in afflicted areas
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
Ensured advanced security levels at the main center, and created a backup center to operate in the event that the main center ceases to operate.

(2) Multilayered Communication Procedures
Introduced a safety-confirmation system to quickly determine the whereabouts and status of executives and regular employees even at night and on holidays. In addition, distributed 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, we have 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, we have established 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 reviewed by the Executive Committee regularly and additionally as necessary, employing a Plan-Do-Check-Act (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 and Promoting Opportunities for Women

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.

As part of its efforts to promote opportunities for women, DBJ plans to increase its percentage of female managers to around 50% by the end of fiscal 2018.

子育てサポートしています
2010年認定事業主

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

A Solid Human Resource Development System

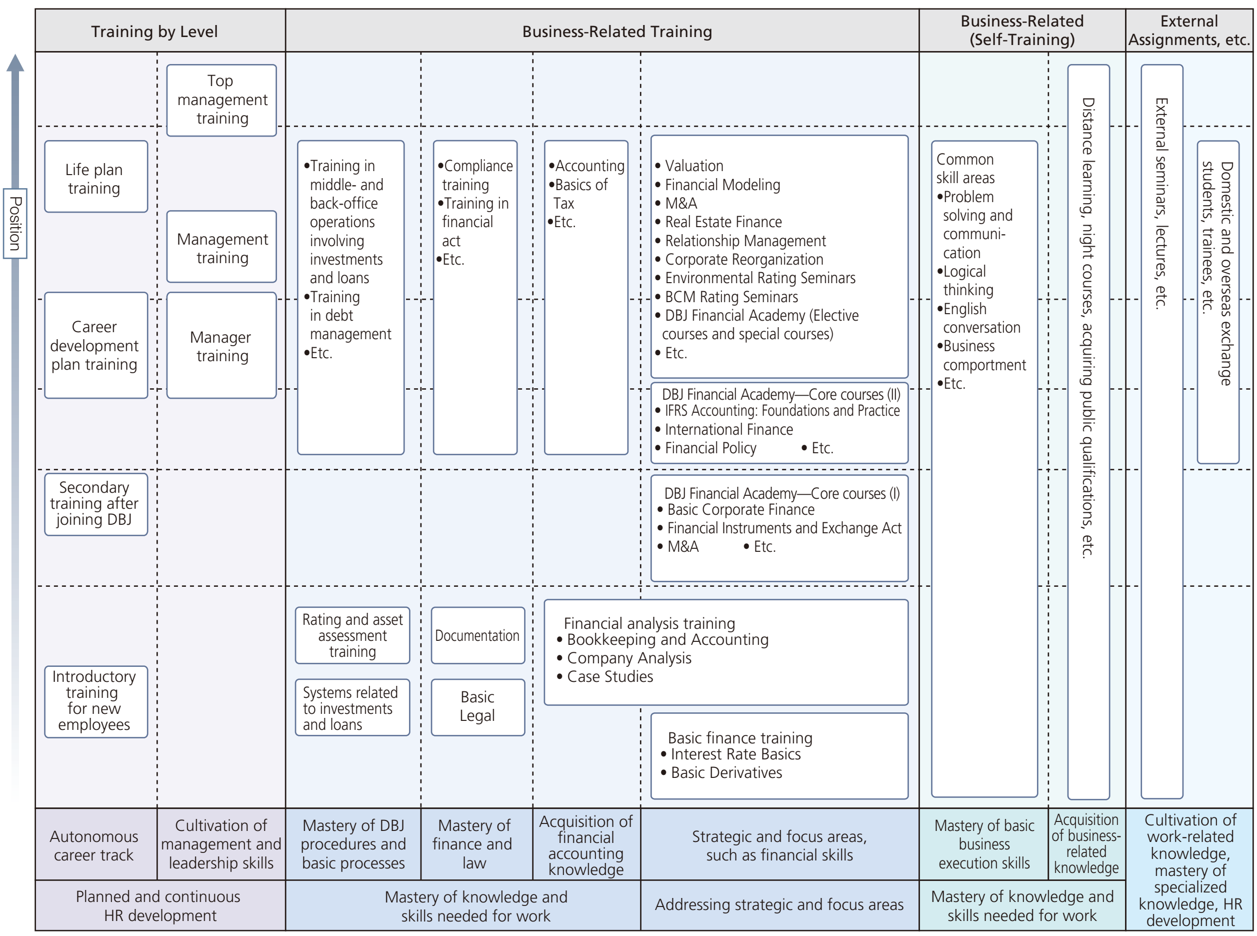
DBJ's financial professionals are supported by a well-developed education and training system. Mandatory training by level, combined with elective training according to skills and needs, enables each employee to plan his or her career and support DBJ's initiatives in innovative finance.

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, the Financial Instruments and Exchange Act, and M&A.

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 several courses that meet two or three times a week 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 2013, courses numbered 19 and covered Introduction to Modern Finance, Corporate Finance, the Financial Instruments and Exchange Act, and IFRS Accounting: Foundations and Practice.

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

2013 Courses (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

2014 Courses (expected to run from May 2014 through February 2015)

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

Elective courses
- Real Options
- Real Estate Finance
- Investment
- Macroeconomics and the Modern Japanese Economy
- Behavioral Finance
- Risk Management

Special courses
- Introduction to Integrated Reporting
- Securitization: Comparison of Japanese and U.S. Securitization Markets
- 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.

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, centering on 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.

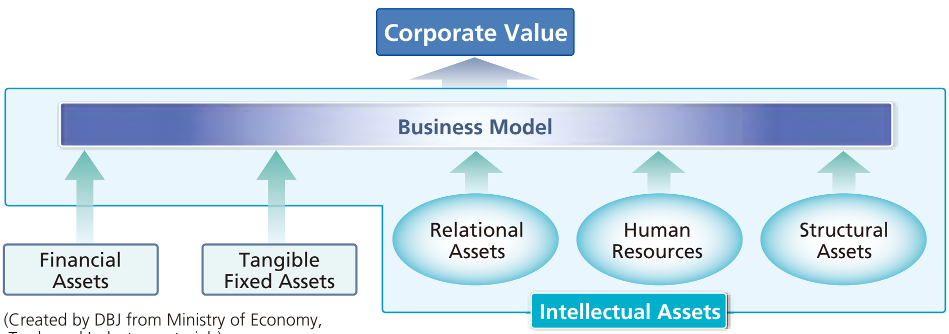
Based on our core values, our executives and regular employees have continued working to enhance their ability to evaluate companies and projects.

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 Model 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 (relational assets), management team and employees (human resources) and intellectual assets and business processes (structural assets). Below, we introduce DBJ's intellectual assets and activities according to this segmentation.

Relational 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 in 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 assets.

Human Resources

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

To impart various financial skills, DBJ maintains training menus that include a 2.5-month financial analysis training. 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.

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 structural assets, as does the smooth and rapid communication process resulting from the common knowledge that has evolved through financial analysis 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 has maintained 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.

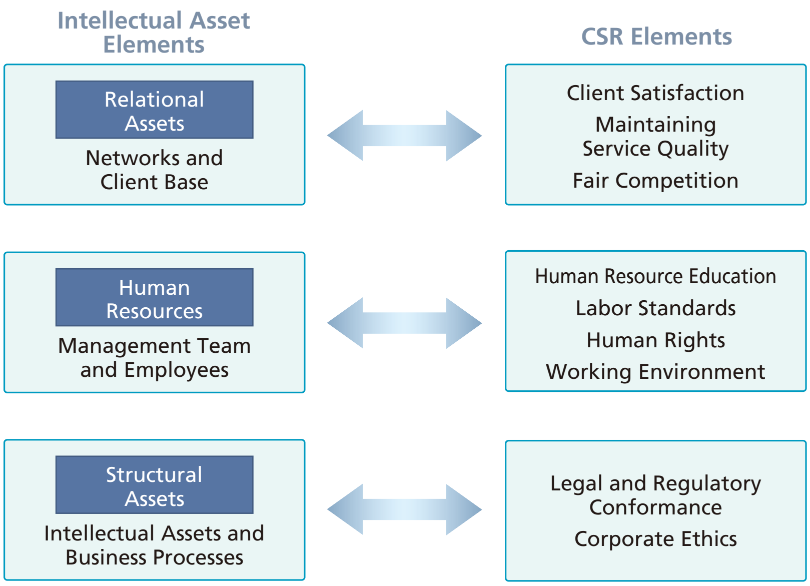
For example, the DBJ Environmentally Rated Loan Program, the DBJ Enterprise Disaster Resilience Rated Loan Program, DBJ Employee's Health Management Rated Loan Program and DBJ Green Building Certification—fully mobilized through intellectual asset networks with central government bodies, regional government 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 30 to 46, "Integrated Investment and Loan Services," and on pages 66 to 87, "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)

Defining "Financial Platform"

In DBJ's definition, "financial platform" refers to the amount and quality of funds to which corporate and other clients have access, the systematic formulation of bases that affect the diversity of fund-raising methods, financial expertise and practices, market transparency and the degree of market participation. The more complete the financial platforms, which are indispensable to financial system soundness and macroeconomic vigor, the greater is their effectiveness at promoting the revitalization of businesses and urban and local communities and the creation of new industries.

However, financial platforms, which are an institutional, general-access capital good, are not formed overnight. Creating the framework of systems and laws that support corporate economic activity involves the application of experienced and real-world expertise of financial institutions and businesses, as well as an accumulated body of results that can be used for future reference (transaction cases, precedents and the like).

Furthermore, as financial platforms function inadequately if they are used by only a minority of participants, a catalyst is needed to encourage participation from a broad range of players.

Owing to our neutral position and advanced-player status, we are perfectly suited to serve as the catalyst for developing and maintaining financial platforms in cooperation with other financial institutions.

Activities Involving Financial Platforms

DBJ 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 30 to 46, "Integrated Investment and Loan Services," and pages 66 to 87, "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 an Executive 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 resignations, dismissals and term expiries 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, 2014, the Board of Directors met 14 times.

The following two members are outside directors:

Akio Mimura, Senior Advisor, Honorary Chairman of 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, 2014.

As prescribed by the Companies Act, a majority of the five Audit & Supervisory Board members are outside members. DBJ has three outside Audit & Supervisory Board members. 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:

Tatsuya Tsuboi, former President, Sumitomo Mitsui Trust Research Institute 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 two times during the fiscal year ended March 31, 2014.

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 of directors and Audit & Supervisory Board members.

Executive Committee

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

Accordingly, the Executive Committee makes important management decisions. The committee met 37 times during the fiscal year ended March 31, 2014.

Committees under the Executive Committee

Various committees have been established under the Executive Committee and assigned specific decision-making tasks, excluding decisions made by the Board of Directors or the Executive 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.

Core Business System Restructuring Committee

This committee deliberates items related to policies for restructuring core business systems.

Advisory Board

The Advisory Board has been created as a body to advise the Executive 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.
Fujio Cho, Honorary Chairman of Toyota Motor Corporation
Katsunori Nakanishi, President & Chief Executive Officer (Representative Director), The Shizuoka Bank, Ltd.

Outside Directors

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

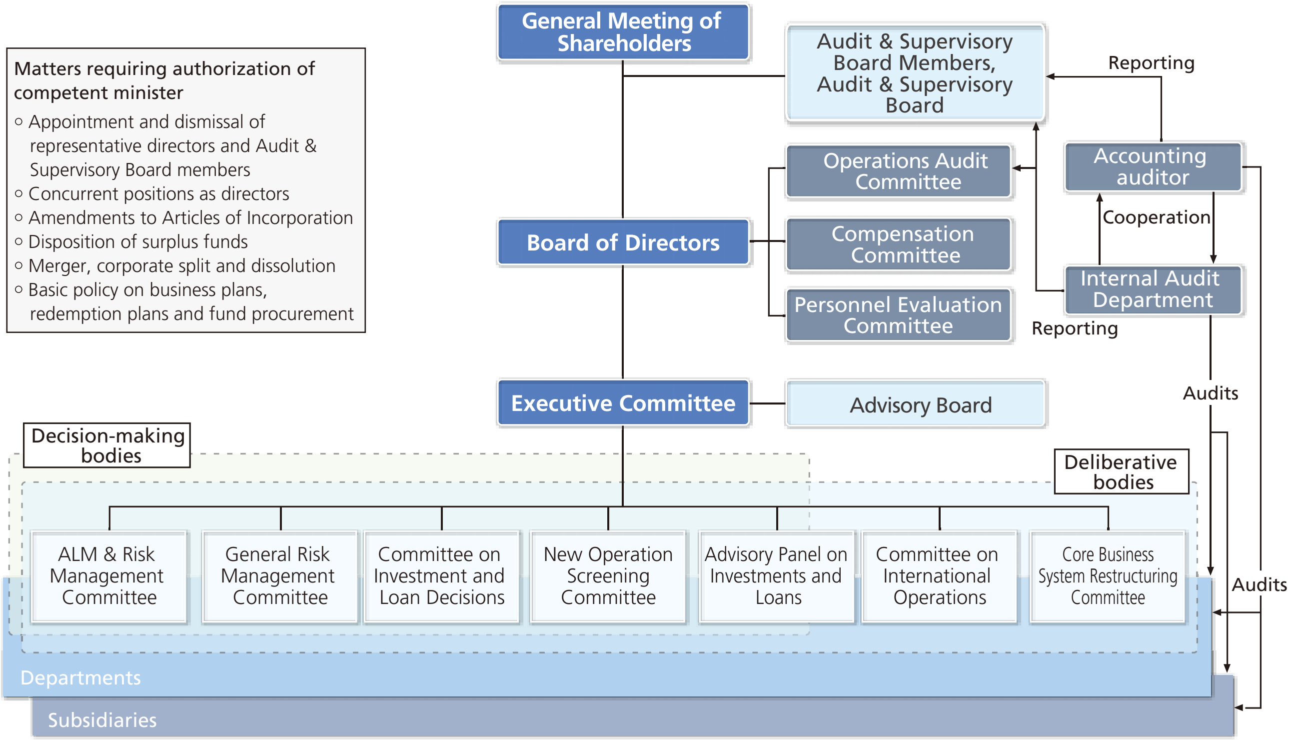
Matters Requiring Authorization of Competent Minister

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.

● Executional and Supervisory Structure



Executive Officer System

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

Status of Internal Control System

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

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

Internal Control System Basic Policy

Purpose

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

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

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

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

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

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

Regulations and Other Systems Related to Managing the Risk of Loss

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

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

Systems to Ensure the Efficient Execution of Duties by Directors

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

2. The Board of Directors shall establish an Executive Committee and del-egate 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 Executive Committee shall deliberate in advance matters for resolution by the Board of Directors. Furthermore, the Executive 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 Executive 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 25, 2014, 20 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, 2014, these operations were conducted by designated certified public accountants (designated limited liability partners) Tomomitsu Umezu (continuous audit period* of one year) and Atsuyuki Shimada (same, three years).

* 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 one year for Tomomitsu Umezu and three years for Atsuyuki Shimada. The number of business periods during which an audit was performed is the standard used to indicate the number of years. Assisting in this audit were 71 people, including a systems specialist, a licensed tax accountant, a specialist in determining fair value, a specialist in pension mathematics and a real estate appraiser.

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, Honorary Chairman 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 423, 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 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.
3) DBJ refuses all advances from anti-social forces and cooperates with security-related institutions to prevent any sort of relationship with such elements.

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.

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.

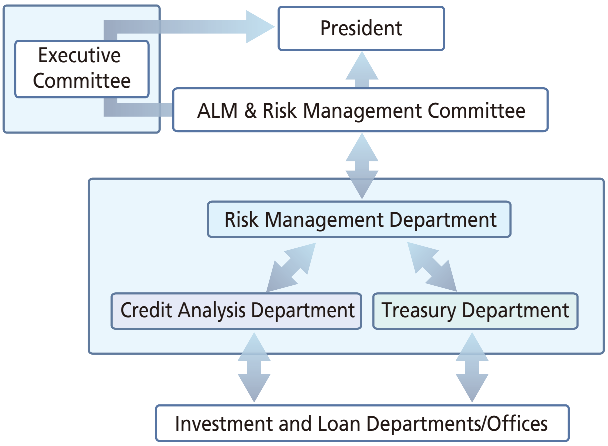
From the standpoint of comprehensive risk management, DBJ has established a Risk Management Department, which is overseen by a director in an official capacity. DBJ seeks to control its total risk within a specified target range. In addition, we have set risk guidelines for each risk category to help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

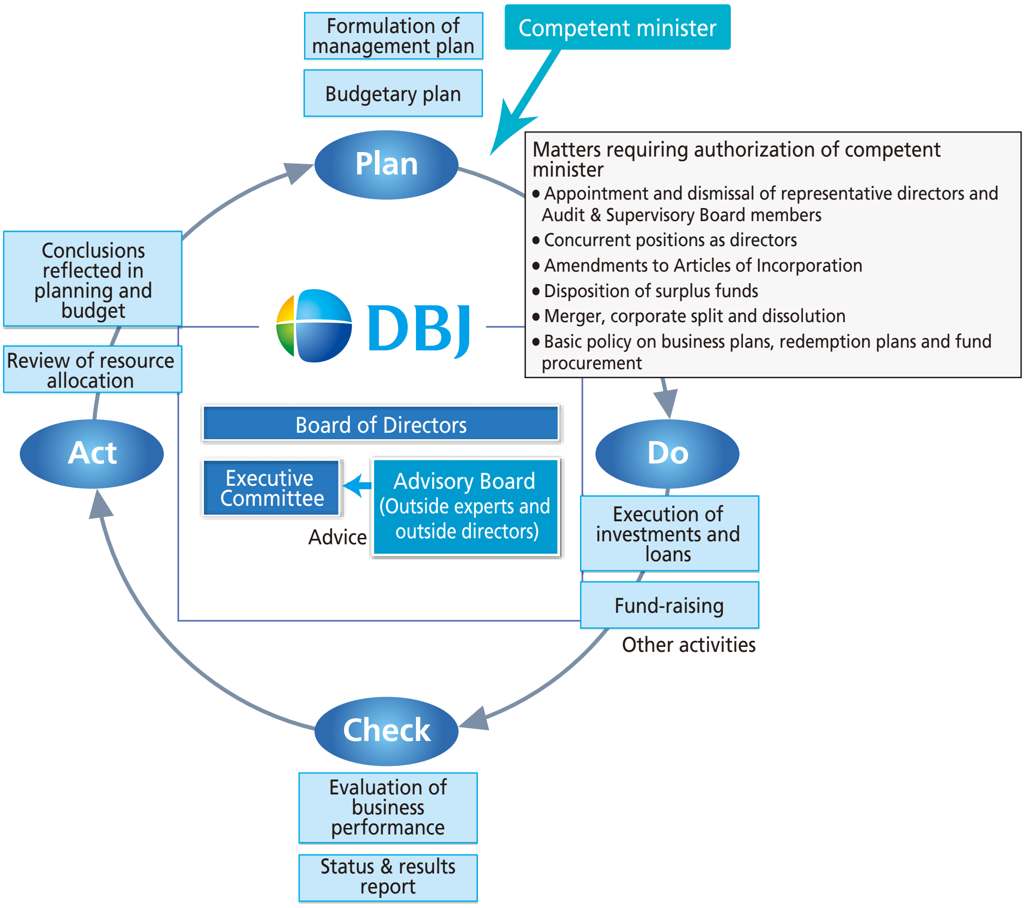
System risk refers to the risk of loss due to a computer system breakdown or malfunction, system defects, or improper computer usage. To properly manage systems risk, DBJ has implemented the following internal processes to optimize system risk management. The Information Resources Department is responsible 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/Policy 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, Declaration on Personal Information Protection and Policy for Managing Conflicts of Interest

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 27, 2014, 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
- Amending 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.

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

Basic PR/IR Philosophy

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

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

PR/IR Structure

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

Information Disclosure Materials

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

(1) Materials legally required for disclosure

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

(2) Voluntarily disclosed information

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

(3) Others

DBJ Quarterly Journal (newsletter)
The *DBJ Quarterly Journal* is also available in iPhone and iPad formats.
http://itunes.apple.com/jp/app/id389307222 (Japanese)
DBJ News Digest (mail magazine; Japanese)

Website: **http://www.dbj.jp/en**

Corporate Data

Timeline

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

1951	April	Japan Development Bank (JDB) established
1952		JDB branches opened in Osaka (now the Kansai Branch), Sapporo (now the Hokkaido Branch), Nagoya (now the Tokai Branch) and Fukuoka (now the Kyushu Branch)
1956	June	Hokkaido Development Finance Public Corporation established
1957	April	Hokkaido Development Finance Public Corporation reorganized as the Hokkaido-Tohoku Development Finance Public Corporation (HTDFP) branches opened in Sapporo (now the Hokkaido Branch) and Sendai (now the Tohoku Branch)
1960		JDB branch opened in Takamatsu (now the Shikoku Branch)
1961		JDB branches opened in Hiroshima (now the Chugoku Branch) and Kanazawa (now the Hokuriku Branch)
1962	April	JDB representative office opened in New York
1963		JDB representative offices opened in Kagoshima (renamed Minami-Kyushu Branch in October 1999) and Matsue
1964	July	JDB representative office opened in London
1972	January	HTDFP representative office opened in Niigata (renamed Niigata Branch in July 1989)
1985	June	Japan Development Bank Law revised 1) Addition of investment function (pertaining to business in such areas as research and development, urban development and energy use stipulated by government ordinance) 2) Addition of R&D fund investment function
1987	September	JDB and HTDFP creation of low interest rate loan system funded partially by sale of NTT shares
1989		JDB representative offices opened in Oita, Matsuyama, Okayama and Toyama HTDFP representative offices opened in Hakodate and Aomori
1995	February	JDB commenced loans to assist disaster recovery
1997	September	Cabinet approval of bill entitled "Pertaining to Consolidation and Rationalization of Special-Purpose Companies, etc." (decision to dissolve JDB and HTDFP and consolidate them as a new bank)
1997	December	JDB and HTDFP commenced loans in response to the financial environment (introduction of March 31, 2001, sunset clause)
1999	June	The Development Bank of Japan Law (Law No. 73 of 1999) approved
1999	October	Transfer of approval of all rights and responsibilities of JDB and HTDFP to the Development Bank of Japan (DBJ) Transfer of financing operations from Japan Regional Development Corporation and Japan Environment Corporation DBJ representative offices opened in Kushiro and Singapore
2002	May	The Development Bank of Japan Law revised (introduction of additional spot inspections by the Financial Services Agency)
2005	December	Cabinet approval of the Important Policy of Administrative Reform
2006	May	The Act on Promotion of Administrative Reform for Realization of Small and Efficient Government (Act No. 47 of 2006) approved
2006	June	Policy-Based Financing Reform Plan decided upon by the Headquarters for the Implementation of Policy Finance Reform
2007	June	The Development Bank of Japan Inc. Act (Act No. 85 of 2007) approved

Development Bank of Japan Inc.

2008	October	Development Bank of Japan Inc. established (Capital: ¥1 trillion)
2008	December	DBJ Singapore Limited launched
2009	June	Act for Partial Amendment of the Development Bank of Japan Inc. Act (New DBJ Act) (Act No. 67 of 2009)
2009	September	Increase of capital to ¥1,103,232 million
2009	November	DBJ Europe Limited launched
2010	March	Increase of capital to ¥1,181,194 million
2011	May	Partial amendment of the Development Bank of Japan Inc. Act (based on establishment of Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake (Act No. 40 of 2011))
2011	December	Increase of capital to ¥1,187,364 million
2012	March	Increase of capital to ¥1,187,788 million
2012	June	Increase of capital to ¥1,198,316 million
2012	December	Increase of capital to ¥1,206,953 million
2014	June	DBJ Investment Consulting (Beijing) Co., Ltd. (formerly Japan Asia Investment Consulting (Beijing) Co., Ltd.) converted to wholly owned subsidiary

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

(As of July 4, 2014)

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

Masaaki Komiya
Director and Managing Executive Officer
IIn charge of Business Planning & Coordination Department, International Strategy & Coordination Department

Toshiaki Ido
Director and Managing Executive Officer
In charge of Treasury Department, Financial Institutions Department, Syndication & Credit Trading Department

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

Masahiko Ichie
Director and Managing Executive Officer
In charge of Environmental Initiative & Corporate Social Responsibility-Support Department, Business Development Department, Economic & Industrial Research Department, Research Institute of Capital Formation, Tokai Branch, Kyushu Branch, Minami-Kyushu Branch

Akio Mimura
Director (Outside)

Kazuo Ueda
Director (Outside)

Kosuke Takahashi
Audit & Supervisory Board Member

Osamu Koyanagi
Audit & Supervisory Board Member

Tatsuya Tsuboi
Audit & Supervisory Board Member (Outside)

Makoto Ito
Audit & Supervisory Board Member (Outside)

Shinji Hatta
Audit & Supervisory Board Member (Outside)

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

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

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

Shin Kikuchi
Managing Executive Officer
In charge of Urban Development Department, Real Estate Finance Department, Structured Finance Department, Corporate Finance Department [Division 3]

Hideo Oishi
Managing Executive Officer
In charge of Corporate Finance Department [Division 1 and 2]

Masaaki Kai
Managing Executive Officer
In charge of Corporate Finance Department [Division 4]

Kenkichi Fukuda
Managing Executive Officer, Head of Kansai Branch
In charge of Kansai Branch, Chugoku Branch, Shikoku Branch

Ikuro Hirozane
Managing Executive Officer
In charge of Corporate Finance Department [Division 5]

Masafumi Aizawa
Executive Officer (In charge of Financial Institutions)

Seiji Jige
Executive Officer, Head of Corporate Planning & Coordination Department

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

Tomoki Matsuda
Executive Officer, Head of Treasury Department

Makoto Anayama
Executive Officer, Head of Business Planning & Coordination Department

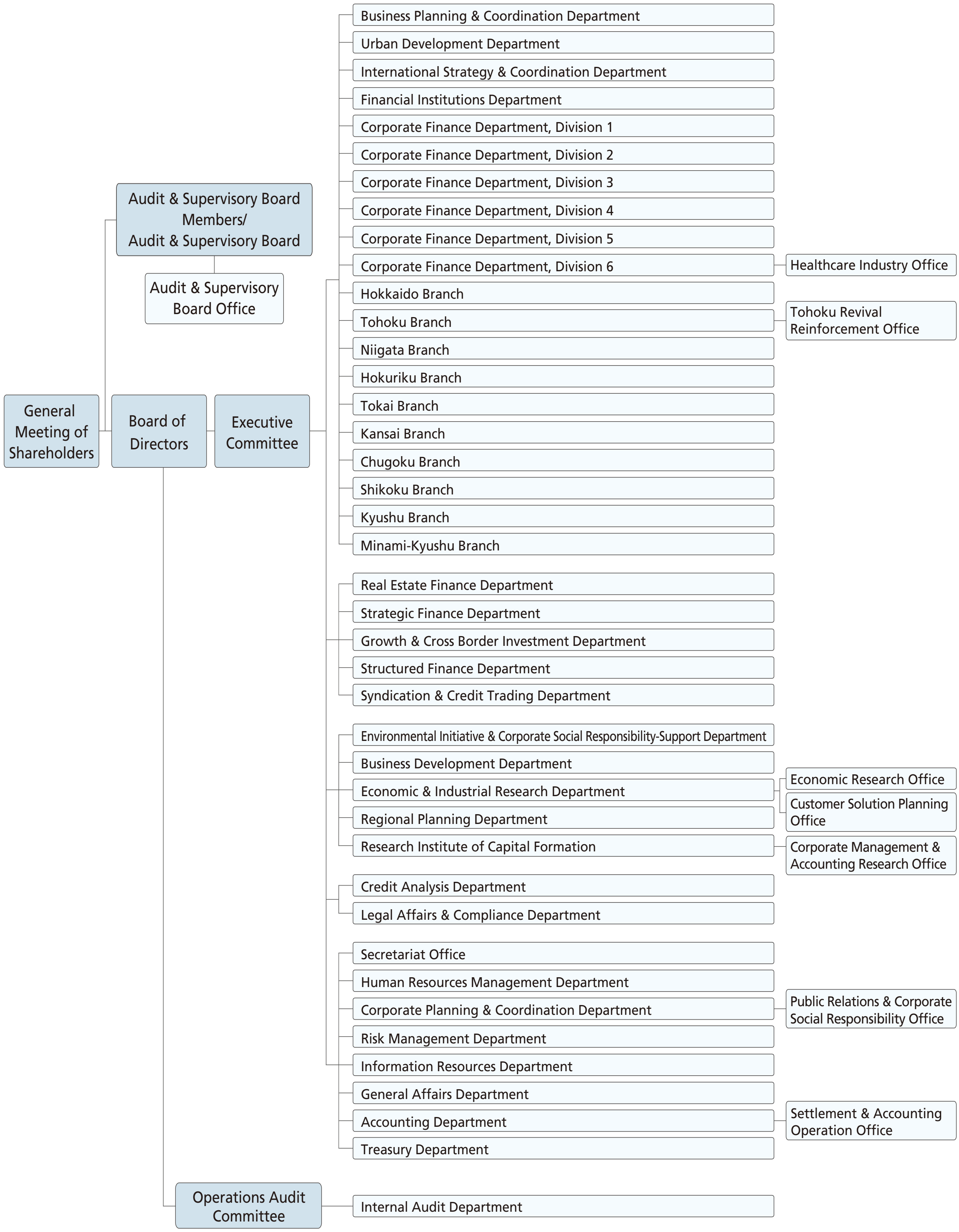
Takayuki Yamamoto
Executive Officer, Head of Business Development Department

Masatoshi Kanno
Executive Officer (in charge of Internal Audit)

Masayuki Tsuda
Executive Officer, Head of Human Resources Management Department

Notes: 1. Akio Mimura and Kazuo Ueda are outside directors under Article 15 of Section 2 of the Companies Act.
2. Tatsuya Tsuboi, 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, 2014)

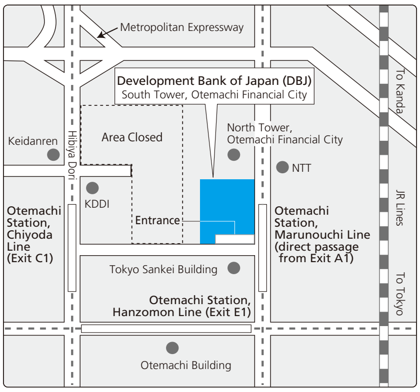


Representative Offices: Hakodate, Kushiro, Aomori, Toyama, Matsue, Okayama, Matsuyama, Oita
Overseas Representative Office: New York
Overseas Subsidiaries: DBJ Singapore Limited, DBJ Europe Limited, DBJ Investment Consulting (Beijing) Co., Ltd.

Locations and Directory (As of August 30, 2014)

Head Office

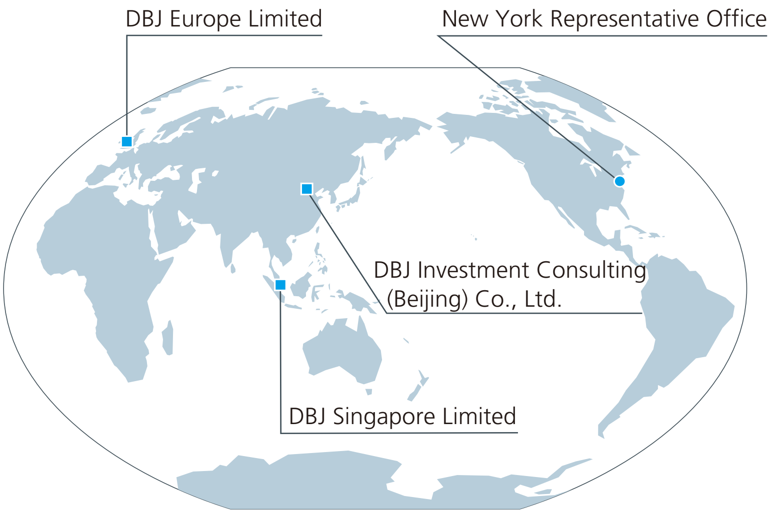
South Tower, Otemachi Financial City,
9-6, Otemachi 1-chome,
Chiyoda-ku, Tokyo
100-8178, Japan
Tel: +81-3-3270-3211
http://www.dbj.jp/en



Domestic Branch Offices, Representative Offices

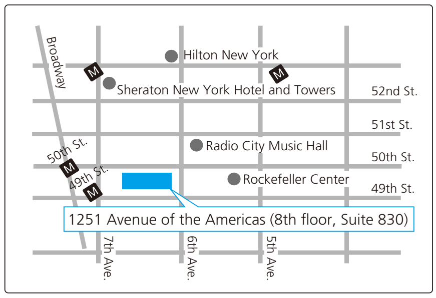
Branch Offices:	Representative Offices:
Hokkaido	Hakodate
Tohoku	Kushiro
Niigata	Aomori
Hokuriku	Toyama
Tokai	Matsue
Kansai	Okayama
Chugoku	Matsuyama
Shikoku	Oita
Kyushu	
Minami-Kyushu	

Overseas Representative Office and Subsidiaries



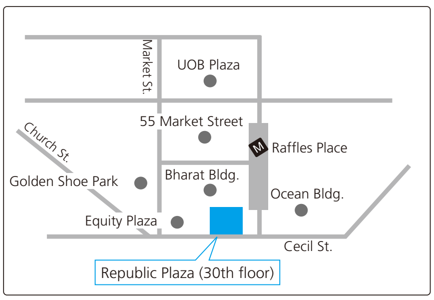
New York Representative Office

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



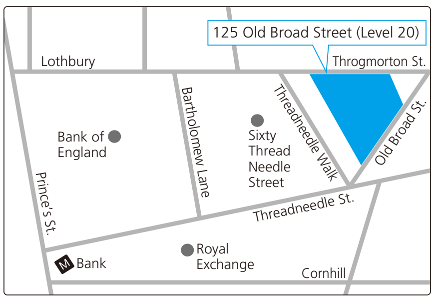
DBJ Singapore Limited

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



DBJ Investment Consulting (Beijing) Co., Ltd.

Beijing Fortune Building, Suite 814-815, No. 5,
Dong San Huan Bei Lu, Chaoyang District,
Beijing, 100004, P.R.C
Tel: +86-10-6590-9770

Subsidiaries (As of March 31, 2014)

Company	Address	Principal Businesses	Established	Capital (Millions of Yen)	Percentage of Total Voting Rights (%)
Consolidated Subsidiaries					
Japan Economic Research Institute Inc.	Chiyoda-ku, Tokyo	Research, consulting and advisory services	December 13, 1989	479	100.00
Value Management Institute, Inc.	Chiyoda-ku, Tokyo	Research, consulting and advisory services	June 25, 1993	75	100.00 (8.00)
DBJ Securities Co., Ltd.	Chiyoda-ku, Tokyo	Securities business	October 22, 1998	500	66.65
DBJ Business Investment Co., Ltd.	Chiyoda-ku, Tokyo	Investment consulting	March 10, 2003	40	100.00
DBL Capital Co., Ltd.	Chiyoda-ku, Tokyo	Management of investment associations	October 14, 2005	99	100.00
DBJ Asset Management Co., Ltd.	Chiyoda-ku, Tokyo	Investment management, investment advisory and agency services	November 22, 2006	100	100.00
DBJ Singapore Limited	Republic of Singapore	Investment and loan support and advisory services	September 15, 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 Investment Advisory Co., Ltd.	Chiyoda-ku, Tokyo	Investment advisory and agency services	December 1, 2009	68	50.58
DBJ Real Estate Co., Ltd.	Chiyoda-ku, Tokyo	Real estate leasing	February 1, 2010	80	100.00
11 other companies (Note 7)	—	—	—	—	—
Affiliated Companies					
DBJ Investment Consulting (Beijing) Co., Ltd.	Beijing, People's Republic of China	Investment consulting	September 30, 2011	CNY 4 million	49.00
18 other companies (Notes 7, 8)	—	—	—	—	—

Notes:
1. Only principal subsidiaries are indicated. Subsidiaries are listed in order of their date of establishment.
2. Amounts of less than ¥1 million have been omitted in the figures stated above.
3. DBJ's percentage of total voting rights in subsidiaries is shown to three decimal places. Percentages less than that amount have been omitted.
4. In the column showing DBJ's percentage of total voting rights in subsidiaries, figures within parentheses indicate indirect holdings.
5. The DBJ Group acquired additional shares in Value Management Institute, Inc., in April 2013, converting this company to a subsidiary.
6. There are 21 consolidated subsidiaries and 19 affiliated companies.
7. Only principal consolidated subsidiaries and affiliated companies are listed; only the numbers of other consolidated subsidiaries and affiliated companies are indicated.
8. Of affiliated companies, Air Do Co., Ltd., submits a Securities Report (Japanese).

Stock Information (As of March 31, 2014)

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 integrated investment and loan services 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

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.

(Unofficial translation)

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 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 1) 2014
Assets			
Cash and due from banks (Notes 11, 15 and 27)	¥ 260,185	¥ 154,564	$ 2,528,034
Call loans and bills bought (Note 27)	87,000	84,000	845,317
Reverse repurchase agreements (Notes 3 and 27)	—	165,975	—
Money held in trust (Notes 27 and 29)	134,215	175,335	1,304,073
Securities (Notes 3, 15, 27 and 29)	1,637,587	1,357,058	15,911,262
Loans (Notes 4, 5, 15 and 27)	13,838,410	13,918,224	134,457,932
Other assets (Notes 6 and 15)	115,423	133,065	1,121,486
Tangible fixed assets (Notes 7, 11 and 15)	237,610	237,988	2,308,689
Intangible fixed assets	6,409	7,927	62,272
Deferred tax assets (Note 23)	153	6,734	1,488
Customers' liabilities for acceptances and guarantees (Note 14)	107,174	155,753	1,041,335
Allowance for loan losses (Notes 8 and 27)	(112,997)	(147,414)	(1,097,911)
Allowance for investment losses	(459)	(501)	(4,465)
Total assets	¥16,310,711	¥16,248,712	$158,479,513
Liabilities and equity			
Liabilities:			
Debentures (Notes 9, 15 and 27)	¥ 3,085,674	¥ 3,053,277	$ 29,981,288
Borrowed money (Notes 10, 11, 15 and 27)	9,182,603	9,448,398	89,220,792
Short-term corporate bonds (Notes 9 and 27)	—	43,997	—
Corporate bonds (Notes 9, 11 and 27)	1,151,746	871,256	11,190,701
Other liabilities (Notes 12 and 13)	131,094	122,416	1,273,749
Accrued bonuses to employees	4,682	4,437	45,492
Accrued bonuses to directors	11	12	115
Liability for retirement benefits (Note 22)	8,727	10,308	84,796
Reserve for directors' retirement benefits	73	64	711
Reserve for contingent losses	7	135	72
Deferred tax liabilities (Note 23)	11,202	78	108,843
Acceptances and guarantees (Note 14)	107,174	155,753	1,041,335
Total liabilities	13,682,997	13,710,136	132,947,894
Equity:			
Common stock authorized, 160,000 thousand shares in 2014 and 2013; issued, 43,632 thousand shares in 2014 and 2013 (Note 16)	1,206,953	1,206,953	11,727,099
Capital surplus (Note 16)	1,060,466	1,060,466	10,303,793
Retained earnings (Note 16)	282,733	193,595	2,747,116
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 29)	37,767	36,873	366,959
Deferred gain on derivatives under hedge accounting	30,006	33,987	291,550
Foreign currency translation adjustments	709	(57)	6,899
Accumulated adjustments for retirement benefits (Note 22)	(944)	—	(9,181)
Total	2,617,691	2,531,817	25,434,234
Minority interests	10,022	6,759	97,385
Total equity	2,627,714	2,538,576	25,531,619
Total liabilities and equity	¥16,310,711	¥16,248,712	$158,479,513

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 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 1) 2014
Income			
Interest income:	¥255,329	¥267,895	$2,480,850
Interest on loans	228,301	242,088	2,218,244
Interest and dividends on securities	18,813	18,023	182,794
Interest on call loans and bills bought	98	44	961
Interest on reverse repurchase agreements	282	351	2,749
Interest on due from banks	41	56	402
Interest on swaps	7,680	7,053	74,627
Other interest income	110	278	1,072
Fees and commissions	13,952	10,293	135,566
Other operating income (Note 18)	15,687	7,880	152,425
Other income (Note 19)	77,228	55,039	750,376
Total income	**362,197**	**341,109**	**3,519,217**
Expenses			
Interest expense:	132,167	144,274	1,284,179
Interest on debentures	39,773	43,100	386,449
Interest on call money and bills sold	7	19	77
Interest on borrowed money	87,844	97,263	853,519
Interest on short-term corporate bonds	32	57	319
Interest on corporate bonds	4,488	3,827	43,611
Other interest expense	20	5	203
Fees and commissions	276	1,082	2,685
Other operating expenses (Note 20)	7,224	12,169	70,198
General and administrative expenses	47,436	44,877	460,904
Other expenses (Note 21)	9,077	22,480	88,203
Total expenses	**196,182**	**224,884**	**1,906,168**
Income before income taxes and minority interests	**166,014**	**116,224**	**1,613,049**
Income taxes (Note 23):			
Current	25,102	41,753	243,907
Deferred	15,765	2,838	153,180
Total income taxes	**40,868**	**44,592**	**397,086**
Net income before minority interests	**125,146**	**71,632**	**1,215,962**
Minority interests in net income	**843**	**295**	**8,198**
Net income	**¥124,303**	**¥ 71,337**	**$1,207,764**

	Yen	Yen	U.S. Dollars (Note 1)
Per share of common stock (Note 17)			
Basic net income	¥2,848.87	¥1,634.96	$ 27.68
Cash dividend applicable to the year	706	808	6.86

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Development Bank of Japan Inc. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
For the year ended March 31,	2014	2013	2014
Net income before minority interests	**¥125,146**	**¥71,632**	**$1,215,962**
Other comprehensive income (Note 25):			
Unrealized gain on available-for-sale securities	4,355	16,451	42,318
Deferred gain on derivatives under hedge accounting	(3,944)	6,260	(38,330)
Foreign currency translation adjustments	389	86	3,785
Share of other comprehensive income in affiliates accounted for by the equity method	385	39	3,747
Total other comprehensive income	**1,185**	**22,838**	**11,520**
Comprehensive income	**¥126,332**	**¥94,471**	**$1,227,482**
Total comprehensive income attributable to:			
Owners of the parent	¥121,983	¥95,265	$1,185,229
Minority interests	4,348	(794)	42,253

See notes to consolidated financial statements.

Consolidated Statement of Change in Equity

Development Bank of Japan Inc. and Consolidated Subsidiaries

For the year ended March 31,	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 1) 2014
Common stock:			
Balance at beginning of year	¥1,206,953	¥1,187,788	$11,727,099
Capital increase due to redemption of government compensation bonds	—	19,165	—
Balance at end of year	1,206,953	1,206,953	11,727,099
Capital surplus:			
Balance at beginning of year	1,060,466	1,060,466	10,303,793
Balance at end of year	1,060,466	1,060,466	10,303,793
Retained earnings:			
Balance at beginning of year	193,595	159,606	1,881,026
Cash dividends	(35,254)	(37,349)	(342,547)
Net income	124,303	71,337	1,207,764
Change in scope of consolidation	89	—	874
Balance at end of year	282,733	193,595	2,747,116
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities:			
Balance at beginning of year	36,873	19,313	358,271
Net change during the year	894	17,560	8,689
Balance at end of year	37,767	36,873	366,959
Deferred gain on derivatives under hedge accounting:			
Balance at beginning of year	33,987	27,711	330,229
Net change during the year	(3,980)	6,276	(38,679)
Balance at end of year	30,006	33,987	291,550
Foreign currency translation adjustments:			
Balance at beginning of year	(57)	(149)	(557)
Net change during the year	767	91	7,456
Balance at end of year	709	(57)	6,899
Accumulated adjustments for retirement benefits:			
Balance at beginning of year	—	—	—
Net change during the year	(944)	—	(9,181)
Balance at end of year	(944)	—	(9,181)
Minority interests:			
Balance at beginning of year	6,759	6,329	65,674
Net change during the year	3,263	430	31,711
Balance at end of year	10,022	6,759	97,385
Total equity:			
Balance at beginning of year	2,538,576	2,461,065	24,665,533
Capital increase due to redemption of government compensation bonds	—	19,165	—
Cash dividends	(35,254)	(37,349)	(342,547)
Net income	124,303	71,337	1,207,764
Change in scope of consolidation	89	—	874
Net change during the year	(0)	24,358	(4)
Balance at end of year	¥2,627,714	¥2,538,576	$25,531,619

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 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 1) 2014
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 166,014	¥ 116,224	$ 1,613,049
Adjustments for:			
Depreciation	5,707	4,140	55,454
Amortization of goodwill	107	203	1,046
Gain on negative goodwill	(559)	(151)	(5,440)
Losses on impairment of long-lived assets	103	236	1,008
Equity in gains of affiliates	(2,252)	(2,870)	(21,890)
Interest income	(255,329)	(267,895)	(2,480,850)
Interest expense	132,167	144,274	1,284,179
Gain on securities—net	(33,626)	(31,529)	(326,724)
Gain on money held in trust—net	(5,396)	(906)	(52,433)
Foreign exchanges gains	(18,385)	(21,898)	(178,638)
Loss (gain) on sales of fixed assets—net	219	(547)	2,133
Changes in operating assets and liabilities:			
Allowance for loan losses	(34,419)	(1,566)	(334,431)
Allowance for investment losses	(42)	(570)	(411)
Accrued bonuses to employees	105	(257)	1,021
Accrued bonuses to directors	(0)	(0)	(3)
Liability for retirement benefits	(3,045)	(3,176)	(29,593)
Reserve for contingent losses	(128)	135	(1,248)
Loans	79,814	(279,867)	775,499
Debentures	32,396	(77,218)	314,778
Borrowed money	(265,823)	242,844	(2,582,818)
Short-term corporate bonds	(43,997)	(7,001)	(427,497)
Corporate bonds	280,490	322,428	2,725,327
Due from banks	(9,717)	20,930	(94,421)
Call loans and bills bought	(3,000)	5,500	(29,149)
Reverse repurchase agreements	165,975	(13,085)	1,612,668
Interest received	264,234	273,810	2,567,373
Interest paid	(133,370)	(146,684)	(1,295,867)
Other—net	68,208	32,397	662,730
Sub-total	386,449	307,897	3,754,855
Payments for income taxes	(41,463)	(31,511)	(402,867)
Net cash provided by operating activities	**344,986**	**276,385**	**3,351,988**
Cash flows from investing activities:			
Payments for purchases of securities	(1,317,120)	(512,262)	(12,797,515)
Proceeds from sales of securities	196,229	58,995	1,906,625
Proceeds from redemption of securities	860,725	358,806	8,363,054
Payments for increase of money held in trust	(140)	(150,115)	(1,360)
Proceeds from decrease of money held in trust	42,498	1,434	412,924
Payments for purchases of tangible fixed assets	(786)	(14,169)	(7,645)
Proceeds from sales of tangible fixed assets, etc.	5,443	1,840	52,888
Payments for purchases of intangible fixed assets	(1,057)	(2,410)	(10,275)
Proceeds from purchases of stocks of subsidiaries resulting in change in scope of consolidation	203	1,569	1,976
Net cash used in investing activities	**(214,004)**	**(256,310)**	**(2,079,328)**
Cash flows from financing activities:			
Capital increase due to redemption of government compensation bonds	—	19,165	—
Payments for cash dividends	(35,254)	(37,349)	(342,547)
Proceeds from issuance of securities to minority shareholders of subsidiaries	33	283	328
Dividends paid to minority shareholders of subsidiaries	(1,118)	(2,511)	(10,870)
Net cash used in financing activities	**(36,339)**	**(20,412)**	**(353,088)**
Foreign currency translation adjustments on cash and cash equivalents	**687**	**213**	**6,683**
Net change in cash and cash equivalents	**95,330**	**(124)**	**926,254**
Cash and cash equivalents at beginning of year	**124,017**	**124,141**	**1,204,992**
Increase in cash and cash equivalents due to new consolidation	**457**	**—**	**4,444**
Cash and cash equivalents at end of year	**¥ 219,805**	**¥ 124,017**	**$ 2,135,691**

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 2013 consolidated financial statements to conform to the classifications used in 2014.

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 ¥102.92=$1.00, the effective exchange rate prevailing as of March 31, 2014, 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, 2014 is 21. The major consolidated subsidiaries as of March 31, 2014 are as follows:

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

In the year ended March 31, 2014, Value Management Institute, Inc. was newly consolidated due to additional acquisition of its shares and V Lease Ltd. was newly consolidated due to an increase in its materiality, while New Business Investment Co., Ltd. and DBJ Credit Line, Ltd. were excluded from the scope of consolidation due to liquidation.

(ii) Unconsolidated Subsidiaries

The number of unconsolidated subsidiaries as of March 31, 2014 is 29. The major unconsolidated subsidiary as of March 31, 2014 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, 2014 was 29. 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, 2014 was 19. One of the major affiliates accounted for by the equity method as of March 31, 2014 was:

DBJ-JAIC Investment Consulting (Beijing) Co., Ltd.

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

Four companies including GFS Renewable Energy Limited were newly accounted for by the equity method as of March 31, 2014.

Innovation Carve-out Fund No. 1 Limited Partnership and Hokkaido Heat Supply Corporation were excluded from the scope of affiliates accounted for by the equity method due to liquidation and sales of shares, respectively.

(iii) Affiliates not accounted for by the equity method

The number of affiliates not accounted for by the equity method as of March 31, 2014 was 86. One of the major affiliates as of March 31, 2014 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, 2014

Narumi Corporation
Shinwa Seiko Corporation
Mediclude Co., Ltd.
Nihon Shoryoku Kikai Co., Ltd.
PRISM Pharma Corporation
Izumi Products Company
OPAL Co., Ltd.
Teibow Co., Ltd.
TES HOLDINGS LIMITED
THUNIP HOLDINGS
Grace A Co., Ltd.

(3) Balance Sheet Dates of Consolidated Subsidiaries

Balance sheet dates of consolidated subsidiaries are as follows:

	Number of subsidiaries
	2014
December 31	12
March 31	9

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
	2014	2013	2014
Cash and due from banks	¥260,185	¥154,564	$2,528,034
Time deposits with banks	(40,380)	(30,546)	(392,344)
Cash and cash equivalents	¥219,805	¥124,017	$2,135,691

(c) Securities

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

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

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

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

(d) Valuation Method for Derivative Financial Instruments

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

(e) Hedge Accounting

(1) Hedge Accounting

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

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

(2) Hedging Instruments and Hedged Items

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

(3) Hedging Policy

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

(4) Evaluation of Hedge Effectiveness

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

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

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

With respect to an individual hedge, in regards to both interest rate swap contracts which meet the hedging requirements of the accrual method (*1) and foreign currency swap contracts which meet the hedging requirements of the assignment method (*2), 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

(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 ¥39,715 million ($385,888 thousand) and ¥50,187 million for the years ended March 31, 2014 and 2013, respectively. The consolidated subsidiaries calculate the general reserve for "normal" categories based on the specific actual historical loss ratio, and the specific reserve for the "possibly bankrupt," "effectively bankrupt" and "legally bankrupt" categories based on estimated losses, considering the recoverable value.

(k) Allowance for Investment Losses

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

(l) Accrued Bonuses to Employees and Directors

"Accrued Bonuses to Employees and Directors" are provided for in the amount of the estimated bonuses which are attributable to the years ended March 31, 2014 and 2013.

(m) Employees' Retirement Benefits

DBJ Inc. has defined benefit pension plans, which consist of a defined-benefit corporate pension plan and a lump-sum severance indemnity plan, as well as a defined contribution pension plan. Some domestic consolidated subsidiaries have a lump-sum severance indemnity plan and some overseas consolidated subsidiaries have retirement benefit plan as a defined contribution plan.

The projected benefit obligations are attributed to periods on a straight-line basis. Net actuarial gains and losses are amortized using the straight-line method over the period of ten years within the employees' average remaining service period commencing from the following fiscal year after incurrence. Prior service cost is amortized using the straight-line method over the period of ten years within the employees' average remaining service period at incurrence.

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

(1) Under the revised accounting standard, actuarial gains and losses and prior service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(2) The revised accounting standard does not change how to recognize actuarial gains and losses and prior service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and prior service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and prior service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments (see Note 2.(u)).

(3) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

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

DBJ Inc. applied the revised accounting standard and guidance for retirement benefits for (1) and (2) above, effective March 31, 2014. As a result, liability for retirement benefits of ¥8,727 million ($84,796 thousand) was recorded as of March 31, 2014, and deferred tax liabilities and accumulated other comprehensive income as of March 31, 2014 decreased by ¥520 million ($5,055 thousand) and ¥944 million ($9,181 thousand), respectively.

(n) Reserve for Directors' Retirement Benefits

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

(o) Reserve for Contingent Losses

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

(p) Asset Retirement Obligations

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

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

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

(q) Consumption Taxes

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

(r) Income Taxes

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

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

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

(t) Per Share Information

Basic net income per share is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits. Diluted net income per share for the years ended March 31, 2014 and 2013 is not disclosed because there are no dilutive securities.

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

(u) New Accounting Pronouncements

Accounting Standard for Retirement Benefits

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 prior 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.

As noted in Note 2 (m) (3), DBJ Inc. expects to apply the revised calculation method for retirement benefit obligations and service costs from the beginning of fiscal years beginning on April 1, 2014.

DBJ Inc. is currently in the process of measuring the effects of applying the revised accounting standard for Note 2 (m) (3) in future applicable periods.

Accounting Standards for Business Combinations and Consolidated Financial Statements
On September 13, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements."

These accounting standards were revised principally concerning "Treatment for changes in the parent's ownership interest in a subsidiary as long as the parent retains control over its subsidiary if the parent purchases or sells ownership interests in its subsidiary," "Treatment for acquisition-related costs," "Provisional accounting treatments for a business combination," and "Presentation of net income and change from minority interest to noncontrolling interest."

DBJ Inc. expects to apply these standards from the beginning of fiscal years beginning on April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

3. Securities

Securities as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Japanese government bonds	¥ 349,039	¥ 321,543	$ 3,391,371
Corporate bonds	505,993	386,409	4,916,381
Equities	227,036	175,770	2,205,956
Other securities	555,516	473,334	5,397,553
Total	¥1,637,587	¥1,357,058	$15,911,262

*1. Investments in unconsolidated subsidiaries and affiliates included in "Equities" as of March 31, 2014 and 2013, are ¥27,630 million ($268,470 thousand) and ¥27,245 million. Investments in unconsolidated subsidiaries and affiliates included in "Other securities" as of March 31, 2014 and 2013, are ¥40,248 million ($391,064 thousand) and ¥38,404 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 ¥1,800 million ($17,489 thousand) as of March 31, 2014.
*3. There are no securities repledged as of March 31, 2014 and 2013. Securities accepted under repurchase agreements can be sold or repledged. Securities neither sold nor repledged are zero and ¥165,975 million as of March 31, 2014 and 2013, 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, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Equities	¥ 45	¥130	$ 447
Bonds	—	302	—
Other	355	—	3,458
Total	¥401	¥433	$3,904

4. Non-Performing Loans

The amounts of non-performing loans included in "Loans" as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Loans to bankrupt debtors	¥ 2,710	¥ 4,927	$ 26,339
Delinquent loans	95,269	118,360	925,668
Loans past due three months or more	—	271	—
Restructured loans	39,362	47,870	382,461
Total	¥137,343	¥171,430	$1,334,468

*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, 2014 and 2013, the amounts of unused commitments are ¥496,222 million ($4,821,442 thousand) and ¥786,777 million. As of March 31, 2014 and 2013, the amounts of unused commitments whose remaining contract term are within one year are ¥159,850 million ($1,553,156 thousand) and ¥134,389 million.

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

6. Other Assets

Other assets as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Prepaid expenses	¥ 4,930	¥ 6,137	$ 47,907
Accrued income	35,683	41,652	346,711
Derivatives	54,854	64,718	532,977
Other	19,955	20,556	193,891
Total	¥115,423	¥133,065	$1,121,486

7. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Buildings	¥ 21,088	¥ 21,947	$ 204,904
Land	92,617	92,904	899,895
Leased assets	12	23	119
Construction in progress	2,257	10,368	21,937
Other	121,634	112,744	1,181,834
Total	¥237,610	¥237,988	$2,308,689

Note: Accumulated depreciation of tangible fixed assets as of March 31, 2014 and 2013, is ¥7,433 million ($72,230 thousand) and ¥4,238 million, respectively.

8. Allowance for Loan Losses

Allowance for loan losses as of March 31, 2014 and 2013 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
General allowance for loan losses	¥ 59,129	¥ 67,478	$ 574,523
Specific allowance for loan losses	53,867	79,935	523,388
Total	¥112,997	¥147,414	$1,097,911

9. Debentures and Corporate Bonds

Debentures and corporate bonds as of March 31, 2014 and 2013 are as follows:

	Issue date	Interest rate (%)	Maturity date	Millions of Yen		Thousands of U.S. Dollars
				2014	2013	2014
(Issuer: DBJ Inc.)						
Debentures						
Japanese government-guaranteed bonds 7-23*1	Feb. 2004– Aug. 2008	1.3– 2.2	Feb. 2014– Jun. 2023	¥ 552,827 [49,981]	¥ 582,718	$ 5,371,430 [485,631]
Japanese government-guaranteed bonds 1-23	Nov. 2008– Mar. 2014	0.228– 2.1	Jul. 2016– Mar. 2024	798,624	688,401	7,759,666
Japanese government-guaranteed foreign bond 67*2	Sep. 1998	1.81	Sep. 2028	25,058	25,062	243,478
Japanese government-guaranteed foreign bonds 5-14*1	Dec. 2002– Nov. 2007	1.05– 5.125	Jun. 2014– Nov. 2027	703,230 [74,995]	703,077	6,832,783 [728,682]
Japanese government-guaranteed Euro MTN bonds 1-9*3	Dec. 2009– Jan. 2014	0.4661– 2.875	Dec. 2014- Sep. 2019	564,020 [36,022]	442,126	5,480,186 [350,000]
FILP agency domestic bonds 9, 11, 13, 16, 19, 20, 24, 27, 29-31, 33-37, 39, 41, 42, 44, 46, 47, 49-51*4	Oct. 2003– Jul. 2008	1.4– 2.74	Jun. 2013– Mar. 2047	439,912 [109,997]	609,890	4,274,312 [1,068,771]
Euro MTN bonds 2*4, 5	Sep. 2008	2.032	Sep. 2023	2,000	2,000	19,433
Short-term corporate bonds	Feb. 2013– Feb. 2014	0.071– 0.1095	Apr. 2013– Feb. 2014	—	43,997	—
Corporate bonds						
Corporate bonds through public placement 2, 4, 5, 7-42	Dec. 2008– Jan. 2014	0.16071– 1.745	May 2013– Sep. 2022	980,000 [150,000]	754,000	9,521,959 [1,457,443]
Corporate bonds through private placement 1-2	Aug. 2009– May 2011	0.48– 0.847	Sep. 2014– Jun. 2015	20,000 [10,000]	20,000	194,326 [97,163]
Corporate bonds Euro MTN 6-9, 14, 15, 17, 20-47*6	Mar. 2009– Feb. 2014	0.43785– 1.736	Apr. 2013– Oct. 2023	144,246 [24,006]	89,756	1,401,544 [233,257]
(Issuer: Green Asset Investment TMK)						
Specified corporate bonds 1	Dec. 2012	5.53	Nov. 2017	7,500	7,500	72,872
Total				¥4,237,421	¥3,968,531	$41,171,989

*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, 2014 are as follows:

The fiscal year ending March 31, 2015	¥455,003 million	$4,420,947 thousand
2016	530,924	5,158,612
2017	812,988	7,899,232
2018	554,441	5,387,114
2019	542,670	5,272,745

10. Borrowed Money

Borrowed money as of March 31, 2014 and 2013 is as follows:

			Millions of Yen		Thousands of U.S. Dollars
	Average interest rate (%)	Due date of repayment	2014	2013	2014
Borrowings	0.91	Apr. 2014–Oct. 2033	¥9,182,603	¥9,448,398	$89,220,792

Scheduled redemptions of borrowings for subsequent years as of March 31, 2014 are as follows:

The fiscal year ending March 31, 2015	¥1,409,305 million	$13,693,211 thousand
2016	1,265,401	12,295,001
2017	1,187,343	11,536,569
2018	1,047,221	10,175,099
2019	963,028	9,357,062

11. Non-Recourse Debts

Non-recourse debts in consolidated special purpose companies as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Non-recourse debts:			
Borrowed money	¥32,000	¥32,000	$310,921
Corporate bonds	7,500	7,500	72,872
Collateralized assets for above non-recourse debts:			
Cash and due from banks	8,117	9,656	78,870
Tangible fixed assets	47,475	46,657	461,288

12. Other Liabilities

Other liabilities as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Accrued expenses	¥ 25,198	¥ 26,037	$ 244,836
Unearned income	614	940	5,968
Accrued income taxes	12,620	30,114	122,622
Derivatives	17,328	15,655	168,364
Lease obligations	14	25	141
Asset retirement obligations (Note 13)	1,722	2,821	16,736
Other	73,596	46,820	715,081
Total	¥131,094	¥122,416	$1,273,749

13. Asset Retirement Obligations

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

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

The changes in asset retirement obligations for the years ended March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Balance at beginning of year	¥ 2,821	¥1,047	$ 27,416
Increase due to acquisition of tangible fixed assets	—	43	—
Reconciliation associated with passage of time	0	0	6
Decrease due to settlement of asset retirement obligations	(1,902)	(131)	(18,488)
Increase due to a change in estimates	799	1,859	7,771
Other	3	2	32
Balance at end of year	¥ 1,722	¥2,821	$ 16,736

14. Acceptances and Guarantees

Acceptances and guarantees as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Guarantees	¥107,174	¥155,753	$1,041,335

15. Assets Pledged as Collateral

Cash and due from banks of ¥3,614 million ($35,115 thousand) and ¥4,553 million and tangible fixed assets of ¥47,475 million ($461,288 thousand) and ¥46,657 million are pledged as collateral for borrowed money of ¥32,000 million ($310,921 thousand) and ¥32,000 million as of March 31, 2014 and 2013, respectively.

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥497,275 million ($4,831,670 thousand) and ¥153,863 million ($1,494,985 thousand), respectively, as of March 31, 2014. In addition, they are deposited as replacement of margin money for future trading and collateral for transactions, including exchange settlements as of March 31, 2014. ¥18,909 million ($183,726 thousand) of securities are pledged as collateral for loans of companies which are investees of DBJ Inc. as of March 31, 2014. Additionally, ¥937 million ($9,110 thousand) of margin deposits for futures transactions and ¥60 million ($584 thousand) of guarantee deposits are included in other assets as of March 31, 2014. Under the DBJ Inc. Act (Article 17 of the Supplementary Provisions) and the DBJ Act (Article 43), obligations created by the bonds issued by DBJ Inc. are secured by a statutory preferential right over the property of DBJ Inc. The denomination value of these debentures amounts to ¥1,723,822 million ($16,749,145 thousand) as of March 31, 2014.

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥611,175 million and ¥5,539 million, respectively, 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 of securities are pledged as collateral for loans of companies which are investees of DBJ Inc. as of March 31, 2013. Additionally, ¥937 million of margin deposits for futures transactions, ¥1,574 million of cash collateral paid for financial instruments and ¥48 million 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 as of March 31, 2013.

16. Equity

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

(a) Dividends

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

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

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

(c) Treasury Stock and Treasury Stock Acquisition Rights

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

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

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

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

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

17. Per Share Information

Basic net income per common share ("EPS") for the years ended March 31, 2014 and 2013 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year ended March 31, 2014	Net income	Weighted average shares	EPS	EPS
Basic EPS				
Net income available to common shareholders	¥124,303	43,632	¥2,848.87	$27.68
Year ended March 31, 2013				
Basic EPS				
Net income available to common shareholders	¥71,337	43,632	¥1,634.96	

Note: Diluted net income per share for the years ended March 31, 2014 and 2013 is not disclosed because there are no dilutive securities.

As noted in Note 2 (m), DBJ Inc. applied the revised accounting standard and guidance for retirement benefits effective March 31, 2014, except for the provisions stated in Paragraph 35 of ASBJ Statement No. 26 and Paragraph 67 of ASBJ Guidance No. 25, and follows the transitional treatments prescribed in Paragraph 37 of ASBJ Statement No. 26.
As a result, net assets per share decreased by ¥21.66 ($0.21) as of March 31, 2014.

18. Other Operating Income

Other operating income for the years ended March 31, 2014 and 2013 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Foreign exchange gain	¥ 4,716	¥3,548	$ 45,831
Gains on sales of bonds	2,373	525	23,059
Gains on redemption of bonds	7,385	2,130	71,761
Other	1,211	1,675	11,775
Total	¥15,687	¥7,880	$152,425

19. Other Income

Other income for the years ended March 31, 2014 and 2013 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Reversal of allowance for investment losses	¥ 42	¥ —	$ 411
Reversal of allowance for loan losses	26,168	—	254,262
Reversal of reserve for contingent losses	128	—	1,248
Gains on sales of equities and other securities	5,363	19,428	52,116
Gains on money held in trust	5,408	928	52,551
Equity in net income of affiliates	2,252	2,870	21,890
Gains on sales of fixed assets	25	719	252
Collection of written-off claims	4,636	7,129	45,051
Gains on investments in limited partnerships and other similar partnerships	26,218	20,520	254,745
Gain on negative goodwill	559	151	5,440
Other	6,423	3,289	62,412
Total	¥77,228	¥55,039	$750,376

20. Other Operating Expenses

Other operating expenses for the years ended March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Losses on sales of bonds	¥1,036	¥ 4	$10,073
Debentures issuance costs	469	642	4,558
Corporate bonds issuance costs	655	723	6,373
Write-off of bonds	—	302	—
Derivatives	5,062	10,495	49,185
Other	0	—	9
Total	¥7,224	¥12,169	$70,198

21. Other Expenses

Other expenses for the years ended March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Provision for allowance for loan losses	¥ —	¥10,412	$ —
Write-off of loans	321	50	3,122
Losses on sales of equities and other securities	661	188	6,423
Write-off of equities	2,135	1,996	20,750
Losses on money held in trust	12	22	118
Losses on sales of fixed assets	245	172	2,385
Impairment losses	103	236	1,008
Losses on investments in limited partnerships and other similar partnerships	3,881	8,583	37,711
Other	1,717	817	16,686
Total	¥9,077	¥22,480	$88,203

22. Employees' Retirement Benefits

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

Year ended March 31, 2014

On May 14, 2013, DBJ Inc. transferred the substitutional portion (minimum policy reserve) and related assets to National Welfare Pension Fund pursuant to enforcement of the Law concerning Defined Benefit Corporate Pension, and recognized ¥26 million ($255 thousand) as other income for the difference between the balance of retirement benefit liabilities brought forward and the amount actually transferred.

(a) Defined Benefit Pension Plan

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

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥39,036	$379,292
Service cost	1,381	13,419
Interest cost	581	5,653
Actuarial losses	310	3,018
Benefits paid	(1,911)	(18,571)
Extinction of retirement benefit obligation due to the return of substitutional portion of welfare pension fund	(7,509)	(72,968)
Balance at end of year	¥31,888	$309,842

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

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥26,465	$257,144
Expected return on plan assets	132	1,286
Actuarial gains	831	8,084
Contributions from the employer	4,134	40,174
Benefits paid	(918)	(8,927)
Extinction of plan assets due to the return of substitutional portion of welfare pension fund	(7,483)	(72,714)
Balance at end of year	¥23,161	$225,046

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

	Millions of Yen	Thousands of U.S. Dollars
Funded retirement benefit obligation	¥ 23,535	$ 228,679
Plan assets	(23,161)	(225,046)
	373	3,633
Unfunded retirement benefit obligation	8,353	81,163
Net liability for retirement benefits recorded in the consolidated balance sheet	¥ 8,727	$ 84,796
Liability for retirement benefits	¥ 8,727	$ 84,796
Net liability for retirement benefits recorded in the consolidated balance sheet	¥ 8,727	$ 84,796

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

	Millions of Yen	Thousands of U.S. Dollars
Service cost	¥1,381	$13,419
Interest cost	581	5,653
Expected return on plan assets	(132)	(1,286)
Amortization of net actuarial losses	264	2,570
Amortization of prior service cost	12	123
Net periodic benefit costs	¥2,107	$20,480

(5) Accumulated adjustments for retirement benefits (before tax effect) as of March 31, 2014, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Unrecognized prior service cost	¥ (82)	$ (801)
Unrecognized actuarial (gains) losses	(1,377)	(13,383)
Total	¥(1,459)	$(14,184)

(6) Plan assets
(i) Components of plan assets
Plan assets as of March 31, 2014, consisted of the following:

Debentures	86%
Equity	11%
Cash and due from banks	—
Others	3%
Total	100%

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

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

Discount rate	1.5%
Expected rate of return on plan assets	0.5%

(b) Defined Contribution Plans

The amount of the required contribution to the defined contribution plans of DBJ Inc. and its consolidated subsidiaries is ¥203 million ($1,982 thousand).

Year ended March 31, 2013

Liability for retirement benefits as of March 31, 2013 consisted of the following:

(a) The Funded Status of the Pension Plans

	Millions of Yen
Projected benefit obligation	¥(39,031)
Fair value of plan assets	26,465
Unfunded pension obligation	(12,566)
Unrecognized net actuarial losses	2,163
Unrecognized prior service cost	95
Liability for retirement benefits	¥(10,308)

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

(b) Components of Pension Cost

	Millions of Yen
Service cost	¥1,265
Interest cost	719
Expected return on plan assets	(107)
Amortization of prior service cost	12
Amortization of net actuarial losses	138
Other	1
Net pension cost	¥2,030

*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

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

23. Income Taxes

DBJ Inc. and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 38.01% for the years ended March 31, 2014 and 2013.

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

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

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, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Deferred tax assets:			
Allowance for loan losses	¥ 40,428	¥ 52,638	$ 392,814
Losses from revaluation of securities	14,747	25,945	143,288
Excess of fair value over assets of consolidated subsidiaries	4,397	5,035	42,729
Liability for retirement benefits	2,563	3,762	24,905
Tax loss carryforwards	1,503	8,534	14,606
Other	6,892	9,339	66,974
Sub-total	70,532	105,256	685,316
Less-valuation allowance	(44,978)	(66,250)	(437,028)
Total	25,553	39,005	248,288
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(18,103)	(12,951)	(175,899)
Deferred gain on derivatives under hedge accounting	(16,562)	(19,195)	(160,928)
Other	(1,936)	(201)	(18,815)
Total	(36,602)	(32,348)	(355,642)
Net deferred tax assets	¥(11,048)	¥ 6,656	$(107,355)

New tax reform laws enacted in 2014 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2014, from approximately 38.01% to 35.64%. The effect of this change was to decrease deferred tax assets in the consolidated balance sheet as of March 31, 2014, by ¥6 million ($62 thousand) and to increase deferred tax liabilities, deferred gain on derivatives under hedge accounting, unrealized gain on available-for-sale securities and deferred income taxes in the consolidated statement of income for the year then ended by ¥434 million ($4,222 thousand), ¥150 million ($1,459 thousand), ¥116 million ($1,131 thousand) and ¥707 million ($6,874 thousand), respectively.

24. Lease Transactions

(a) Finance leases

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

(b) Operating leases

(As lessee)

The minimum lease commitments under non-cancelable operating leases as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Due within 1 year	¥378	¥310	$3,676
Due after 1 year	482	534	4,688
Total	¥860	¥844	$8,364

(As lessor)

The minimum lease commitments under non-cancelable operating leases as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Due within 1 year	¥ 2,863	¥ 875	$ 27,826
Due after 1 year	10,397	4,860	101,021
Total	¥13,261	¥5,735	$128,848

25. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 33,531	¥30,439	$ 325,805
Reclassification adjustments to profit or loss	(24,025)	(8,088)	(233,436)
Amount before income tax effect	9,506	22,351	92,369
Income tax effect	(5,151)	(5,900)	(50,051)
Total	4,355	16,451	42,318
Deferred gain on derivatives under hedge accounting:			
Gains arising during the year	1,499	17,097	14,567
Reclassification adjustments to profit or loss	(8,077)	(7,436)	(78,482)
Amount before income tax effect	(6,578)	9,660	(63,915)
Income tax effect	2,633	(3,400)	25,585
Total	(3,944)	6,260	(38,330)
Foreign currency translation adjustments:			
Losses arising during the year	389	86	3,785
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	389	86	3,785
Income tax effect	—	—	—
Total	389	86	3,785
Share of other comprehensive income in affiliates:			
Gains arising during the year	631	98	6,137
Reclassification adjustments to profit or loss	(246)	(59)	(2,390)
Amount before income tax effect	385	39	3,747
Income tax effect	—	—	—
Total	385	39	3,747
Total other comprehensive income	¥ 1,185	¥22,838	$ 11,520

26. Segment Information

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

Related information:

Segment information by service for the years ended March 31, 2014 and 2013 is following:

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

	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

	Thousands of U.S. Dollars			
Year ended March 31, 2014	Loan business	Securities investment	Other	Total
Ordinary income from external customers	$2,517,557	$584,885	$411,071	$3,513,514

27. Financial Instruments and Related Disclosures

(a) The Situation of Financial Instruments

(1) Policy for Financial Instruments

DBJ Inc. provides investment and loan services that are aimed to provide long-term stable funding. As its main method 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 the majority of its assets are long-term and fixed rates, 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 to 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, 2014. The changes of economic circumstances surrounding these industries may influence on the fulfillment of their obligations. DBJ Inc. holds securities such as bonds, equities and investments in limited partnerships and other similar partnerships, which are exposed to issuer's credit risk, interest rate risk, price volatility risk and other risks. DBJ Inc. does not have any trading-related risk because it does not engage in trading (specified transactions).

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

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

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

(3) Risk Management for Financial Instruments

(i) Credit Risk Management

In accordance with the internal guidelines, DBJ Inc. utilizes credit exposure management and portfolio management for investments and loans. When making an investment or loan, DBJ Inc. examines the entity's viability and the entity's project's profitability. After that, DBJ Inc. sets ratings along with an internal rating system, grants credit amount, determines collateral and guarantee requirements. 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 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, 2014 and 2013 was ¥19,212 million ($186,676 thousand) and ¥20,710 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, 2014 and 2013. Unlisted equities and others, whose fair value cannot be reliably determined, are excluded from the table below (see (2)).

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

	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 corporate 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	¥ —

	Thousands of U.S. Dollars		
	2014		
	Carrying amount	Fair value	Difference
Cash and due from banks	$ 2,528,034	$ 2,528,034	$ —
Call loans and bills bought	845,317	845,317	—
Reverse repurchase agreements	—	—	—
Securities			
Held-to-maturity debt securities	8,546,219	8,759,919	213,699
Available-for-sale securities	3,803,728	3,803,728	—
Loans	134,457,932		
Allowance for loan losses*1	(1,084,568)		
	133,373,364	138,886,762	5,513,398
Total assets	$149,096,663	$154,823,760	$5,727,098
Debentures	29,981,288	31,254,724	1,273,436
Borrowed money	88,249,163	89,040,274	791,111
Short-term corporate bonds	—	—	—
Corporate bonds	11,190,701	11,231,822	41,121
Total liabilities	$129,421,152	$131,526,820	$2,105,668
Derivative transactions*2			
Derivative transactions not qualifying for hedge accounting	(24,105)	(24,105)	—
Derivative transactions qualifying for hedge accounting	388,718	388,718	—
Total derivative transactions	$ 364,614	$ 364,614	$ —

*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 30.

(2) Following are the financial instruments whose fair value cannot be reliably determined as of March 31, 2014 and 2013:
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
	2014	2013	2014
Money held in trust*1	¥134,215	¥175,335	$1,304,073
Unlisted equities*2, 3	176,406	127,873	1,714,017
Investments in limited partnerships and other similar partnerships*1	135,578	124,053	1,317,320
Unlisted other securities*2, 3	54,545	51,008	529,977
Industrial investment borrowed money (Special Account for FILP)*4	100,000	100,000	971,628
Total	¥600,745	¥578,271	$5,837,016

*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, 2014 and 2013 was ¥1,731 million ($16,824 thousand) and ¥1,866 million, respectively. The breakdown is: unlisted equities ¥1,269 million ($12,333 thousand) and ¥272 million, unlisted other securities ¥462 million ($4,492 thousand) and ¥1,594 million for the years ended March 31, 2014 and 2013, 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, 2014 and 2013 are as follows:

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

	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*2	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	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					
	2014					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	$ 2,527,981	$ —	$ —	$ —	$ —	$ —
Call loans and bills bought	845,317	—	—	—	—	—
Securities						
Held-to-maturity debt securities with market values	705,203	3,953,671	1,932,134	1,175,446	485,526	294,239
Japanese government bonds	—	347,681	644,401	195,744	198,094	294,239
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	289,390	1,935,537	796,506	291,294	121,454	—
Other	415,813	1,670,454	491,226	688,408	165,978	—
Available-for-sale securities with contractual maturities	1,739,942	388,592	478,965	423,318	210,837	29,752
Japanese government bonds	1,457,384	—	—	51,720	202,108	—
Japanese local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	234,316	388,592	478,965	371,598	8,729	—
Other	48,241	—	—	—	—	29,752
Loans*1	21,122,201	40,838,269	28,193,283	21,468,162	14,695,611	7,188,400
Total	$26,940,643	$45,180,533	$30,604,382	$23,066,927	$15,391,974	$7,512,391

*1. Obligations to "Legally Bankrupt," "Effectively Bankrupt" and "Possibly Bankrupt" amount to ¥97,980 million ($952,007 thousand) are not included as of March 31, 2014.
*2. Obligations to "Legally Bankrupt," "Effectively Bankrupt" and "Possibly Bankrupt" amount to ¥123,288 million are not included as of March 31, 2013. The breakdown is available-for-sale securities with contractual maturities ¥0 million and loans ¥123,288 million.

(4) Maturity analysis for Debentures, Borrowed money and Other Liability with Interest as of March 31, 2014 and 2013 are as follows:

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

	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					
	2014					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Borrowed money	$13,693,211	$23,831,570	$19,532,161	$10,559,390	$12,021,340	$ 9,583,120
Debentures and Corporate bonds	4,420,947	13,057,844	10,659,859	3,390,515	6,838,773	2,804,052
Total	$18,114,158	$36,889,413	$30,192,019	$13,949,905	$18,660,114	$12,387,172

28. Derivative Transactions

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

(1) Interest Rate-related Transactions

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

	Millions of Yen			
	2013			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
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

	Thousands of U.S. Dollars			
	2014			
	Contract amount			Unrealized gains (losses)
	Total	Due after 1 year	Fair value	
Over-the-counter				
Swaps				
Receive fixed/ Pay float	$7,526,052	$6,478,895	$ 175,619	$ 175,619
Receive float/ Pay fixed	7,499,277	6,451,960	(126,037)	(126,037)
Total	—	—	$ 49,582	$ 49,582

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

	Millions of Yen			
	2013			
	Contract amount			Unrealized gains (losses)
	Total	Due after 1 year	Fair value	
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)

	Thousands of U.S. Dollars			
	2014			
	Contract amount			Unrealized gains (losses)
	Total	Due after 1 year	Fair value	
Over-the-counter				
Swaps	$ 947,313	$947,313	$(71,238)	$(71,238)
Forwards				
Sold	2,555,540	—	(1,374)	(1,374)
Bought	21,609	—	408	408
Total	—	—	$(72,204)	$(72,204)

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

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

	Thousands of U.S. Dollars			
	2014			
	Contract amount		Fair value	Unrealized gains (losses)
	Total	Due after 1 year		
Over-the-counter				
Credit default options				
Sold	$301,554	$301,554	$(1,482)	$(1,482)
Bought	—	—	—	—
Total	—	—	$(1,482)	$(1,482)

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

(b) Derivative Transactions to which Hedge Accounting is applied

(1) Interest Rate-related Transactions

		Millions of Yen		
		2014		
		Contract amount		
	Hedged item	Total	Due after 1 year	Fair value
Deferral method	Debentures, Borrowed money and Loans			
Swaps				
Receive fixed/ Pay float		¥404,830	¥389,247	¥42,239
Receive float/ Pay fixed		32,600	27,195	(1,861)
Accrual method	Debentures, Borrowed money, Corporate bonds and Loans			
Swaps				
Receive fixed/ Pay float		798,819	753,295	*3
Receive float/ Pay fixed		57,074	56,956	
Total		—	—	¥40,377

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

	Hedged item	Thousands of U.S. Dollars		
		2014		
		Contract amount		
		Total	Due after 1 year	Fair value
Deferral method Swaps Receive fixed/ Pay float	Debentures, Borrowed money and Loans	$3,933,450	$3,782,038	$410,408
Receive float/ Pay fixed		316,758	264,240	(18,088)
Accrual method Swaps Receive fixed/ Pay float	Debentures, Borrowed money, Corporate bonds and Loans	7,761,561	7,319,236	*3
Receive float/ Pay fixed		554,556	553,405	
Total		—	—	$392,320

*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 29 “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		
		2014		
		Contract amount		
		Total	Due after 1 year	Fair value
Translated at contractual rates Currency swaps	Foreign-currency debentures and Corporate bonds	¥102,302	¥102,302	*2
Forward foreign exchange contracts Sold	Available-for-sale securities	39,368	—	¥(370)
Bought		—	—	—
Total		—	—	¥(370)

	Hedged item	Millions of Yen		
		2013		
		Contract amount		
		Total	Due after 1 year	Fair value
Translated at contractual rates Currency swaps	Foreign-currency debentures and Corporate bonds	¥102,302	¥102,302	*2
Total		—	—	—

	Hedged item	Thousands of U.S. Dollars		
		2014		
		Contract amount		
		Total	Due after 1 year	Fair value
Translated at contractual rates Currency swaps	Foreign-currency debentures and Corporate bonds	$993,997	$993,997	*2
Forward foreign exchange contracts	Available-for-sale securities			
Sold		382,512	—	$(3,602)
Bought		—	—	—
Total		—	—	$(3,602)

*1. Fair values are based primarily on discounted present values.
*2. The above currency swaps which qualify for the hedging requirements of assignment method are not subject to the disclosure of fair value information. In addition, the fair value of such foreign currency swaps in Note 29 "Financial Instruments and Related Disclosures" is included in that of hedged items such as foreign-currency debentures and corporate bonds.

(3) Equity-related Transactions

Not applicable.

(4) Bond-related Transactions

Not applicable.

29. Fair Value of Securities and Money Held in Trust

Fair value of securities, money held in trust and negotiable certificate of deposit classified as "Cash and due from banks" as of March 31, 2014 and 2013 is summarized below.

(a) Securities

(1) Held-to-maturity Debt Securities as of March 31, 2014 and 2013, are as follows:

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

		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		
		2014		
		Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	$1,680,159	$1,780,427	$100,268
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	2,851,690	2,905,419	53,730
	Other	2,280,099	2,353,606	73,507
Sub-total		6,811,948	7,039,452	227,504
Fair value does not exceed carrying amount	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	582,491	579,650	(2,841)
	Other	1,151,781	1,140,817	(10,964)
Sub-total		1,734,272	1,720,467	(13,805)
Total		$8,546,219	$8,759,919	$213,699

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

(2) Available-for-sale Securities as of March 31, 2014 and 2013, are as follows:

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

		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		
		2014		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	$ 491,387	$ 245,876	$245,511
	Bonds	2,444,890	2,321,325	123,565
	Japanese government bonds	1,177,050	1,176,331	719
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	1,267,839	1,144,994	122,845
	Other	115,738	36,969	78,769
Sub-total		3,052,014	2,604,170	447,844
Carrying amount does not exceed cost	Equities	552	731	(179)
	Bonds	748,524	748,948	(424)
	Japanese government bonds	534,162	534,359	(197)
	Japanese local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	214,361	214,588	(227)
	Other	391,290	391,378	(88)
Sub-total		1,140,366	1,141,056	(690)
Total		$4,192,380	$3,754,226	$447,153

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

(3) Available-for-sale Securities sold during the year ended March 31, 2014 and 2013, are as follows:

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

	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

	Thousands of U.S. Dollars		
	2014		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	$ 174,553	$13,982	$ 751
Bonds	1,672,282	14,996	831
Japanese government bonds	1,572,517	13,504	789
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	99,765	1,492	42
Other	59,872	19,653	5,150
Total	$1,906,708	$48,631	$6,732

(b) Money Held in Trust

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

	Millions of Yen	
	2014	
	Carrying amount	Net unrealized gain on the consolidated statement of income
Money held in trust for the purpose of investment	¥—	¥—

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

	Thousands of U.S. Dollars	
	2014	
	Carrying amount	Net unrealized gain on the consolidated statement of income
Money held in trust for the purpose of investment	$—	$—

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

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

	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	¥—

	Thousands of U.S. Dollars				
	2014				
			Unrealized gains (losses)		
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	$1,304,073	$1,301,566	$2,507	$2,507	$—

(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
	2014	2013	2014
Unrealized gain on			
Available-for-sale securities	¥ 60,668	¥ 47,124	$ 589,471
Other money held in trust	258	4,295	2,507
Deferred tax liabilities	(18,103)	(12,952)	(175,899)
Unrealized gain on available-for-sale securities before interest adjustments	42,822	38,467	416,079
Amount corresponding to minority interests	(5,110)	(1,606)	(49,659)
DBJ Inc.'s interest in net unrealized gain on available-for-sale securities held by affiliates accounted for by the equity method	55	11	540
Unrealized gain on available-for-sale securities, net of taxes	¥ 37,767	¥ 36,873	$ 366,959

*1. The profit of ¥4,496 million ($43,690 thousand) recognized by applying the fair value hedge accounting, which was reflected in profit or loss, is deducted from above unrealized gain on available-for-sale securities, net of taxes, as of March 31, 2014.

*2. Unrealized gain includes foreign currency translation adjustments on available-for-sale securities denominated in foreign currency whose fair value cannot be reliably determined as of March 31, 2014 and 2013.

30. Related Party Transactions

Related party transactions for the years ended March 31, 2014 and 2013 are as follows:

				Amounts of the transactions		Balance at March 31, 2014	
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	Borrowings*1	Borrowed money	¥ 300,000	$ 2,914,885	¥4,213,694	$40,941,457
		Repayments		552,313	5,366,435		
		Payment for interest	Accrued expenses	51,734	502,667	14,456	140,464
		Guarantees*2	—	2,652,005	25,767,641	—	—

*1. DBJ Inc. has borrowed from the fiscal investment and loan program funds, and applied interest rates for fiscal investment and loan. The last redemption period is October 20, 2033 without putting up collateral.
*2. The guarantees are for debentures issued by DBJ Inc. free of guarantee charge.
*3. According to Article 2, item 5 of the Japan Finance Corporation Act, DBJ Inc. has borrowed ¥3,764,887 million ($36,580,713 thousand) from Japan Finance Corporation relating to the crisis response business.

				Amounts of the transactions	Balance at March 31, 2013
Related party	Category	Description	Account item	Millions of Yen	Millions of Yen
Finance Minister	Shareholder	Subscription of capital increase*1	—	¥ 19,165	¥ —
		Borrowings*2	Borrowed money	600,000	4,466,008
		Repayments		711,277	
		Payment for interest	Accrued expenses	59,235	15,633
		Guarantees*3	—	2,450,189	—

*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 from Japan Finance Corporation relating to the crisis response business.

31. Subsequent Event

On June 24, 2014, 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, 2014

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends-Common stock (¥706-$6.86 per share)	¥30,804	$299,305

Independent Auditor's Report

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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, 2014, 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, 2014, 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 16, 2014
(June 24, 2014 as to Note 31)

Member of
Deloitte Touche Tohmatsu Limited

Non-Consolidated Balance Sheet (Unaudited)

Development Bank of Japan Inc.

As of March 31,	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note) 2014
Assets			
Cash and due from banks	¥ 240,522	¥ 128,839	$ 2,336,985
Call loans	87,000	84,000	845,317
Reverse repurchase agreements	—	165,975	—
Money held in trust	134,215	170,236	1,304,073
Securities	1,592,461	1,337,971	15,472,808
Loans	13,963,046	14,015,453	135,668,933
Other assets	113,707	134,469	1,104,817
Tangible fixed assets	116,585	122,363	1,132,777
Intangible fixed assets	5,424	6,848	52,710
Deferred tax assets	—	6,659	—
Customers' liabilities for acceptances and guarantees	107,174	155,753	1,041,335
Allowance for loan losses	(111,716)	(144,225)	(1,085,468)
Allowance for investment losses	(459)	(501)	(4,465)
Total assets	**¥16,247,962**	**¥16,183,843**	**$157,869,823**
Liabilities and equity			
Liabilities:			
Debentures	¥3,085,674	¥3,053,277	$29,981,288
Borrowed money	9,150,398	9,416,398	88,907,873
Short-term corporate bonds	—	43,997	—
Corporate bonds	1,144,246	863,756	11,117,829
Other liabilities	127,069	119,273	1,234,640
Accrued bonuses to employees	4,415	4,340	42,897
Accrued bonuses to directors	11	12	115
Reserve for employees' retirement benefits	7,118	10,177	69,166
Reserve for directors' retirement benefits	69	59	672
Reserve for contingent losses	7	135	72
Deferred tax liabilities	11,695	—	113,638
Acceptances and guarantees	107,174	155,753	1,041,335
Total liabilities	**13,637,880**	**13,667,181**	**132,509,524**
Equity:			
Common stock authorized, 160,000 thousand shares in 2014 and 2013; issued, 43,632 thousand shares in 2014 and 2013	1,206,953	1,206,953	11,727,099
Capital surplus	1,060,466	1,060,466	10,303,793
Retained earnings	275,716	187,730	2,678,936
Unrealized gain on available-for-sale securities	37,703	27,707	366,333
Deferred gain on derivatives under hedge accounting	29,243	33,803	284,138
Total equity	**2,610,081**	**2,516,661**	**25,360,299**
Total liabilities and equity	**¥16,247,962**	**¥16,183,843**	**$157,869,823**

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥102.92=$1.00, the effective exchange rate prevailing as of March 31, 2014, has been used in the conversion.

Non-Consolidated Statement of Income (Unaudited)

Development Bank of Japan Inc.

For the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars (Note)
	2014	2013	2014
Income			
Interest income:	¥255,448	¥268,638	$2,482,006
Interest on loans	229,860	243,076	2,233,388
Interest and dividends on securities	17,378	17,782	168,856
Interest on call loans	98	44	961
Interest on reverse repurchase agreements	282	351	2,749
Interest on due from banks	36	52	352
Interest on swaps	7,680	7,053	74,627
Other interest income	110	278	1,072
Fees and commissions	13,087	9,669	127,159
Other operating income	10,899	7,857	105,903
Other income	70,957	48,673	689,445
Total income	**350,392**	**334,838**	**3,404,513**
Expenses			
Interest expense:	132,090	144,287	1,283,429
Interest on debentures	39,773	43,100	386,449
Interest on call money and bills sold	7	19	77
Interest on borrowed money	87,766	97,276	852,769
Interest on short-term corporate bonds	32	57	319
Interest on corporate bonds	4,488	3,827	43,611
Other interest expense	20	5	203
Fees and commissions	235	265	2,284
Other operating expenses	7,224	12,163	70,198
General and administrative expenses	40,323	42,431	391,794
Other expenses	6,536	20,728	63,513
Total expenses	**186,410**	**219,876**	**1,811,217**
Income before income taxes	**163,982**	**114,962**	**1,593,296**
Income taxes:			
Current	24,588	41,577	238,905
Deferred	16,153	2,844	156,952
Total income taxes	**40,741**	**44,421**	**395,857**
Net income	**¥123,240**	**¥70,540**	**$1,197,439**

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥102.92=$1.00, the effective exchange rate prevailing as of March 31, 2014, has been used in the conversion.

Non-Consolidated Statement of Changes in Equity (Unaudited)

Development Bank of Japan Inc.

For the year ended March 31,	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note) 2014
Common stock:			
Balance at beginning of year	¥1,206,953	¥1,187,788	$11,727,099
Capital increase due to redemption of government compensation bonds	—	19,165	—
Balance at end of year	1,206,953	1,206,953	11,727,099
Capital surplus:			
Balance at beginning of year	1,060,466	1,060,466	10,303,793
Balance at end of year	1,060,466	1,060,466	10,303,793
Retained earnings:			
Balance at beginning of year	187,730	154,539	1,824,044
Cash dividends	(35,254)	(37,349)	(342,547)
Net income	123,240	70,540	1,197,439
Balance at end of year	275,716	187,730	2,678,936
Unrealized gain on available-for-sale securities:			
Balance at beginning of year	27,707	14,817	269,218
Net change during the year	9,995	12,890	97,116
Balance at end of year	37,703	27,707	366,333
Deferred gain on derivatives under hedge accounting:			
Balance at beginning of year	33,803	27,519	328,445
Net change during the year	(4,560)	6,284	(44,307)
Balance at end of year	29,243	33,803	284,138
Total equity:			
Balance at beginning of year	2,516,661	2,445,130	24,452,599
Capital increase due to redemption of government compensation bonds	—	19,165	—
Cash dividends	(35,254)	(37,349)	(342,547)
Net income	123,240	70,540	1,197,439
Net change during the year	5,435	19,174	52,808
Balance at end of year	¥2,610,081	¥2,516,661	$25,360,299

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥102.92=$1.00, the effective exchange rate prevailing as of March 31, 2014, has been used in the conversion.

Capital Adequacy Ratio

Although DBJ is not yet subject to Article 14-2 of the Banking Act of Japan, capital adequacy ratios have been calculated in accordance with “Criteria for Judging Whether a Financial Institution’s Own Capital Is Sufficient in Light of the Assets Held, etc. under the Provision of Article 14-2 of the Banking Act” (2006, Financial Services Agency Notification No. 19, hereinafter, the “Capital Adequacy Ratio Notification”), and therefore effectively conform to this act.
(Reference)
In addition to the application of uniform international standards, credit risk assets were calculated using the standardized approach, and equivalent operational risk was calculated using the basic indicator approach. The DBJ Group has not introduced procedures in line with market risk regulations.

[1] Capital Structure Information

Capital Structure Information (Consolidated)

(Millions of yen)

Items	March 31, 2013	Amounts excluded under transitional arrangements	March 31, 2014	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		2,519,342		1a+2-1c-26
of which: common stock and capital surplus	2,267,419		2,267,419		1a
of which: retained earnings	193,595		282,733		2
of which: treasury stock	—		—		1c
of which: planned distribution of income	35,254		30,810		26
of which: other than the above	—		—		
Rights to acquire new common shares	—		—		1b
Accumulated other comprehensive income and other disclosed reserves	—	70,803	13,507	54,031	3
Adjusted minority interests, etc. (amount allowed to be included in group Common Equity Tier 1)	7		19		5
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	1,260		1,150		
of which: items included in minority interests, etc. subject to transitional arrangements	1,260		1,150		
Common Equity Tier 1 capital: instruments and reserves (A)	2,427,026		2,534,020		6
Common Equity Tier 1 capital: regulatory adjustments					
Total intangible assets (excluding those relating to mortgage servicing rights)	—	4,287	893	3,574	8+9
of which: goodwill (including those equivalent)	—	—	188	753	8
of which: other intangible assets other than goodwill and mortgage servicing rights	—	4,287	705	2,820	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—	—	—	10
Deferred gains or losses on derivatives under hedge accounting	—	35,011	6,001	24,005	11
Shortfall of eligible reserves to expected losses	—	—	—	—	12
Capital increase due to securitization transactions	—	—	—	—	13
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	—	—	14
Assets for retirement benefits	—	—	—	—	15
Investments in own shares (excluding those reported in the Equity section)	—	—	—	—	16
Reciprocal cross-holdings in common equity	—	—	—	—	17

(Millions of yen)

Items	March 31, 2013	March 31, 2013: Amounts excluded under transitional arrangements	March 31, 2014	March 31, 2014: Amounts excluded under transitional arrangements	Basel III Template No.
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—	—	—	18
Amount exceeding the 10% threshold on specified items	—	—	—	—	19+20+21
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	—	—	19
of which: mortgage servicing rights	—	—	—	—	20
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	21
Amount exceeding the 15% threshold on specified items	—	—	—	—	22
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	—	—	23
of which: mortgage servicing rights	—	—	—	—	24
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	25
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	—		—		27
Common Equity Tier 1 capital: regulatory adjustments (B)	—		6,894		28
Common Equity Tier 1 capital (CET1)					
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	2,427,026		2,527,125		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		7,495		34-35
Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	—		—		33+35
of which: instruments issued by banks and their special purpose vehicles	—		—		33
of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—		—		35

(Millions of yen)

Items	March 31, 2013	March 31, 2013: Amounts excluded under transitional arrangements	March 31, 2014	March 31, 2014: Amounts excluded under transitional arrangements	Basel III Template No.
Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	(57)		567		
of which: foreign currency translation adjustments	(57)		567		
Additional Tier 1 capital: instruments (D)	5,368		8,063		36
Additional Tier 1 capital: regulatory adjustments					
Investments in own Additional Tier 1 instruments	—	—	—	—	37
Reciprocal cross-holdings in Additional Tier 1 instruments	—	—	—	—	38
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	—	—	—	—	39
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	—	1,059	204	816	40
Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	—		753		
of which: goodwill	—		753		
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		—		42
Additional Tier 1 capital: regulatory adjustments (E)	—		957		43
Additional Tier 1 capital (AT1)					
Additional Tier 1 capital ((D)-(E)) (F)	5,368		7,105		44
Tier 1 capital (T1 = CET1 + AT1)					
Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	2,432,395		2,534,231		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	—		—		
Adjusted minority interests, etc. (amount allowed to be included in group Tier 2)	65		133		48-49
Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and reserves	—		—		47+49
of which: instruments issued by banks and their special purpose vehicles	—		—		47
of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—		—		49
Total of general allowance for loan losses and eligible reserves included in Tier 2	67,478		59,129		50
of which: general allowance for loan losses	67,478		59,129		50a
of which: eligible reserves	—		—		50b

(Millions of yen)

Items	March 31, 2013	Amounts excluded under transitional arrangements	March 31, 2014	Amounts excluded under transitional arrangements	Basel III Template No.
Total of items included in Tier 2 capital: instruments and reserves subject to transitional arrangements	23,144		21,953		
of which: items included in accumulated other comprehensive income, etc. subject to transitional arrangements	23,144		21,953		
Tier 2 capital: instruments and reserves (H)	90,688		81,216		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		81,216		58
Total capital (TC = T1 + T2)					
Total capital (TC = T1 + T2) ((G) + (J)) (K)	2,523,084		2,615,448		59
Risk weighted assets					
Total of items included in risk weighted assets subject to transitional arrangements	5,346		3,637		
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	4,287		2,820		
of which, significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	1,059		816		
Risk weighted assets (L)	16,255,349		16,516,658		60
Capital ratio (consolidated)					
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	14.93%		15.30%		61
Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	14.96%		15.34%		62
Total risk-weighted capital ratio (consolidated) ((K)/(L))	15.52%		15.83%		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		136,764		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	6,592		1,059		73
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—		—		74
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	9,325		2,075		75

(Millions of yen)

Items	March 31, 2013	Amounts excluded under transitional arrangements	March 31, 2014	Amounts excluded under transitional arrangements	Basel III Template No.
Reserves included in Tier 2 capital: instruments and reserves					
General allowance for loan losses	67,478		59,129		76
Cap on inclusion of general allowance for loan losses	200,088		202,584		77
Eligible reserves for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	—		—		78
Cap for inclusion of reserves in Tier 2 under internal ratings-based approach	—		—		79
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

Note: Figures for deferred gains or losses on derivatives under hedge accounting (amount not included due to transitional arrangements) as of the previous fiscal year-end have been revised retroactively to reflect a revision in the tabulation standards.

Capital Structure Information (Non-Consolidated)

(Millions of yen)

Items	March 31, 2013	March 31, 2013: Amounts excluded under transitional arrangements	March 31, 2014	March 31, 2014: 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		2,512,325		1a+2-1c-26
of which: common stock and capital surplus	2,267,419		2,267,419		1a
of which: retained earnings	187,730		275,716		2
of which: treasury stock	—		—		1c
of which: planned distribution of income	35,254		30,810		26
of which: other than the above	—		—		
Rights to acquire new common shares	—		—		1b
Valuation and translation adjustment and other disclosed reserves	—	61,511	13,389	53,557	3
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	—		—		
Common Equity Tier 1 capital: instruments and reserves (A)	2,419,895		2,525,714		6
Common Equity Tier 1 capital: regulatory adjustments					
Total intangible assets (excluding those relating to mortgage servicing rights)	—	4,257	698	2,793	8+9
of which: goodwill (including those equivalent)	—	—	—	—	8
of which: other intangible assets other than goodwill and mortgage servicing rights	—	4,257	698	2,793	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—	—	—	10
Deferred gains or losses on derivatives under hedge accounting	—	34,828	5,848	23,394	11
Shortfall of eligible reserves to expected losses	—	—	—	—	12
Capital increase due to securitization transactions	—	—	—	—	13
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	—	—	14
Prepaid pension cost	—	—	—	—	15
Investments in own shares (excluding those reported in the Equity section)	—	—	—	—	16
Reciprocal cross-holdings in common equity	—	—	—	—	17
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)	—	—	—	—	18
Amount exceeding the 10% threshold on specified items	—	—	—	—	19+20+21
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	—	—	19
of which: mortgage servicing rights	—	—	—	—	20
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	21

(Millions of yen)

Items	March 31, 2013	March 31, 2013 Amounts excluded under transitional arrangements	March 31, 2014	March 31, 2014 Amounts excluded under transitional arrangements	Basel III Template No.
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	—		10		27
Common Equity Tier 1 capital: regulatory adjustments (B)	—		6,557		28
Common Equity Tier 1 capital (CET1)					
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	2,419,895		2,519,156		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)
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
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	—		—		39
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	—		10	43	40
Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	—		—		
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		—		42
Additional Tier 1 capital: regulatory adjustments (E)	—		10		43

(Millions of yen)

Items	March 31, 2013	Amounts excluded under transitional arrangements	March 31, 2014	Amounts excluded under transitional arrangements	Basel III Template No.
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		2,519,156		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 allowance for loan losses and eligible reserves included in Tier 2	68,074		59,449		50
of which: general allowance for loan losses	68,074		59,449		50a
of which: eligible reserves	—		—		50b
Total of items included in Tier 2 capital: instruments and reserves subject to transitional arrangements	12,468		20,088		
of which: items included valuation and translation adjustments, etc. subject to transitional arrangements	12,468		20,088		
Tier 2 capital: instruments and reserves (H)	80,543		79,537		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)	80,543		79,537		58
Total capital (TC = T1 + T2)					
Total capital (TC = T1 + T2) ((G) + (J)) (K)	2,500,438		2,598,694		59

(Millions of yen)

Items	March 31, 2013	March 31, 2013: Amounts excluded under transitional arrangements	March 31, 2014	March 31, 2014: Amounts excluded under transitional arrangements	Basel III Template No.
Risk weighted assets					
Total of items included in risk weighted assets subject to transitional arrangements	4,257		2,836		
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	4,257		2,793		
of which: significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	—		43		
Risk weighted assets (L)	16,645,774		17,060,230		60
Capital ratio (non-consolidated)					
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	14.53%		14.76%		61
Tier 1 risk-weighted capital ratio (non-consolidated) ((G)/(L))	14.53%		14.76%		62
Total risk-weighted capital ratio (non-consolidated) ((K)/(L))	15.02%		15.23%		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		131,476		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	6,592		489		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		1,933		75
Reserves included in Tier 2 capital: instruments and reserves					
General allowance for loan losses	68,074		59,449		76
Cap on inclusion of general allowance for loan losses	204,993		211,043		77
Eligible reserves for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	—		—		78
Cap for inclusion of reserves in Tier 2 under internal ratings-based approach	—		—		79
Capital instruments subject to transitional arrangements					
Current cap on Additional Tier 1 instruments subject to transitional arrangements	—		—		82
Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	—		—		83
Current cap on Tier 2 instruments subject to transitional arrangements	—		—		84
Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	—		—		85

Note: Figures for deferred gains or losses on derivatives under hedge accounting (amount not included due to transitional arrangements) as of the previous fiscal year-end have been revised retroactively to reflect a revision in the tabulation standards.

[2] Qualitative Disclosure

1. Scope of Consolidation

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

No differences.

(2) Within the Consolidated Group, the number of consolidated subsidiaries and the names and main businesses of principal consolidated subsidiaries.

The number of consolidated subsidiaries as of March 31, 2014 is 21.

Principal consolidated subsidiaries

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

(3) Number of affiliated companies that conduct financial business to which Article 9 of the Notification applies, the names of affiliated companies conducting such related financial business, the amount of total assets and net assets on their balance sheets, and their primary businesses

Not applicable.

(4) Names of companies that belong to the Consolidated Group but are not included in the Scope of Accounting Consolidation and companies that do not belong to the Consolidated Group but are included in the Scope of Accounting Consolidation, as well as the amount of total assets and net assets on their balance sheets, and their primary businesses

Not applicable.

(5) Overview of limitations related to the transfer of funds or capital within the Consolidated Group

Not applicable.

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

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

3. Credit Risk

(a) Overview of Risk Management Policies and Procedures

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

(b) Rating Agencies Eligible to Weight Risks

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

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

4. Overview of Risk Management Policies and Procedures for Reducing Credit Risk	DBJ obtains collateral or guarantees as necessary based on changes in the borrower's creditworthiness. If required, the effectiveness of collateral is determined from the perspective of the amount 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.
5. Overview of Risk Management Policies and Procedures Related to Risk Involving Counter-parties in Derivative Product Transactions and Transactions with Long Settlement Periods	DBJ regularly refers to the ratings and credit amounts of transaction counterparties to determine the advisability of entering a transaction or to understand the risks of existing transactions.
6. Securitization Exposure	**(a) Overview of Risk Management Policies and 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).

7. Market Risk	DBJ includes in its calculation method no market risk equivalent amount.
8. Operational risk	(a) Overview of Risk Management Policies and Procedures DBJ defines operational risk as the risk of loss arising from internal processes, the activities of officers and employees or systems that are inappropriate or non-functioning, or from extrinsic events. DBJ establishes its management structure and basic risk management policy pertaining to management methods after considering the wide range of operational risks that it potentially faces, such as operational risk, systems risk, legal risk, human risk, tangible asset risk and reputational risk. DBJ designates operational risk officers at each of its offices. These personnel are charged with establishing data collection procedures, 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.
9. Overview of Risk Management Policies and Procedures Regarding Exposure to Shares and Other Equity Investments and Capital Injections into the Banking Book	DBJ defines investment risk as its risk of sustaining a partial or total loss on the economic value of assets (including off-balance-sheet assets), owing to such factors as the worsening of an investee's financial conditions or to fluctuations in the market environment. For newly acquired exposure, DBJ considers the balance between investment risk and potential return in each field of investment. Thereafter, DBJ regularly conducts performance evaluations on its exposure.
10. Interest Rate Risk on the Banking Book	(a) Overview of Risk Management Policies and Procedures Long-term, fixed-rate loans make up the majority of the DBJ's lending, and DBJ seeks to reduce its interest rate risk by raising funds featuring similarly long-term, fixed rates. DBJ also employs the value at risk (VaR) and Basis Point Value (BPV) to compute various risks from the standpoint of their economic value. DBJ regularly compares VaR and 200 BPV 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) 200 BPV: Use a 2% parallel shift in a standardized interest rate shock to measure the change in economic value

[3] Quantitative Disclosure

Quantitative Disclosure (Consolidated)

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

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

(Millions of yen)

	March 31, 2014	March 31, 2013
Loans	¥13,224,168	¥13,469,872
Equities, funds	347,112	289,337
Commitments and customers' liabilities for acceptances and guarantees	303,815	502,229
Bonds (JGBs and corporate bonds, etc.)	1,069,281	882,912
Reverse repurchase agreement/call loan	220,287	399,978
Other	670,388	492,361
Total	¥15,835,053	¥16,036,692

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

(1) By region

(Millions of yen)

	March 31, 2014	March 31, 2013
Domestic total	¥15,833,710	¥16,035,626
Overseas total	1,342	1,065

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

(2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2014	March 31, 2013
Manufacturing	¥ 3,548,818	¥ 3,697,647
Agriculture and forestry	996	1,238
Fisheries	500	—
Mining, quarrying and gravel extraction	61,874	57,637
Construction	56,410	105,982
Electrical, gas, heat supply and water	3,291,787	3,151,595
Information and communications	531,016	512,762
Transportation and postal	2,688,940	2,882,884
Wholesale and retail	1,073,824	1,123,637
Finance and insurance	1,683,748	1,622,001
Real estate and leasing of goods	1,846,720	1,918,664
Services	378,905	345,623
Municipal government	15,256	13,220
Other	656,252	603,797
Total	¥15,835,053	¥16,036,692

(3) Breakdown by period to maturity (Millions of yen)

	March 31, 2014	March 31, 2013
Five years or less	¥7,584,076	¥7,344,522
More than five years, up to 10	4,956,140	5,459,439
More than 10 years, up to 15	1,887,631	1,807,426
More than 15 years	866,787	797,721
No maturity date	540,417	627,582

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

	March 31, 2014	March 31, 2013
Risk weight 0%	¥ 578,089	¥ 577,732
Risk weight 10%	19,038	56,378
Risk weight 20%	1,627,250	2,190,604
Risk weight 50%	6,800,392	6,340,198
Risk weight 100%	6,708,949	6,740,301
Risk weight 150%	1,760	20,313
Risk weight 250%	3,135	15,918
Risk weight 1,250%	3,145	388
Other	44,917	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, 2014	March 31, 2013
Structured finance	¥896,371	¥754,856
Of which, resecuritization exposure	—	—
Credit derivatives	37,100	56,673
Of which, resecuritization exposure	20,035	33,507
Funds*	222,706	200,342
Of which, resecuritization exposure	—	4,876

* 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, 2014	March 31, 2013
Risk weight	0%	Balance	¥ 51,369	¥ —
		Capital requirement	0	—
Risk weight	20%	Balance	84,487	127,726
		Capital requirement	1,351	2,043
Risk weight	50%	Balance	14,454	9,335
		Capital requirement	578	373
Risk weight	100%	Balance	583,202	435,358
		Capital requirement	46,656	34,828
Risk weight	350%	Balance	—	3,411
		Capital requirement	—	955
Risk weight	1,250%	Balance	396,278	387,342
		Capital requirement	396,278	387,342
Risk weight	Other*	Balance	6,348	10,313
		Capital requirement	4,333	5,955

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

Resecuritization exposure (Millions of yen)

			March 31, 2014	March 31, 2013
Risk weight	40%	Balance	¥20,035	¥33,507
		Capital requirement	641	1,072
Risk weight	100%	Balance	—	831
		Capital requirement	—	66
Risk weight	225%	Balance	—	1,602
		Capital requirement	—	288
Risk weight	650%	Balance	—	2,034
		Capital requirement	—	1,058
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, 2014	March 31, 2013
Structured finance	¥177,889	¥195,161
Funds*	218,388	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, 2014	March 31, 2013
Credit risk assets	¥9,869	¥12,497

3. Interest Rate Risk in the Banking Book

	March 31, 2014	March 31, 2013
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: ¥7.3 billion	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥7.1 billion

Quantitative Disclosure (Non-Consolidated)

1. Items Related to Capital Adequacy Level

(Millions of yen)

	March 31, 2014	March 31, 2013
(a) Capital requirement to total credit risk	¥1,338,435	¥1,303,870
(1) Exposure by portfolio to which standardized method applied	853,084	842,275
(i) Japanese government and regional municipal bodies	—	—
(ii) Exposure to financial institutions	13,000	12,375
(iii) Exposure to corporations	791,333	789,191
(iv) Equity exposure	37,316	27,647
(v) Other exposure	11,433	13,060
(2) Securitization risk exposure	485,351	461,595
(b) Capital requirement to market risk	—	—
(c) Capital requirement to operational risk	19,627	19,703
(d) Non-consolidated total capital requirement ((a) + (b) + (c))	1,358,063	1,323,573

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, 2014	March 31, 2013
Loans	¥13,400,382	¥13,532,021
Equities, funds	394,773	350,949
Commitments and customers' liabilities for acceptances and guarantees	307,273	502,229
Bonds (JGBs and corporate bonds, etc.)	1,069,240	882,870
Reverse repurchase agreement/call loan	220,287	399,978
Other	525,792	404,489
Total	¥15,917,750	¥16,072,539

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

(1) By region

(Millions of yen)

	March 31, 2014	March 31, 2013
Domestic total	¥15,917,750	¥16,072,539
Overseas total	—	—

Note: DBJ has no overseas branches.

(2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2014	March 31, 2013
Manufacturing	¥ 3,548,818	¥ 3,697,647
Agriculture and forestry	996	1,238
Fisheries	500	—
Mining, quarrying and gravel extraction	61,874	57,637
Construction	56,410	105,982
Electrical, gas, heat supply and water	3,291,787	3,151,595
Information and communications	531,016	512,762
Transportation and postal	2,688,940	2,882,884
Wholesale and retail	1,073,824	1,123,637
Finance and insurance	1,857,527	1,748,163
Real estate and leasing of goods	1,923,384	1,989,172
Services	379,951	346,596
Municipal government	15,256	13,220
Other	487,459	442,001
Total	¥15,917,750	¥16,072,539

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2014	March 31, 2013
Five years or less	¥7,633,674	¥7,398,217
More than five years, up to 10	5,056,175	5,513,091
More than 10 years, up to 15	1,887,631	1,807,426
More than 15 years	873,243	797,721
No maturity date	467,025	556,083

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

(Millions of yen)

	March 31, 2014	March 31, 2013
Risk weight 0%	¥ 578,089	¥ 577,732
Risk weight 10%	19,038	56,378
Risk weight 20%	1,607,912	2,168,875
Risk weight 50%	6,800,392	6,340,198
Risk weight 100%	6,806,919	6,797,228
Risk weight 150%	1,760	20,313
Risk weight 250%	2,423	15,843
Risk weight 1,250%	3,145	388
Other	50,844	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, 2014	March 31, 2013
Eligible financial collaterals	¥ —	¥ 165,868
Guarantees or credit derivatives	1,071,025	1,210,719

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

(Millions of yen)

		March 31, 2014	March 31, 2013
Equivalent credit calculation method		Current exposure method	Current exposure method
Gross restructuring cost		¥160,219	¥153,842
Gross add-on, by transaction type		80,850	85,604
	Interest rate transactions	39,628	48,647
	Foreign exchange transactions	41,174	36,936
	Credit derivative transactions	—	—
	Other commodity transactions	48	20
Reducing credit equivalent amounts through netting		86,204	113,462
Net equivalent credit		154,865	125,984
	Net restructuring cost	96,976	74,325
Notional amounts of credit derivatives for calculated credit equivalent amount by type of credit derivative, by protection purchase or provision	Credit default swaps provision	31,035	61,673
	Credit default swaps purchase	—	—
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, 2014	March 31, 2013
Structured finance	¥898,818	¥733,263
Of which, resecuritization exposure	—	—
Credit derivatives	31,035	56,673
Of which, resecuritization exposure	20,035	33,507
Funds*	267,445	255,724
Of which, resecuritization exposure	—	2,158

* 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, 2014	March 31, 2013
Risk weight	0%	Balance	¥ 51,369	¥ —
		Capital requirement	—	—
Risk weight	20%	Balance	84,487	127,726
		Capital requirement	1,351	2,043
Risk weight	50%	Balance	14,454	9,335
		Capital requirement	578	373
Risk weight	100%	Balance	592,212	444,368
		Capital requirement	47,376	35,549
Risk weight	350%	Balance	—	3,411
		Capital requirement	—	955
Risk weight	1,250%	Balance	418,545	414,839
		Capital requirement	418,545	414,839
Risk weight	Other*	Balance	16,193	10,313
		Capital requirement	16,858	5,955

* 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, 2014	March 31, 2013
Risk weight	40%	Balance	¥20,035	¥33,507
		Capital requirement	641	1,072
Risk weight	100%	Balance	—	368
		Capital requirement	—	29
Risk weight	225%	Balance	—	709
		Capital requirement	—	127
Risk weight	650%	Balance	—	900
		Capital requirement	—	468
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, 2014	March 31, 2013
Structured finance	¥165,262	¥169,027
Funds*	253,282	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, 2014	March 31, 2013
Credit risk assets	¥9,869	¥12,497

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, 2014	March 31, 2013
(a) Market value of below-listed items as included within categories in the non-consolidated balance sheets		
Exposure to listed shares	¥ 52,109	¥ 50,115
Exposure to other equity investments and capital injections	353,764	287,131
(b) Gains or losses on the sale of equity investments or shares	2,353	18,336
Gain or loss on write-off of equity exposure	1,868	1,688
(c) Gains or losses from valuation recognized on the non-consolidated balance sheets but not recognized on the non-consolidated statement of income	37,703	27,707

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, 2014	March 31, 2013
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: ¥7.3 billion	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥7.1 billion

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