Applying Financial Expertise to Design the Future

Annual Report & CSR Report

2015

Development Bank of Japan Inc.

Profile (As of July 1, 2015)

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:	Masanori Yanagi
Number of employees:	1,184 (As of March 31, 2015)
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, 25; non-consolidated subsidiaries, 30; and affiliated companies, 20 (As of March 31, 2015)
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:	¥16,283.3 billion (As of March 31, 2015)
Loans:	¥13,409.0 billion (As of March 31, 2015)
Capital adequacy ratio:	16.38% (Basel 3, BIS standard) (As of March 31, 2015)
Issuer ratings:	A1 (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 and the renewal of aging public infrastructure, the economy faces energy problems and the need for regional revitalization. The country also continues to experience a shortage of risk capital, among numerous other issues.

Against this backdrop, in 2015 the Act for Partial Amendment of the Development Bank of Japan Inc. Act was passed in a regular Diet session and came into force. While maintaining the direction toward DBJ's full-scale privatization, this act puts various measures in place. These measures include those for ensuring Crisis Response Operations in preparation for any large-scale disaster or economic crisis and measures to make use of DBJ's investment and loan functions for new Special Investment Operations, which provide intensive growth capital designed to revitalize regional economies and increase the competitiveness of enterprises.

Accordingly, while maintaining DBJ's fundamental role as described in its three-year Third Medium-term Management Plan that commenced in fiscal 2014, the aim of the act is to reinforce initiatives such as providing risk capital. At the same time, to contribute to Japan's sustained growth, as a provider of both risk capital 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 growth of Japanese enterprises) and original knowledge (knowledge services that leverage "experiential knowledge"), DBJ works with diverse financial players to create a smoothly functioning market and strives to resolve Japan's problems from a long-term perspective.

Specific DBJ Initiatives

DBJ's Third Medium-term Management Plan calls for a proactive response in supporting Japan's sustained growth as an advanced country tackling issues as a global innovator in four primary areas: "growth support," "infrastructure and energy," "regional revitalization tailored to regional needs" and "strengthening the safety net."

Of these, in the area of "growth support," by making use of the Fund for Japanese Industrial Competitiveness established in March 2013 for new business creation and restructuring, DBJ supported efforts to promote the competitiveness of Japanese enterprises by providing risk capital. Going forward, DBJ will employ some of the funds provided by the Japanese government as risk capital in Special Investment Operations to support efforts for reinforcing corporate competitiveness. DBJ is also expected to create markets for growth capital. As an independent initiative to further strengthen our efforts in this area, we have set up a "Growth Co-creation Facility" to create future markets for growth capital. This facility promotes the broad sharing of risk-taking among enterprises, financial institutions and investors.

In the "infrastructure and energy" area, in response to the energy issues that have arisen since the Great East Japan Earthquake we are supplying funds for reconstructing the energy supply system.

Regarding "regional revitalization tailored to regional needs," in September 2014 we established the Initiative for Creating Regional Futures. This initiative is tasked with building systems throughout DBJ to support regional revitalization. As a first step, we elicited input from the managers of more than 170 medium-sized regional enterprises. Based on this input, we announced our "Recommendations on Regional Revitalization." We are also working with regional financial institutions to establish funds targeting revitalization through the tourism industry and business succession, putting in place detailed support networks.

In the area of "strengthening the safety net," we are encouraging the restoration and reconstruction of the disaster-stricken regions by collaborating with regional financial institutions to establish new funds as successors to the Great East Japan Earthquake Reconstruction Fund.

In the field of aviation finance, we are stimulating the market through such measures as transferring obligations and syndicated loans to private financial institutions.

Meeting Our Corporate Social Responsibilities

I believe the revised act that has recently been enacted will contribute greatly to DBJ's progress on the Third Medium-term Management Plan. At the same time, I am keenly aware of the heavy responsibility that accompanies the Japanese government's ongoing involvement for an indefinite period. I am also highly conscious of the importance of ensuring appropriate competitive relationships and forming collaborative connections with private financial institutions to encourage even higher levels of dialogue than in the past.

Based on this awareness, DBJ will continue striving to cultivate human resources to provide sophisticated financial services. We will listen carefully to clients' needs as we deploy our three major products—loans, investments and advisory services. In this manner, we aim to fulfill the roles outlined above and support Japan in achieving sustained growth.

July 2015

M. Yanagi

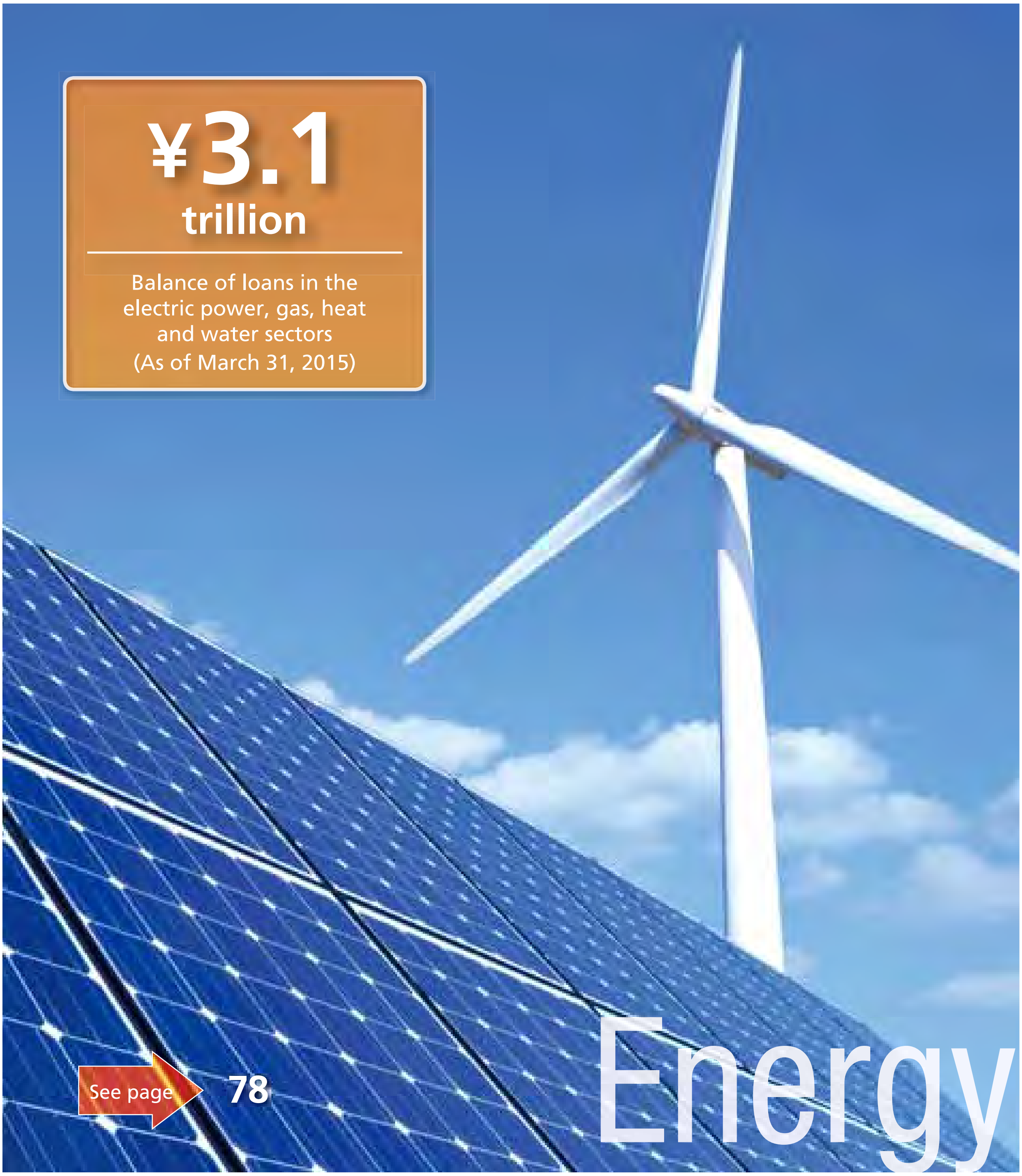
Masanori Yanagi
President and CEO
Development Bank of Japan Inc.

Toward the Future Prosperity of Japan

Initiatives in the Energy Sector

Going forward, large-scale funding in the energy sector is expected, for example, for replacing aging thermal power plants and constructing new facilities. Meanwhile, the electric power system is providing opportunities for the retail sale of electric power and allowing new entrants into the field of electric power generation, calling for finance to play an increasingly diverse role. DBJ will continue providing optimal financial solutions to meet these needs.

As of March 31, 2015, our balance of loans in the electric power, gas, heat and water sector totaled ¥3,135.3 billion, accounting for 23.7% of total loans, by industry.

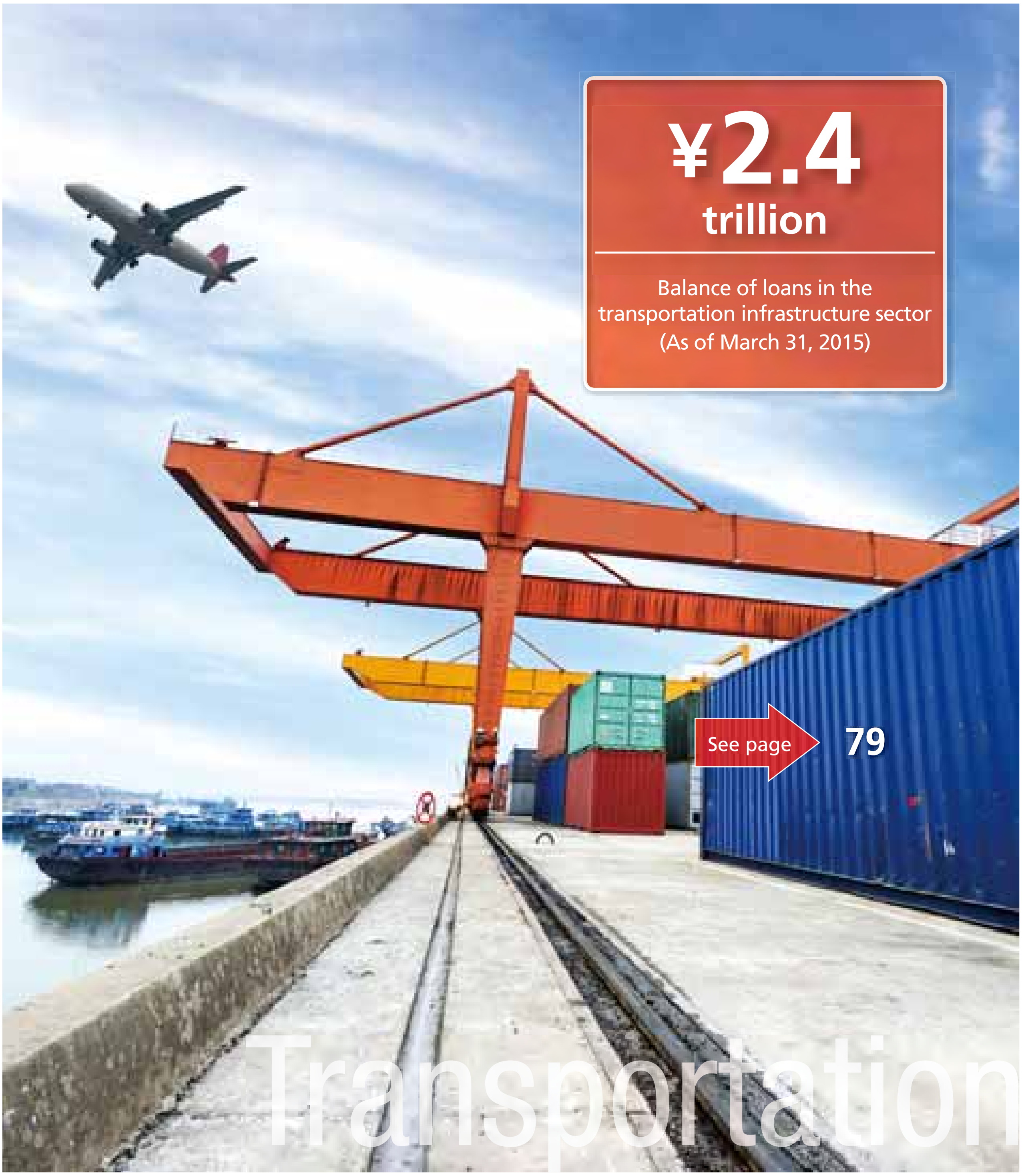


See page 78

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 enterprises from a position of neutrality.

As of March 31, 2015, our balance of loans in the transportation infrastructure sector (to transportation providers) totaled ¥2,467.1 billion, accounting for 18.7% of total loans, by industry.

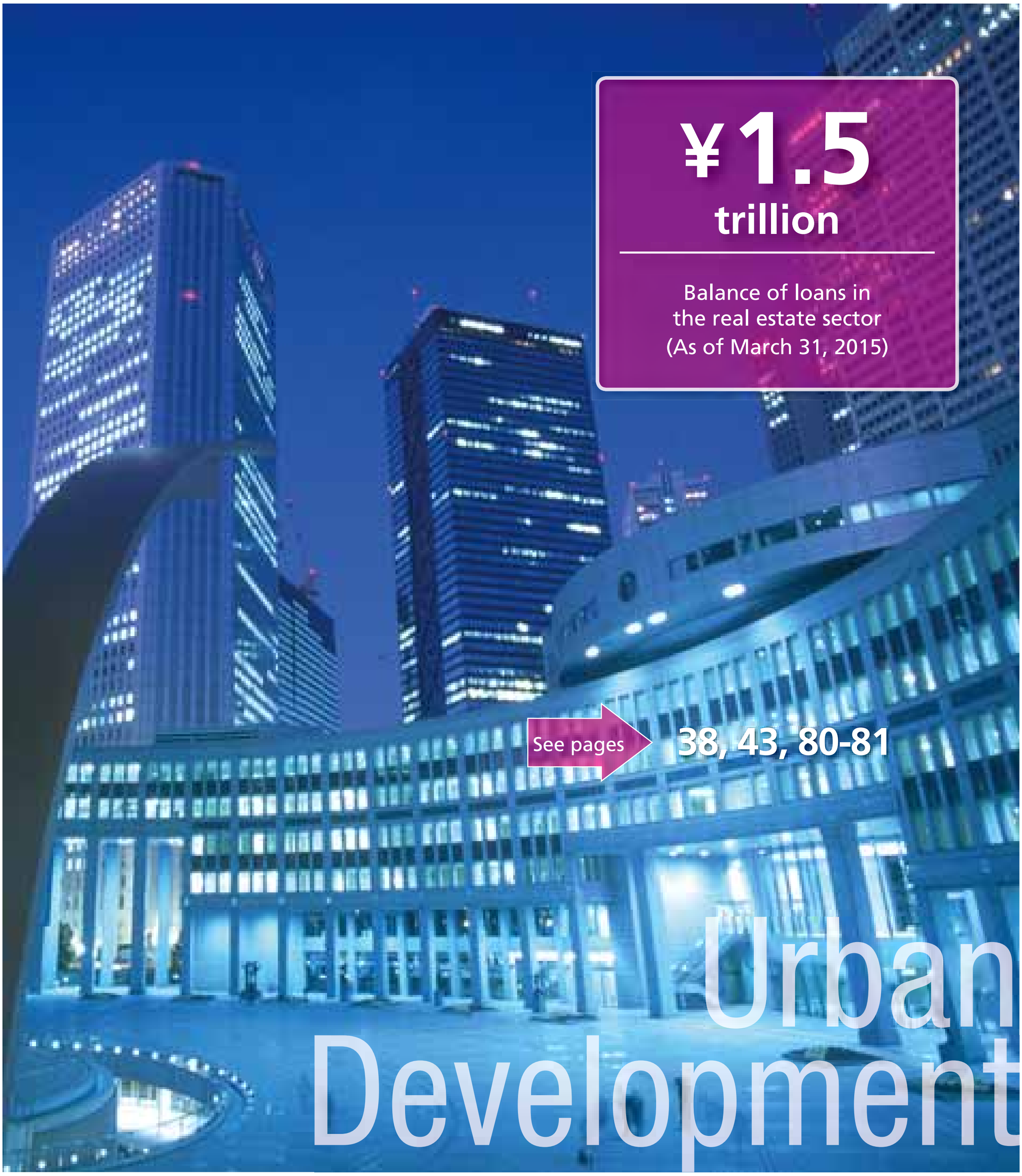


See page 79

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.

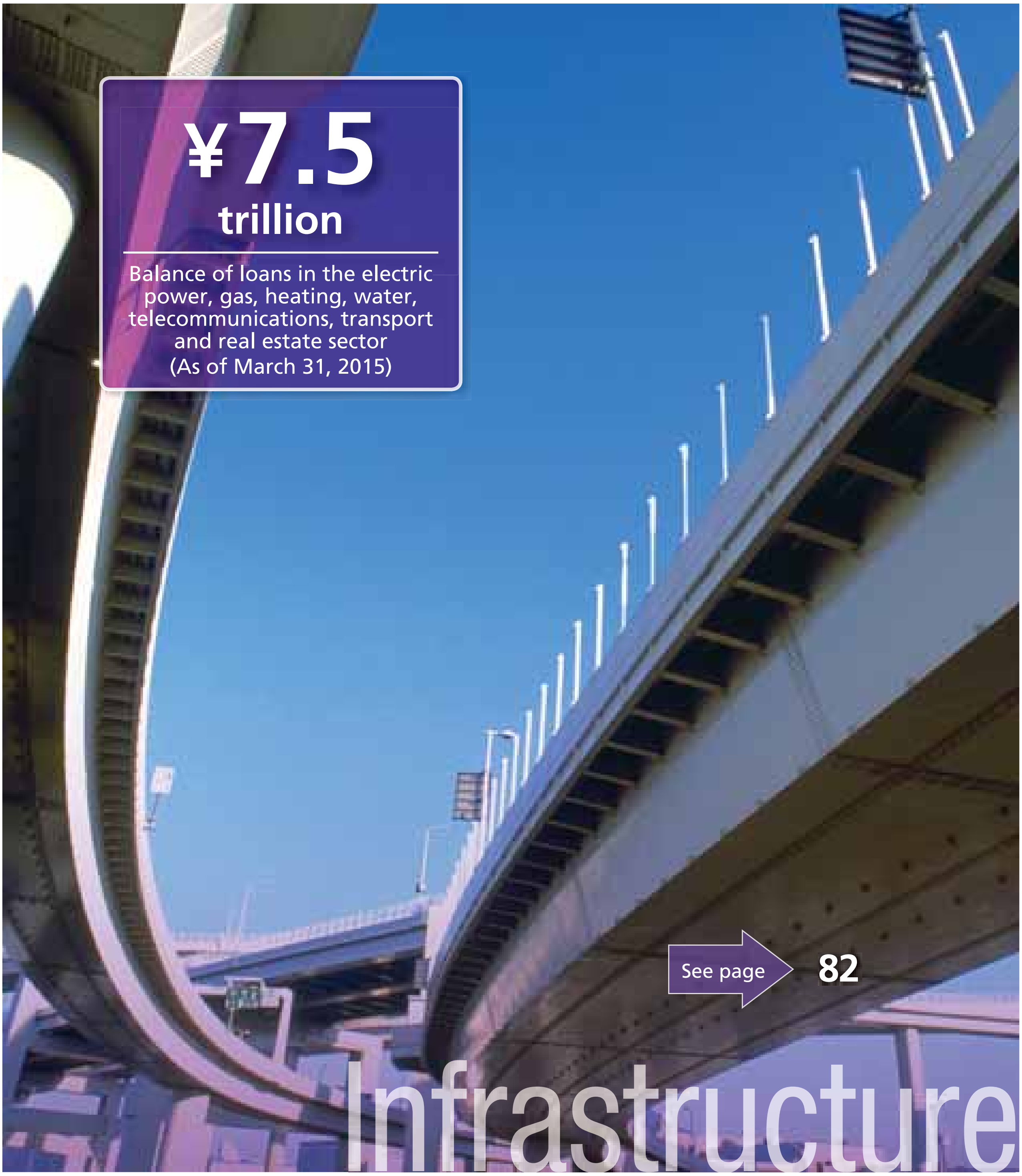
As of March 31, 2015, our balance of loans in the real estate sector totaled ¥1,553.0 billion, accounting for 11.7% of total loans, by industry.



Social Infrastructure Initiatives

Since the era of reconstruction following World War II, DBJ has supported the development and advancement of Japan's economy as well as improved 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, 2015, our balance of loans in the social infrastructure sector (electric power, gas, heating, water, telecommunications, transport and real estate) totaled ¥7,577.2 billion.



See page 82

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. DBJ smoothly implements Crisis Response Operations targeting people who were affected directly and indirectly by the disaster.

As of March 31, 2015, our cumulative amount of loans as crisis countermeasures related to the Great East Japan Earthquake was ¥2,110.0 billion.

See pages 50-55, 87-88

Resilience

Initiatives to Promote Competitiveness

DBJ supports efforts to promote the competitiveness of Japanese enterprises by providing risk capital through mezzanine financing and equity such as the Fund for Japanese Industrial Competitiveness. As of March 31, 2015, our cumulative amount of investment and lending determined by the Fund for Japanese Industrial Competitiveness amounted to ¥121.3 billion. Based on this performance record in investment and loans, we will continue to focus on Special Investment Operations that reinforce and extend the Fund for Japanese Industrial Competitiveness, employing some funds from the Japanese government to provide growth capital intensively. As a new voluntary initiative, we have also established a Growth Co-creation Facility.

See pages 36, 71-72

Overseas Business Initiatives

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

We are moving forward with core infrastructure, such as building an overseas risk management structure for investments and loans, preparing operating bases and training personnel. At the same time, we are working to expand our network with trustworthy partners and domestic and overseas financial institutions.

As of March 31, 2015, more than 40 countries were targeted for investments and loans.

See pages 28, 74

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, 2015, our balance of loans in the healthcare and welfare sector stood at ¥66.6 billion.

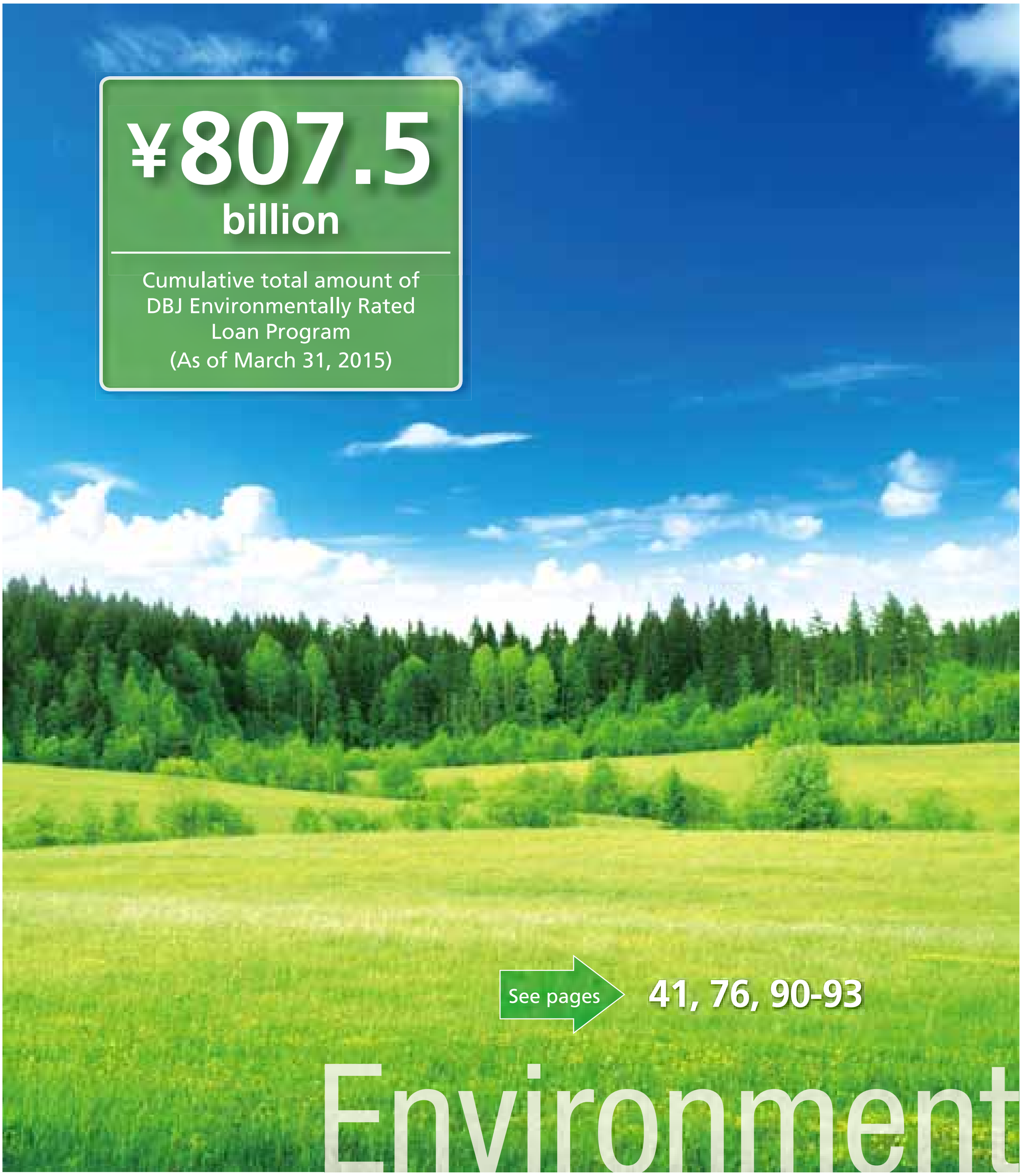
See pages 75, 77

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. This environmental rating system, developed using DBJ's unique methodology, is the world's first such financing menu.

As of March 31, 2015, we had provided financing under the DBJ Environmentally Rated Loan Program to 472 enterprises, with the cumulative total amounting to ¥807.5 billion.

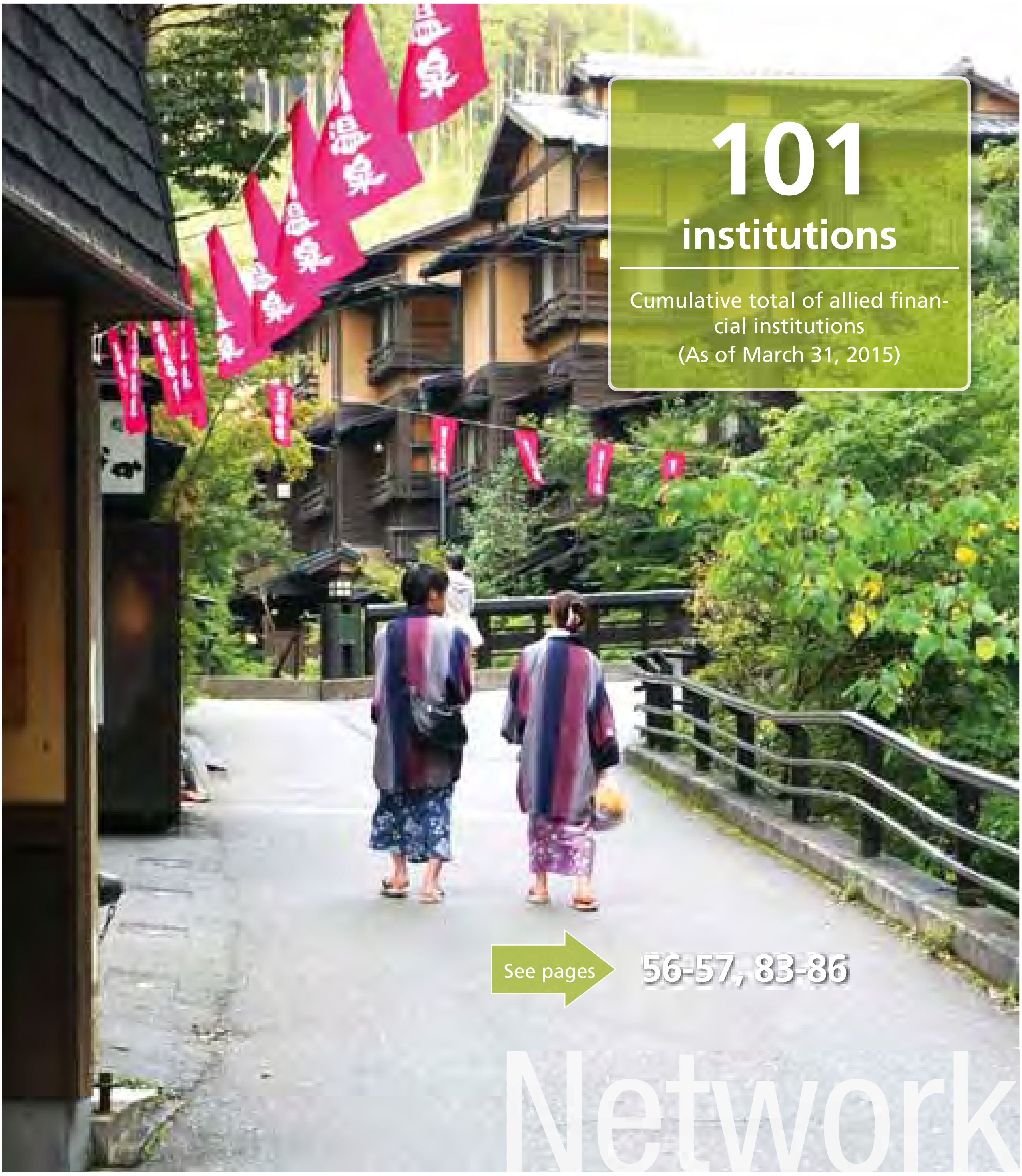


See pages 41, 76, 90-93

Regional Revitalization Initiatives

Stepping up its voluntary initiatives to address the variety of issues faced by regional communities, in September 2014 DBJ set up the Initiative for Creating Regional Futures. Through this initiative, we are putting all our energies into building systems for regional revitalization. By applying these systems, we are working to resolve regional issues through broad-based cooperation among industry, government, academia and financial institutions.

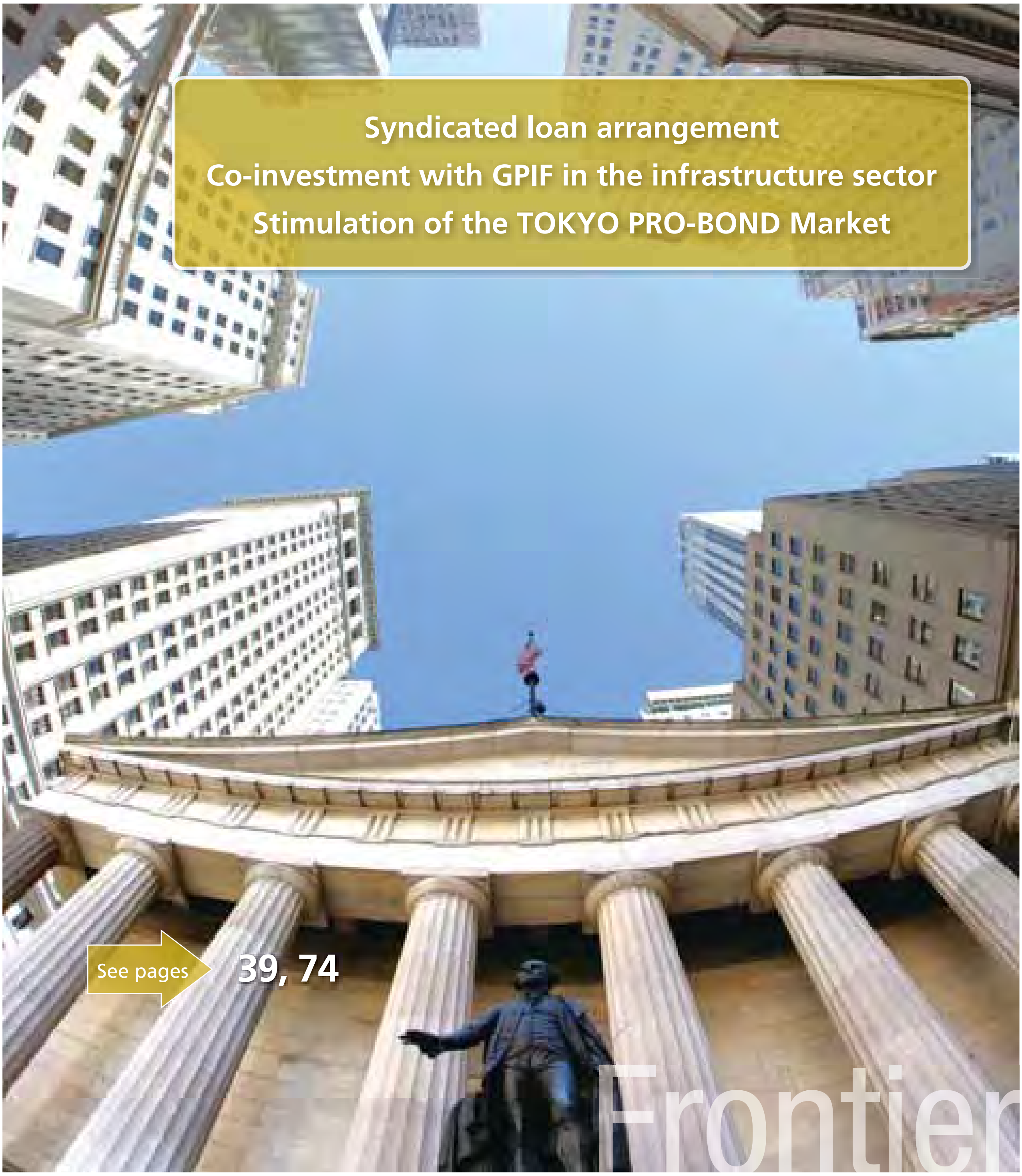
As of March 31, 2015, a cumulative total of 101 financial institutions had entered into business alliances with DBJ.



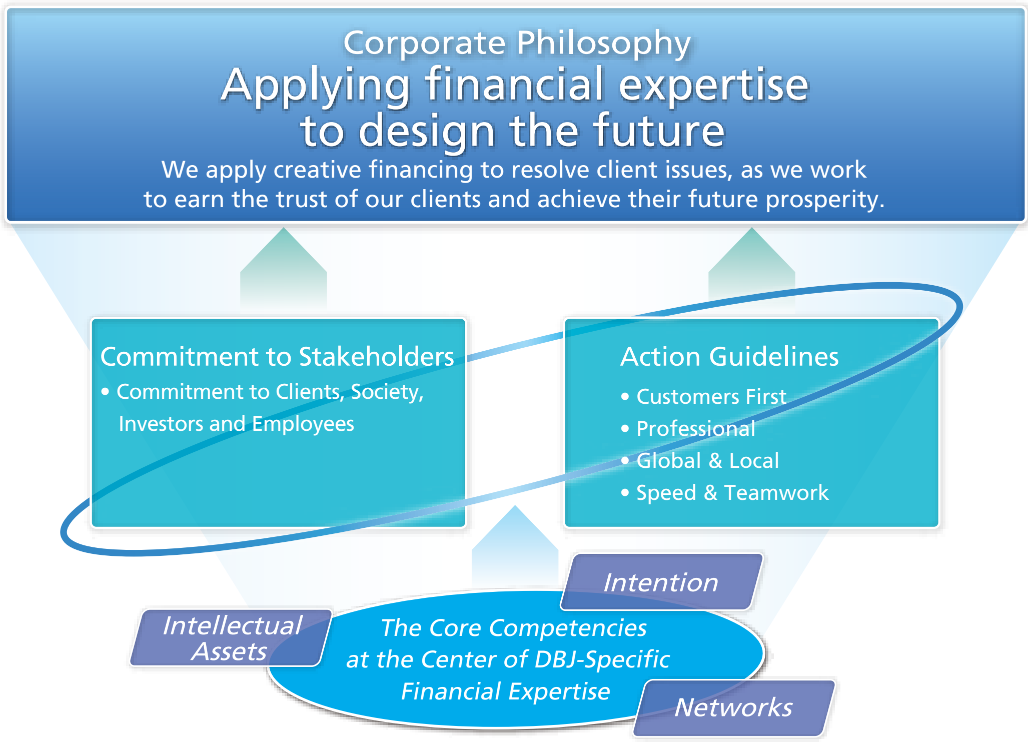
See pages 56-57, 83-86

Initiatives for Invigorating Japan's Financial and Capital Markets

DBJ's risk capital provision and other activities, such as asset management and arrangement of syndicated loans, create excellent opportunities. Taking advantage of collaborative fund management opportunities with regional financial institutions, the Government Pension Investment Fund (GPIF) and other organizations, we invigorate markets by creating new money flows. We also participate as a principal investor in the TOKYO PRO-BOND Market, stimulating it as part of our efforts to develop Japan's financial and capital markets.



See pages 39, 74



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, regional municipal bodies 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 capital
- 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

DBJ actions

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

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 crises (natural disaster or financial markets disruption, etc.)
- Use of analytical skills developed during normal times
- Coordination with the Japanese government

DBJ

Providing risk capital and knowledge (intellectual services) from a 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 financing and in collaboration with general financial institutions, enterprises and other entities, as well as through other forms of cofinancing and coinvestment.

<Case Studies> See pages 71-72, 75, 78-79, 82–83, 86–88.

(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 72, 74, 76, 78–79, 83, 87.

(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 73, 75–77, 80–82, 84-85, 88-89.

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 71-77.

(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 78–82.

(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 83–86.

(4) Strengthening the safety net

- DBJ will respond quickly and effectively to crises, whether natural or financial. It will conduct both Japanese 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 87–89.

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

Economic recovery

Rapid growth

Stable growth

Economic bubble

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.

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

Post-bubble

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.

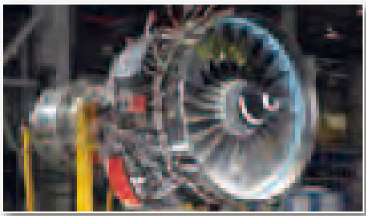
Through such methods as DIP financing, mergers and acquisitions, and business revitalization funds, DBJ supports local enterprises, helping communities maintain excellent supplies of technical expertise and employment opportunities.

Structural reform

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 risk capital provided through integrated investments and loans, DBJ addresses the various issues that clients face.



V-Lease Corporation

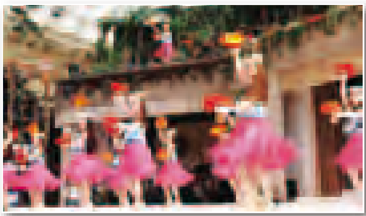
By applying the expertise it has cultivated to date, DBJ entered the business of operating leases for aircraft engines, of which core parts are produced by Japanese companies involved in heavy industry. Through this business, we aim to promote the further development of the Japanese airline industry.

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 risk capital through such methods as subordinated loans and preferred shares.



Joban Kosan, Ltd.: Spa Resort Hawaiians

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

Reinforcing the function of supplying growth capital

The Act for Partial Amendment of the Development Bank of Japan Inc. Act, which was enacted on May 20, 2015, created Special Investment Operations. This new investment scheme, a portion of the funding for which is provided by the Japanese government, is a temporary measure to intensively provide the growth capital needed to promote the competitiveness of Japanese enterprises and regional revitalization.

The Lehman shock / The Great East Japan Earthquake

DBJ's Activities Since Its Privatization (Conversion to a Joint-Stock Company)

On October 1, 2008, DBJ transitioned from a special public corporation to a joint-stock company. In preparation for full-scale privatization following the disposal of all Japanese government-owned shares, DBJ has continued working to enhance its corporate value through integrated investment and loan services. These activities include providing long-term loans; equity, mezzanine financing and other types of risk capital; and M&A advisory services.

On the other hand, shortly after DBJ's conversion to a joint-stock company, the Lehman Shock and the Great East Japan Earthquake occurred. The Japanese government called on DBJ to steadily mount large-scale Crisis Response Operations. Due to these crises, the Development Bank of Japan Inc. Act (Act No. 85 of 2007: "DBJ Act") was revised twice, with DBJ accepting an additional increase in Japanese government capital. Also, by the end of fiscal 2014 the Japanese government was to review DBJ's organization, including its shareholdings as stipulated by the revision.

As part of this structural revision, deliberations at the Japanese government's Study Panel Concerning the Promotion of Expanding Growth Funding covered such topics as DBJ's proper implementation of Crisis Response Operations, the importance of initiatives for providing growth capital (equity and mezzanine financing) to address shortages in Japanese financial and capital markets, and an evaluation of DBJ's initiatives following its conversion to a joint-stock company. The revised content of the act reflects these evaluations.

About the 2015 Revisions to the DBJ Act

Based on the deliberations of the Japanese government's Study Panel Concerning the Promotion of Expanding Growth Funding, the Act for Partial Amendment of the Development Bank of Japan Inc. Act, which was enacted on May 20, 2015, maintains the direction toward full-scale privatization. At the same time, in order to fully ensure the provision of funding in response to large-scale disasters and economic crises, the revised act makes DBJ's Crisis Response Operations obligatory for an indefinite period. From the perspective of promoting the provision of growth capital to revitalize regional economies and increase the competitiveness of enterprises, the revised act calls for DBJ to accept a certain amount of capital from the Japanese government (industrial investment). This investment is to be used for a new scheme, Special Investment Operations, to strengthen and develop the Fund for Japanese Industrial Competitiveness. In addition, with regard to the application of DBJ's investment and loan functions toward crisis response and the provision of growth capital, measures were introduced obliging the Japanese government to hold at least a certain percentage of DBJ's shares.

● Highlights of 2015 Revisions to the DBJ Act

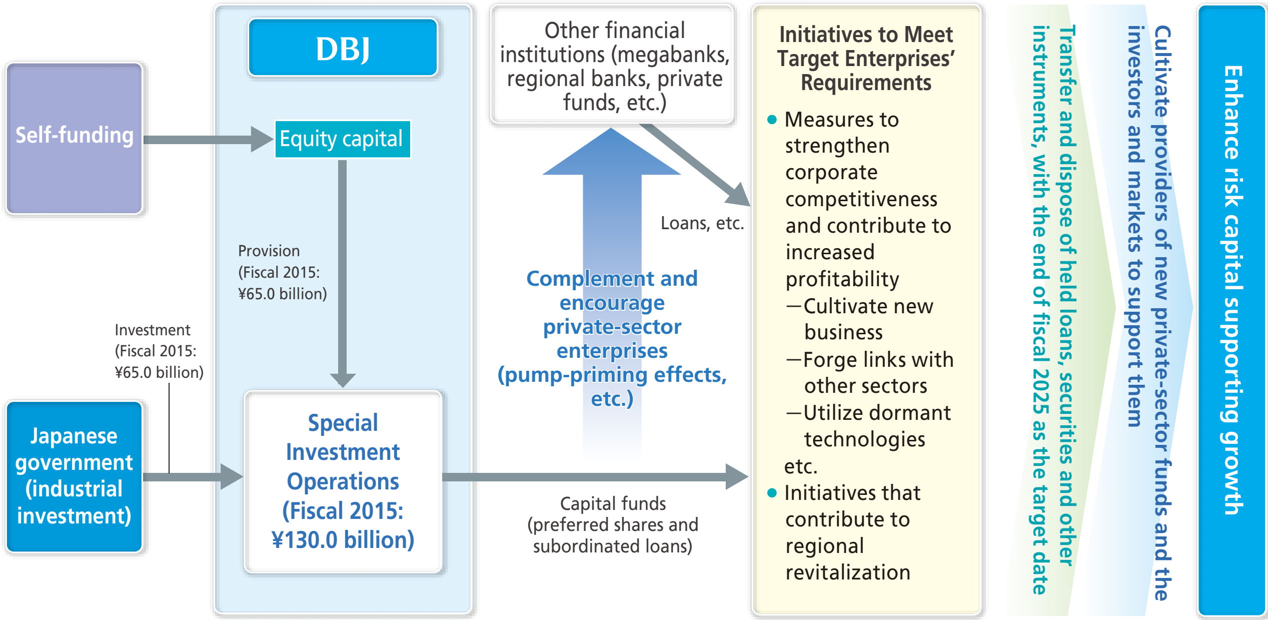
Before revision	After revision
1. Maintaining direction toward full-scale privatization	
Full-scale privatization and disposal of all Japanese government-held shares, targeting around five to seven years from April 1, 2015	• No changes in the main provisions, including Article 1 which stipulates DBJ's objectives • Disposal of shares as soon as practicable (considering its effect on achieving DBJ's objectives, as well as market situation)
2. Measures to ensure appropriate implementation of the Crisis Response Operations	
• Conducting Crisis Response Operations as a designated financial institution • Enabling Japanese government recapitalization in crisis response by March 31, 2015	• Assuming responsibility for Crisis Response Operations for an indefinite period (at the same time reflecting this obligation in the Articles of Incorporation) • Extending for an indefinite period the scope of Japanese government recapitalization securing DBJ's financial structure, with the Japanese government having such obligations as holding more than one-third of DBJ's shares
3. Establishment of a new Special Investment Operations scheme to provide growth capital in concentrated manner as temporary measure	
Provision of risk capital through the Fund for Japanese Industrial Competitiveness	• Reinforcement of the Fund for Japanese Industrial Competitiveness (a portion of the financial resources for which are provided through measures for industrial investment); implementation of Special Investment Operations as a measure for a limited period of time, through fiscal 2025 (at the same time reflecting this obligation in the Articles of Incorporation, complementing and encouraging private-sector enterprises, etc.) • Obligation that the Japanese government shall hold one-half or more of shares until the conclusion of the Special Investment Operations
4. Provisions referencing consideration for private financial institutions through ongoing Japanese government involvement	
As stated in the Third Medium-term Management Plan, sustain close communications, maintaining a focus on operations in collaboration with other financial institutions	• The Corporation shall, for an indefinite period, pay special attention in conducting its business so that it will not upset its appropriate competitive relationships with other business entities • The Japanese government shall hear the opinions of representatives of ordinary financial institutions and other relevant persons, concerning Japanese government revisions on an as-needed basis to Crisis Response Operations and Special Investment Operations

Note: Please refer to pages 126–136 for sections of the DBJ Act.

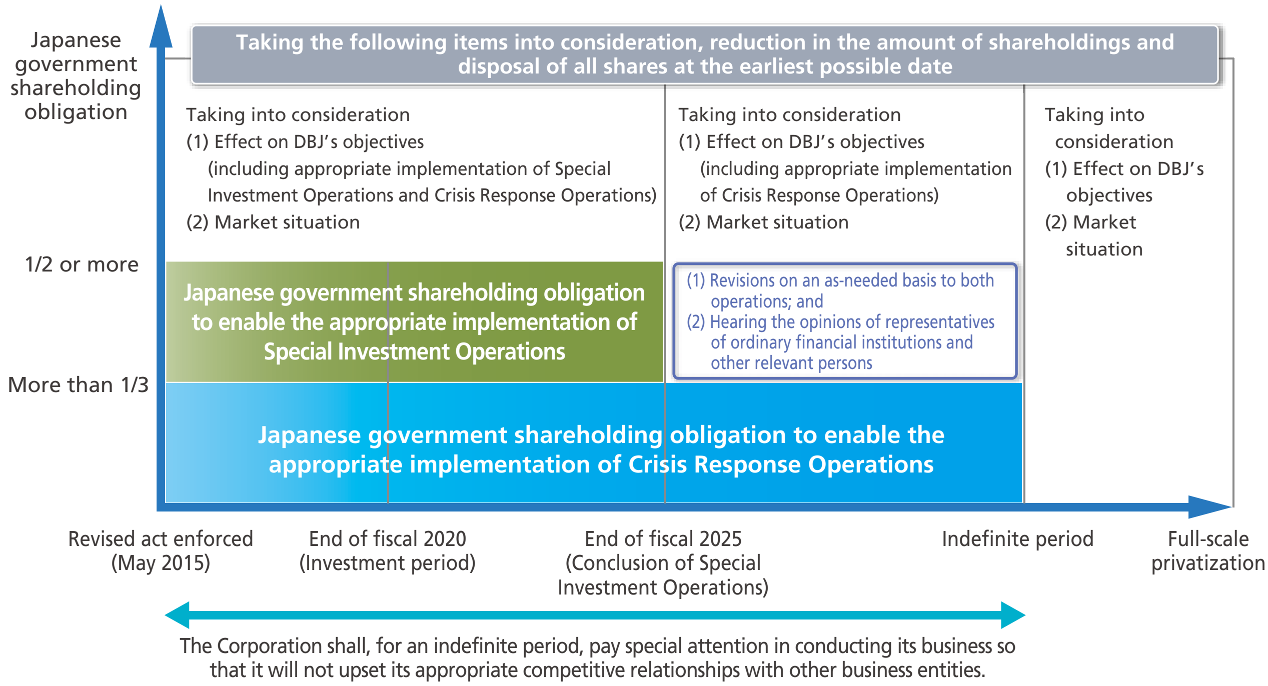
Establishment of Special Investment Operations as a New Investment Scheme

Based on an awareness that Japan's providers of and markets for growth capital, such as equity and mezzanine financing, are not yet mature, Special Investment Operations, as a new investment scheme, were established to provide growth capital in a concentrated manner as a temporary measure from the perspective of promoting the competitiveness of Japanese enterprises and regional revitalization. As a measure to strengthen and enhance the Fund for Japanese Industrial Competitiveness, established in March 2013, the Japanese government has provided a portion of this investment (industrial investment). In addition to our corporate activities such as ongoing support to Japanese enterprises cultivate new business and promoting new collaboration with other sectors, DBJ will continue to support efforts to its funding initiatives contributing to regional revitalization.

● **Overview of Special Investment Operations (Enhancement of Functions for Providing Growth Capital)**



● **Shares Held by the Japanese Government**
(It is assumed in the chart below that the obligation to conduct Crisis Response Operations will continue beyond fiscal 2025.)



Operating Results

Financial and Economic Environment

During fiscal 2014, overall the global economy was limited to modest growth. The U.S. economy continued to recover on the back of improved employment conditions, which prompted an upturn in personal consumption. In China, however, economic growth leveled off amid structural reforms in what is being termed the "new normal." Europe was also marked by economic deceleration across a broad range of countries that included Germany, which has been a driver of growth in the region, and deflationary concerns mounted.

Against this backdrop, the Japanese economy continued to post gradual year-on-year growth. After the April 2014 consumption tax hike, demand fell off in reaction to a surge in personal consumption and housing investment, but turned upward thereafter to expand at a slower pace.

For households, against the background of improved corporate earnings and labor demand indicators, such as a resumption of wage rises, there were steady improvements in employment and income. However, the consumption tax hike sapped purchasing power. For the corporate sector, despite some post–tax hike recovery in consumption, domestic demand proceeded at a slower pace. Ongoing yen depreciation pushed up corporate performance in export sectors, and dividend receipts from overseas subsidiaries increased. As a result, profits continued to rise year on year. Thanks to improved corporate earnings, capital investment increased modestly in the manufacturing sector, while the non-manufacturing sector maintained spending in line with the previous year's level. Owing to the global economy's gradual recovery and yen depreciation, exports continued to improve, particularly to other parts of Asia and the United States. In addition, lower crude oil prices also helped to stem the increase in imports, causing the trade deficit to shrink.

On the financial front, the Bank of Japan (BOJ) continued to purchase Japanese government bonds as part of its quantitative monetary easing measures, embarking on additional monetary easing on October 31, 2014. In response, long-term interest rates fell from around the low 0.6% range in April 2014 to the mid 0.3% range as of March 31, 2015.

Impacting currency exchange rates, whereas the BOJ moved forward with additional monetary easing, in October 2014 the U.S. central bank concluded its third round of quantitative easing (QE 3) and began looking to the possibility of raising interest rates. Caused by this disparity in financial policies, the yen continued to depreciate against the U.S. dollar, reaching a level of approximately ¥120 to the dollar by March 31, 2015. The yen also depreciated temporarily against the euro as a result of the BOJ's additional monetary easing. However, the European Central Bank also commenced additional quantitative easing measures in March 2015, causing the euro to depreciate back to the ¥129 range as of March 31, 2015.

The Nikkei stock average, in the ¥14,800 range on March 31, 2014, had risen to the ¥19,200 range as of March 31, 2015, as yen depreciation and other factors prompted expectations of improved corporate performance.

Looking at commodity prices, ongoing yen depreciation year on year caused the price of imports to rise, leading to a 1 percent increase in consumer prices (excluding perishable goods and the effect of the consumption tax rise) in the first half of fiscal 2014. These price rises dropped off substantially in the second half of the year, however, as the fall in crude oil prices picked up steam.

Progress and Results of DBJ Group Operations

Review of the Year Ended March 31, 2015

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, 2015. The figures provided for the loans, investment and consulting/advisory services described below are on a non-consolidated basis.

Loans

In addition to senior loans through traditional corporate loans, we have offered loans that employ advanced financial methods, such as non-recourse loans and other types of structured financing, meeting increasingly varying needs for funding. During the year ended March 31, 2015, we provided ¥2,262.7 billion in loans, including loans for Crisis Response Operations.

For details regarding loans in Crisis Response Operations, please refer to the section on page 51 entitled "Results of Crisis Response Operations."

Investment

With regard to client issues involving business expansion, and the formation of growth strategies and financial infrastructure, we have provided appropriate risk capital through provision of funds and other financing methods such as mezzanine and equity financing based on a long-term perspective. Above all, in recent years we have taken the approach of temporarily acquiring corporate shares to increase their value. Owing to these activities, ¥281.4 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 revitalize regional communities and assign advisors to support these activities. During the year, investment and loan commissions and fees from M&A and other advisory services amounted to ¥7.6 billion.

Subsidiaries

In June 2014, we accepted a transfer of shares held by Japan Asia Investment Co., Ltd. (JAIC) in its merger with DBJ-JAIC Investment Consulting (Beijing) Co., Ltd., converting the company to a wholly owned subsidiary, and the company's name changed to DBJ Investment Consulting (Beijing) Co., Ltd.

We expect the company, as a consolidated subsidiary, to enhance its structure for providing support to Japanese enterprises doing business in China. At the same time, we expect the company to respond to clients' broad-ranging needs by providing investment and loan support and advisory services.

Loans and Investments and Fund-Raising Conditions (Flow) (Non-Consolidated)

(Billions of yen)

	For the Year Ended March 31, 2014	**For the Year Ended March 31, 2015**
Loan and investment balance	2,943.3	**2,544.2**
Loans[*1]	2,805.1	**2,262.7**
Investment[*2]	138.2	**281.4**
Funds raised	2,943.3	**2,544.2**
Fiscal Investment and Loans	510.7	**661.6**
Of which, borrowings of FILP	300.0	**300.0**
Of which, government-guaranteed bonds (domestic)	110.0	**200.0**
Of which, government-guaranteed bonds (overseas)[*3]	100.7	**161.6**
Corporate bonds (FILP bonds)[*3, 4]	372.0	**3,74.8**
Long-term debt[*5]	753.1	**377.7**
Recovery, etc.	1,307.5	**1,129.9**

Notes: 1. Figures, including those for corporate bonds, are on a management accounting basis.
2. Figures, including those for securities, money held in trust and other assets (funds), are on a management accounting basis.
3. 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 at the time conditions are determined.
4. The figure does not include short-term corporate bonds.
5. Long-term debt borrowed from Japan Finance Corporation in conjunction with Crisis Response Operations amounted to ¥500.0 billion in fiscal 2013 and ¥113.0 billion in fiscal 2014.

Overview of Consolidated Operating Performance

Consolidated Financial Highlights

(Billions of yen)

	For the Year Ended March 31, 2014	**For the Year Ended March 31, 2015**
Total income	362.1	**339.9**
Net income	124.3	**92.7**
Total assets	16,310.7	**16,360.6**
Loans	13,838.4	**13,261.3**
Securities	1,637.5	**1,887.9**
Total liabilities	13,682.9	**13,613.3**
Borrowed money	9,182.6	**8,598.2**
Debentures and corporate bonds	4,237.4	**4,569.3**
Total equity	2,627.7	**2,747.2**
Common stock	1,206.9	**1,206.9**
Total capital ratio (Basel 3, BIS standard)	15.83%	**16.80%**
Ratio of risk-monitored loans (Banking Act base)	0.99%	**0.77%**
Return on equity	4.83%	**3.47%**
Return on assets	0.76%	**0.57%**
Number of employees	1,391	**1,407**

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

Consolidated Income and Expenses

During the period, DBJ posted total income of ¥339.9 billion, down ¥22.2 billion from the previous fiscal year. Of this amount, interest income was ¥235.6 billion, down ¥19.6 billion, and fees and commissions fell ¥5.2 billion, to ¥8.6 billion. Other operating income fell ¥2.6 billion, to ¥13.0 billion, while other income increased ¥4.9 billion, to ¥81.5 billion.

Total expenses were ¥186.0 billion, down ¥9.8 billion. This amount included interest expenses of ¥117.8 billion, down ¥14.3 billion, expenses on fees and commissions of ¥0.7 billion, increasing ¥0.4 billion, other operating expenses of ¥10.7 billion, rising ¥3.5 billion, and general and administrative expenses of ¥43.5 billion, which fell ¥3.8 billion, as well as other expenses of ¥13.1 billion, which increased ¥4.3 billion.

Net interest income fell ¥5.3 billion, to ¥117.8 billion, whereas net fees and commissions decreased ¥5.6 billion, to ¥7.9 billion. We posted net other operating income of ¥2.3 billion, down ¥6.1 billion from the preceding fiscal year. Moreover, DBJ recorded net other income of ¥68.4 billion, increasing ¥0.5 billion, owing to the reversal of allowances for loan losses.

Consequently, income before income taxes and minority interests came to ¥153.6 billion, down ¥12.3 billion from the previous fiscal year.

After posting current income taxes of ¥51.5 billion, ¥26.4 billion more than in the preceding fiscal year, deferred income taxes amounted to ¥7.3 billion, down ¥8.3 billion, and minority interests in net income increased ¥1.0 billion, to ¥1.9 billion. As a result, consolidated net income came to ¥92.7 billion, ¥31.5 billion less than in the previous term.

Consolidated Assets, Liabilities and Equity

As of March 31, 2015, total assets amounted to ¥16,360.6 billion, up ¥49.8 billion from one year earlier. Of that amount, loans were ¥13,261.3 billion, down ¥577.0 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 ongoing investment operations, securities expanded ¥250.3 billion from the preceding fiscal year, to

¥1,887.9 billion. Call loans and bills bought amounted to ¥335.0 billion at the end of the term, an increase of ¥248.0 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, 2015, stood at ¥13,613.3 billion, ¥69.6 billion less than a year earlier. Of this amount, debentures and corporate bonds came to ¥4,569.3 billion, an increase of ¥331.8 billion, and borrowed money was ¥8,598.2 billion, down ¥584.3 billion. The decrease in borrowed money mainly reflects the collection of crisis countermeasure loans and, accordingly, lower borrowings (two-step loans) from Japan Finance Corporation.

Also, acceptances and guarantees came to ¥167.4 billion, up ¥60.3 billion.

Total equity at the end of the period was ¥2,747.2 billion, up ¥119.5 billion from one year earlier. The primary reason for this rise was higher net income.

Also, in June 2014, 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, 2014, and a total amount of ¥30.8 billion, for dividends per share of ¥706, resulting in a payout ratio of 25.00%.

The unrealized gain on available-for-sale and other securities that DBJ holds independently, as well as shares in listed companies that DBJ owns through funds, came to ¥85.8 billion, up ¥48.0 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 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 totaled ¥102.2 billion (down ¥35.0 billion from one year earlier), accounting for 0.77% of total loans, 0.22 percentage points less than at the end of the preceding fiscal year.

Profit and Loss for Past Five Years (Consolidated)

(Billions of yen)

	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	**For the Year Ended March 31, 2015**
Gross operating profit	136.7	133.6	128.5	145.3	**128.1**
Net operating profit (after addition to the general provision for loan losses)	100.0	95.7	74.7	97.8	**84.5**
Income before income taxes and minority interests	104.3	110.2	116.2	166.0	**153.6**
Total income taxes	(1.3)	(31.9)	(44.5)	(40.8)	**(58.9)**
Net income	101.5	77.3	71.3	124.3	**92.7**
Total dividend amount*	50.0	37.3	35.2	30.8	**22.5**

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

Overseas Business

Since its privatization (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, it is working to expand its network with trustworthy partners. Through these efforts DBJ is 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 DBJ-JAIC 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 enterprises and other entities that are planning to commence operations in North America and South America, as well as overseas enterprises 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:	138 Market Street, #15-02 CapitaGreen, Singapore 048946
Chairman:	Kazunari Sasaki
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 enterprises

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 enterprises

Initiatives toward the Establishment of International Long-term Financial Markets

In line with the increased globalization of economies and finance, DBJ considers the establishment of efficient and stable international long-term financial markets to be important. Based on this conviction, DBJ joined the Long-Term Investors Club (LTIC), an international platform for financial institutions that conduct long-term financing in various countries, and the Long-Term Infrastructure Investors Association (LTIIA).

Established in 2009, LTIC is a global platform for cooperation among financial institutions in charge of long-term investment in various countries, reflecting change in the financial environment after the Global Financial Crisis. The LTIC promotes functions such as information sharing in long-term financing, academic study and research, and co-investment. Since 2014, DBJ has actively supported joint projects between the LTIC and the Organisation for Economic Co-operation and Development.

The LTIIA is a platform established in 2014 as an institution for offering recommendations on practical issues in relation to promoting infrastructure investment. DBJ participates in this organization as a founding member. A number of globally noteworthy infrastructure investors are also taking part, thereby encouraging practical measures for the promotion of infrastructure investment.

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 enterprises 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 enterprises.

Outline of DBJ Capital Co., Ltd.

Established:	October 2005 (Commenced operations on June 30, 2010)
Capital:	¥99 million
Business:	Investment in venture enterprises
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:	Suguru Takahashi

Value Management Institute, Inc.

In April 2013, DBJ converted Value Management Institute, Inc., to a wholly owned subsidiary. This company plays research and consulting roles that target both the private and public sectors in the DBJ Group. The company provides the solutions to resolve the problems clients face through independent knowledge concerning specialization and competitiveness.

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

2014

Apr.

- Expansion of the Regional Areas *Genki* Program (See page 44.)

May

- Formulation of DBJ's Third Medium-term Management Plan (See pages 18–19.)
- Receipt of one of the ADFIAP Awards 2014, for the DBJ Enterprise Disaster Resilience Rated Loan Program, at the ADFIAP annual meeting

Jun.

- Holding of the third DBJ Women Entrepreneurs New Business Plan Competition award ceremony
- Conversion of DBJ Investment Consulting (Beijing) Co., Ltd. (formerly DBJ-JAIC Investment Consulting (Beijing) Co., Ltd.) to a wholly owned subsidiary (See pages 25 and 28.)

Aug.

- Announcement of Capital Investment Planning Survey (nationwide and by region) results (See page 59.)

Sep.

- Establishment of the Initiative for Creating Regional Futures (See page 56.)
- Establishment of the Regional Revitalization Program (See page 56.)
- Symposium held to commemorate the 50th anniversary of establishment of the Research Institute of Capital Formation

Oct.

- Opening of PPP/PFI Academy (See pages 56 and 82.)
- Issuance of DBJ Green Bonds
- Announcement of Recommendations on Regional Revitalization (See pages 56-57.)

Dec.

- Formation of the Funding to Support Reconstruction and Growth Following the Great East Japan Earthquake (See pages 53 and 87.)
- Participation in and presentation at Japan's largest environmental exhibition, Eco-Products 2014 (14th consecutive year) (See page 68.)

2015

Mar.

- Holding of the Third UN World Conference on Disaster Risk Reduction Public Forum (See page 54.)

May

- Enactment of the Act for Partial Amendment of the Development Bank of Japan Inc. Act (See pages 22-23.)
- Establishment of Special Investment Operations (See pages 22-23, 36 and 71.)
- Establishment of the Social Value and Capital Formation M&A Awards
- Receipt of one of the ADFIAP Awards 2015, for DBJ Green Bonds at the ADFIAP annual meeting (See page 69.)

Jun.

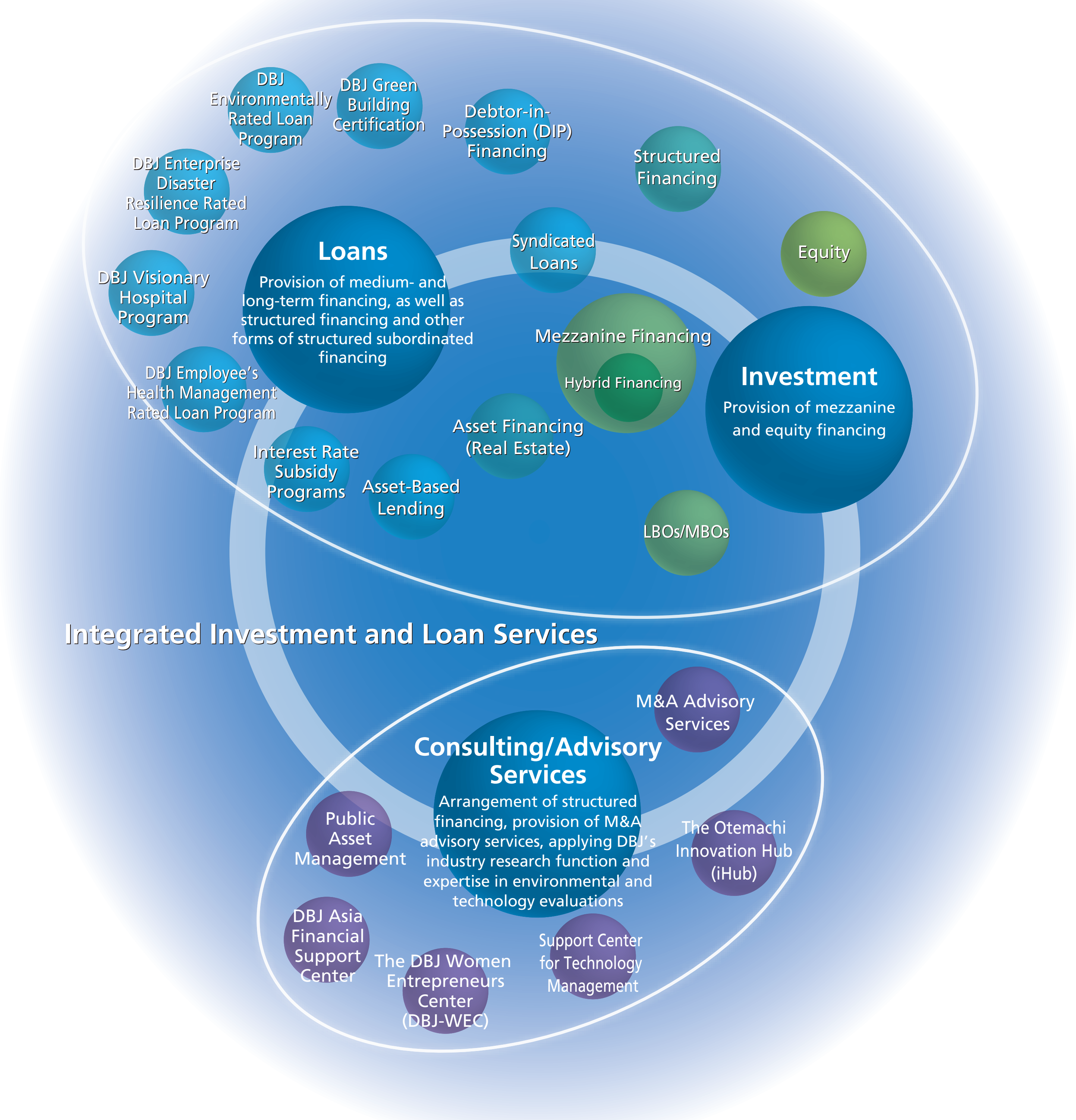
- Holding of the fourth DBJ Women Entrepreneurs New Business Plan Competition award ceremony (See page 48.)
- Establishment of the Growth Co-creation Facility (See page 36.)

DBJ's Businesses

To resolve the various issues that society faces and become its clients' most supportive financial institution, DBJ supplies long-term funds and provides risk capital, supports the formation of business and provision of information 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.

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 (DBJ Environmentally Rated Loan Program and other loans based on evaluations and certifications)
- 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.

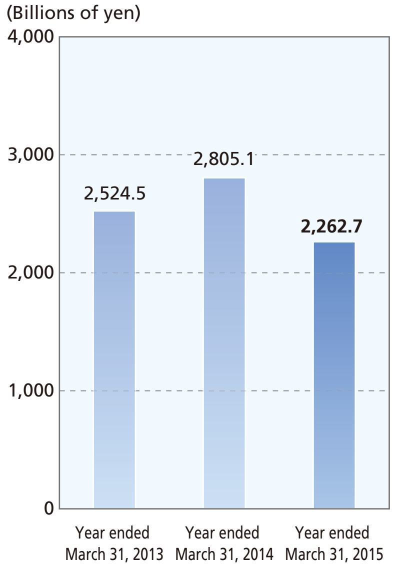
- We provide investment to assist businesses in terms of growth strategies, business restructuring, international competitiveness and infrastructure operations. We provide such funding through mezzanine financing, as well as through equity and other funding.

Consulting/ Advisory Services

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

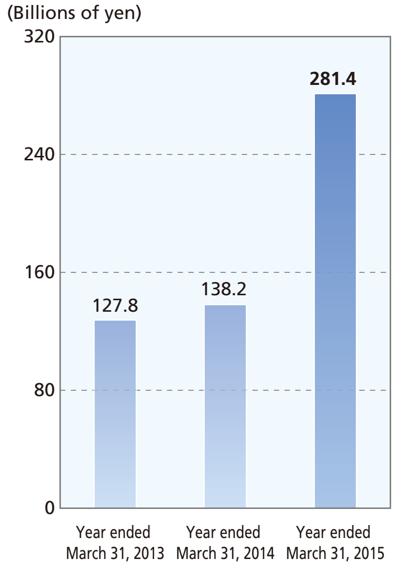
- Provides M&A advisory services
- Makes proposals that apply its expertise in industry research and ability to develop new financial technologies
- Arranges structured and other types of financing

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



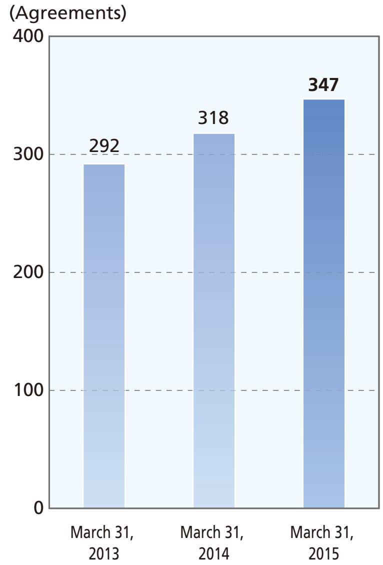
Note: Figures, including those for corporate bonds, are on a management accounting basis.

● **Investment Amounts 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)



DBJ's Businesses

Investments and Loans

DBJ provides medium- and long-term loans, meeting a host of client needs. In addition to senior loans—traditional corporate loans—we offer a range of other loans that employ advanced financial methods, such as project financing, non-recourse loans and other types of structured financing, meeting diversified needs for funding.

We also 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 risk capital based on a long-term perspective.

The case study section on pages 70 through 89 introduces DBJ's "CSR through Investment, Loan and Other Businesses."

Loan Procedures

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

Financing terms are discussed after DBJ has conducted comprehensive due diligence of the businesses of its client enterprises, 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 terms are set in consultation with our client enterprises according to factors such as repayment plans, business profitability and the expected life of equipment and/or facilities. Grace periods may be applied as needed.
- **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/or 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 may be 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 businesses.

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

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 comparatively risky 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. One of a diverse range of funding methods, mezzanine financing helps to ensure economic rationality by setting adequate interest rate and dividend levels to correspond to the investment 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.

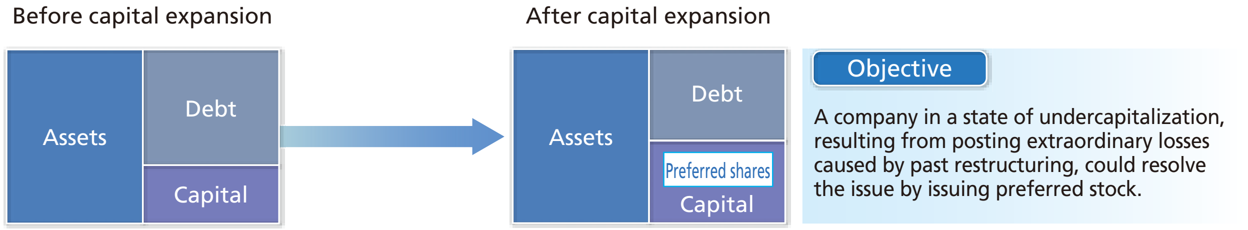
Mezzanine financing has the benefit of providing risk capital that may be difficult to obtain through senior loans. Such financing also prevents dilution of the voting rights of existing shareholders. Redemption and exit methods can be set to be flexible.

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.

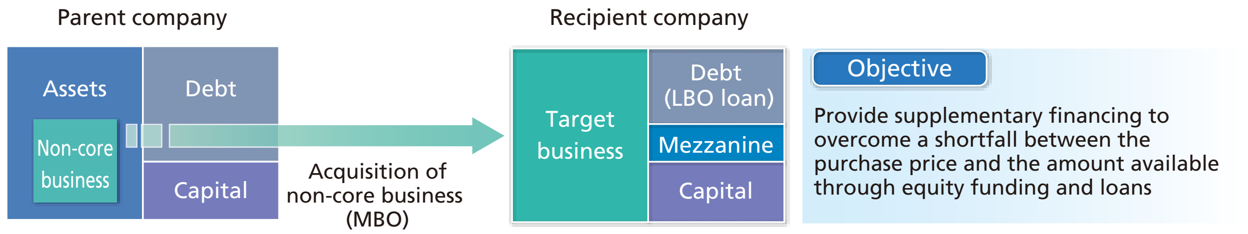
Types of Mezzanine Financing
- Subordinated loans, subordinated bonds
- Preferred shares, classified shares
- Hybrid financing, etc.

● **Case Studies: Mezzanine Financing**

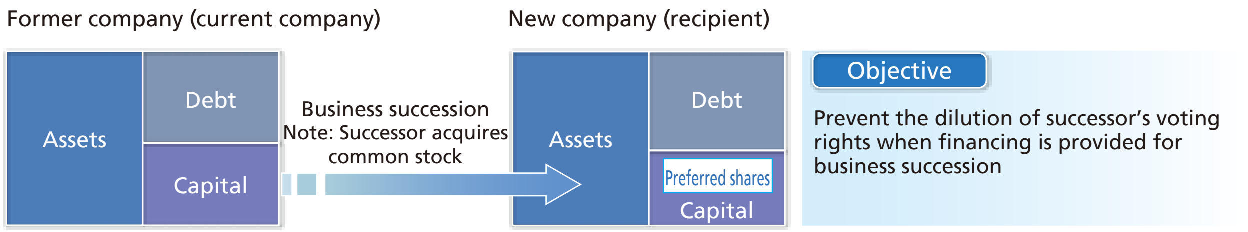
Case 1: Resolving an Undercapitalization Issue



Case 2: Supplementary Method of Financing a Business Acquisition



Case 3: Avoiding Dilution of Voting Rights during Business Succession



Equity

The needs for growth through such initiatives as new business creation, business restructuring, M&A activity and adaptation to globalization are on the increase. Against this backdrop, the necessity of corporate governance is proportionately rising. In turn, holding equity has become more important than ever before in corporate management.

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

- Injection of growth capital
  Inject capital into individual enterprises, special-purpose companies, various funds, etc.
- Globalization measures
  Support Japanese enterprises' efforts to expand overseas; help non-Japanese enterprises to expand in Japan's markets
- Post-investment provision of solutions
  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

Providing Growth Capital

As DBJ is expected to cultivate providers of growth capital for Japan and accelerate the creation of markets for growth capital*, in addition to focusing on such statutory operations as Special Investment Operations, we have taken the independent initiative of establishing the Growth Co-creation Facility. This facility promotes shared risk-taking in a wide range of growth investments among Japanese businesses, financial institutions and investors.

* According to the Japanese government's Study Panel Concerning the Promotion of Expanding Growth Funding, for the foreseeable future DBJ is expected to serve a pump-priming function to attract private-sector investment by cultivating new capital providers, markets and investors, fostering the development of an investment cycle led by the private sector.

DBJ's Provision of Risk Capital

Promoting shared risk-taking among Japanese businesses, financial institutions and investors

Statutory operations

◆ Special Investment Operations

- Effective use of management resources to cultivate new business
- New business development by forging links with other sectors

Also, with regard to growth investment:

- Initiatives that help to reinforce corporate competitiveness
- Initiatives that contribute to regional revitalization
- Initiatives that contribute to the supply of capital by financial and other institutions

Provision of risk capital for growth investment initiatives that are commencing

Independent initiatives

◆ Growth Co-creation Facility

- Forward-looking initiatives to prepare for future growth capital
  - Capitalization strategy
- Initiatives for accumulating investor capital
  - Formation of collaborative funds with financial institutions
  - Asset liquidation

Provision of risk capital as part of initiatives for future growth capital

- DBJ provisioning of seamlessly integrated investment and loan services, focused in particular on the provision of risk capital
- Support for efforts that resolve issues from a long-term perspective

Cultivation of providers of Japanese growth capital, creation of markets for growth capital

Further acceleration

Structured Financing, Financial Technologies

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 October 2008, DBJ has maximized its unique characteristics to meet Japanese enterprises' increasingly diverse and global needs. We provide all-around support by offering project finance, PFIs, object finance, securitization and various other financial products and optimal financing methods (senior loans, mezzanine loans, equity, etc.) to our clients both in Japan and overseas.

● Project Financing

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

● Securitization

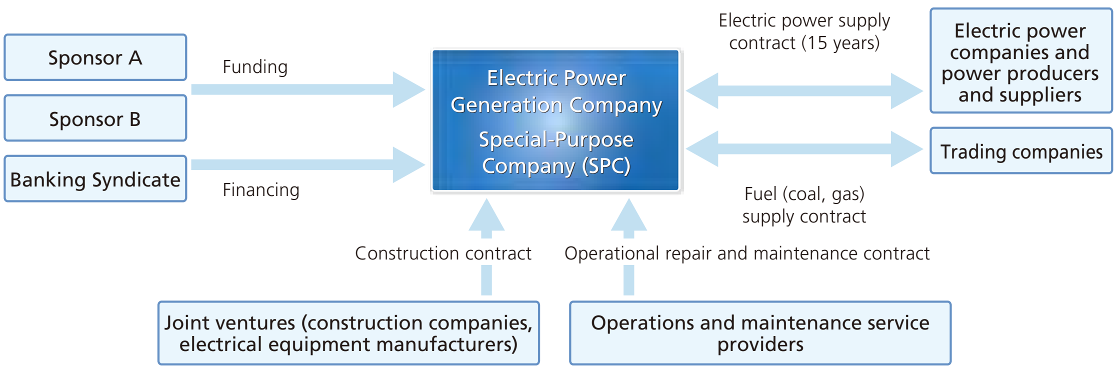
Through finance methods such as liquidation and securitization of receivables focusing on their future cash flows, and through whole business securitization in which debts are repaid through future cash flows generated by a particular business, DBJ supports its clients' finance strategies and helps optimize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

● PPPs and PFIs

Since the Japanese government's enactment of the PFI Act* in 1999, DBJ has taken advantage of its strong relations with public-sector entities to accumulate expertise and become an industry leader in such schemes, providing PFI support to numerous clients. 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 condition 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 investments 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 enterprises or businesses using borrowed money. If the enterprise or business that is being acquired generates fixed cash flows, the acquirer (typically, the sponsor providing equity) can purchase the business or enterprise for relatively little cash. For this reason, the borrowed funds are considered the "lever" that multiplies the return on the purchaser's funds. As LBOs typically involve large amounts of borrowings, the underlying business needs to generate steady cash flows.

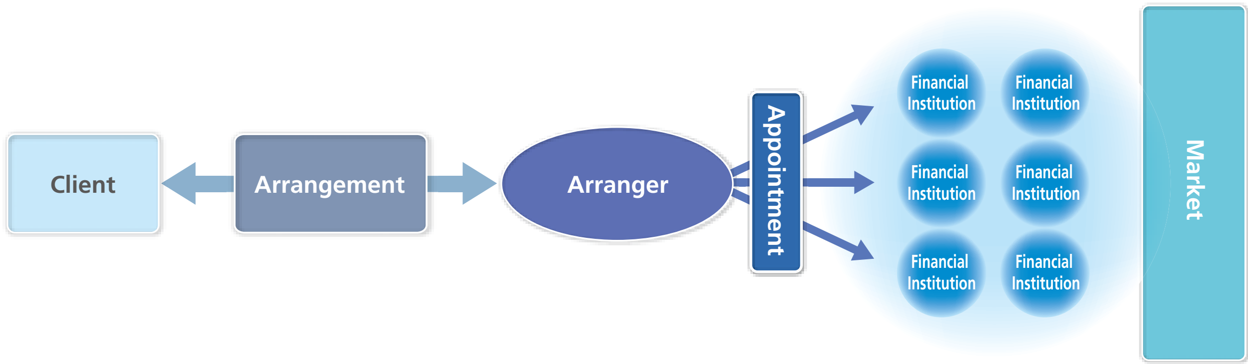
Management buyouts (MBOs) involve the acquisition by the existing corporate management of a company's shares or operations. As the existing management team typically has a limited amount of cash available, MBOs generally require that funds be raised to acquire an operation. For this reason, an MBO may take the form of an LBO. In the event that borrowed funds alone are insufficient, the management team may look to and partner up with a buyout fund for equity as a joint sponsor. In recent years, MBOs have been used more frequently by listed companies that are delisting and by owner-operated enterprises.

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.

Syndicated Loans

This type of loan involves multiple financial institutions that are combined into a syndicate under a lead-managing financial institution (an arranger). The agreement with the client is based on a single contractual document, and financing is provided cooperatively according to a single set of terms. There are a number of clear advantages on the client side in this type of loan. Having a single arranger in the point negotiating position with financial institutions reduces the burden for client, as does conducting settlement operations through that agent. Large amounts can be raised expeditiously. The number of financial institutions involved in the transaction can be increased by the arranger's appointment, and clarity of borrowing terms is ensured.

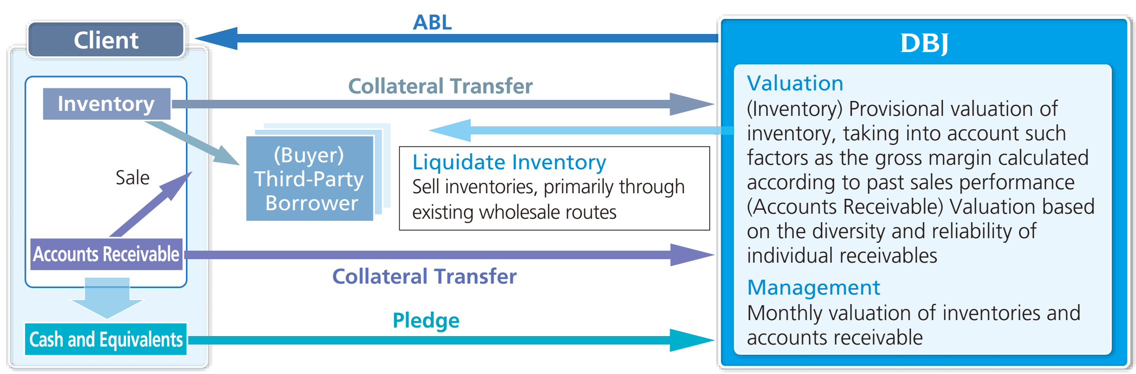
As part of its services, DBJ actively structures loans, centering on term loans. DBJ invites a wide range of financial institutions to participate, making use of its neutral standpoint. Structuring loans to include some items from its own lending menu, such as the DBJ Environmentally Rated Loan Program,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



Asset-Based Lending

Asset-based lending (ABL) is a method of financing that uses as collateral an enterprise's liquid assets, such as aggregate movable property, inventory collateral and accounts receivable. Customers can take advantage of this method to diversify financing methods and carry out expeditious fund-raising, debt restructuring and the sale of surplus inventories, as well as to enhance the robustness of internal control systems.

As a front-runner, DBJ has gained abundant experience in corporate revitalization financing. In order to both achieve the goals of supporting enterprises and secure lender's claims, DBJ has developed and put into use ABL schemes. Going forward, we plan to apply this expertise to develop ABL schemes that provide enterprises with growth capital.

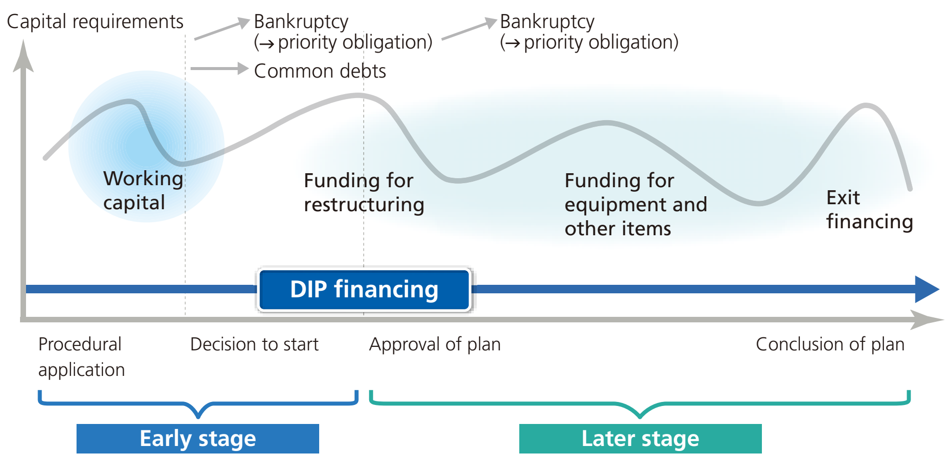


Debtor-in-Possession Financing

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 enterprises sustain or develop profitable areas of operations. One method of which DBJ is a proponent is early-stage 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 nearly four decades. DBJ developed a screening (rating) system that scores enterprises on the level of their environmental management and then sets financial conditions based on these evaluations. This was the world's first incorporation of environmental ratings in financing menus. In fiscal 2014, we substantially revised the evaluation items based on our 10-year track record in these evaluations and a growing interest in incorporating non-financial information as elements of corporate value.

Also, employing the experience we gained through the DBJ Environmentally Rated Loan Program, in fiscal 2009 we began offering a service to help regional banks develop evaluation tools to use in performing their own environmental ratings. Through such initiatives, we aim to augment environmental financing and encourage its proliferation in Japan.

Program logo

Features

- Varying interest rate levels based on environmental ratings
- Fair and neutral evaluation based on global environmental trends
  Based on information exchanges with the United Nations Environment Programme Finance Initiative (UNEP FI) and the Ministry of the Environment, DBJ developed a screening sheet containing approximately 120 questions.
  DBJ convenes an Environmental Ratings Advisory Committee after seeking advice from outside experts; screening questions are renewed annually.
- 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 supporting disaster-resilient city planning and 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, the earthquake-proofing of facilities and the preparation of IT backup systems. At the same time, DBJ offers financing methods to provide restoration funds needed in time of disaster. DBJ Enterprise Disaster Resilience Rated Loan Program is employed in evaluations to identify enterprises 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 evaluations. In this manner, we introduced the world's first BCM-based financing method.

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

The DBJ Disaster Preparedness Ratings both (1) are expressions of evaluation results and (2) promote broad awareness of the concept of BCM. Aiming to realize the goal of a "resilient Japanese society through BCM ratings," in 2012 we changed the name of these ratings to the "DBJ Enterprise Disaster Resilience Rated Loan Program."

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

Program logo

Features

- Varying interest rate levels based on BCM ratings
- Fair and neutral evaluation based on global crisis management trends
  Based on information exchanges with the Japanese government's Cabinet Office, the World Economic Forum, the UN World Conference on Disaster Risk Reduction, NPOs and other experts, DBJ developed a screening sheet containing approximately 100 questions.
  DBJ convenes a BCM Rating Advisory Committee after seeking advice from outside experts; screening questions are renewed annually.
- 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 in December 2015 it will become obligatory for businesses to evaluate employee stress levels. 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 enterprises 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. DBJ is the first institution in the world to offer a financing menu incorporating employee health management ratings.

DBJ健康格付
2015

Program logo

Features

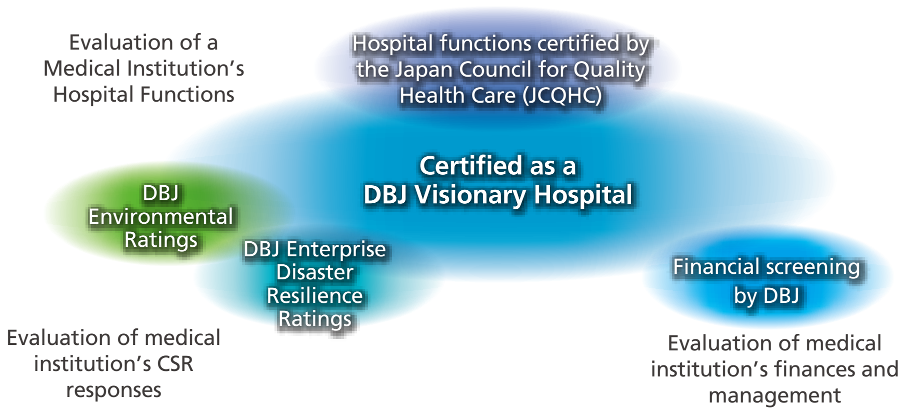
- Varying interest rate levels based on Employee Health Management Ratings
- Formation of the Health Management Consortium, consisting of institutions focused on preventive healthcare and development of screening sheets to promote the Health Management Project as an ancillary activity for METI
- Ratings 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.

Features

- Interest rate levels that vary based on the DBJ Environmentally Rated Loan Program and DBJ Enterprise Disaster Resilience Rated Loan Program
- Certified hospital's environmentally conscious initiatives and disaster-preparedness measures that are expected to create broad appeal for 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 March 2013, we commenced the joint operation of this certification system with Japan Real Estate Institute (JREI). In addition to existing editions for office buildings and logistics, in November 2014 we added an edition for commercial facilities, followed by the January 2015 addition of a residence edition. These changes increased to four the type of properties eligible for certification. 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.

Features

- Takes into account initiatives requested by a variety of stakeholders in addition to environmental performance
- Provides five levels of certification based on scoring results
- Allows a lineup based on facility upgrades, operational improvements and various other proactive client measures

● Overview of the DBJ Green Building Certification

Evaluation Items Real estate evincing environmental and societal considerations, evaluated in terms of the following three characteristics

Ecology

Reducing the burden buildings place on the environment
- Building's energy-saving performance initiatives toward the conservation of resources
- Production and use of renewable energy, etc.

+

Amenity, Diversity & Risk Management

Diversity in supply of comfort/Safety and security
- Comfortable facility specifications; equipment that is convenient for people who use the building
- Building disaster performance, security, etc.

+

Community & Partnership

Relationships with stakeholders and surrounding community
- Relationships with the surrounding environment and region
- Communication between owners, stakeholders, etc.

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

Properties with the highest level environmental & social awareness	Properties with exceptionally high environmental & social awareness	Properties with excellent environmental & social awareness	Properties with high environmental & social awareness	Properties with sufficient environmental & social awareness

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 potential from information and funding aspects. 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 "enterprises that contribute to the region."*[2] By further bolstering activities on the financial and information fronts for enterprises that contribute to their regions, DBJ is helping to foster a virtuous circle of *genki* between regions and enterprises.

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

*[2] Enterprises that contribute to the region: Enterprises that create employment opportunities and utilize the region's personnel and resources, effectively employing people, physical goods and money for the good of the region, including increasing its productivity.

● **Regional Areas *Genki* Program**

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

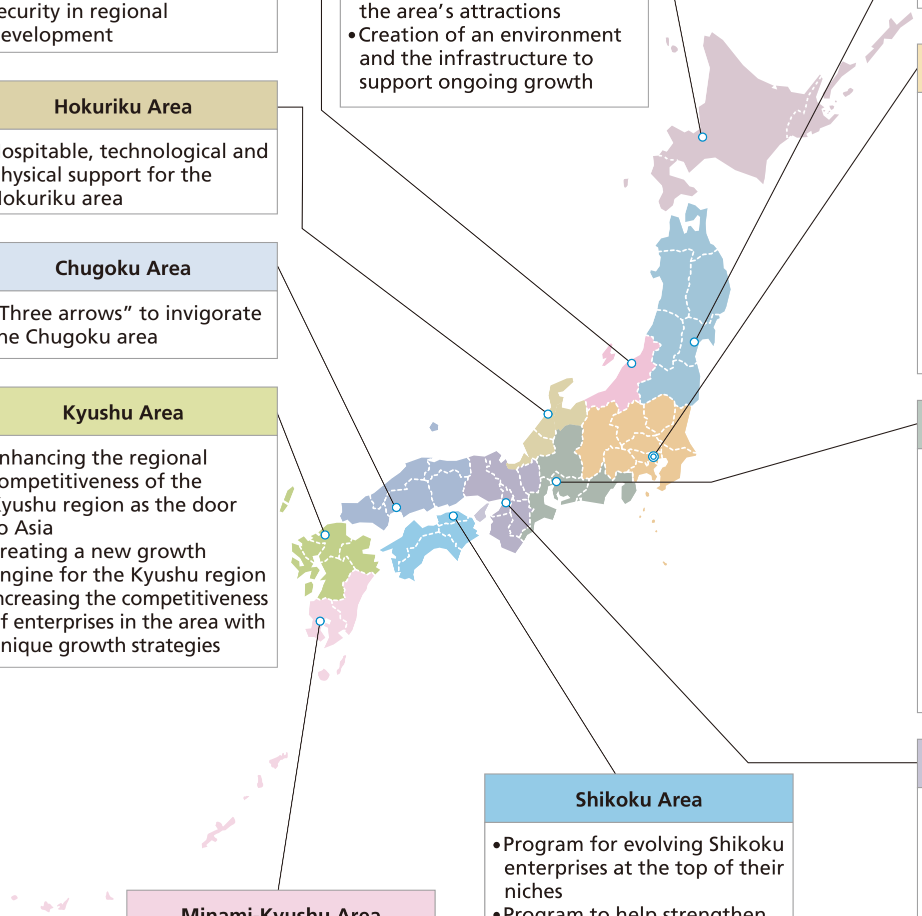
Hokkaido Area
- Strengthening of the food value chain to drive growth
- Development of the tourism industry by communicating the area's attractions
- Creation of an environment and the infrastructure to support ongoing growth

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 enterprises 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 enterprises
- 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 enterprises 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 endorsed by the Japanese government in line with the regional revitalization plans of regional municipal bodies certified by the Japanese 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 regional revitalization**
  These interest subsidy systems target operations endorsed by the Japanese government in line with plans for comprehensive special zones of regional municipal bodies certified by the Japanese government.
- **Interest rate subsidy system for special zones for reconstruction**
  This interest rate subsidy system targets operations endorsed by the Japanese government in accordance with the reconstruction plans of regional municipal bodies certified by the Japanese 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 Japanese 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 enterprises 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 enterprises 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 enterprises 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 enterprises that are promoting the conservation of energy by a certain amount.
- **Interest rate subsidy programs to fund effective resource use and other activities**
  These interest rate subsidy programs can be used by enterprises that are using resources at highly effective levels.

Crisis Response Operations

Crisis Response Operations, on the basis of the Japan Finance Corporation Act (Act No. 57 of 2007, including later revisions) consist of the provision of necessary funds during such crises as disruptions in domestic or overseas financial markets or large-scale disasters. In response to crisis-related damage, Japan Finance Corporation provides two-step loans as complementary risk and other measures to government-designated financial institutions (designated financial institutions) that supply necessary funds to address crisis damage.

At the time of its establishment, DBJ was designated as such a financial institution, as was Shoko Chukin Bank Ltd. In accordance with this designation, DBJ commenced its Crisis Response Operations in October 2008.

Thereafter, the Lehman Shock and the Great East Japan Earthquake occurred, and the Japanese government called on DBJ to steadily mount large-scale Crisis Response Operations. Due to these crises, the DBJ Act was revised twice. By accepting an additional capital increase from the Japanese government, DBJ was able to create sufficient preparations and smoothly conduct Crisis Response Operations.

The 2015 revisions to the DBJ Act evaluated the role DBJ has played through its Crisis Response Operations and absence of private-sector financial institutions following the Lehman Shock and the Great East Japan Earthquake. DBJ became obliged to implement Crisis Response Operations for an indefinite period. (See pages 50–55.)

Consulting/Advisory Services

We offer consulting and advisory services and make use of networks with allied financial institutions. Through our consulting and advisory support services, we help clients in various industries and of various sizes 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 73 introduce DBJ's "CSR through Investment, Loan and Other Businesses" approach.

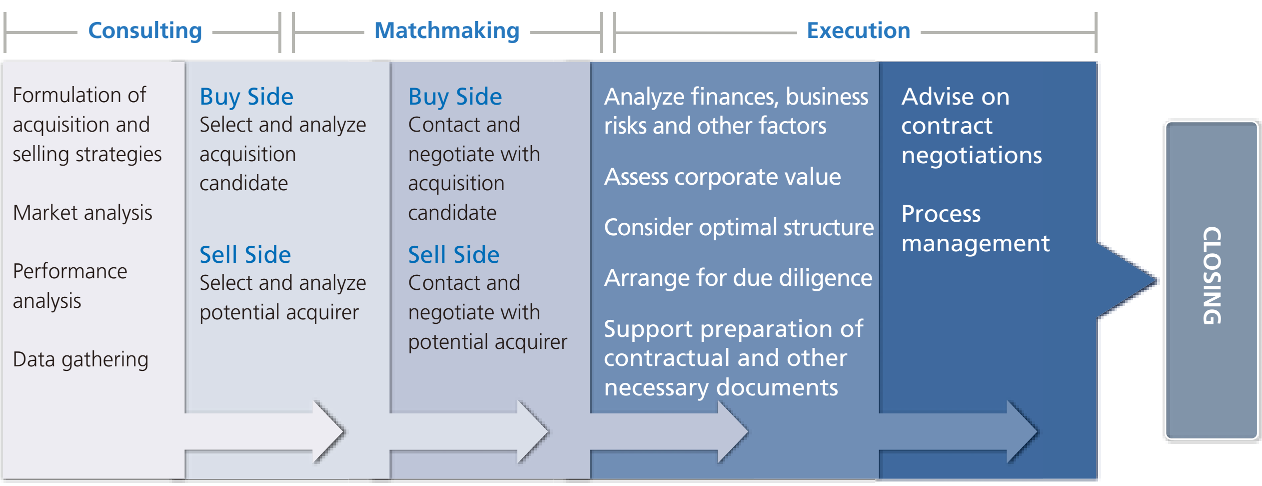
M&A Advisory Services

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 regional 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 April 2013, we opened the Otemachi Innovation Hub (iHub) within DBJ's headquarters building. This organization is designed to set the foundations for resolving societal issues by leveraging DBJ's neutrality and extensive network and combining this with dormant corporate expertise, thereby serving as a new "opportunity" for value creation.

To contribute to regional revitalization, in fiscal 2014 iHub pursued regional developments that sought to combine an awareness of issues and conditions within individual regions with open innovation activities involving diverse partners, such as enterprises, government offices and regional municipal bodies. Key activities include a healthcare-related symposium in Kansai, an activity in Hiroshima aimed at creating "constructive new ideas," and "iHub Creating Regional Prospects," a videoconference linking DBJ's head office with five other locations throughout Japan in a workshop aimed at co-creation.

● Typical Examples of iHub Regional Developments

Region	Date	Theme
Kanto/Tokyo	May 2014	Workshop for employees of regional municipal bodies
	December 2014	iHub Creating Regional Prospects (held via a videoconferencing system connecting five locations across Japan)
Hokuriku	From December 2013	Participation in the Hokuriku regional alliances platform
Toyama	November 2014, May 2015	Workshop entitled "Eliciting Dormant Expertise in Toyama"
Hamamatsu	February 2014	Opportunity to introduce new businesses generated by the region
Tokai	June–October 2015	Opportunity for new value creation by Tokai B2B enterprises
Kansai	From December 2013	Healthcare
Hiroshima	February 2014	Workshop on creating new businesses
	June–October 2014, June–September 2015	Opportunity to jointly consider new business ideas
Kochi	May–September 2015	Opportunity to create new businesses by leveraging regional resources
Kyushu	From December 2013	Participation in "Future of Kyushu 2030"

Support Center for Technology Management

DBJ established the Support Center for Technology Management 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 enterprises 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 enterprises across a broad spectrum in the manufacturing sector, we support ecosystems (relations between enterprises) and the creation of business models from the viewpoint of innovations (new combinations) that include deliberation on technology management strategies to resolve social issues. We provide additional evaluations based on our expertise in business screening and, through consultations on business and financial strategies, help clients consider their optimal growth 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	Expertise on value designing 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

Support Center for Technology Management

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

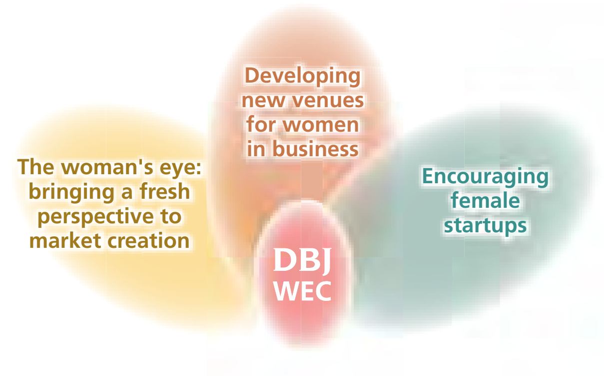
The DBJ Women Entrepreneurs Center (DBJ-WEC)

To lead the Japanese economy which has entered gradual recovery to sustained growth since the end of 2012, the Japanese government has identified “strengthening the utilization of human resources” as a key growth strategy. To enable women to play an increasing role, businesses created from a new female perspective are considered likely to provide a driving force for new creation of markets 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 female entrepreneurs. The winner of the competition (i.e., a new business plan with a superlatively innovative and operational idea) 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. Notably, in the Fourth DBJ Women Entrepreneurs New Business Plan Competition, we established the Regional Future Award, for business plans that effectively utilize human and other resources within a region, as well as evaluate other initiatives that contribute to regional growth, such as community and industrial development that draws human resources to a region.

In the future, the center will continue to work with regions and specialists to help female managers turn their ideas into developing businesses.



The DBJ Women Entrepreneurs Center

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

Grand prize winner of the fourth annual competition: Ms. Rika Yajima (Representative Director, aeru K.K.)

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 enterprises and other entities in their regions to promote business in other parts of Asia.

The center’s role is as a liaison to help small and medium-sized enterprises with their various needs in developing business operations in Asia from the information aspect in cooperation with regional banks throughout Japan. 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 May 31, 2015, the center has a membership of 67 regional banks and has fielded a total of 1,632 inquiries. Breaking down inquiries by country, the majority were in relation to China, Thailand, Vietnam or Indonesia, and inquiries concentrated on such topics as market research and business matching. In 2014, we began 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 regional municipal bodies from a management perspective for the purposes of overall planning, control, use and disposal.

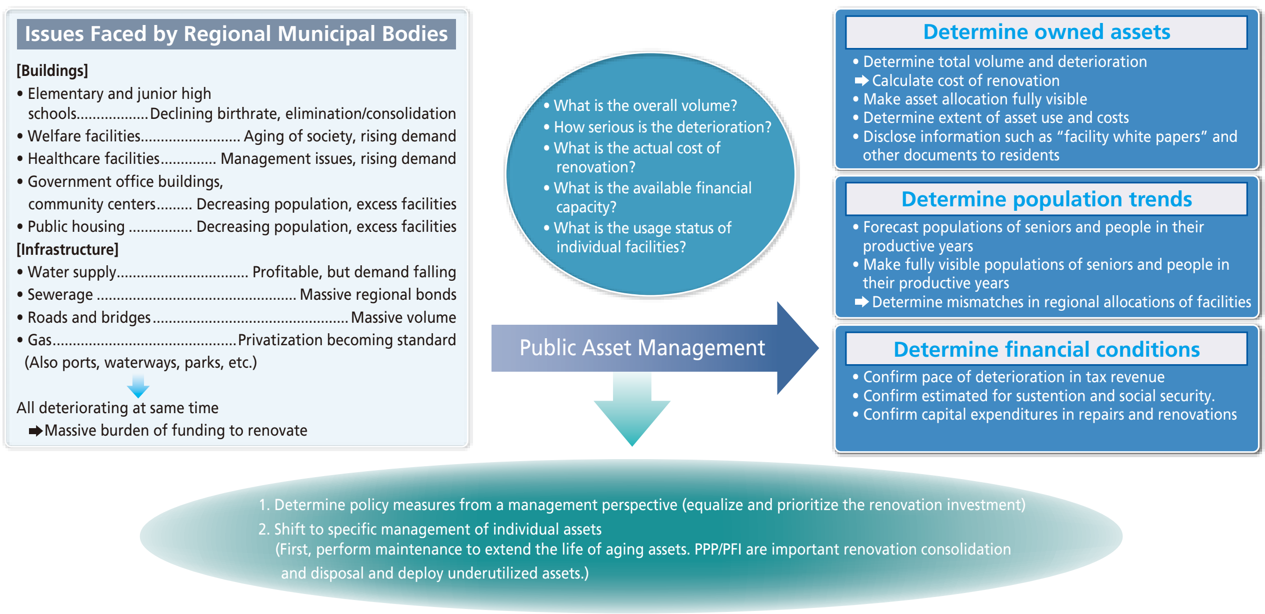
The public assets owned by regional municipal bodies are many and varied. They include buildings, such as schools, public offices and community centers, as well as waterworks, sewerage, roads and other infrastructure. Two major issues have come to the fore in this category in recent years.

The first is that public assets 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 and contents needed to serve the needs of residents. Going forward, as the overall population shrinks and the average age rises, regional municipal bodies will face major changes in the amount and types of public assets that are necessary.

However, the combination of long-term economic malaise and a decrease in the percentage of the population in their productive years is likely to cause tax revenues to fall and welfare budgets to increase. Owing to factors such as these, it may become difficult to secure the budgets necessary to renovate or reallocate public assets that have deteriorated or become underutilized.

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

DBJ is working with Japan Economic Research Institute Inc. in this regard. We help in perceiving the status of facilities, such as by formulating white papers for public facilities. And we assist in optimizing initiatives by drawing up overall management plans for public facilities and encouraging the introduction of PPP/PFI for individual model businesses.

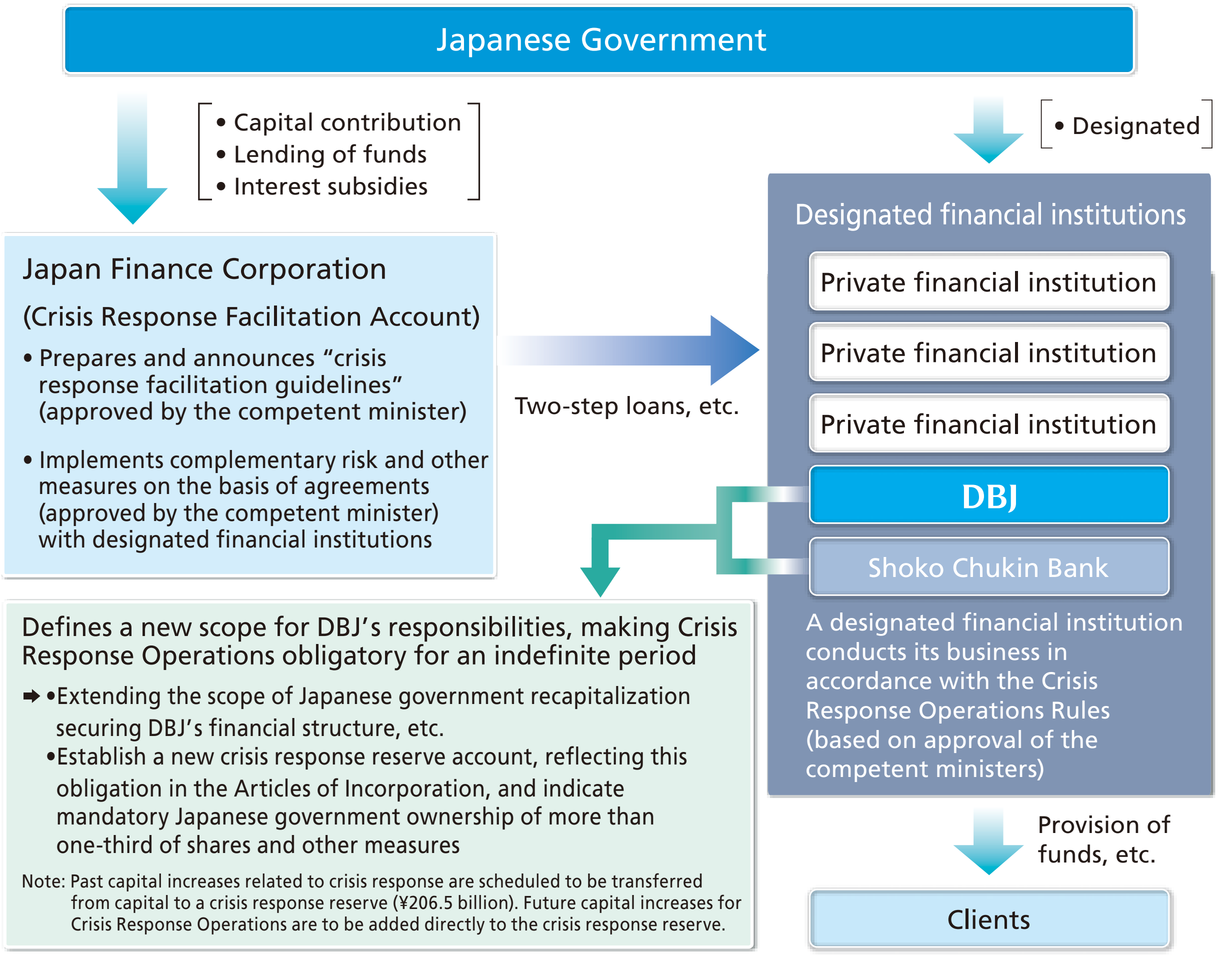


Crisis Response Operations

Crisis Response Operations, on the basis of the Japan Finance Corporation Act (Act No. 57 of 2007, including later revisions) consist of the provision of necessary funds during such crises as disruptions in domestic or overseas financial markets or large-scale disasters. In response to crisis-related damage, Japan Finance Corporation provides two-step loans as complementary risk and other measures to government-designated financial institutions (designated financial institutions) that supply necessary funds to address crisis damage.

During the Lehman Shock and the Great East Japan Earthquake, DBJ was involved in large-scale Crisis Response Operations. The 2015 revisions to the DBJ Act evaluated the role DBJ has played through its Crisis Response Operations and absence of private-sector financial institutions. DBJ became obliged to implement Crisis Response Operations for an indefinite period.

● Crisis Response Operations Scheme



The Great East Japan Earthquake

In response to the March 11, 2011, Great East Japan Earthquake, DBJ, as a designated financial institution for Crisis Response Operations, 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.

Given the shift from the "restoration stage" to the "reconstruction and growth stage," we are working with regional financial institutions and others to provide risk capital

Please see pages 53–55 for "Initiatives Related to the Great East Japan Earthquake."

Results of Crisis Response Operations

On October 30, 2008, the Japanese government established "lifestyle measures," providing financing to set Crisis Response Operations by Shoko Chukin Bank and DBJ in motion in response to the worsening corporate cash flow conditions resulting from the global financial and economic crisis that began 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 budget expansion and the commencement of acquisition of commercial paper, and labeled Cash flow Countermeasures for Medium-Sized and Large Enterprises Employing the Crisis Response Operations of the Japan Finance Corporation. On January 27, 2009, the Japanese government regulations were amended, and other measures were taken, 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 enterprises. 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 enable the smooth implementation of Crisis Response Operations.

On March 12, 2011, Minister of Finance decided to implement Crisis Response Operations related to the Great East Japan Earthquake one day earlier. 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.)

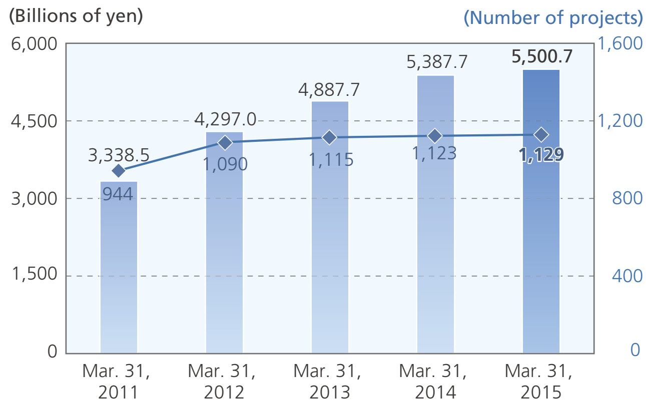
As of March 31, 2015, DBJ's cumulative loan performance and commercial paper acquisitions of crisis countermeasure loans were as follows.

- Loans: ¥5,500.7 billion (1,129 projects)
- Loans executed with loss guarantee agreements: ¥268.3 billion (47 projects, including those slated for application to JFC)
- 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 Japan Finance Corporation on the basis of the agreements.

*2 A portion of the loans provided by DBJ to Micron Memory Japan Inc. (formerly Elpida Memory Inc.), was covered by a Japan Finance Corporation guarantee on losses. 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)



Providing a Safety Net

DBJ acts as a social safety net by providing investments and loans to support the restoration and rebuilding of areas affected by earthquakes, typhoons or other large-scale natural disasters and to address 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 conventional 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. This assistance has been not only to the electricity, gas, rail, communications, broadcasting, urban development and other infrastructure industries, but also to providers of everyday necessities, such as foodstuffs and other retail items, as well as to manufacturers who played major roles 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 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 (to maintain transportation and logistics systems), which had been immediately affected by downturns in business following both the September 11, 2001, terrorist attacks on the United States and the outbreak of SARS.

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 Mid Niigata Prefecture 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 Chuetsu Offshore Earthquake
2008 Reconstruction following the Iwate-Miyagi Earthquake
Financial crisis response
2010 Yen appreciation and other countermeasures
2011 Reconstruction following the Great East Japan Earthquake

Crisis Response Operations

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

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. The 2015 revisions to the DBJ Act evaluated the role DBJ has played through its Crisis Response Operations and absence of private-sector financial institutions following the Lehman Shock and the Great East Japan Earthquake. DBJ became obliged to implement Crisis Response Operations for an indefinite period. Accordingly, DBJ will continue with its earthquake reconstruction initiatives.

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 caused an increase in electric utilities' costs, including those related to requirements to introduce new safety measures, and these costs were expected to deteriorate their balance of revenues and expenses. Because of the difficulty the utilities would have had 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, 2015, 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 regional municipal bodies, national institutions, economic organizations and regional financial and other institutions to conduct surveys. It also introduces plans used in "creative reconstruction."

Funding to Support Reconstruction and Growth Following the Great East Japan Earthquake

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 enterprises that sustained damage in the earthquake. So far, we have provided investment and loans on 46 projects.

In December 2014, in response to the shift of the stage of earthquake reconstruction from the restoration of production facilities (the "restoration stage") to efforts to open up a new enterprise-based market that resumes production, collaborates among multiple enterprises to boost industry competitiveness, builds infrastructure and reinforce functions (the "reconstruction and growth stage"), we have established a new reconstruction and support growth fund in collaboration with the Regional Economy Vitalization Corporation of Japan (REVIC).

The new funds are aimed at providing subordinated loans and preferred shares to enterprises whose businesses are contributing to the reconstruction and growth of the disaster-stricken region. We are promoting forward-looking initiatives with a nationwide business model, aiming to support regional growth and revitalization.

● **Overview of the new funds**

Name	Iwate Reconstruction Growth Support Investment L.P.	Miyagi Reconstruction Regional Vitalization Support Investment L.P.	Fukushima Reconstruction Growth Support Fund Investment L.P.
Established	December 8, 2014		
Scale of fund	Each fund has ¥5.0 billion (which can be increased to ¥10.0 billion with agreement by the fund's members).		
General partnership (GP)	Tohoku Fukko Partners Co., Ltd.		
Limited partnerships (LPs)	DBJ, The Bank of Iwate and REVIC	DBJ ,The 77 Bank and REVIC	DBJ, The Toho Bank and REVIC
Period	Investment period of five years, duration of seven years and four months (If necessary, however, it is possible to extend the investment period by up to two years and the duration by up to one year.)		

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 Investment Limited Partnership Support Fund for Reconstruction and Growth. Following an exchange of opinions with them, in February 2014 DBJ and the Aizuwakamatsu Distillery Cooperative Association held the Aizu Sake Plan Student Contest with the aim of cultivating new markets. One of the examples of DBJ's active involvement is in providing crisis reconstruction support through events and the dissemination of information.

• Collaboration between Kesennuma and Akiu Onsen

DBJ conducted business matching for the Shark Town Kesennuma Design Promotion Council and the Akiu Onsen Ryokan Association. The Council comprises eight enterprises in the city of Kesennuma that are involved in the processing of shark fin and shark meat, which also includes Murata Co., Ltd., headquartered in the city of Kesennuma, Miyagi Prefecture, a loan recipient through the Miyagi Reconstruction Bridge Investment Limited Partnership. 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 regional municipal bodies 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.

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 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.

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, enterprises 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.

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 enterprises, 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.

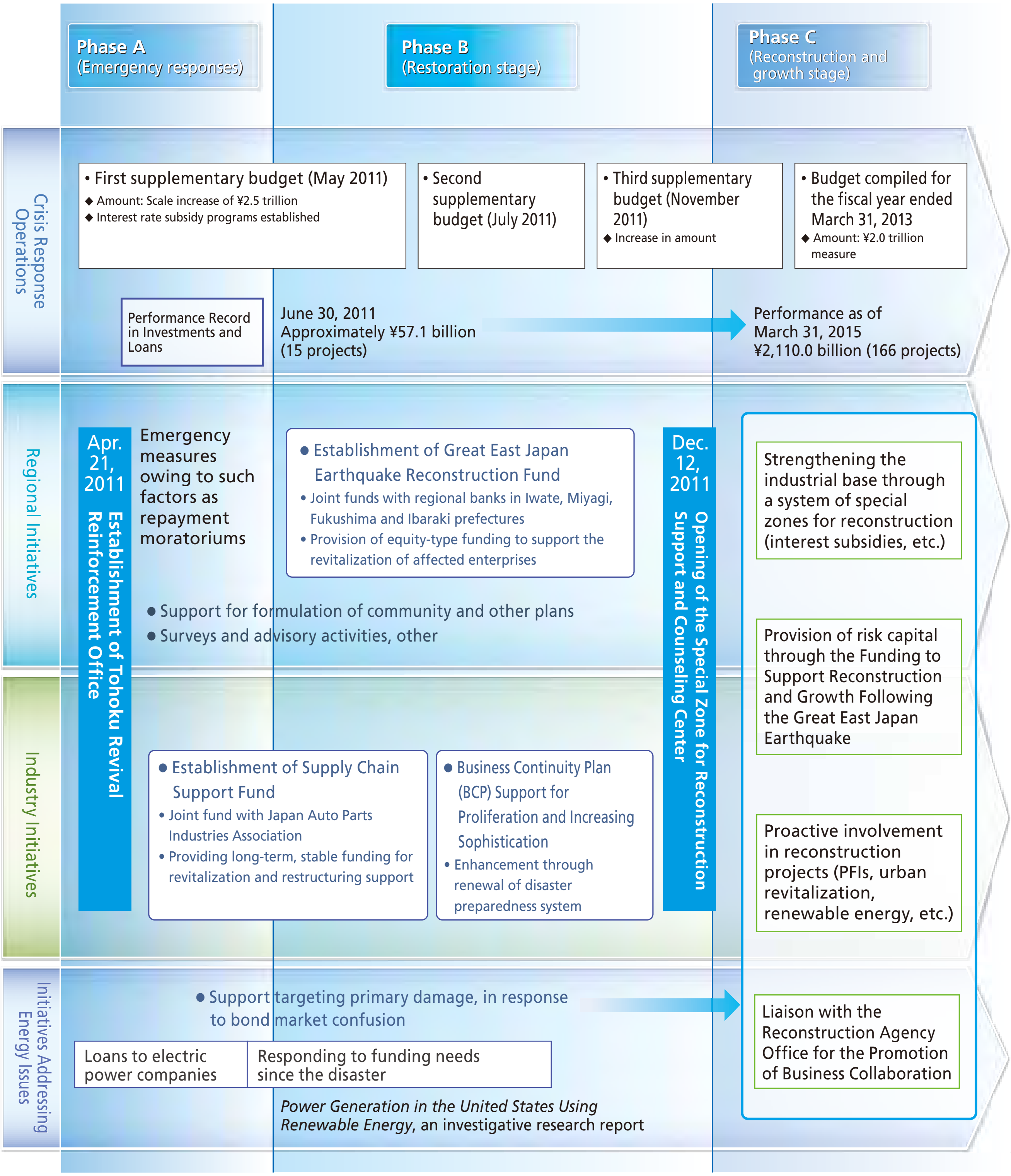
The UN World Conference on Disaster Risk Reduction Public Forum

The UN World Conference on Disaster Risk Reduction is a conference sponsored by the United Nations that formulates international strategies on disaster risk mitigation. March 2015 marked the third meeting of this conference, which adopted the "Sendai Framework for Disaster Risk Reduction" as its new international disaster risk reduction roadmap for the next 15 years. Side events included more than 350 symposiums, seminars and exhibits related to restoration and reconstruction, disaster response, and disaster risk prevention and reduction. DBJ held two symposiums, entitled "Financial Initiatives for Building the Resilient Society: Financial Sector's Roles for Pre- and Post-Disaster Response and Revival of Tohoku" and "Building Disaster Resilience through Alliances and Mutual Cooperation of Multi-stakeholders in Tohoku and Beyond: Region-wide Initiatives by the Tohoku Alliance." Through these symposiums, we sent information about our experience and the lessons learned from the Great East Japan Earthquake to the world.

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**



DBJ's Third Medium-term Management Plan prioritizes operations through which it contributes to revitalization in each region as a partner. To further encourage autonomous initiatives by regions to address the various issues they face, in September 2014 we established the Initiative for Creating Regional Futures. In addition, we launched the Regional Revitalization Program to support regional initiatives and offer solutions to their problems. In October 2014, we elicited input from managers of more than 170 medium-sized regional enterprises. Based on this input, we announced our Recommendations on Regional Revitalization, which summarizes measures necessary for regional revitalization and the role that financial institutions are called upon to perform.

Regional Revitalization Program

As a specific Regional Revitalization Program initiative, we deployed the Innovation Hub across regions to support the launch of cross-industrial creative businesses. Through working to expand PPP/PFI activities centered on the Private Finance Initiative Promotion Corporation of Japan (PFIPCJ), DBJ also has begun offering programs to members of regional municipal bodies through its PPP/PFI Academy. In addition, we are pursuing initiatives such as providing DBJ's expertise and networks with regard to human resources to play a large role as part of the region. Furthermore, we set up the Regional Contribution M&A Program to support M&A projects that contribute to regional growth, such as to strengthen regional enterprises' management foundations and assist in building infrastructure.

Providing Regions with Risk Capital

To support regional revitalization via the tourism industry, in April 2014 DBJ formed the Mother Fund Corporate Mezzanine Limited Partnership for Tourism Vitalization in collaboration with the Regional Economy Vitalization Corporation of Japan (REVIC) and RISA Partners, Inc. (RISA) and has provided risk capital. Also, in September 2014 we set up the *Musubu* Setouchi Business Succession Fund with The Hiroshima Bank, Ltd., and two other regional financial institutions to facilitate the smooth business succession of regional enterprises. In addition, with The Tokyo Tomin Bank, Limited and RISA, we formed the Tokyo Revitalization Fund Limited Investment Partnership and have provided risk capital. This partnership aims to supply funds to small and medium-sized enterprises that can help revitalize the economy of the Tokyo metropolitan area, supporting them in efforts ranging from improving and strengthening business foundations to achieving expansion and growth.

Setouchi Brand Promotion Initiatives

In May 2015, DBJ collaborated with the Setouchi Brand Promotion Association*[1] to create a Setouchi Brand Promotion Structure*[2]. Along with six Setouchi regional banks (The Chugoku Bank, The Hiroshima Bank, The Yamaguchi Bank, The Awa Bank, 114Bank and The Iyo Bank), we signed an Agreement on the Revitalization of the Tourism Industry in the Setouchi Region. This agreement covers (1) tie-ups with the Setouchi Brand Promotion Association, (2) the establishment of a business support organization promotion office, (3) consideration of diverse types of funding support for tourism-related enterprises and (4) the study of management support for providing expertise to tourism-related enterprises.

Through tie-ups and cooperation among the seven banks that signed the agreement, we intend to combine the regional banks' knowledge and networks with DBJ's extensive financial track record to support tourism-related enterprises and promote regional revitalization through advancement of the tourism industry.

*1 Setouchi Brand Promotion Association: Extended association of seven prefectures—Hyogo, Okayama, Hiroshima, Yamaguchi, Tokushima, Kagawa and Ehime—formed in April 2013 to establish the "Setouchi" brand

*2 Setouchi Brand Promotion Structure: A collaborative structure comprising the Setouchi Brand Promotion Association, tourism-related enterprises and financial institutions to enhance value in the Setouchi area

● Recommendations on Regional Revitalization (Announced in October 2014)

Recommendations on Regional Revitalization, distilled from the results of a survey of 170 managers of small and medium-sized regional enterprises

Formulating an Action Plan for a Regional Future

In the area of regional revitalization, to supplement the Japanese government's long-term vision we have drawn up a reasonable and specific medium- to long-term action plan for the management of enterprises within the region to serve as an urban planning guideline. Rather than as the problems of dividing a limited economic pie and addressing distribution among regions and in regional and major urban areas, this plan goes beyond conventional administrative districts to address the reality of regional economic transactions.

The Concept of Community Development

(1) Utilize a framework for community development in response to population decline and aging.
- Formulate a Regional Life Contingency Plan. Based on this plan, encourage the management of public assets at an early stage through PPP/PFI promotion, such as by leveraging the PFIPCJ.

(2) Promote the distinctive community development and broad-based area management.
- Play on unique characteristics rather than aiming for a "mini Tokyo."

The Concept of Building People

(1) Create and increase the sophistication of (higher-level) educational systems that match regional human resource needs.

(2) Encourage labor market reform, utilizing women, seniors and foreign workers.
- Promote regional employment of women, seniors, etc., and formulate and continuously follow a "regional labor market reform plan" that supports stable industrial activity.

The Concept of Work

(1) Mount a regional industry siting initiative that encourages enterprises that support communities to remain (including the regional bases of large enterprises as well as regional enterprises).

(2) Support efforts to grow core regional enterprises (such as core value chain enterprises), including through operational advancement and new business launches.

(3) Create systems that facilitate the smooth business succession of small and medium-sized regional enterprises, and support those that are relaunching and restructuring.

(4) Promote research and development and open innovation.

(5) Encourage regional investments by overseas enterprises, as well as efforts by regional enterprises to develop overseas.

(6) Build new frameworks to cultivate and support industries that utilize regional resources.

Addressing Issues through Tie-ups and Collaboration among Related Parties of Regional Alliance Platforms

Form platforms that encourage meetings of people from regional municipal bodies, enterprises, financial institutions, educational research institutions and other bodies, coordinating according to their various strengths and weaknesses, to promote decisions on autonomous regional strategies. Create and effectively operate schemes that foster cooperation and collaboration on these strategies.

Strive to move along a path of visualizing—sharing common perceptions among the related parties—tapping the experiences of those past successes to get past deliberation impediments—rather than seeking the impossible, putting in place measures aimed at maximizing what exists.

Calling on Financial Institutions to Serve as Regional Coordinators

(1) Making use of nationwide data and models of regional economic cycles, financial institutions can assist in the process of visualizing existing conditions by objectively identifying and analyzing information about a region's status.

(2) Based on the above-mentioned analysis, financial institutions can then help create realistic future forecasts, collect input from regional parties and provide related parties with information about individual regions' strengths and weaknesses. After dispassionately identifying these characteristics, they can then assist with unique regional efforts to grow and address the issues they face.

Through its varied activities, centered on investments and loans, DBJ comes into contact with many aspects of society. In addition to enterprises, DBJ's information channels and human networks include the Japanese and overseas governments, governmental institutions, international institutions, regional municipal bodies and universities. Through these contacts, DBJ extracts a variety of information on economic and societal issues, boosting its ability to supply neutral information of high quality.

Economic and Industrial Research

In a broad range of industrial circles, DBJ conducts surveys and performs research not only on such topics as conditions in various sectors and among different types of businesses but also on international competitiveness. DBJ also prepares reports on conditions in individual industries, technical development trends and new industries and innovation, and provides these reports to its clients and 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 policies and commenting on current topics.

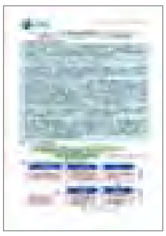
In addition, the report addresses topics that are timely from the perspective of industrial trends.

"Long-Term Perspectives and Human Resource Management at Core Value Chain Enterprises: The Importance of Core Value Chain Enterprises as the "Core" of Regional Revitalization"

(*DBJ Monthly Overview*, No. 215-1, August 2014)

DBJ sometimes introduces its research and provides support to "core value chain enterprises" (a term DBJ coined) that are the source of added value creation.

This report looks at how core value chain enterprises steadily increase their numbers of employees from a long-term, future-oriented perspective and clarifies the relationships that strengthen their human resources. In addition, the report considers core value chain enterprises' importance in regional revitalization and other related issues.



"Strengths of the Japanese Electronic Components Industry and Policies for Enhancing Competitiveness"

(*DBJ Monthly Overview*, No. 217-1, September 2014)

Japan's balance of trade fell into deficit in 2011 for the first time in 31 years, and the gap has continued to widen. Rising imports of LNG and crude oil are one reason for the situation, but another is the shrinking of industries that have long been pillars of trade surplus, such as transport machinery and general as well as electrical equipment.

Addressing this situation, this report shows that the shrinking balance of trade in electronic components and devices stems primarily from increasing imports of solar cells and integrated circuits and that when these areas are excluded, Japan retains a relatively large trade surplus in general electronic components. After providing an overview of Japan's strength in general electronic components, the paper goes on to recommend policies for reinforcing competitiveness in growth areas, including smartphones, automobiles and medical/healthcare-related markets.

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 policies to be announced during the week, providing an outlook for market trends based on the analysis of economic fundamentals.

Collection of Academic Papers Commemorating the 50th Anniversary of Establishment of the Research Institute of Capital Formation

This two-volume collection commemorates the Research Institute of Capital Formation's 50th anniversary of establishment, in 2014. The collection follows two of the institute's long-standing research themes: "finance and corporate activity" and "shared social capital." Carrying forward the spirit of the institute's first executive director, Dr. Osamu Shimomura, and advising Professor Hirofumi Uzawa, the collection takes an academic approach to the sustained development of the Japanese economy at this transformative time.

Providing Information Internationally—Cooperation with Columbia University in New York City

The Center on Japanese Economy and Business (CJEB) (founder and director: Professor Hugh Patrick), a research institution of Columbia Business School in the United States, invited intellectuals from a host of fields to attend a May 2015 conference entitled "Japan's Changing Corporate Governance." CJEB and DBJ dispatched visiting researchers to the conference, making use of DBJ's networks for their research, holding study sessions and taking advantage of a cooperative relationship spanning many years. DBJ maintains relationships with some of the world's most prominent academic institutions and takes a proactive role in studying and researching the issues that enterprises are facing.

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 2014 Survey of Capital Investment Plans for Years to March 31, 2014, 2015 and 2016"
(*Surveys*, No. 107, September 2014)
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 these results onto 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 speaking engagements, 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 is used by many enterprises.

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 enterprises 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 Support Center for Technology Management provides technical evaluations and conducts other activities to help enterprises realize their potential for technological commercialization.

Providing Information to Regional Communities

Supplying Information to Help Regional Community Development

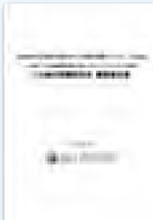
Local communities are experiencing increasingly difficult environmental circumstances, such as a declining birthrate, an aging population, the amalgamation of towns, cities and villages, and financial crises. Addressing these issues requires a greater degree of expertise and more ingenuity than ever. DBJ assists regional community development using its analysis of the information it accumulates through its network comprising its own offices (19 domestic locations—head office, branches and representative offices—and four overseas locations [three subsidiaries and a representative office] as of July 1, 2015), economic agencies of regional municipal bodies and regional communities, and enterprises in Japan and abroad. The scope of this analysis extends from public–private partnerships (PPPs) to tourism promotion, region and community development and local government finance. DBJ disseminates this information through reports, publications, lectures and other formats.

"Fiscal 2015 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, Yoshio Higuchi, professor of Keio University, contributed a special section entitled "Prescriptions for a Rapidly Shrinking Society."

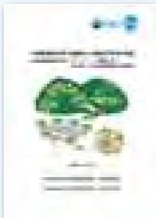
"Initiatives for Maintaining Vigor and Growth in Local Communities and the Creation of Cooperative Platforms"

As Japanese society enters an era when the population is truly shrinking, initiatives are undertaken to address low rates of childbirth and halt the decline in other ways. This report lays out measures that enterprises, regional municipal bodies, financial institutions, educational institutions and other organizations can take to help resolve important issues. The report recommends maximizing the power of the private sector and building "broad-ranging platforms for regional economic cooperation" that promote efficiency centered on regional economic organizations.



"Cultivating the New Market for Wooden Buildings and Promoting the Use of Domestic Timber: The Importance of Regional Cooperation in Building a Supply Chain for Wood-Based Structural Materials"

The Japanese forestry and wood products industry is pushing forward with technical developments in wood-based structural materials such as cross-laminated timber, prompting regulatory reform. Based on an interim report announced in November 2014, this report looks at the creation of supply chains for wood-based structural materials from five perspectives: issues, technologies, demand, supply and regions. The report then explores the movement to create "wooden cities" built of large-scale multistory wooden structures and considers the potential for each region.



"Developing Sports Tourism: An Example Using Regional Resources to Create Tourist Destinations"

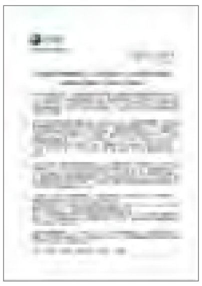
With the upcoming Tokyo 2020 Olympics and Paralympic Games as its backdrop, this report looks at anecdotal research in making suggestions for regional municipal bodies to make use of their sports-related resources to cultivate sports tourism, considering sports as one way to create regional tourist destinations. The report studies public organizations' sports tourism efforts and makes general recommendations on how to leverage regional resources to create regional tourist destinations.

Branch Reports

Hokkaido Branch

"The Economic Ripple Effect from the Opening of the Hokkaido Shinkansen Route: An Estimated Annual Effect of Around ¥13.6 Billion"

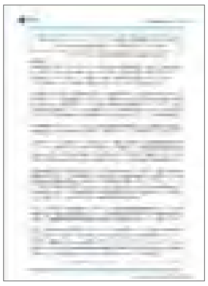
(*Report*, October 2014)



The Hokkaido Shinkansen route is scheduled to open at the end of fiscal 2015, linking Shin-Aomori and Shin-Hakodate-Hokuto stations. This launch is expected to have an economic ripple effect throughout Hokkaido as it brings in people from the greater Tokyo and Yokohama metropolitan areas and, in northeastern Japan, Miyagi Prefecture. If by shortening travel time the new line substantially increases the number of people traveling between Kanto, Tohoku and other regions, the tourism industry should be directly affected. In addition, the development is expected to encourage production within Hokkaido and increase employment compensation, creating an economic ripple effect that is expected to be huge.

Tohoku Branch

"Tohoku Inbound (Eight Asian Regions) Intention Survey (2014 Edition): The Need for Tohoku to Use Its Tourism Potential as a Tool for Further Strategic Promotion" (*Report*, December 2014)



This report is a sequel to "Tourists' Sentiments about Visiting Japan after the Great East Japan Earthquake (2013 Edition)," published in December 2013. Based on Internet surveys of potential tourists to Japan from eight Asian regions (South Korea, China, Taiwan, Hong Kong, Thailand, Singapore, Malaysia and Indonesia), this survey concentrates on responses from people who have visited Tohoku and the effect of the Great East Japan Earthquake. Although awareness of Tohoku is low, the region has many attractive tourism offerings, providing the potential to increase inbound tourism from other countries. This report recommends strategic promotion from the viewpoints of broad-based cooperation and differentiation.

Niigata Branch

"Initiatives for Boosting Growth and Competitiveness for Enterprises in Niigata Prefecture" (*Report*, September 2014)

In June 2014, DBJ conducted a special corporate questionnaire, the Corporate Behavior Awareness Survey, in tandem with its Capital Investment Planning Survey, and the DBJ Niigata Branch summarized results pertaining to initiatives for augmenting the growth and competitiveness of enterprises in Niigata Prefecture.

These results point to (1) focus areas for increasing the competitiveness of key businesses among enterprises in Niigata Prefecture, (2) important efforts toward growth and competitiveness, and (3) key fields of business for medium-term market cultivation. The report provides a highly interesting perspective on the awareness and management orientation of enterprises in Niigata Prefecture.

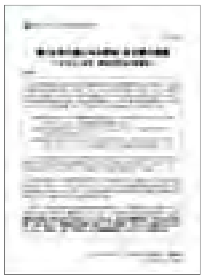
Hokuriku Branch

"Industrial Tourism Possibilities for the Hokuriku Region" (*Report*, March 2015)

In March 2013, DBJ published reports entitled "Ishikawa Prefecture to Feel the Economic Ripples from the Extension of the Hokuriku Shinkansen to Kanazawa" and "Toyama Prefecture to Feel the Economic Ripples from the Extension of the Hokuriku Shinkansen," estimating the economic ripple effect on Ishikawa and Toyama prefectures from the service start of the Hokuriku Shinkansen. This report looks at sustaining this economic ripple effect, looking at regional community development through the lens of "industrial tourism." From a hearing-based survey of forward-looking cases, the report considers the key points of such an initiative and its potential for the Hokuriku region.

Tokai Branch

"The Issues of Aichi and Nagoya from a Working Woman's Perspective: The Urban Vitality Effect of a Lack of 'Nadeshikos'" (*Report*, June 2014)



The Japanese government is emphasizing the promotion of opportunities for women as one of its growth strategies, and this move has garnered increasing attention. Against this backdrop, the percentage of women in employment and management positions in Aichi Prefecture is below the national average, and the active participation by women in work is limited.

This report assesses such issues as a lack of nursery staff in Aichi Prefecture and the city of Nagoya and outlines a vision for enterprises and regional municipal bodies in the coming era when the Linear Chuo Shinkansen Line opens.

Kansai Branch

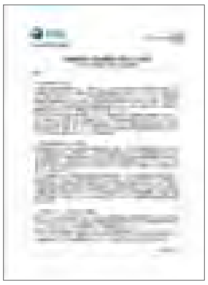
"The Business Potential of Sensors and Big Data: The Future of Sensors, Learning from the Smartphone Business Model" (*Report*, May 2014)

We are on the cusp of a future involving machine-to-machine (M2M) technologies, the Internet of things (IoT) and big data. Recently, attention has focused on business possibilities leveraging networks and data. There is growing interest in "sensor networks" that collect data from the sensors all around us in society, and this business is expected to experience major growth going forward.

As Japan has a competitive advantage in the sensor network business, this report reviews the dramatic changes this business model has undergone in recent years by looking at the smartphone business. The report then considers the construction of sensor data distribution platforms in the sensor network business.

Chugoku Branch

"Directions for Resolving Issues Related to Management of *Sake* Breweries: Current Conditions and Growth Strategies for the Small and Medium-Sized *Sake* Breweries of Hiroshima" (*Report*, February 2015)



With Hiroshima Prefecture's local consumption of *sake* falling, to remain in business the region's breweries need to expand their sales routes into other major consumer areas, but many small and medium-sized breweries are short on management resources, making it difficult to achieve such a feat on their own. This report explores ways to enable the prefecture's small and medium-sized breweries that produce multivaried and high-quality local *sake* varieties to remain in operation. Taking "cooperation" and "separating brewing from sales" as key themes, the report looks into resolving breweries' issues by making their offerings universally available throughout Japan. Introducing positive examples of the process for delivering *sake* from breweries to consumers, this report considers full-scale measures for small and medium-sized breweries.

Shikoku Branch

"A Survey of Anti-Disaster Measures at Regional Municipal Bodies in Shikoku: Augmenting Regional Preparedness" (*Report*, May 2014)

In December 2013, DBJ announced the results of a survey on anti-disaster measures targeting prefectures, as well as population centers with more than 50,000 inhabitants. This report summarizes the results into a Shikoku-specific edition. Suggestions for future regional anti-disaster measures include (1) making practical use of hazard maps to indicate evacuation routes and other important information, (2) formulating BCPs that place the heads of regional municipal bodies in leadership positions, and (3) making use of a high level of disaster awareness to create a leading-edge model for Japan.

Kyushu Branch

"Community Development Possibilities Viewed through Spatial Structure Analyses of London and Fukuoka" (*Report*, October 2014)

Starting from the premise that London and Fukuoka are located at similar latitudes, after looking at the two cities' historical backgrounds this report goes on to employ an objective method for evaluating the community development. The report uses the "Space Syntax" method, developed in London, to analyze the spatial structures of the two cities. The report also makes recommendations on how Fukuoka can develop further as an international tourism destination and on its potential, and some issues to address, to become a more suitable location for startup enterprises.

Minami-Kyushu Branch

"Livestock Industry Survey Report: Growth Strategies for Minami-Kyushu, the 'Livestock Kingdom'" (*Report*, May 2014)

Minami-Kyushu is a leading hub for the Japanese livestock industry. However, the industry's operating environment is undergoing significant change, with the domestic market shrinking as Japan's demographic structure changes and due to the effect of the Trans-Pacific Partnership and other factors having the potential to boost competition from overseas producers.

This report outlines recent livestock industry trends and examines its current conditions in Minami-Kyushu. Focusing in particular on *wagyu* ("Japanese beef"), the report estimates the future scale of the domestic market, analyzes the industrial structure for breeding and feedlot management, identifies issues related to expanding exports and makes recommendations for growth in both the domestic and overseas markets.

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 effect 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 municipal bodies and the patronage of approximately 500 enterprises. 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, 2014, to March 31, 2015 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

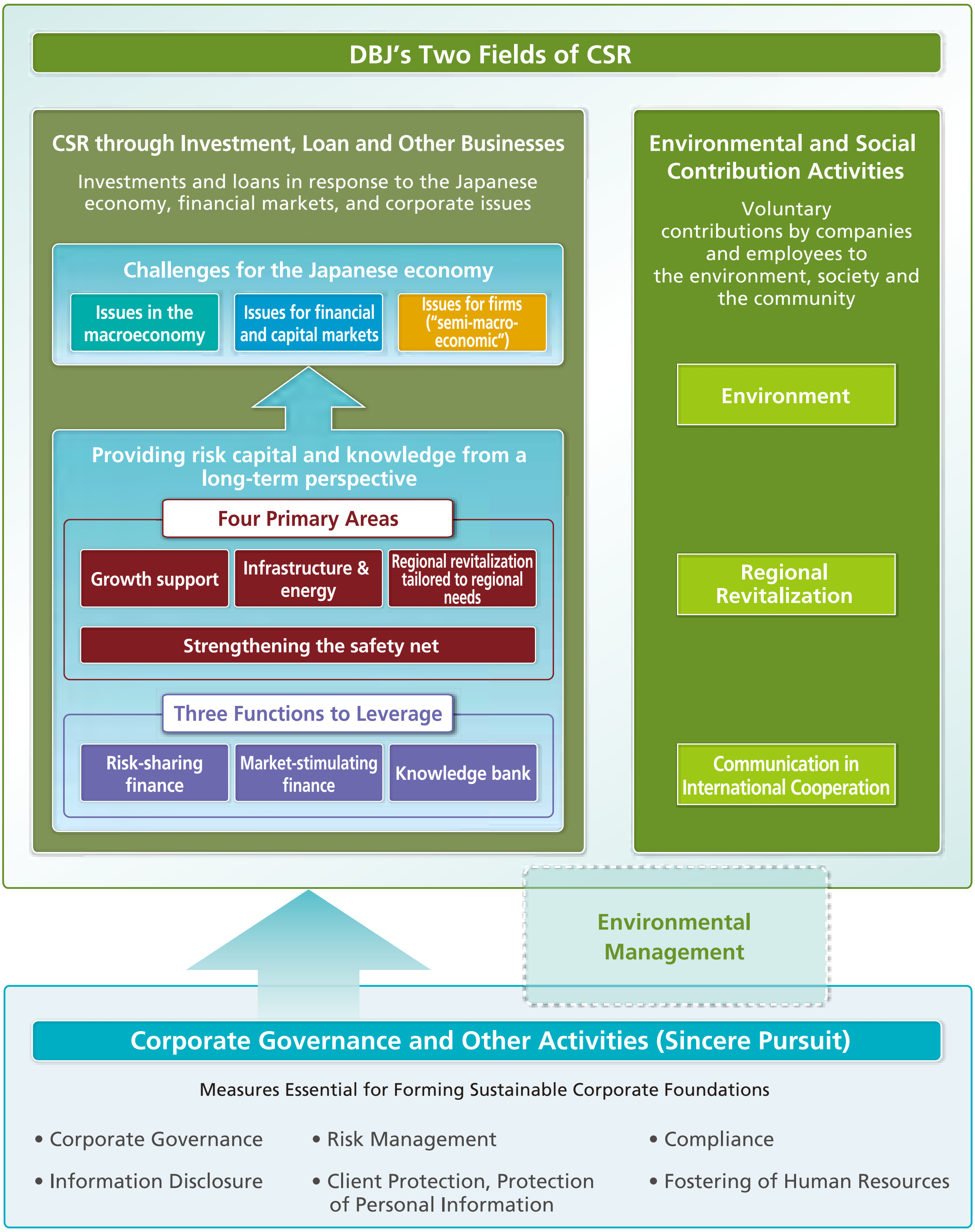
Published:	September 2015
Next publication:	September 2016 (previous publication: September 2014; frequency: annual)

Reference Guidelines

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

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

Fields of CSR Implementation at DBJ

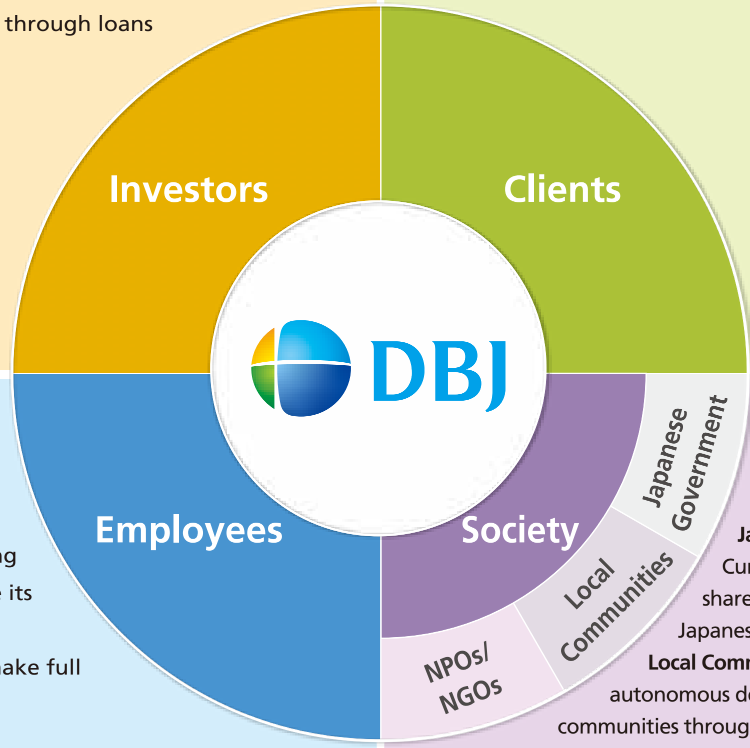


DBJ and Its Stakeholders

DBJ comes into contact with a wide variety of organizations, enterprises 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 domestic and overseas networks.



As of March 31, 2015, DBJ's employees numbered 1,184. 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.

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

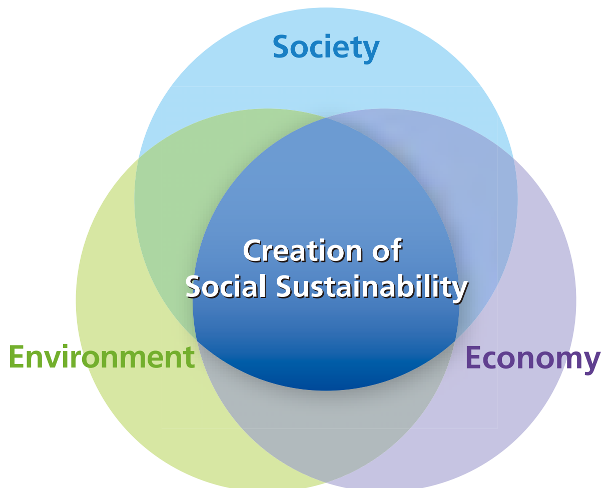
Local Communities: DBJ supports the autonomous development of local communities through its affiliations with regional municipal bodies and regional financial institutions that are deeply rooted in the local communities.

NPOs/NGOs: DBJ maintains alliances with these organizations as a part of its community and 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 and policy issues facing Japan. These measures were a way to evaluate CSR through Investment, Loan and Other Businesses.

Even after privatization (conversion to a joint-stock company), 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

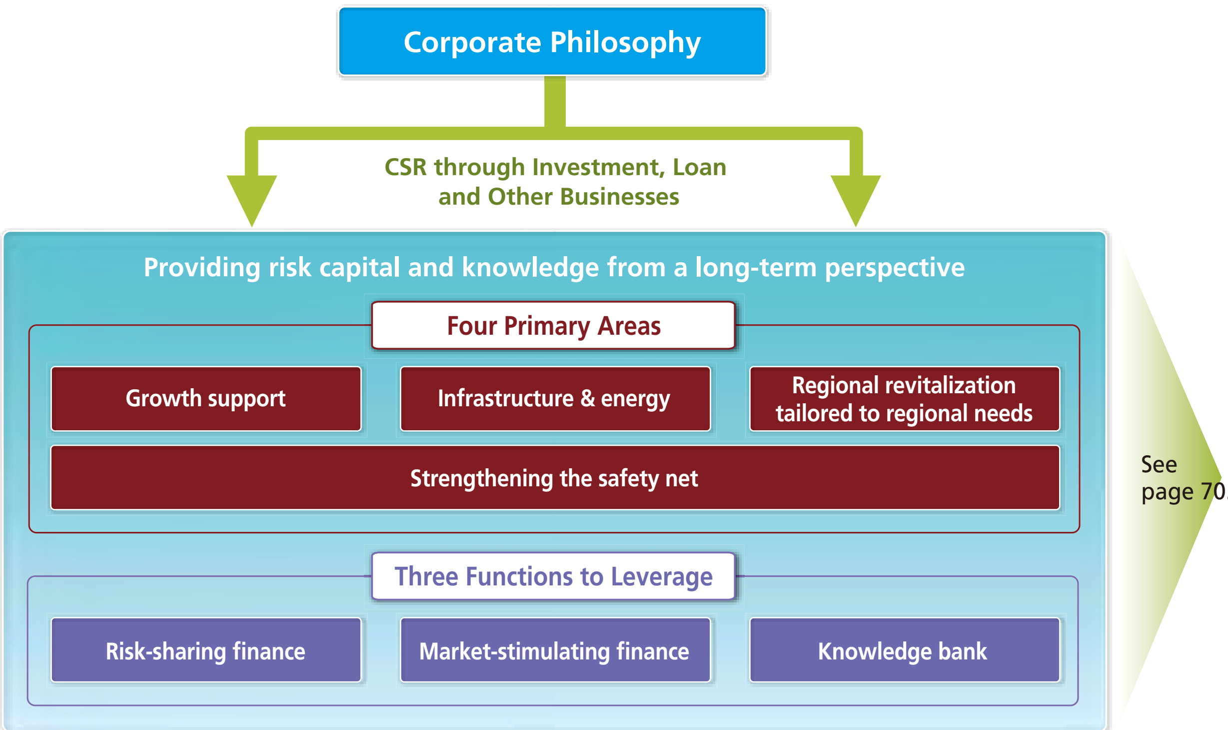
Due consideration of compliance issues is a prerequisite for the sustainable development of enterprises. Accordingly, it is important that a corporation's business activity brings new value to, contributes to problem-solving in, and gains the trust of society.

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, conducting appropriate risk assessment 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 and increases in corporate value.

Accordingly, DBJ considers the application of its intellectual assets and service platforms for investments and loans to be of vital importance, as well as its business of working with clients in a variety of fields.

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.



See page 70.

Environmental and Social Contribution Activities

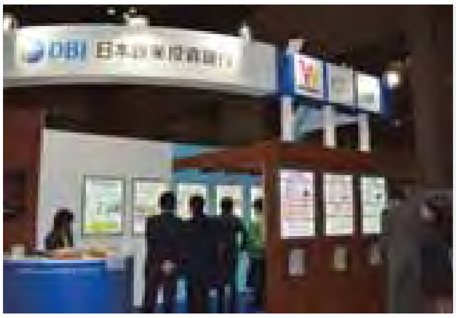
DBJ recognizes that today's social and environmental problems can best be resolved by communication and the exchange of opinions across industries. Accordingly, DBJ strives to communicate with as many people as possible through seminars, symposiums and lectures.

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, the DBJ Enterprise Disaster Resilience Rated Loan Program, the DBJ Employee's Health Management Rated Loan Program and DBJ Green Bonds.



Eco-Products 2014 booth

Eco-Products 2014 booth

Communication on Regional Revitalization

DBJ considers working with local citizens to build communities that suit their unique environments an important part of supporting independent regional 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

DBJ exhibited at Messe Nagoya 2014, one of the largest cross-industrial trade fairs in Japan. Under the theme of "Environment, Safety and Manufacturing," DBJ's specific initiatives were introduced at this exposition, including financial services such as the DBJ Enterprise Disaster Resilience Rated Loan Program and reconstruction support initiatives.

Messe Nagoya 2014 booth

Communication in International Cooperation

In cooperation with Japan Economic Research Institute Inc., its Group think tank, DBJ holds seminars for governmental and developmental financial institutions in developing countries, primarily in Asia, describing our 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 in China, South Korea, ASEAN countries, India and other areas. In 2015, ADFIAP's annual meeting was held in Nha Trang, Vietnam. DBJ received one of the ADFIAP Awards 2015 for its efforts through DBJ Green Bonds, as an initiative that supports environmentally and societally considerate business and socially responsible investment.

ADFIAP annual meeting in Nha Trang, Vietnam

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 2014 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 *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 2015, DBJ's contributions totaled ¥1,785,240—enough to provide 89,262 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 fiscal 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 effect and noise but also they are barrier-free with a low-floor design, ensuring easy access for disabled users.

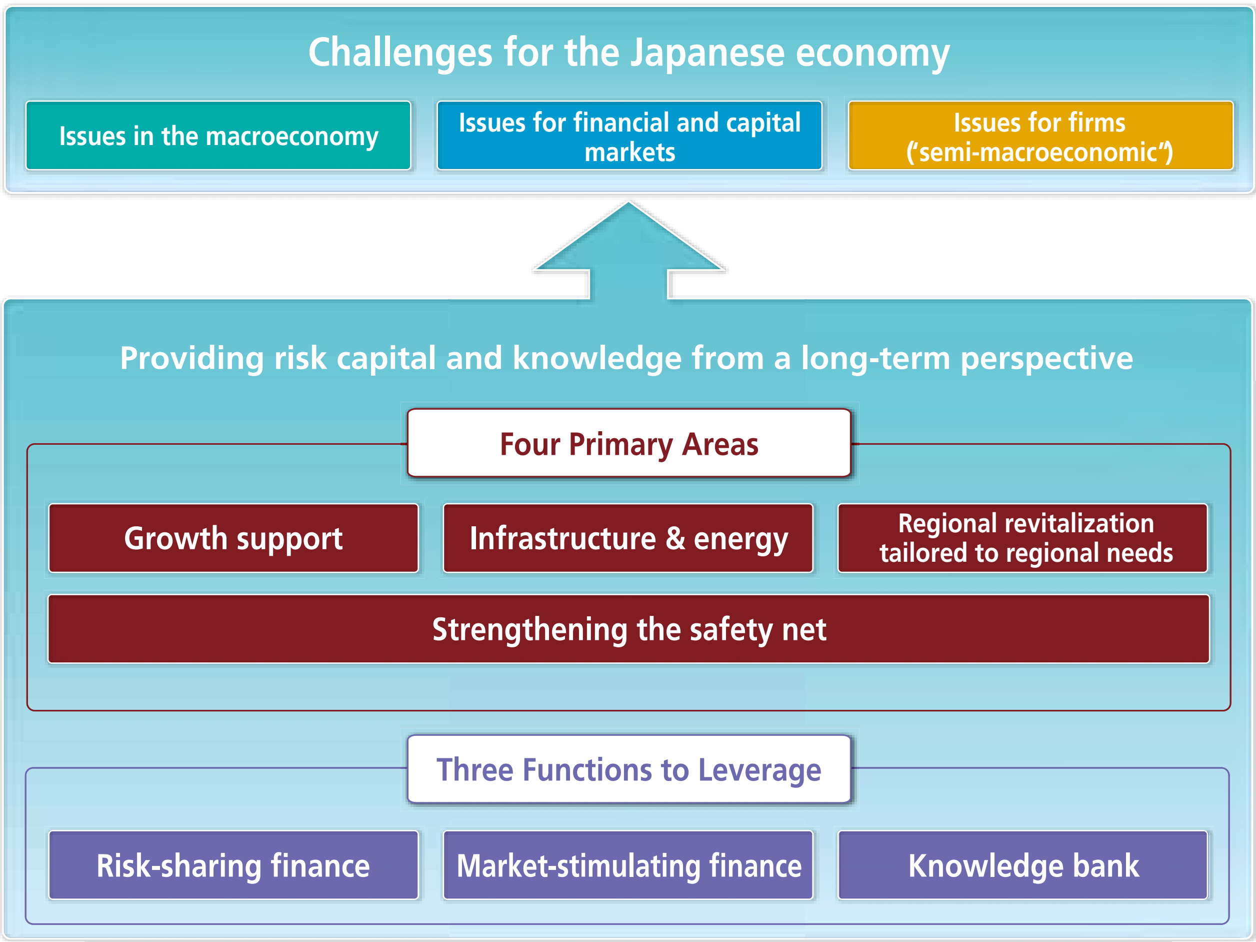
Marunouchi shuttle bus

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—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

Investments and loans in response to the Japanese economy, financial markets, and 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 competitiveness of the country's industries needs to be reinforced to ensure the realization of a variety of strategies and measures to buttress this growth.

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 Shizuoka Gas

Since its establishment in 1910, Shizuoka Gas Company, Ltd., headquartered in the city of Shizuoka, Shizuoka Prefecture, has operated as a city gas company centered in central-eastern Shizuoka. In response to the changing business environment, marked by such factors as electricity and gas policy liberalization in recent years, the company is taking part in the regional power generation business as a community power producer and supplier (PPS) that utilizes renewable energy and non-utility surplus power generation. In these ways, the company is promoting the creation of a structure for proposing optimal energy, including electricity, to local homes and businesses.

As its first Special Investment Operations* project, DBJ has invested in the preferred shares of SG・Bang Bo Power Holding Co., Ltd., which Shizuoka Gas established to participate in the independent power producer (IPP) business in Thailand. Shizuoka Gas joined this project by acquiring from a Marubeni Corporation subsidiary a certain number of shares in Eastern Power and Electric Co., Ltd. (EPEC), a project-based company involved in the gas-fired thermal power IPP business in Thailand. This project is the first overseas investment for Shizuoka Gas. By participating in this investment project as a successful existing IPP business, Shizuoka Gas hopes to gain experience in overseas management and business promotion. The company also aims to cultivate the specialized personnel need to expand the regional electricity business in the future. Going forward, in addition to proposing energy solutions to enterprises that are pursuing operations overseas, Shizuoka Gas aims to regional revitalization by expanding the regional electricity business.

Working with The Shizuoka Bank, Ltd., from the perspective of supporting the overseas operations of regional enterprises, developing the electric power business and contributing to regional economic vitalization, DBJ provided risk capital to support the participation of Shizuoka Gas in this project.

* Special Investment Operations: These operations are part of an effort to concentrate on supplying growth capital to contribute to regional economic vitalization and corporate competitiveness based on the Partial Amendment of the Development Bank of Japan Inc. Act, which was promulgated and went into effect on May 20, 2015. (See page 22-23 for details.)

EPEC's gas-fired thermal power generation facility

Case Study Socionext

Socionext Inc., headquartered in the city of Yokohama, Kanagawa Prefecture, established through joint capital contributions from Fujitsu Limited, headquartered in Minato-ku, Tokyo; Panasonic Corporation, headquartered in the city of Kadoma, Osaka; and DBJ, is a newly integrated fabless company for the design, development and sales of system LSIs*. This company also aims to extend the Japanese system LSI business on the global stage.

Socionext integrates the system LSI design and development functions of Fujitsu Semiconductor Limited, a wholly owned subsidiary of Fujitsu headquartered in the city of Yokohama, Kanagawa Prefecture, and Panasonic. The company brings together the two companies' core technologies in video, imaging and optical networking, consolidating their customer bases and other management resources in the aim of creating a globally competitive company.

DBJ provided risk capital for Socionext's new initiative in the field of system LSIs using the Fund for Japanese Industrial Competitiveness, thereby supporting efforts to bolster Japan's competitiveness in this field.

* System LSIs: Integrated circuits mounted on single or multiple semiconductor chips to provide the large-scale integration (LSI) functions needed to operate systems, certain equipment and machinery.

System on a chip (SoC) to amass multi-codec functionality

Promotion of Competitiveness

Case Study Mitsubishi Heavy Industries Aero Engines

Mitsubishi Heavy Industries Aero Engines, Ltd. (MHIAEL), headquartered in the city of Komaki, Aichi Prefecture, commenced operations in October 2014, taking over the civilian aircraft engine business spun off from Mitsubishi Heavy Industries, Ltd. (MHI). In addition to its capital participation using the Fund for Japanese Industrial Competitiveness, DBJ provided investment and loan support through two-step loans (promoting business restructuring*) based on the Industrial Competitiveness Enhancement Act.

IHI Corporation is also a capital participant in MHIAEL, forging a long-term cooperative relationship in production. IHI is one of the world's foremost manufacturers of low-pressure turbine blades, for which production volumes are expected to rise, and MHIAEL will cooperate with IHI in this area. With MHI's support, the new company will forge a cluster with business partners to form an integrated production system for engine parts and aims to boost competitiveness and their presence in the international marketplace.

In September 2014, this project received approval from the Ministry of Economy, Trade and Industry (METI) as a specified business restructuring plan. On this basis, DBJ aims to leverage its extensive expertise in business restructuring as well as know-how accumulated through ongoing support of the Japanese aircraft industry. We provided investments and loans for this project because of this cooperation between the two companies, as we believe it will contribute to further industry competitiveness.

*In this business, designated financial institutions provide enterprises acknowledged to have in place a specified business restructuring plan based on the Industrial Competitiveness Enhancement Act with necessary funding as two-step loans.

A view of the plant

Case Study Nippon Charge Service

Nippon Charge Service, LLC, headquartered in Minato-ku, Tokyo, was established to help build a charging network that offers more convenience to drivers of electric-powered vehicles (PHVs*1, PHEVs*2, EVs*3) (Investors: Toyota Motor Corporation, Nissan Motor Co., Ltd., Honda Motor Co., Ltd., Mitsubishi Motors Corporation, Tokyo Electric Power Company, Incorporated, Chubu Electric Power Co., Inc., and DBJ).

Nippon Charge Service's business aims to help reduce the effect on the environment by encouraging the proliferation of electric vehicles, with effects that are expected to ripple outward regionally and into related industries, as well as to foster the creation of new businesses. Recognizing the highly public nature and social significance of this business, in June 2014 DBJ provided funding via the Fund for Japanese Industrial Competitiveness*4. In addition, DBJ employed project finance methods to arrange syndicated loans with The Bank of Yokohama, Ltd., The Bank of Kyoto, Ltd., The 77 Bank, Ltd., The Chugoku Bank, Limited, and The Hyakugo Bank, Ltd., to fund Nippon Charge Service's construction of a nationwide charging infrastructure network.

*1 PHV: Plug-in hybrid vehicle
*2 PHEV: Plug-in hybrid electric vehicle
*3 EV: Electric vehicle

*4 Fund for Japanese Industrial Competitiveness: Aiming to support initiatives that create new value and enhance corporate value, DBJ established this fund in the interest of boosting Japanese industrial competitiveness by unearthing individual enterprises' potential toward commercialization and linking the initiatives to growth by cultivating new business frontiers and promoting strategic alliances.

A quick electric charger

M&A

Mergers and acquisitions (M&As) 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 proactive business restructuring and to overhaul and revitalize underperforming businesses.

Case Study Sankyo Tateyama

Sankyo Tateyama, Inc., headquartered in the city of Takaoka, Toyama Prefecture, conducts businesses in three categories: Construction Materials, centered on aluminum construction materials for residences and larger buildings; Materials, which focuses on the casting, extruding and processing of aluminum and magnesium; and Commercial Facilities, involving store fixtures and signage.

Under its VISION-2020 in July 2011 and Medium-Term Management Plan in July 2012, Sankyo Tateyama announced that its core strategies involve strengthening operations in the non-construction materials business and developing business overseas. To this end, the company acquired majority control of Thai Metal Aluminium Co., Ltd., which manufactures billets and conducts extrusion and processing within Thailand. DBJ proposed this acquisition and provided M&A advisory services.

Thai Metal Aluminium has taken over all the businesses formerly handled by Thai Metal Co., Ltd., which is an aluminum extrusion manufacturer, ranging from billet production within Thailand to the sale of products. By acquiring this company as a subsidiary, Sankyo Tateyama expects to make major inroads into the expansion of its business domains in the ASEAN region, including construction and non-construction materials.

Thai Metal's works

Case Study Maruetsu

Since its establishment in 1952, The Maruetsu, Inc., headquartered in Toshima-ku, Tokyo, has operated a supermarket chain centered on the Tokyo metropolitan area. The company currently operates stores of three types: "Maruetsu" supermarkets, urban "Maruetsu petit" stores and "Lincos" high-end supermarkets. One of Maruetsu's strengths is its ability to offer flexible shop formats tailored to specific regions.

Maruetsu's market has been shrinking as a result of a dwindling and graying population, as well as the consumption tax hike. Furthermore, the company faces increasingly fierce competition from convenience stores and online retailers. In response to these changes in the external environment, Maruetsu decided to enter into management integration with Kasumi Co., Ltd., which has a leading market share in Ibaraki Prefecture, and MaxValu Kanto Co., Ltd., whose operations center on the Tokyo metropolitan area and who is a subsidiary of Aeon Co., Ltd. United Super Market Holdings Inc. (USMH) was established as the holding company for these operations, becoming one of Japan's largest food supermarket operators. DBJ provided comprehensive advisory services related to this management integration scheme.

Through the complementary strengths of its constituent companies, USMH aims to become the sales leader for its industry in the Tokyo metropolitan area.

Ceremony to commemorate USMH's listing on the Tokyo Stock Exchange

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 PPP Concession in European High-Speed Rail Sector

DBJ has built up an investment interest in the European transportation sector's largest high-speed rail project implemented under the PPP-concession method (the "Project"). This investment has been achieved through the existing partnership with Meridiam Infrastructure, a specialized long-term investor focused primarily on investing in greenfield infrastructure projects globally, with strategic focus on PPP assets in Europe and North America.

The Project involves the construction of a new rail line between the French cities of Tours and Bordeaux (approximately 300 kilometers). The line will be an important link in the Trans-European Transport Networks (TEN-T) scheme for connective transport service across Europe, and is seen as a significant policy element by the French government and the European Union—both of which, along with their public institutions, have provided it with strong support. The Project is expected to generate long-term income gains after its scheduled completion in 2017.

Investment in infrastructure is considered and used as a popular and effective measure of asset management and investment among overseas pension funds, and pension funds and institutional investors in Japan are also showing growing interest in this class of assets.

Taking advantage of skills, risk evaluation techniques and other resources it has gained through its involvement in infrastructure finance, DBJ will continue investing and financing in concession-type and other advanced infrastructure projects overseas. At the same time, DBJ intends to share with Japanese pension funds, institutional investors and others the asset management and investment opportunities we discover at home and overseas, thereby meeting investors' diversifying needs for access to high-quality investment outlets.

European High-Speed Rail

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 enterprises to issue bonds in Japan. In the preceding fiscal year, DBJ invested in five yen-denominated bonds issued in this market, starting with bonds issued by Banco Santander-Chile, a leading Chilean bank, in April 2014.

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 enterprises 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 increasing elderly population, medical system reforms, mergers and acquisitions by medical corporations and a need to rebuild aging facilities. Offering uninterrupted healthcare services involves solving fiscal and administrative problems, as well as improving the skills of medical and other personnel and the quality of related facilities and medical equipment.

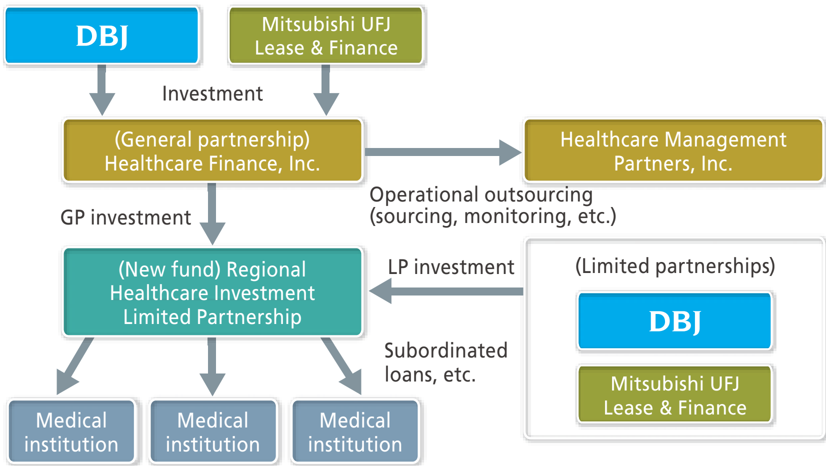
Case Study Regional Healthcare Fund

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 capital for subordinated loans and other investments.

● **Regional Healthcare Fund Scheme**



Case Study Kawakita Medical Foundation

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

Continuing on from fiscal 2012, DBJ recertified the Kawakita Medical Foundation as a DBJ Visionary Hospital and provided financing based on their advanced environmental consideration initiatives and excellent disaster prevention and business continuity efforts.

In its environmental assessment for the current round of financing, DBJ gave high marks for the hospital's achievement of 100 percent recycling of hard-to-recycle medical waste due to such efforts as raising its target waste recycling ratio, carefully selecting its outsourced waste processing partners and conducting periodic checks of their operations. DBJ also gave the hospital a high business continuity management (disaster preparedness) rating for its configuration of a disaster response structure that remains in place even in ordinary times and its initial-response system for emergencies that includes conducting triage drills*.

*Triage drills are designed to optimize rescue effectiveness in cases involving numerous casualties where medical personnel and resources are limited by prioritizing the level of care according to the level of seriousness and urgency.

Kawakita General Hospital

DBJ Environmentally Rated Loan Program

The environment is a perpetual 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 through environmentally considerate investment and financing activities.

Case Study Suzuki Motor

Suzuki Motor Corporation, headquartered in the city of Hamamatsu, Shizuoka Prefecture, has "Small Cars for a Big Future" as its slogan. In line with this mantra, the company has become an industry leader conducting business on the world stage in the production and sale of mini-vehicles, which are lightweight, offer good fuel performance and are low in CO_2 and other emissions. Since the time of its establishment, Suzuki Motor Corporation has made a full-fledged effort to manufacture "valuable products," working at the same time to promote environmental initiatives throughout the company. Underscoring this emphasis, the company formulated the Suzuki Global Environment Charter in 2002, and has cultivated a particularly high level of environmental management.

DBJ gave Suzuki Motor Corporation the highest rank for the DBJ Environmentally Rated Loan Program and arranged syndicated loans for the company based on that system.

We accorded Suzuki Motor Corporation a high rating for four reasons. (1) The company has placed a strong emphasis on the environmental effect of its products in use. Applying some of the strictest standards such as Top Runner Standards, the company promotes Suzuki Green Technology, a next-generation environmental technology aimed at reducing weight and fuel consumption. As a result, the company provides products that create new demand, while at the same time addressing an issue facing society. (2) To reach increasing numerical targets for higher global average fuel economy, the company has set key performance indicators (KPIs) for the development of environmental technologies based on a medium-term roadmap. These KPIs lead to the development of next-generation vehicles and improvements in technologies for enhancing fuel performance. (3) The company conducts monthly environmental effect analyses of each of its production lines and processes, and uses energy cost conversions to measure annual results of introducing equipment. These measures help to ensure the thorough visualization of environmental effects and lead to thorough environmental measures at every plant. (4) In addition to having in place a system to centrally manage the environmental risk of its procurement partners, the company has introduced Suzuki's Environmental Management System for sales distributors to promote environmental awareness throughout the supply chain.

New ALTO

Case Study Santen Pharmaceutical

Santen Pharmaceutical Co., Ltd., headquartered in the city of Osaka, has a history reaching back more than 120 years and is Japan's leading manufacturer of ophthalmic pharmaceuticals. The company name harks back to a Confucian passage expressed in Japanese as "*Tenki ni sanyo suru**," which serves as the basis for "Santen's Values." Based on these values, by concentrating on the specialized ophthalmic market, the company strives to provide superior products and services that help to improve the quality of life of patients around the world.

DBJ provided financing to Santen Pharmaceutical under the DBJ Environmentally Rated Loan Program.

DBJ rated the company highly for three reasons. (1) To reflect the stance of ISO 26000, Santen's Values define the "7 Core Subjects of CSR" as important social issues to address in its corporate activities. In line with these subjects, the company engages in dialogue with its stakeholders and considers specific initiatives to address in each of these areas. (2) In terms of product quality, Santen Pharmaceutical has established its own standards that exceed statutory requirements. The company has adopted water resource measures as an important theme of its environmental activities, as these resources can significantly affect its quality control. Accordingly, the company takes a proactive stance toward conserving water resources through forest preservation activities. (3) In addition to imposing strict process controls to reduce its percentage of non-conforming products and working to reduce waste, Santen Pharmaceutical has set targets for its final disposal rate that surpass industry levels. The company is also committed to promoting further 3R (reduce, reuse and recycle) activities.

*Santen Pharmaceutical's original interpretation of a passage from *Zhongyong* ("Doctrine of the Mean") by Confucius, meaning "exploring the secrets and mechanisms of nature in order to contribute to people's health."

Production line for ophthalmic pharmaceuticals

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 Autobacs Seven

Autobacs Seven Co., Ltd., headquartered in Koto-ku, Tokyo, operates a chain of franchise stores that sell car products, perform inspections and repairs, and buy and sell automobiles. The company is a leader in this field.

DBJ provided financing to Autobacs Seven based on the DBJ Employee's Health Management Rated Loan Program.

We accorded the company a high rating for three reasons. (1) The company's top management proclaims a "health declaration" as a fundamental policy it makes known to all employees. Companywide, Autobacs Seven has in place a Health Improvement Promotion Council and a Health Management Office to spearhead its activities, liaising with health insurance organizations, industrial physicians and the labor union to provide a system that promotes health measures. (2) The company quantitatively analyzes health checkup and receipt data*[1] to thoroughly visualize health risks, and then establishes key risk response issues. The company then sets medium-term numerical targets through a three-year data health program. (3) Targeting all employees, when they are recognized to have a health risk, they are provided with health guidance using a method called a "high-risk approach*[2]." In these ways, the company endeavors to respond to lifestyle-related disease early on.

*1 Receipt data: When a patient undergoes a medical examination, the medical institution invoices the insured party (health insurance organization or similar) for medical treatment fees. This receipt contains detailed data.

*2 High-risk approach: A treatment method that concentrates on people at high risk of contracting a specific disease.

Certification presentation ceremony

Case Study Fresta

Fresta Co., Ltd., headquartered in the city of Hiroshima, Hiroshima Prefecture, operates a food supermarket chain throughout the Chugoku region and centered on Hiroshima Prefecture. Fresta aims to be the "healthiest supermarket," promoting health not just for its employees but throughout the region, and seeks to invigorate the region by supporting the health of its customers.

Fresta is the first company in Hiroshima Prefecture to receive DBJ financing through the DBJ Employee's Health Management Rated Loan Program.

DBJ rated Fresta highly for three reasons. (1) In line with its key management theme of being the "healthiest supermarket," Fresta has issued a health declaration that sets targets for all employees on managing their own health. (2) The company has launched the FreSmart Project* and an activity promoting brain checkups, establishing its own internal standards. Fresta identifies employees whose health checkup results indicate a high degree of health risk, and requires these people to receive guidance on improving their situation, including from specialist advisors, and undergo brain scans. (3) Fresta's standards for managing working hours are stricter than legally required, and the company has in place an employee consultation room where employees can undergo consultations with industrial counselors. Fresta has also introduced a long-term disability system that can be utilized if an employee is ill or experiencing a difficult work situation. Through systems such as these, Fresta strives to create an environment where employees can work healthily and with peace of mind.

*FreSmart Project: This project sets conditions based on internal standards for health related to metabolic syndrome. Specialists cooperate to support employee health on the exercise and dietary fronts.

Certification presentation ceremony

Energy

Varied energy usage is essential to ensure the long-term, stable supply of energy. Also, global 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 Green Energy Tsu

Green Energy Tsu Corporation, headquartered in the city of Tsu, Mie Prefecture, was established by JFE Engineering Corporation (JFEE), headquartered in Chiyoda-ku, Tokyo, to generate electricity using biomass fuel.

Through the Fund for Japanese Industrial Competitiveness, DBJ has provided funding to Green Energy Tsu in collaboration with JFEE and other organizations. Also via this fund, under the agreement on supplying mezzanine loans, DBJ arranged all of this project via project finance methods, separating the roles of the banks providing senior loans, The Hyakugo Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited.

This business operates on the site of JFEE's Tsu Works, leveraging JFEE's leading-edge technologies and ample expertise in engineering, procurement and construction, as well as operation and maintenance. Green Energy Tsu has built and operates an approximately 20-megawatt power plant fueled by timber from forest thinning that was previously unused. By making effective use of this timber, the company is in accordance with the city of Tsu's Biomass Industry City Framework. The company is also helping in regional revitalization by augmenting the competitiveness of local industry and contributing to the quality and quantity of employment available in the area.

Biomass power plant

Case Study Miyako Solar Energy Project

The Miyako Solar Energy Project is one aspect of the Miyako City Smart Community Promotion Project being undertaken as an effort at reconstruction following the Great East Japan Earthquake.

Specifically, the project involves the construction of a megasolar (large-scale solar generation) facility providing approximately 4 megawatts (based on direct current) in the Tsugaruishi and Taro districts of the city of Miyako, Iwate Prefecture, which was hit by the tsunami that accompanied the Great East Japan Earthquake. In addition to making effective use of the land hit by the disaster, this project aims to help stabilize power supplies in times of disaster.

DBJ promoted the Miyako Solar Energy Project by helping to arrange financing and providing funds. We arranged a syndicated loan with The Bank of Iwate, Ltd., the only financial institution to be involved in the Miyako City Smart Community Promotion Project from its inception.

Megasolar power plant in Tsugaruishi district

Megasolar power plant in Taro district

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, aims to provide service that delivers high customer satisfaction under the brand concept of "Seed Smiles in the Sky." 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.

DBJ began working with Solaseed Air in February 2007 with support from the then-Industrial Revitalization Corporation of Japan. Since that time, we have continued to help Solaseed Air grow by providing assistance from a medium- to long-term perspective on the financing and business fronts. We have provided active support in a number of areas to help the company enhance its corporate value. To help the company source equipment, we arranged a syndicated loan in cooperation with major financial institutions in the company's service area, thereby aiding Solaseed Air's efforts to reinforce its business foundations.

Recently, DBJ converted all of the preferred shares (shares with no voting rights), which it had acquired as an investment in the company's revitalization, to common stock, thereby becoming Solaseed Air's largest shareholder. DBJ transferred some of its shareholdings to major financial institutions in Solaseed Air's service area (The Miyazaki Bank, Ltd., The Miyazaki Taiyo Bank, Ltd., Oita Bank Co., Ltd., The Kagoshima Bank, Ltd., The Eighteenth Bank, Ltd.), as well as to other companies headquartered in Miyazaki Prefecture. As a shareholder, DBJ helps Solaseed Air utilize its management resources to enhance the airline's corporate value and hopes to support its further growth and see the company create new economic value for its region.

Solaseed Air airliner

Case Study Keio

Keio Corporation, headquartered in the city of Tama, Tokyo, operates railway lines with a total length of 84.7 km. Its Keio Line connects Shinjuku Station and Keiō-hachiōji Station, and the company also operates the Inokashira, Takao and Sagamihara lines. The Keio Group, of which Keio Corporation is a mainstay, is involved in a broad range of businesses, from merchandise sales (including Keio Department Store Co., Ltd. and Keio Store Co., Ltd.) to leisure (including Keio Plaza Hotel Co., Ltd., and Keio Presso Inn Co., Ltd.).

In fiscal 2014, Keio Corporation completed work on a "construction project of multi-level crossing near Chōfu Station." In this project, led by the city of Tokyo, Keio Corporation sought to prevent traffic congestion and accidents at railroad crossings, integrate the region through elevated urban planning routes and improve user convenience. As of the conclusion of this project, rail sections between Shibasaki and Nishi-chōfu stations on the Keio Line and between Chōfu and Keiō-tamagawa stations on the Sagamihara Line are all underground. This construction elevated urban planning routes in eight locations and eliminated 18 railway crossings.

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

Chōfu Station underground platform

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 Daibiru

Daibiru Corporation, headquartered in the city of Osaka, was established in 1923 with the foresight to concentrate business in the city. The company started operations in 1925 with the Daibiru-Honkan Building (Nakanoshima, Kita-ku, Osaka). In 1927, the company expanded its business by constructing the Hibiya Daibiru Building (Uchisaiwaicho, Chiyoda-ku, Tokyo), which employed state-of-the-art technologies at the time.

DBJ currently accords the company's Shin-Daibiru Building with DBJ Green Building Certification, given to properties in the best class of environmental and social awareness. The original building was completed in Osaka's business center of Dojimahama, Kita-ku, in 1963. To address the building's ongoing deterioration, Daibiru embarked on its reconstruction. March 2015 saw the rebirth of a cutting-edge new building that is highly energy efficient, has in place a business continuity plan and incorporates safety-conscious technologies. For these reasons, we accorded the new building the "2014 five stars" rating in DBJ Green Building Certification. The plants from the former building's rooftop garden and stately historical objects have been left in place so people using the facility can enjoy its unique design. The building is thereby expected to contribute to the regional community.


Shin-Daibiru Building

Case Study Ishiya

Ishiya Co., Ltd., headquartered in the city of Sapporo, Hokkaido, was founded in 1947 and operates under a management philosophy of "sweets that make people happy." In keeping with this theme, the company manufactures and sells some of Hokkaido's hallmark confectioneries, such as Shiroi Koibito.

To encourage customers to feel a sense of closeness with its products, Ishiya opened the Ishiya Shop, Ishiya Café and Candy Labo at its Sapporo Odori Nishi 4 Building, a center of the Sapporo tourism trade. These three shops opened in June 2013. In addition to tourists, the stores are popular with Sapporo residents. In this way, the company is contributing to regional revitalization.

DBJ has provided DBJ Green Building Certification to the Sapporo Odori Nishi 4 Building, for "properties with exceptionally high environmental and social awareness." DBJ gave the building a high rating for various reasons: the building embodies environmental consciousness, being equipped with LED lighting in common areas, water-saving toilets and other equipment that deliver high energy savings, and 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

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 Sekisui House Reit/Sekisui House SI Residential Investment Corporation

Concerning "environmental and societal considerations," since March 2011 we have been providing the DBJ Green Building Certification to real estate owners for advanced initiatives in the "customer support services" category. In January 2015, we set up a new "residence edition" of this certification for apartment buildings. Along with editions for office buildings, for logistics and for commercial facilities, this makes four main asset categories eligible for certification.

In this new category, we provided certification for office buildings owned by Sekisui House Reit, Inc., headquartered in Minato-ku, Tokyo. The certification of these buildings (Garden City Shinagawa Gotenyama, Hommachi Minami Garden City and Hommachi Garden City) supported IR activities that enabled the company to raise financing at the time of its new stock market listing. We have also certified apartment buildings owned by Sekisui House SI Residential Investment Corporation, headquartered in Minato-ku, Tokyo (Prime Maison Shinagawa, Prime Maison Gotenyama East), giving high marks to their proactive energy-saving and generation efforts. DBJ, through its recognition of the "residence edition" asset type, supports the overall initiatives of the Sekisui House Group, the first companies to have properties receive this category of DBJ Green Building Certification.

Garden City Shinagawa Gotenyama

Prime Maison Shinagawa

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 the Japanese government or regional municipal bodies, 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 Japanese government and regional municipal bodies 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 Various Initiatives to Expand the Use of PPP/PFI

In June 2013, DBJ set up PPP/PFI Promotion Centers at the Regional Planning Department of its head office, branches and offices to expand the use of PPP/PFI projects. Through these organizations, we aim to contribute to a broad range of initiatives from the upstream stages.

As one example, we have held 30 PPP/PFI Promotion Seminars in various regions in collaboration with regional financial institutions, the Japanese Cabinet Office and the Private Finance Initiative Promotion Corporation of Japan (PFIPCJ), as of the end of fiscal 2014. These seminars provide information about rebuilding public infrastructure in the face of such challenges as fiscal constraints and a dwindling population. Since October 2014, we have held "PPP/PFI Academy," using the videoconferencing system at DBJ's head office, branches and other offices. The academy's primary targets are members of regional municipal bodies, and it has attracted the participation of more than 300 people from locations around Japan.

Going forward, DBJ will continue fostering appropriate relations with the Japanese government, PFIPCJ, regional municipal bodies, enterprises and regional financial institutions as it conducts PPP/PFI-related studies, disseminates information and advice, cultivates and supports the formation of diverse PPP/PFI businesses, provides risk capital and works aggressively to help regional revitalization by expanding the application of the PPP/PFI approaches.

PPP/PFI Academy underway

Case Study Investing in PFIPCJ

DBJ was one of the founding investors in the Private Finance Initiative Promotion Corporation of Japan (PFIPCJ), headquartered in Chiyoda-ku, Tokyo.

PFIPCJ was established based on the Act on Promotion of Private Finance Initiatives (revised) (concluded in June 2013) as a key measure of the Japan Revitalization Strategy (Cabinet decision on June 2013). PFIPCJ currently invests in and provides loans for PFI projects under a concession format, among other ways. The organization also dispatches specialists to regional municipal bodies and provides advice to cultivate the market for infrastructure investment, thereby reducing the fiscal burden and creating private-sector business opportunities.

Regional Revitalization Tailored to Regional Needs

Regional Revitalization

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

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

Case Study Mt.HAKODATE ROPEWAY

Mt.HAKODATE ROPEWAY Co,ltd, headquartered in the city of Hakodate, Hokkaido, operates a ropeway business on Mt. Hakodate. This mountain, which boasts three stars in the *Michelin Green Guide Japan* (2nd Revised Edition) and is known for its dramatic night views, is an integral part of the Hakodate tourism industry.

At the end of fiscal 2015, the Hokkaido Shinkansen is scheduled to open, linking Shin-Aomori Station and Shin-Hakodate-Hokuto Station. To coincide with this timing, the Mt.HAKODATE ROPEWAY has drawn up plans to make the mountain more convenient and attractive as a tourist destination. Plans include a large-scale refurbishment to alleviate crowding during peak evening hours and make its facility barrier-free.

DBJ provided funding in support of this plan, which it believes is an extremely important project in terms for tourism in the Hakodate area. Accordingly, we provided risk capital through mezzanine financing to reinforce the Mt.HAKODATE ROPEWAY's financial base. At the same time, we structured a syndicated loan in cooperation with regional and other financial institutions. We believe that making the company's facilities more convenient to the passengers will strengthen the tourism base of the Hakodate area and Hokkaido in general. On this basis, DBJ provided financing via the Regional Areas *Genki* Program.

Large 125-person capacity gondola

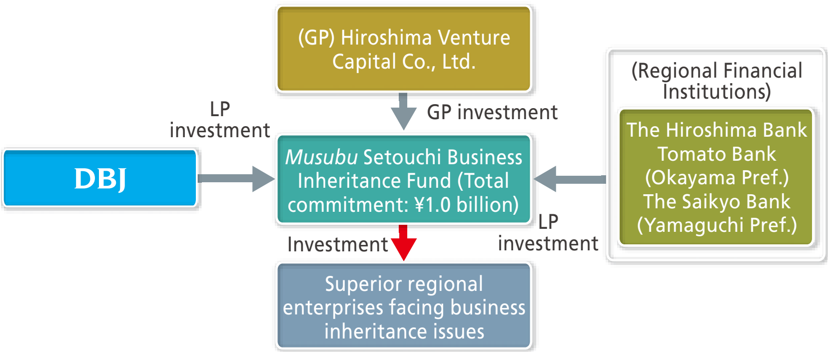
Case Study Setouchi *Musubu* Investment Limited Partnership

To facilitate the smooth succession of regional enterprises to heirs as Japan's population ages, DBJ set up the Setouchi *Musubu* Investment Limited Partnership (below, the "*Musubu* Setouchi Business Inheritance Fund") in collaboration with three regional financial institutions, including The Hiroshima Bank, Ltd., headquartered in the city of Hiroshima, Hiroshima Prefecture.

The *Musubu* Setouchi Business Inheritance Fund meets the inheritance needs of clients of the financial institutions participating in the fund by acquiring shares in their enterprises for a certain period of time and returning these shares after the next generation of management is in place and the businesses are passed on. In this manner, the fund aims to help maintain regional businesses and employment, as well as contribute to regional economic invigoration.

In addition to participating in and providing funding support for this initiative by The Hiroshima Bank and other regional financial institutions to facilitate business inheritance, DBJ leverages its characteristically neutral standpoint to provide advice on fund management.

● Overview of the *Musubu* Fund Scheme



Regional Revitalization

Case Study Twinbird

Twinbird Corporation, headquartered in the city of Tsubame, Niigata Prefecture, was founded in 1951. This company, which manufactures and sells household electrical products, celebrates its 64th anniversary of founding in 2015.

Initially established as a metal plating company, Twinbird has developed its operations mainly in the markets for gifts and sales through mass-market shops for household electrical products. To realize a management philosophy of "providing products that inspire and offer comfort," Twinbird has grown as a development-oriented company in the city of Tsubame, a "town of artisans."

Twinbird manufactures and sells a host of products, with a lineup that currently includes appliances for food preparation; LED lighting; cleaners; home electronics; equipment for beauty, barbering and health; water-resistant audiovisual equipment and industrial refrigerators.

Operating in the household electronics sector, which is susceptible to changes in the business climate, the company strives to develop and manufacture products by identifying customer needs carefully. Twinbird is also aiming to grow by expanding its global operations. To support these initiatives and in the interest of invigorating regional industry, DBJ provided financing through the Regional Areas *Genki* Program.

Headquarters exterior

Case Study Daikyo

Daikyo Corporation, headquartered in the city of Komatsu, Ishikawa Prefecture, applies the technological foundation in paints it has cultivated since the time of its founding in 1976 to enter new technology domains and markets. Currently, the company has a presence as a prominent supplier of cabins and driver's seat units to Komatsu Ltd., a world-leading manufacturer of construction equipment. To offer new products and augment production efficiency, Daikyo plans to consolidate its four domestic factories into a new and larger plant. As the new factory should make construction equipment manufacturing and other core industries in Ishikawa Prefecture more competitive, the project is eligible for interest rate subsidy programs that support the revitalization of regional communities* based on the prefecture's industrial innovation strategy.

Evaluating Daikyo highly for its move to encourage the centralization of construction equipment manufacturing in Ishikawa Prefecture, DBJ provided financing under the Regional Areas *Genki* Program.

*Interest rate subsidy programs that support the revitalization of regional communities are part of a system supported by the Japanese government toward the realization of various regional community revitalization plans the Japanese government has certified.

New plant

Case Study Enshu Railway

Enshu Railway Co., Ltd., headquartered in the city of Hamamatsu, Shizuoka Prefecture, is a railway and bus operator. Enshu Railway is a core member of the Entetsu Group, which is involved in the transport, product sales, leisure service and real estate businesses, centered in western Shizuoka Prefecture.

DBJ has provided Enshu Railway with financing via the Regional Areas *Genki* Program for two reasons. (1) As an operator of Hamanako Palpal and other tourism and nearby lodging facilities, as well as a public transport operator based in the city of Hamamatsu, the company has begun offering HAMAMATSU FREE Wi-Fi, a free public wireless LAN service. Also, by providing notice signs in five languages on its direct bus to Nagoya's Chubu Centrair International Airport, the company increases convenience for tourists visiting Japan. (2) The Entetsu Department Store has a "tax-free counter" (for duty-free purchases) and is newly equipped with an automatic foreign exchange machine. Wi-Fi services are available on all floors of the store, which also boosts the number of inbound tourists, thanks to its location just in front of the station in the city center.

Tax-free counter in the Entetsu Department Store

Regional Revitalization

Case Study Kansai Super Market

Kansai Super Market Ltd., headquartered in the city of Itami, Hyogo Prefecture, is a supermarket chain that operates 65 stores (as of April 30, 2015) in Hyogo, Osaka and Nara prefectures. Its supermarkets, which are particularly well known for fresh foods, enjoy strong support from customers in the local community.

DBJ provided the company with financing based on the DBJ Employee's Health Management Rated Loan Program. We accorded high marks to the company for three reasons. (1) As one measure to address excessive work, the company has prepared a "manual to prevent excessively long working hours from recurring." This manual clearly spells out the roles of related divisions and requires these divisions to notify store departments about overtime hours worked. The company also encourages employees to take paid leave and has introduced leave systems for seven, five and three consecutive days for this reason. (2) Based on its "mental health plan," Kansai Super Market has established medium- and long-term targets for its mental health measures. As specific measures, newly hired and existing employees undergo self-care training, and the company has set up an outside consultation desk staffed with specialists. (3) The company is also taking part in activities to promote the health of local residents. These include "Look, Touch, Enjoy!" dietary experience tours and courses in a proactive effort to provide information about healthful diets.


The Kushiro store in the city of Kawanishi, Hyogo Prefecture

Case Study Nakagawa Water Power

Nakagawa Water Power Co., Ltd., headquartered in the city of Fukushima, Fukushima Prefecture, boasts some of the most advanced technological capabilities in Japan in the design, manufacture, sale and maintenance of small hydropower generation equipment. Such equipment has a high capacity factor and is highly economical. As it can be installed along general waterways and drainage flows for agricultural water, generation tends to be stable throughout the year, and the technology provides an eco-friendly way to generate electricity.

DBJ has provided financing via the Regional Areas *Genki* Program for Nakagawa Water Power's construction and operation of the Inawashiro Small Hydropower Plant, highly evaluating its contribution to renewable energy in the Tohoku region.


Inawashiro Small Hydropower Plant

Case Study Anabuki Kosan

Anabuki Kosan Inc., headquartered in the city of Takamatsu, Kagawa Prefecture, was established in 1964. Its mission is "to promote culture and history in regional communities by building homes and create real estate value." The company is engaged in the development of "Alpha" brand condominiums, chiefly in the regions of Shikoku, Chugoku, Kinki and Kyushu. In addition, the company operates and manages senior housing, and is developing its real estate business broadly in the regions in which it operates.

Anabuki Kosan formulated a business continuity plan in 2012 against possible massive earthquakes in the Nankai Trough. As well as constructing its headquarters and management facility to be seismically isolated, the company is developing condominiums that have disaster-prepared containers in the area.

In DBJ's evaluation, Anabuki Kosan's initiatives against massive earthquakes in the Nankai Trough contribute to disaster-preparedness and business continuity measures. Accordingly, via the Regional Areas *Genki* Program, DBJ has acquired a private placement note issued by Anabuki Kosan.

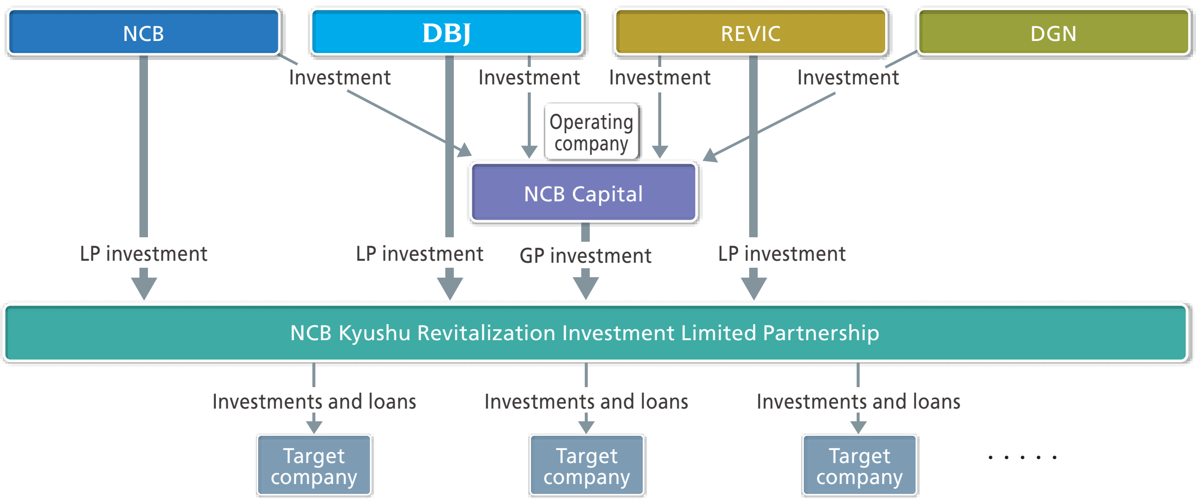

Alpha Park Nade Takamatsu The Tower

Case Study NCB Kyushu Revitalization Investment Limited Partnership

Many regional enterprises in the Kyushu area face the likelihood of shrinking markets as the Japanese population shrinks and ages. These enterprises are also experiencing fiercer competition, as larger enterprises move into their territories, and are seeing a shortage of people to take over their management. Given these threats, these enterprises need to strengthen their financial bases and reconstruct their capital policies, among other fundamental measures addressing business and corporate restructuring, as well as smoothly handing over the reins of management. Under these conditions, DBJ is responding to diverse needs for growth capital by enterprises in the Kyushu region by establishing NCB Capital Co., Ltd in cooperation with The Nishi-Nippon City Bank, Ltd. (NCB), the Regional Economy Vitalization Corporation of Japan (REVIC) and Dogan, Inc. (DGN). By arranging the NCB Kyushu Revitalization Investment Limited Partnership, to be managed by NCB Capital, DBJ is combining diverse financing services, including preferred stock and subordinated loans, to provide staged and mixed growth capital.

Along with NCB, REVIC and DGN, DBJ aims to make use of the organizations' networks. At the same time, through the fund we will provide broad-ranging support for the growth initiatives of enterprises in the Kyushu region.

● NCB Kyushu Revitalization Investment Limited Partnership Scheme



Case Study Azuma-Cho Fishery Cooperative

The Azuma-Cho Fishery Cooperative (ACFC), headquartered in the district of Izumi, Kagoshima Prefecture, began a yellowtail-breeding operation in 1968. The ACFC can now boast of being the largest fishery cooperative in Japan producing farmed yellowtail. The cooperative obtained the first hazard analysis and critical control point (HACCP*) certification (processing facilities) in the fish farming industry and has developed an original feed to keep production costs down. Its management program ensures uniform quality. The cooperative leads integrated production spanning young fry to shipment, and has established a traceability system. Thanks to quality control initiatives such as these, its "Buri-Oh" brand (literally, "The King of Yellowtail") has earned a following in Japan as well as overseas for its steady supply of safe and high-quality yellowtail.

DBJ provided ACFC with financing under the Regional Areas *Genki* Program based on its advanced management strategy and a production system that sets an excellent example for the industry.

*HACCP: A continuous monitoring, recording and sanitation management method that focuses on preventing the outbreak of danger during all processes involving foodstuffs, from production to shipment (excerpted from the Ministry of Health, Labour and Welfare website)

Fish farms

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 Funding to Support Reconstruction and Growth Following the Great East Japan Earthquake

Since the Great East Japan Earthquake, DBJ has supported the restoration and reconstruction of enterprises affected by the disaster by providing risk capital through collaboration with The Bank of Iwate, Ltd., The 77 Bank, Ltd., and The Toho Bank, Ltd., to structure each of the Great East Japan Earthquake Reconstruction Funds. As of December 2014, the region was moving from the restoration stage of disaster recovery—recovering production facilities—to the reconstruction and growth stage. This stage is where enterprises that have restarted their production cultivate sales routes, collaborate with other enterprises to reinforce industrial competitiveness, build infrastructure and reinforce their functions. In response to this situation, DBJ, the three above-mentioned banks and the Regional Economy Vitalization Corporation of Japan (REVIC), set up new reconstruction and growth support funds. Initially, the total value of the three new funds was set at ¥15.0 billion. However, as investment and loan activities progress, this amount may be increased to as much as ¥30.0 billion.

The new funds target enterprises conducting business that contributes to the reconstruction and growth of the affected region (including enterprises entering the area from other regions and newly established enterprises). The fund supplies risk capital using such measures as subordinated loans and preferred shares, advancing a nationwide model that supports regional growth and invigoration.

● Overview of the New Funds

Name	Iwate Reconstruction Growth Support Investment L.P.	Miyagi Reconstruction Regional Vitalization Support Investment L.P.	Fukushima Reconstruction Growth Support Fund Investment L.P.
Established	December 8, 2014		
Scale of fund	Each fund has ¥5.0 billion (which can be increased to ¥10.0 billion with agreement by the fund's members).		
General partnership (GP)	Tohoku Fukko Partners Co., Ltd.		
Limited partnerships (LPs)	DBJ, The Bank of Iwate and REVIC	DBJ ,The 77 Bank and REVIC	DBJ, The Toho Bank and REVIC
Period	Investment period of five years, duration of seven years and four months (If necessary, however, it is possible to extend the investment period by up to two years and the duration by up to one year.)		

Case Study Showa Shell Sekiyu

Showa Shell Sekiyu K.K., headquartered in Minato-ku, Tokyo, is a major Japanese oil refiner and distributor. While maintaining a strong foundation in the oil business, the company is enterprisingly developing a next-generation CIS photovoltaic cell project via wholly owned subsidiary Solar Frontier K.K., aiming to turn it into an energy business to help realize a future low-carbon society.

DBJ arranged a syndicated loan based on the Interest Rate Subsidy System for Special Zones for Reconstruction* with three regional banks in the Tohoku region for Showa Shell Sekiyu's construction of a fourth facility for Solar Frontier, the Tohoku Plant in the village of Ohira, the district of Kurokawa, Miyagi Prefecture, which commenced operations in April 2015. DBJ supported this project because of its objective of furthering the village's reconstruction and promotion plan, boosting the competitiveness of nearby enterprises and providing employment opportunities in the region, including Ohira and coastal areas. DBJ also believes the project will contribute toward the revitalization of the village's local economy.

*The Interest Rate Subsidy System for Special Zones for Reconstruction: Under this business facilitation and support system, to reconstruct the area affected by the Great East Japan Earthquake, the Japanese government provides an interest rate subsidy for the financing necessary to businesses central to the promotion of reconstruction plans created by regional municipal bodies and certified by the Japanese government.

Tohoku Plant

CSR Report

Reconstruction Response

Case Study Shoji Construction

Shoji Construction Co., Ltd., headquartered in the city of Minamisoma, Fukushima Prefecture, is a general construction firm that engages in a wide range of projects, including ports, roads and civil construction on agricultural land, as well as residences, factories and medical facilities. The company sustained major damage in the Great East Japan Earthquake, but given its central importance to regional infrastructure, the company is taking part in restoration and reconstruction.

The current president, Takahiro Shoji, took over the management of Shoji Construction in May 2014, conducting a management buyout involving the establishment of Shoji Holdings, Inc. and taking over the company's equity (shares). The company looks forward to developing its operations in anticipation of future growth.

As the first project under the Miyagi Reconstruction Regional Vitalization Support Investment L.P., a fund to support reconstruction and community revitalization in Miyagi jointly funded by DBJ, The 77 Bank, Ltd. and the Regional Economy Vitalization Corporation of Japan (REVIC), financing was provided to support the business inheritance of Shoji Holdings through an MBO.


Quay wall construction

Case Study Iwaki Diecast

Iwaki Diecast Co., Ltd., headquartered in the district of Watari, Miyagi Prefecture, was established in 1969. With its business centered on automotive parts, the company is an integrated manufacturer of die-cast*[1] parts used in a broad range of fields, including electrical and medical equipment. Iwaki Diecast has advanced technologies spanning the mold design through parts processing stages. Its number of business partners is expanding steadily. The company currently has business relationships with nearly 200 enterprises, including leading automakers and other top-tier firms.

To supplement its core business in the automobile industry, Iwaki Diecast intends to expand into the medical equipment parts. To this end, the company is building a metal injection molding (MIM) plant in the town of Yamamoto, the district of Watari, Miyagi Prefecture, aiming to expand its sales routes, and in the process boosting local employment and invigorating the regional economy.

Rating the company highly for its sophistication as a regional industry in its field of business, its contribution to invigorating the region and providing employment opportunities, DBJ provided financing to Iwaki Diecast under the Interest Rate Subsidy System for Special Zones for Reconstruction*[2] and the Regional Areas *Genki* Program.

*1 Die casting: This process, which is compatible with high-cycle mass production, uses pressure to force molten metal into precision molds, resulting in a cast part with a highly precise cast surface.

*2 See page 87.


Headquarters plant

Case Study Maiya

Maiya Co., Ltd., headquartered in the city of Ofunato, Iwate Prefecture, is a supermarket operating at 15 locations, centered on the southern coastal area of Iwate Prefecture. Six of its stores were completely destroyed by the tsunami accompanying the Great East Japan Earthquake, but the company quickly erected temporary shops, helping to provide infrastructure for the devastated region and earning strong support from local customers.

DBJ provided financing under the Interest Rate Subsidy System for Special Zones for Reconstruction*, the DBJ Enterprise Disaster Resilience Rated Loan Program and the Regional Areas *Genki* Program for Maiya to put up a temporary shop in the city of Rikuzentakata, which was devastated by the tsunami, and to rebuild the Takekoma store from a temporary shop into a permanent store.

We ranked the company highly for three reasons. (1) The company periodically provides ongoing tsunami preparedness drills in which employees help protect customers' lives by guiding them to safety. (2) To maintain distribution functions and ensure procurement in emergency situations, the company shares information related to its business continuity plan with its business partners and signs emergency response agreements. As a result, the company has created a functional supply chain that is highly resistant to disasters. (3) To ensure a food lifeline to the affected region and contribute to reconstruction, management took a leadership role in erecting temporary shops and rebuilding stores, thereby quickly returning to business and setting up new stores.

*See page 87.


Takekoma store in the city of Rikuzentakata, Iwate Prefecture

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, enterprises face the need to draft business continuity plans to protect themselves against lost revenue and retain their clients in the event of disaster, thereby reinforcing their managerial foundation.

Case Study Mitsubishi UFJ Lease & Finance

DBJ and Mitsubishi UFJ Lease & Finance Company Limited, headquartered in Chiyoda-ku, Tokyo, have entered into an operating agreement to provide a new product: a program of products and services supporting disaster preparedness and business continuity management (BCM) that Mitsubishi UFJ Lease & Finance is beginning to operate.

In recent years, natural disasters and other risks that threaten corporate business continuity have grown more diverse and complex. To respond effectively to these risks, enterprises are introducing disaster preparedness measures, forming business continuity plans (BCPs) and making efforts to ensure BCM. Against this backdrop, DBJ and Mitsubishi UFJ Lease & Finance have developed the new product described above to raise the overall level of disaster preparedness and BCM among all Japanese enterprises by further contributing on the financial front.

Under the current accord, DBJ will provide Mitsubishi UFJ Lease & Finance with expertise it has gained by evaluating enterprises' disaster preparedness and business continuity through the DBJ Enterprise Disaster Resilience Rated Loan Program. Mitsubishi UFJ Lease & Finance will operate the new product, which it developed in collaboration with DBJ. (Note that this new product is different from DBJ's own DBJ Enterprise Disaster Resilience Rated Loan Program.)

DBJ and Mitsubishi UFJ Lease & Finance, which was rated in 2013 under the DBJ Enterprise Disaster Resilience Rated Loan Program, will complement each other by leveraging their respective client bases. Together, we believe we can further raise the level of disaster preparedness and BCM for Japanese enterprises.

Case Study Shiraken Kamaboko

Shiraken Kamaboko Co., Ltd., headquartered in the city of Ishinomaki, Miyagi Prefecture, is a seafood processing company with a special emphasis on the production of *sasa-kamaboko* (bamboo leaf–shaped fish cake), a specialty of Miyagi Prefecture. Thorough attention to the quality of its ingredients has earned Shiraken Kamaboko a strong following both within and outside Miyagi Prefecture and a reputation for high-quality products. All the company's plants were damaged by the tsunami accompanying the Great East Japan Earthquake, causing the temporary suspension of its operations. However, Shiraken Kamaboko resumed production the following month, demonstrating strong business continuity capabilities.

DBJ provided Shiraken Kamaboko with financing under the DBJ Enterprise Disaster Resilience Rated Loan Program and the Regional Areas *Genki* Program, evaluating the company highly for three reasons.

(1) With management taking a leadership role, the company has prepared measures to ensure the safety of human lives based on the cooperation of all its employees. The company also conducts drills and other effective disaster-preparedness initiatives.

(2) Shiraken Kamaboko is moving forward with the creation of a risk-based integrated management system that leverages ISO 22301 certification for organized and sustained BCM initiatives. (3) The company regularly shares risk information among upstream and downstream enterprises in its supply chain, is ensuring its business partners are geographically distributed and has in place risk-reduction measures, such as strategic inventory management.

Kamaboko products

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

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

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

DBJ's Basic Environmental Policy

Promulgated and Put into Effect October 1, 2008

Purpose

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

Promotion of Environmental Measures through Investment and Loan 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 effect 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 41 and 76.)
- DBJ Green Building Certification (See pages 43 and 81.)

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 68.)
- Communication on Regional Revitalization (See page 68.)
- Communication in International Cooperation (See pages 68–69.)

Promotion of Environmental Awareness Activities in Offices

DBJ works to reduce the environmental effect 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, 2013	Year Ended March 31, 2014	Year Ended March 31, 2015
Copy and printing paper usage (kg)	85,011	60,139	**60,393**
Waste emissions (kg)	55,688	33,976	**33,366**
Energy consumption (kWh)	4.01 million	4.05 million	**4.02 million**
Water usage (m^3)	22,667	10,083	**9,633**

Note: Head office building only

• Promotion of environmentally 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 initiatives to purchase products and services with lower environmental effects. We have continued to practice green purchasing following our privatization.

● Achievements of the Green Procurement Program for Typical Items

	Year Ended March 31, 2015
Paper	100%
Stationery	95.8%
Equipment	90.7%
Office equipment	98.2%
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 2014

DBJ participated in the Uchimizu Project 2014, a campaign hosted by the Uchimizu Project District Executive Committee (the Council for Area Development and Management of Otemachi, Marunouchi, Yurakucho/the Ecozzeria Association/the OMY Area Management Association/Yuraku-cho Shuhen Machizukuri Kyo-gikai, Ministry of the Environment, Tokyo Metropolitan Government and Chiyoda City). DBJ has been participating 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 2014, and made efforts to (1) curb paper consumption, (2) promote the use of recycled products, (3) raise employee awareness of waste reduction and recycling activities, (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.

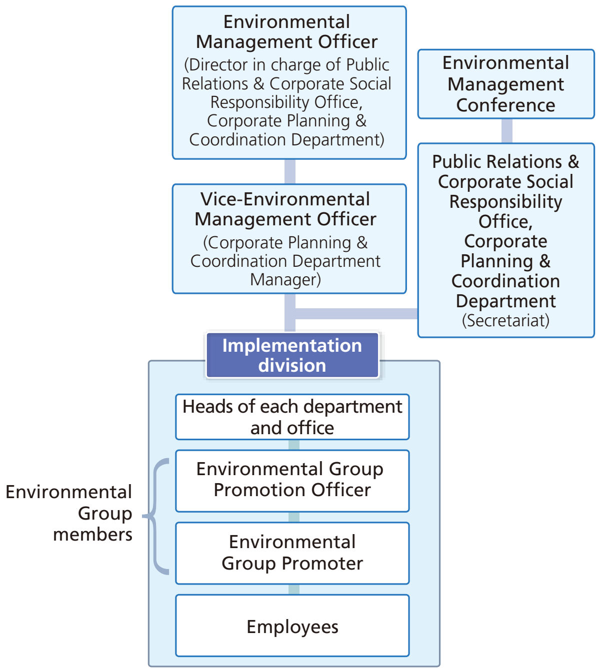
• Other Branches

We implement initiatives such as collecting used postage stamps. 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, an Environmental Group Promotion Officer and Environmental Group Promoter are designated in each branch and department. The Environmental Group Promotion Officer appoints an Environmental Group Promoter and manages 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: keynote speech
	July	Launch of the Development Bank of Japan Environmental Policy (partially modified in April 2005)
	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 by ADFIAP
	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
2015	May	Commendation for DBJ Green Bond: ADFIAP Awards 2015

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 and other 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).

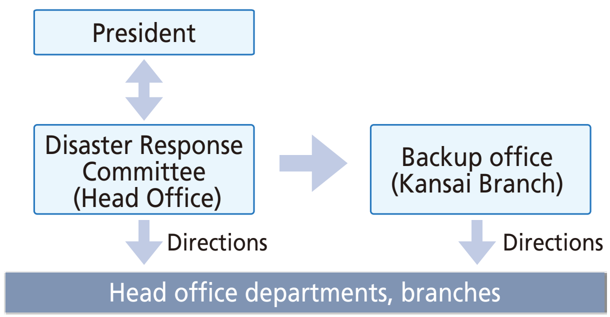
1) Confirmation and assurance of the safety of executives, regular employees and visitors
2) Uninterrupted continuation of settlement-related business
3) Reliable formation of the Disaster Response Committee
4) Restoration and maintenance of IT systems
5) Confirmation of the status of clients in afflicted 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 head office and 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 even when in a state of confusion.

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 regarding goal-setting, DBJ encourages its employees to work hard. DBJ does so by offering bonuses and other benefits based on operating performance, with an emphasis on each of them enhancing their medium- and long-term value both inside and outside the company.

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 made all employees aware 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 also has in place leave programs to give motivated employees better opportunities for long-term employment. We have enhanced our working and leave systems related to childcare and nursing care, through the introduction of flex-time and a system of leave for participating in childcare, as well as a program under which employees who have left DBJ are eligible for re-employment and a system for continued employment options after retiring from full-time work.

On October 18, 2010, the Tokyo Labor 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, and certified 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 by around 50% by the end of fiscal 2018, compared with the level at the start of fiscal 2014.

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.

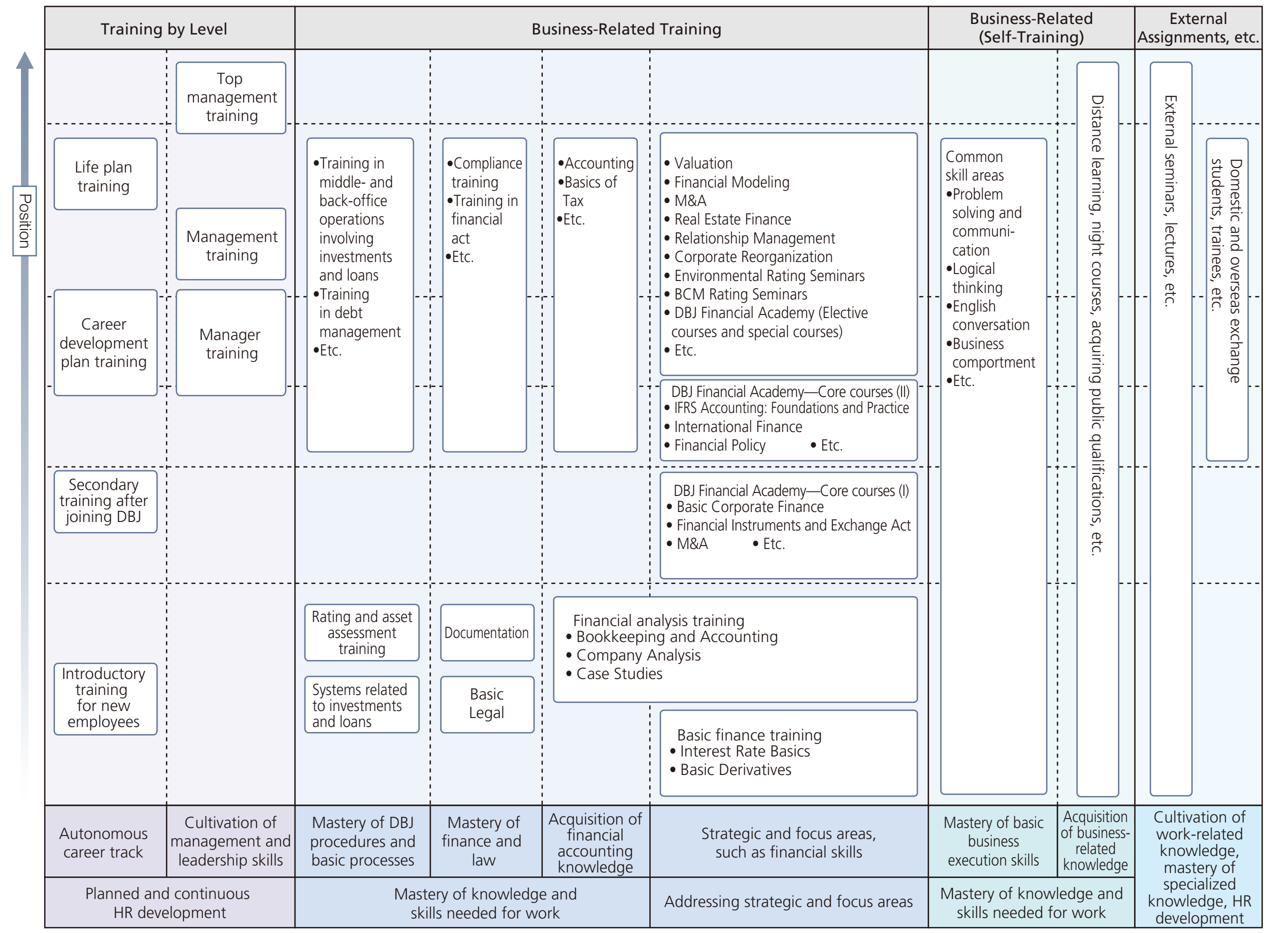
A Solid Human Resource Development System

DBJ's financial professionals are supported by a well-developed education and training system. Mandatory training by level, combined with a host of elective training courses according to skills and needs and designed to respond to financial innovations and advancement, enables each employee to plan his or her career.

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 strategically assigned to a certain department to acquire highly specialized abilities 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, international institutions, domestic and overseas research institutes, enterprises 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 comprehensive 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 required its employee to take training courses that 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 medium- to long-term objective of raising the level of financial expertise of primarily young second-year employees throughout the organization by strengthening their knowledge and understanding of advanced corporate financial business essential to DBJ's business model. During fiscal 2014, courses numbered 22 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, regional municipal 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

2014 Courses (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
- Hedge Fund Industry and Financial Regulation
- Special Program for Regional Financial Institutions

2015 Courses (expected to run from May 2015 through February 2016)

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
- Financial Policy
- Financial Expertise Follow-up Practice
- International Finance

Elective courses
- Behavioral Finance
- Real Estate Finance
- Macroeconomics and the Modern Japanese Economy
- Real Options
- Introduction to Integrated Reporting
- Investment
- Risk Management
- Issues and Expectations for Japanese Public Finance

Special courses
- Securitization
- Hedge Fund Industry and Financial Regulation
- Family Business
- Special Program for Regional Financial Institutions

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 a financial platform that can meet the needs of the times and enable DBJ to provide services that extend beyond merely providing funds. Employing these assets, we endeavor to fulfill our role in enhancing socially responsible activities among enterprises.

Corporate Value and Intellectual Asset Management

Intellectual Assets

Enterprises 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, enterprises 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. Clearly recognizing and thereby managing intellectual assets effectively is considered vital to increasing corporate value.

Listed companies are finding that proactively 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.

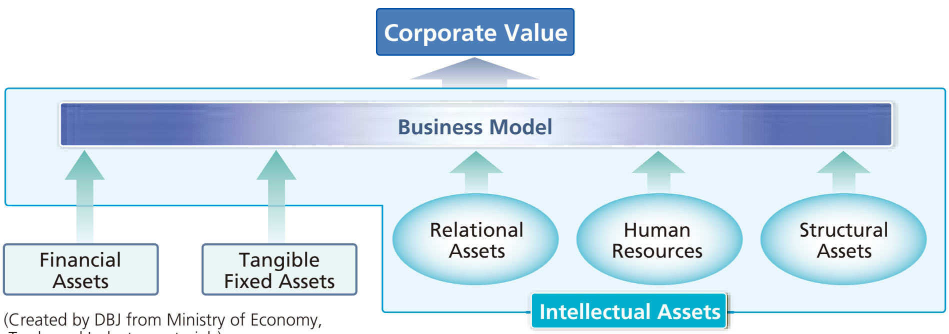
Based on our core values, our executives and regular employees have continued working to enhance their ability to evaluate enterprises and projects.

We have accumulated a wealth of expertise in the screening and evaluation of projects and enterprises from a long-term and objective perspective 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 municipal bodies. Now we take advantage of these networks in our loan and Crisis Response Operations, making use of interest rate subsidy programs for the promotion of environmental management, as well as other interest subsidy systems put in place by national and regional municipal bodies. 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 executing 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, business results are significantly affected by DBJ's ability to form its business and financial structure. Our ability to provide solutions that are appropriate for enterprises, 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 address 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 course. 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 academic community and other experts.

Structural Assets

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 hedge risk as effectively as possible.

The United Kingdom introduced the private finance initiative (PFI) scheme in 1992 to encourage private enterprises 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, enterprises 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 enterprises to continue operating and maintain value in the best portions of their businesses. In addition, DBJ creates business revitalization funds to help enterprises normalize their operations, through a process of operational selection and focus, and reduce their debt levels.

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

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

Relationship between Intellectual Assets and CSR at DBJ

The figure below 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.

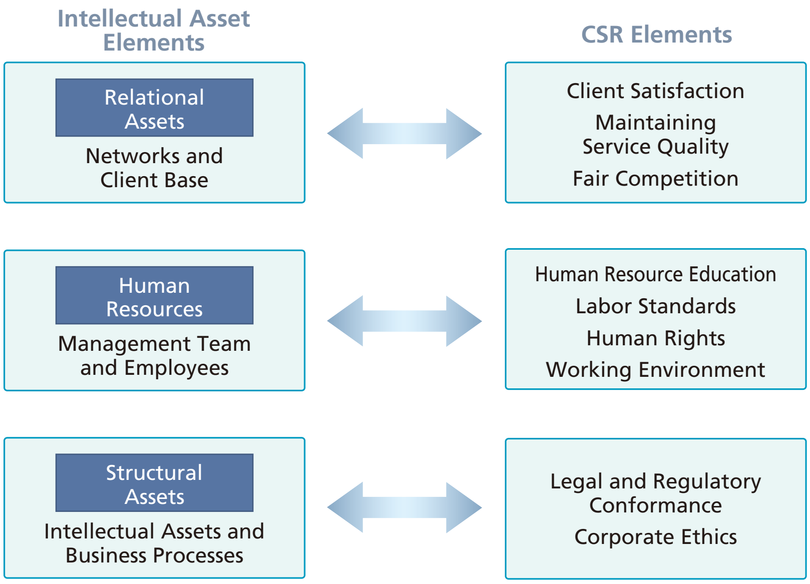
For example, the DBJ Environmentally Rated Loan Program, the DBJ Enterprise Disaster Resilience Rated Loan Program, DBJ Employee's Health Management Rated Loan Program and DBJ Green Building Certification—fully mobilized through intellectual asset networks with central government bodies, regional municipal bodies, experts and clients—as well as our human resources, comprising executives and regular employees, and our accumulation of experience and expertise all serve not only DBJ's vital CSR role but also as a loan menu that buttresses our clients' CSR.

At the same time, these same loan programs strongly support the CSR activities of our business partners: these enterprises have cause to reconsider their conformance with various laws and regulations, ensure safe and secure workplace and surrounding environments and provide quality products and services through fair competition. These activities reinforce a company's client base and raise corporate value by fulfilling social responsibilities.

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

As can be seen on pages 32 to 49, "Integrated Investment and Loan Services," and on pages 70 to 89, "CSR through Investment, Loan and Other Businesses," DBJ is taking advantage of its various accumulated intellectual assets.

● Relationship between Intellectual Assets and CSR



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

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

On pages 32 to 49, "Integrated Investment and Loan Services," and pages 70 to 89, "CSR through Investment, Loan and Other Businesses," DBJ introduces its activities involving financial platforms.

Management Structure

DBJ's most important public social responsibility is to instill public confidence as a financial institution and achieve the highest levels of management transparency. We employ an operations management cycle that reflects the voice of society, particularly in terms of addressing the issues society faces from a long-term perspective, at the appropriate time and in the appropriate manner. We undertake projects that are not only profitable but truly meaningful from both economic and social perspectives, conduct appropriate risk evaluation and work to offer superior investment and financial 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, regional municipal bodies 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 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.

In addition, the following committees have been established.

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, 2015, the Board of Directors met 15 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 17 times during the fiscal year ended March 31, 2015.

The Companies Act prescribes that a majority of Audit & Supervisory Board members be outside members (in DBJ's case, three of the five). DBJ offices contribute three members (two members proper to DBJ and one an outside member). Also, DBJ has created the Audit & Supervisory Board Office, which under the Board's direction, assists the Board members, including outside members, in performing their duties.

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 Professor, Nihon University Law School

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, 2015.

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 regarding compensation. 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 33 times during the fiscal year ended March 31, 2015.

Committees under the Executive Committee

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

ALM & Risk Management Committee

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

General Risk Management Committee

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

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

Since DBJ's establishment as a joint-stock company in October 2008, the Advisory Board has been in place as an advisory body to advise the Executive Committee, providing advice on DBJ's overall management. However, the 2015 revisions to the DBJ Act that went into effect on May 20, 2015, stipulated for an indefinite period obligatory measures to be considered requiring that DBJ conduct its operations in a manner that would not obstruct appropriate competitive relations with other entities in particular. Accordingly, this board is positioned anew as an advisory body to the Board of Directors. As one of its roles, even more than before the Advisory Board is tasked with deliberating and evaluating important affairs related to ensuring appropriate competitive relations are maintained with private financial institutions. This 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

Special Investment Operations Monitoring Board

One of the measures of the 2015 revisions to the DBJ Act that went into effect on May 20, 2015, was in regard to Special Investment Operations. The act stipulates the establishment of a Special Investment Operations Monitoring Board as an advisory body to the Board of Directors. This monitoring board is tasked with deliberating projects and evaluating their performance in terms of appropriateness against policy objectives and with emboldening private-sector enterprises and complementing their operations while maintaining appropriate competitive relations. This board is composed of the following outside experts.

Outside Experts

Masayuki Oku, Chairman of the Board, Sumitomo Mitsui Financial Group Inc.
Norio Sueyoshi, Representative Director & Chairman of Coca-Cola West Co., Ltd., and Chairman of Fukuoka Chamber of Commerce and Industry
Shin Takagi, Vice Chairman & Senior Executive Director of Japanese Bankers Association
Katsunori Nakanishi, President & Chief Executive Officer, The Shizuoka Bank, Ltd.
Keisuke Yokoo, Vice Chairman & President of Japan Association of Corporate Executives
Fumiaki Watari, Honorary Executive Consultant of JX Holdings, Inc.

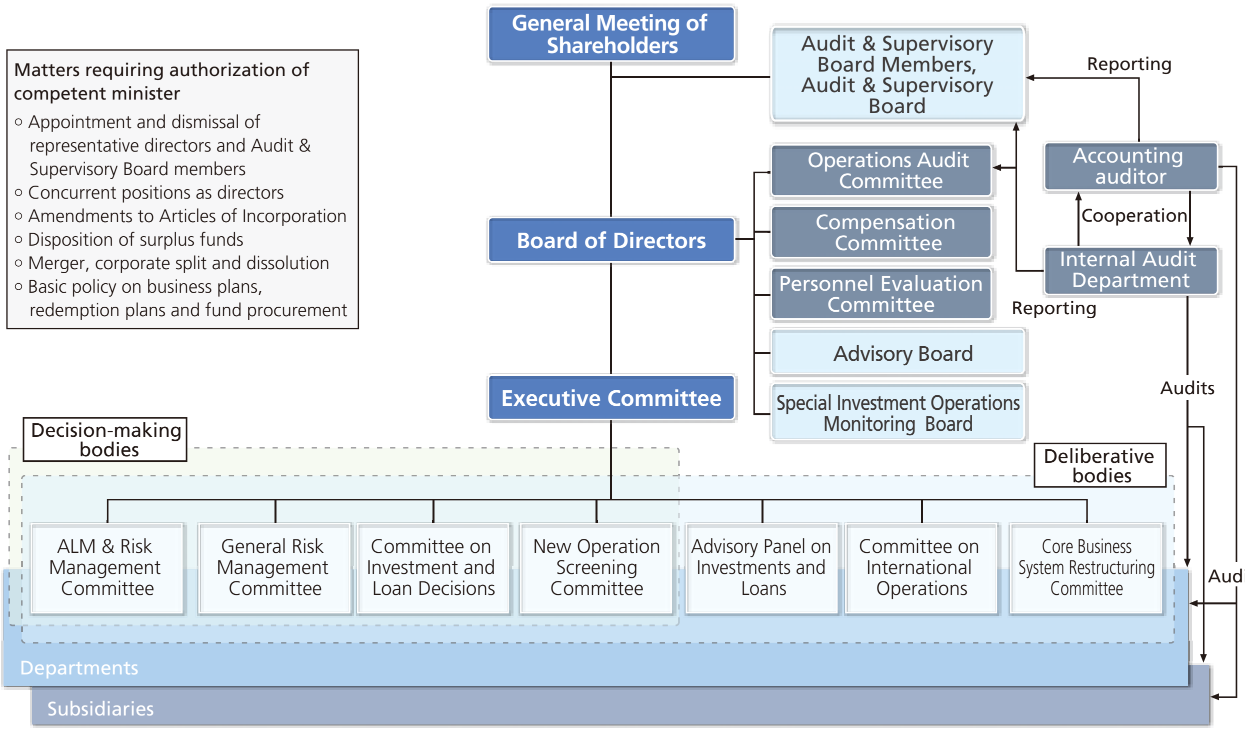
Matters Requiring Authorization of Competent Minister

The DBJ Act prescribes matters for which Minister of Finance authorization is required. Major items requiring such authorization 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 DBJ's 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 managerial importance. The internal control system is designed to confirm applicable 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 Paragraphs 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"), and the corporate group comprising DBJ and its subsidiaries (hereinafter, the "DBJ Group" or the "Group"), 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 the DBJ Group's most important management issues. Accordingly, DBJ has formulated a basic policy to ensure that the execution of duties by directors and employees (for companies that are not joint-stock companies, people in equivalent positions, with the same applying below) 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 the swift detection of acts that contravene laws and regulations and acts of potential concern from the perspective of legal compliance. In the event the department in charge of this system receives an internal report, a report containing the content of the notification shall be sent to an Audit & Supervisory Board member. Furthermore, assurance shall be provided that the person making an internal report shall not experience any disadvantage by having made such a report.
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 DBJ Group's 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 that business shall be put in place.

2. Management systems for integrated risk management shall be created. Also, a committee for risk management shall be formed, 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 for the DBJ Group and perform appropriate Group management control.

2. The Board of Directors shall establish an Executive Committee and delegate decision-making on specific items to this council. In addition to making decisions on the items with which it has been entrusted, to contribute to expeditious decision-making the 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 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 management systems for advance consultation, reporting requests, guidance and other activities related to operations management between DBJ and its subsidiaries and affiliated companies.
4. In addition to Paragraph 3 above, the Board of Directors shall establish the following systems as appropriate and introduce necessary measures with regard to subsidiaries whose operations require particular management based on the scale and characteristics of their activities (hereinafter, "Important Subsidiaries").
   (1) Systems for reporting to DBJ items related to the execution of operations by directors and other executives of Important Subsidiaries
   (2) Regulations and other systems related to managing the risk of loss of Important Subsidiaries
   (3) Systems for ensuring the efficiency of operations executed by directors and other executives of Important Subsidiaries
   (4) Systems for ensuring that the execution of operations by directors, other executives and employees of Important Subsidiaries and other entities are in accordance with the Act and the Articles of Incorporation
5. 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 and Ensuring Effective Instruction of Those Employees

Article 8. Employees supporting the duties of Audit & Supervisory Board members shall perform their duties by working full-time and in accordance with not only the directions and commands of the Audit & Supervisory Board members but also personnel issues related to the employees and matters related to the independence of such employees. Ensuring the effectiveness of directions to such employees shall be left in the control of the Audit & Supervisory Board.

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

Article 9. DBJ Group directors and employees shall report either directly or indirectly to Audit & Supervisory Board members on the status of execution of DBJ's business and other necessary information.

2. If DBJ Group directors and employees become aware of any major potential damage to the DBJ Group's credibility or operating performance, they shall immediately report such information, either directly or indirectly, to the Audit & Supervisory Board members.
3. If DBJ's Audit & Supervisory Board members find that they require certain information to perform their duties, they may request reports from DBJ Group directors and employees as needed, and the party to whom the request is addressed shall report appropriately.
4. Parties reporting to DBJ's Audit & Supervisory Board members in accordance with Paragraph 3 above shall be ensured against facing any disadvantage as a result of such reporting.

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.
6. In the event of a request by Audit & Supervisory Board members for expenses to execute their duties, these requests shall be handled in a smooth manner.

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 29, 2015, 21 people belonged to the Internal Audit Department.

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

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

Status of Accounting Audits

DBJ has in place an agreement whereby Deloitte Touche Tohmatsu LLC conducts accounting audits as its accounting auditor. During the fiscal year ended March 31, 2015, these operations were conducted by designated certified public accountants (designated limited liability partners) Tomomitsu Umezu (continuous audit period* of two years), Hayato Yoshida (same, one year) and Atsuyuki Shimada (same, four years).

* The number of years of continuous audit as designated limited liability partners is stated in accordance with the Companies Act. As designated limited liability partners, the number of continuing years of audits conducted in accordance with the Financial Instruments and Exchange Act was two years for Tomomitsu Umezu, one year for Hayato Yoshida and four 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) for their negligence of tasks may be reduced within 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 and regular employees 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 basic regulations on compliance, DBJ has created and provided thorough notice throughout the organization of a Compliance Manual and a compliance program. 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 police and other 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.

Responding to Japan's Stewardship Code

In August 2014, DBJ stated its acceptance of the "Principles for Responsible Institutional Investors (Japan's Stewardship Code)" (the "Code").

Under the Code, stewardship responsibilities refers to the responsibilities to enhance the medium- to long-term investment return for clients and beneficiaries by improving and fostering investee enterprises' corporate value and sustainable growth through constructive "purposeful dialogue" (engagement), based on an in-depth understanding of the investee enterprises and their business environment.

DBJ recognizes that, in addition to operational selection and focus and the realization of growth strategies, calls for corporate governance are growing. Recognizing the importance of the meaning of equity, in our equity investments we support the long-term advancement of the investee enterprises that are our clients, taking particular note of their social responsibilities. When making investments, we endeavor to gain an in-depth understanding of investee enterprises, their business environments and their management teams' intention and to share with investee enterprises in their long-term strategies. After investing, we leverage DBJ's networks and strengths in information, industry research and financing technologies to provide total financing solutions that address the issues they face. Through dialog with investee enterprises, we work to realize their long-term development and maximize their corporate value over the long term.

DBJ believes that its investment operations have been conducted in close affinity with the spirit of the Code. In providing risk capital and knowledge, we consider the appropriate fulfillment of stewardship responsibilities by institutional investors to be of service from the perspective of working with diverse financial players to ensure the smooth formulation of financial and capital markets. Accordingly, we are in agreement with the meaning of the principles provided in the Code.

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.

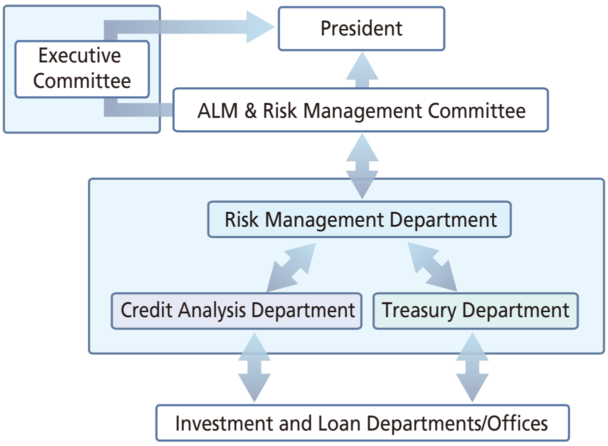
From the standpoint of comprehensive risk management, DBJ has established a Risk Management Department, which is overseen by a director in an official capacity. DBJ seeks to control its total risk within a specified target range. In addition, we have set risk guidelines for each risk category to help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

Risk Management System

DBJ conducts risk management from the perspectives of ensuring management soundness. 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 risk management activities.

The ALM & Risk Management Committee 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 or loss of 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. 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 operation 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, generating 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, 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 need to be managed with caution.	
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 plans 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 minus the EL. The EL and UL calculations are reported to the ALM & Risk Management Committee.

Through such monitoring and considering countermeasures, DBJ is committed to controlling risk and devising 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) or the risk of loss of revenues generated from assets or liabilities, owing to changes in interest rates, exchange rates, stock markets and various other risk factors in the 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. DBJ's exchange risk derives from foreign currency investment and financing and issuing foreign currency bonds. DBJ uses exchange swaps and other instruments to hedge this risk.

DBJ uses swap transactions to manage counterparty risk, 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 setting a limit to financing for each counterparty.

Liquidity Risk

Liquidity risk is the risk of a mismatch occurring in the periods when funds are used and raised or an unexpected outflow of funds occurs, causing differences in the flow of funds (cash liquidity risk). Such situations make securing funds difficult and create situations in which interest rates on borrowed funds are substantially higher than usual rates. At other 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 Japanese government's Fiscal Investment and Loan Program and government-guaranteed bonds rather than on short-term funds such as deposits. Contingency plans are established as appropriate to meet unexpected short-term funding requirements and cash flow shortfalls.

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 administrative risk management and systems risk management as described below.

Administrative Risk Management

Administrative 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 administrative 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

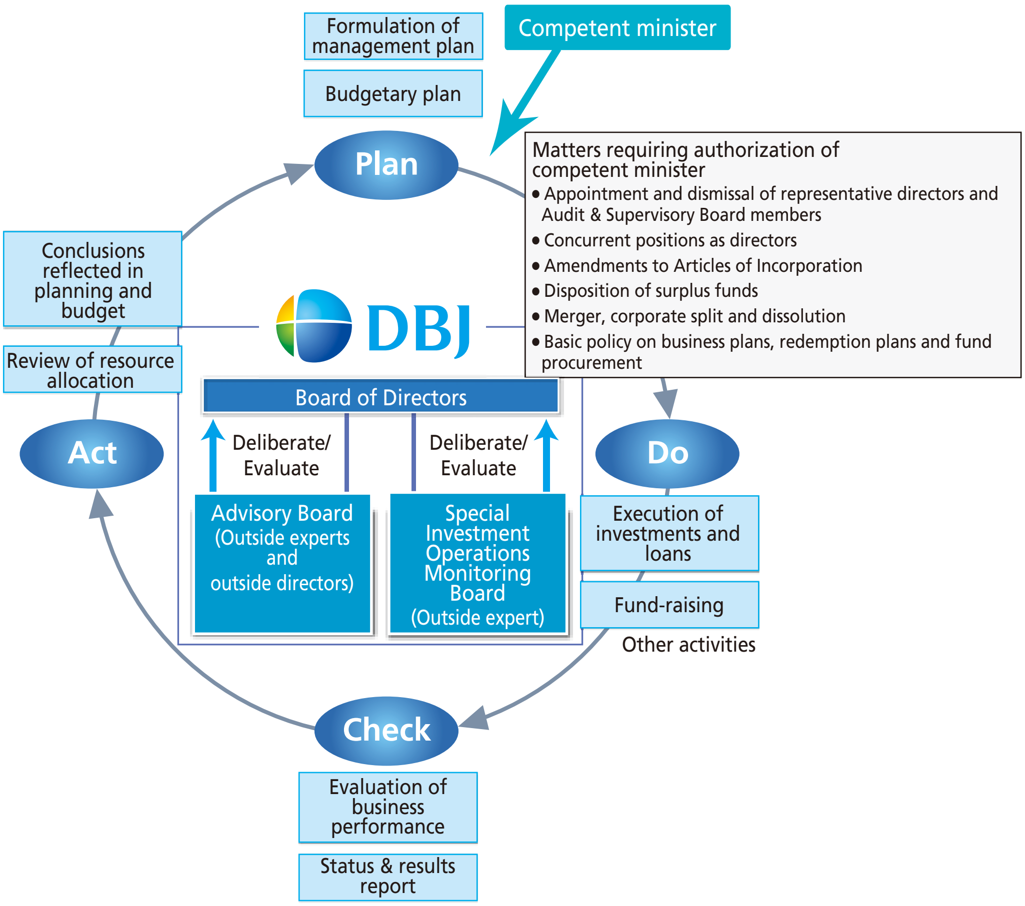
System risk refers to the risk of loss due to a computer system breakdown or malfunction, system defects, or improper computer usage. DBJ has implemented the following internal processes to optimize systems risk management and properly manage systems risk. The Systems Risk Management Division is responsible for managing DBJ's systems risk centrally, based on its systems 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 systems 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



Advisory Board: The Advisory Board is positioned as an advisory body to the Board of Directors. Its role is to deliberate and evaluate important matters to ensure even more than in the past that appropriate competitive relations are maintained with private financial institutions.

Special Investment Operations Monitoring Board: The Special Investment Operations Monitoring Board deliberates and evaluates the status of Special Investment Operations to ensure that each project and its results are in accordance with policy objectives and to ensure that these operations embolden private-sector enterprises, complement their operations and foster appropriate competitive relations.

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 Basic 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.

Key content of our Client Protection Management Basic 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. In accordance with this act and the Cabinet Office Ordinance on Financial Instruments Business, etc., DBJ has drawn up the following policies introduced for the management of conflicts of interest 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 Ordinance on Financial Instruments Business, etc. 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 29, 2015, 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
En Capital Co., Ltd.
En Investment Advisory Co., Ltd.

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 (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
2015	May	Act for Partial Amendment of the Development Bank of Japan Inc. Act (Act No. 23 of 2015)
2015	August	Capital was reduced by ¥206,529 million, with the crisis response reserve increased by this entire amount

Board of Directors, Audit & Supervisory Board Members and Executive Officers
(As of July 1, 2015)

Masanori Yanagi
President & CEO

Yasushi Kinoshita
Deputy President

Hajime Watanabe
Deputy President

Shin Kikuchi
Director and Managing Executive Officer
In charge of Corporate Planning & Coordination Department, Information Resources Department, General Affairs Department

Tetsumi Hashimoto
Director and Managing Executive Officer
In charge of Credit Analysis Department, Accounting Department, Economic & Industrial Research Department (excluding Economic Research Office)

Hideo Oishi
Director and Managing Executive Officer
In charge of Business Planning & Coordination Department, Financial Institutions Department, International Strategy & Coordination Department

Naoki Enomoto
Director and Managing Executive Officer
In charge of Treasury Department, Syndication & Credit Trading Department, Environmental Initiative & Corporate Social Responsibility-Support Department

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

Akio Mimura
Director (Outside)

Kazuo Ueda
Director (Outside)

Osamu Koyanagi
Audit & Supervisory Board Member

Mitsue Kurihara
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)

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.

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]

Kosuke Takahashi
Managing Executive Officer
In charge of Urban Development Department, Real Estate Finance Department, Corporate Finance Department [Division 3]

Hisanobu Sekine
Managing Executive Officer
In charge of Corporate Finance Department [Division 6], Hokkaido Branch, Tohoku Branch, Niigata Branch

Takao Kaizu
Managing Executive Officer
In charge of Risk Management Department, Legal Affairs & Compliance Department, Research Institute of Capital Formation

Makoto Anayama
Managing Executive Officer
In charge of Corporate Finance Department [Division 1 and 2], Economic & Industrial Research Department (Economic Research Office)

Seiji Jige
Managing Executive Officer
In charge of Regional Planning Department, Structured Finance Department, Hokuriku Branch, Tokai Branch, Kyushu Branch, Minami-Kyushu Branch

Masafumi Aizawa
Executive Officer (in charge of Financial Institution)

Tomoki Matsuda
Executive Officer, Head of Treasury Department

Takayuki Yamamoto
Executive Officer, Head of Business Development Department

Masayuki Tsuda
Executive Officer, Head of Human Resources Management Department

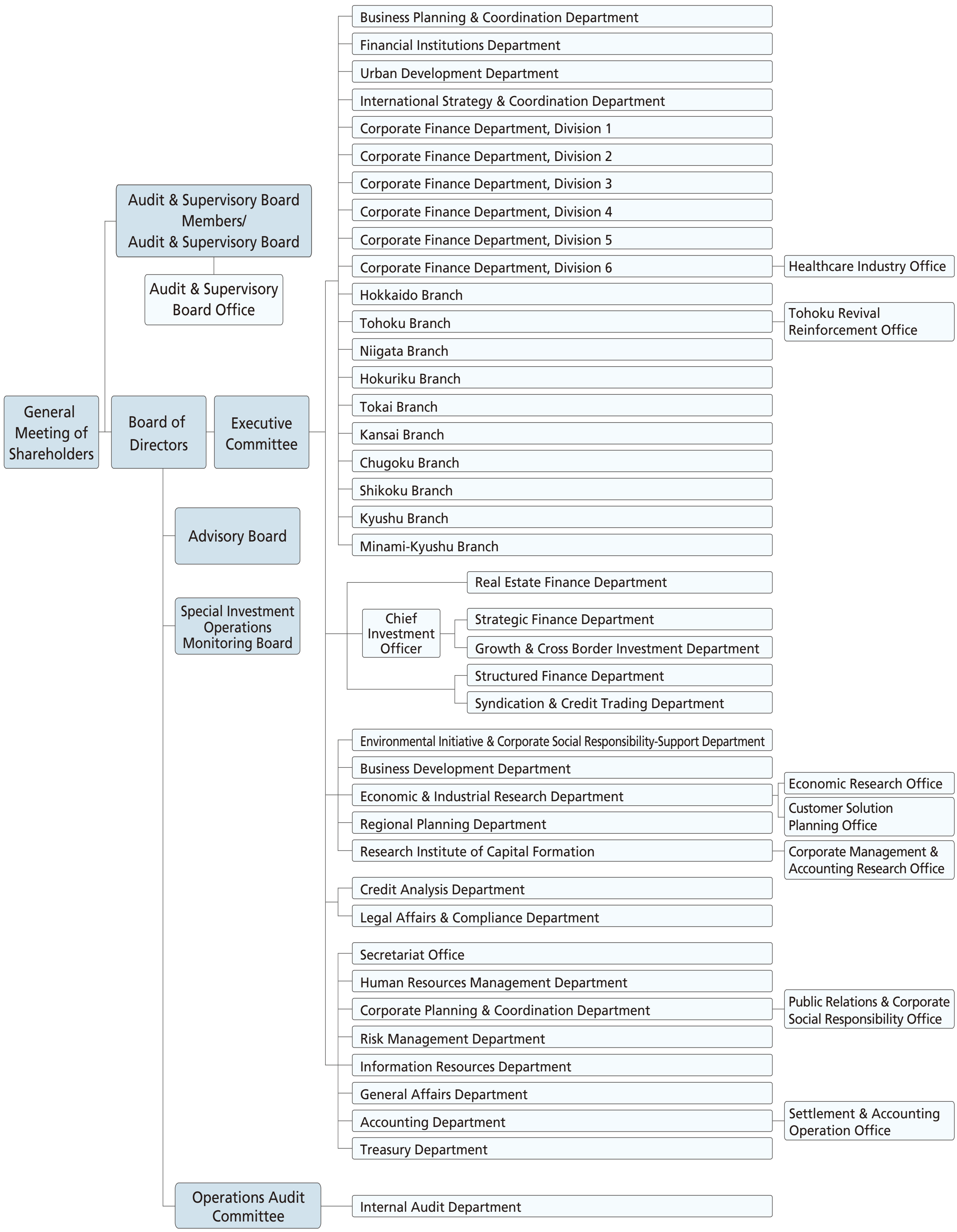
Takeshi Kiriyama
Executive Officer, Head of Growth & Cross Border Investment Department

Yoshinao Ikeda
Executive Officer, Head of Business Planning & Coordination Department

Kazushi Minakawa
Executive Officer (in charge of Internal Audit)

Norifumi Sugimoto
Executive Officer, Head of Corporate Planning & Coordination Department

Organization Chart (As of July 1, 2015)

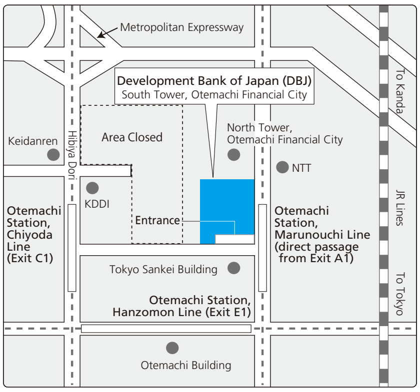


Representative Offices: Hakodate, Kushiro, Aomori, Toyama, Matsue, Okayama, Matsuyama, Oita
Overseas Representative Office: New York
Overseas Subsidiaries: DBJ Singapore Limited, DBJ Europe Limited, DBJ Investment Consulting (Beijing) Co., Ltd.

Locations and Directory (As of July 1, 2015)

Head Office

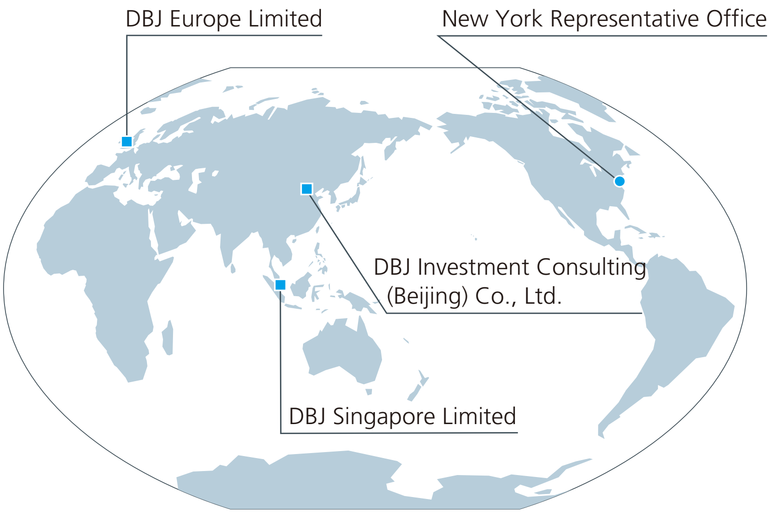
South Tower, Otemachi Financial City,
9-6, Otemachi 1-chome,
Chiyoda-ku, Tokyo
100-8178, Japan
Tel: +81-3-3270-3211
http://www.dbj.jp/en



Domestic Branch Offices, Representative Offices

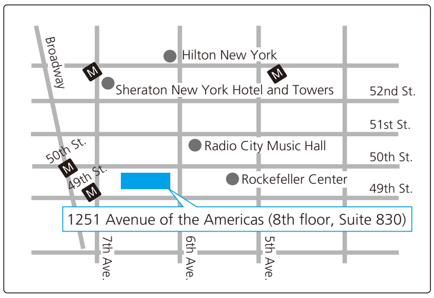
Branch Offices:	Representative Offices:
Hokkaido	Hakodate
Tohoku	Kushiro
Niigata	Aomori
Hokuriku	Toyama
Tokai	Matsue
Kansai	Okayama
Chugoku	Matsuyama
Shikoku	Oita
Kyushu	
Minami-Kyushu	

Overseas Representative Office and Subsidiaries



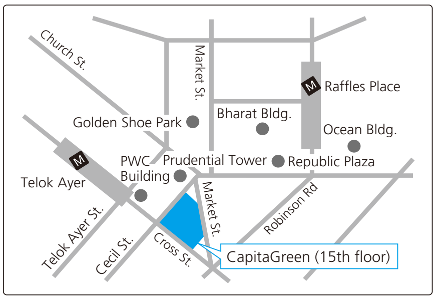
New York Representative Office

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



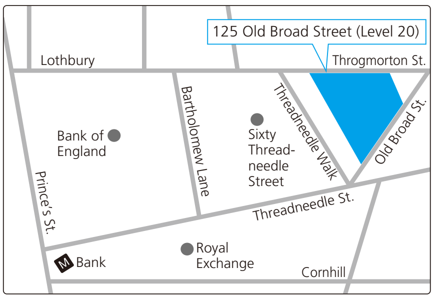
DBJ Singapore Limited

138 Market Street, #15-02 CapitaGreen,
Singapore 048946
(Relocated on September 14, 2015.)
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, 2015)

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	100.0
Value Management Institute, Inc.	Chiyoda-ku, Tokyo	Research, consulting and advisory services	June 25, 1993	75	100.0 (8.0)
DBJ Securities Co., Ltd.	Chiyoda-ku, Tokyo	Securities business	October 22, 1998	500	100.0
DBJ Business Investment Co., Ltd.	Chiyoda-ku, Tokyo	Investment consulting	March 10, 2003	40	100.0
DBJ Capital Co., Ltd.	Chiyoda-ku, Tokyo	Management of investment associations	October 14, 2005	99	100.0
DBJ Asset Management Co., Ltd.	Chiyoda-ku, Tokyo	Investment management, investment advisory and agency services	November 22, 2006	100	100.0
DBJ Singapore Limited	Republic of Singapore	Investment and loan support and advisory services	September 15, 2008	S$1 million	100.0
DBJ Europe Limited	London, United Kingdom	Investment and loan support and advisory services	June 5, 2009	€7 million	100.0
DBJ Investment Advisory Co., Ltd.	Chiyoda-ku, Tokyo	Investment advisory and agency services	December 1, 2009	68	50.6
DBJ Real Estate Co., Ltd.	Chiyoda-ku, Tokyo	Real estate leasing	February 1, 2010	80	100.0
DBJ Investment Consulting (Beijing) Co., Ltd. (Note 5)	Beijing, People's Republic of China	Investment and loan support and advisory services	September 30, 2011	CNY 4 million	100.0
14 other companies (Note 1)	—	—	—	—	—
Affiliated Companies					
20 other companies (Notes 1, 6)	—	—	—	—	—

Notes:
1. Only principal consolidated subsidiaries and affiliated companies are listed in order of their date of establishment; only the numbers of other consolidated subsidiaries and affiliated companies are indicated.
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 rounded to one decimal place.
4. In the column showing DBJ's percentage of total voting rights in subsidiaries, figures within parentheses indicate indirect holdings.
5. In June 2014, DBJ acquired an additional share in the former Japan Asia Investment Consulting (Beijing) Co., Ltd. As a result, this company moved from being an affiliated company of DBJ to a consolidated subsidiary. In June 2014, the company adopted its present name.
6. Of affiliated companies, Air Do Co., Ltd., submits a Securities Report (Japanese).

Stock Information (As of March 31, 2015)

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 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

Development Bank of Japan Inc. (hereinafter referred to as the "Corporation") shall be a joint stock company (*kabushiki-kaisha*) whose objective 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 means 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
   (21) To do activities incidental to each of the foregoing items.

Article 4

Application by Changing the Provisions of the Financial Instruments and Exchange Act to Read

1. The table below is provided for the purpose of applying to the Corporation the provisions of the Financial Instruments and Exchange Act. The words and phrases indicated in the center column, from the relevant provisions of that act listed in the left column, shall be changed to read as the words and phrases indicated in the right column, respectively.

Article 2, Paragraph 8	(referred to as the "Cooperative Financial Institutions")	(referred to as the "Cooperative Financial Institutions"), Development Bank of Japan Inc.
Article 2, Paragraph 11; Article 27-28, Paragraph 3; Article 28, Paragraph 4; Article 33, Paragraph 1; Article 33-5, Paragraph 2; Article 33-7; Article 58; Article 66, and Article 202, Paragraph 2, Items (1) and (2)	Cooperative Financial Institutions	Cooperative Financial Institutions, Development Bank of Japan Inc.
Article 33-8, Paragraph 1	are the financial institutions	are the financial institutions, or if Development Bank of Japan Inc. conducts the business activity referred to in Article 3, Paragraph 1, item (16) of the Development Bank of Japan Inc. Act (Act No. 85 of 2007)

2. Any directors, accounting counsel (*kaikei sanyo*) (including, if an accounting counsel is a firm, its members who should perform the duties as such; hereinafter in this Paragraph the same), statutory auditors, executive officers (*shikkoyaku*) or employees shall notify the Minister of Finance without delay as set forth in the Minister of Finance Ordinance if they take up a position of director, accounting counsel, statutory auditor or executive officer of a financial instruments firm (limited to the firms that engage in the securities-related business set forth in Article 28, Paragraph 8 of the Financial Instruments and Exchange Act; hereinafter in this Paragraph the same) (including the cases where a director, accounting counsel, statutory auditor or executive officer of a financial instruments firm comes to concurrently hold a position of director, accounting counsel, statutory auditor or executive officer of the Corporation), or they resign a position of director, accounting counsel, statutory auditor or executive officer of a financial instruments firm.

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

Article 9
Special Rules When Starting Acceptance of Deposits, Etc.
1. If the Corporation intends to start the acceptance of deposits set forth in Article 3, Paragraph 1, item (1) or the issue of 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 Development Bank of Japan Bonds, "Corporate Debentures;" hereinafter the same) and 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 its 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 Development Bank of Japan Bonds, and the borrowing of money (such as the amounts of issue and borrowings, currency denomination of the Corporate Debentures, 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 its basic policy, the same shall apply.
2. If the Corporation issues the Corporate Debentures or Development Bank of Japan Bonds, or borrows money, the Corporation shall submit a report thereon to the Minister of Finance without delay, as stipulated in the Minister of Finance ordinance.

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 provisions of Article 4, Paragraph 2 apply, 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] excluding 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])
   (7) Entities 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 through 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 provision 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 provisions 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 provisions 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 of 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 Government-Owned Shares, the Government shall from time to time review matters, such as matters regarding the method in which 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 Government-Owned Shares, the Government shall immediately take measures to nullify 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, Development Bank of Japan Inc. (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 Initiatives (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 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 government bonds in order to secure 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 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 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

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 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 government bonds under 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 held shares of the Corporation prior to the measures described in the preceding paragraph being 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.

The phrase "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 comes into effect prior to the date of enforcement of the Act for Partial Amendment of the Shoko Chukin Bank Limited Act and Other Acts 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 comes 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 Acts 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

Committee on Financial Affairs of the House of Councillors
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 effects, and the balance of loans to small and medium enterprises falling steadily, efforts must be made to further facilitate loans by 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 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 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 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.
The phrase "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 then "(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 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 of 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 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 government bonds and deliver them to the Corporation.

Redemption of the Government Bonds
Article 2-4
The Corporation may request the redemption of 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 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 the 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 government bonds under 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 held shares of the Corporation prior to the measures described in the preceding paragraph shall be taken.

Excerpts from the Act for Partial Amendment of the Development Bank of Japan Inc. Act (Act No. 23 of 2015)

(Unofficial translation)

The Development Bank of Japan Inc. Act (Act No. 85 of 2007) shall be partially amended as follows.

After "taking into account" in Article 2, Paragraph 1 of Supplementary Provisions "the effect on the Corporation's achievement of objectives and," shall be added and "in approximately five to seven years from April 1, 2015," shall be revised to "as soon as practicable."

The following 25 articles shall be added after Article 2-6 of the Supplementary Provisions.

The Corporation's Obligation to Conduct Crisis Response Operations
Article 2-7
The Corporation shall, in order to attain its objectives, in accordance with the provisions set forth in Articles 2-10, 2-11, 2-22 and 2-24 to 2-30 of the Supplementary Provisions, be obligated to conduct Crisis Response Operations, for an indefinite period, to secure a smooth supply of funds to those who need funds to address the damages set forth in Article 2, item (4) of the Japan Finance Corporation Act.

Government's Holding of Shares with Regard to Crisis Response Operations
Article 2-8
With a view to ensure proper conduct of Crisis Response Operations by the Corporation, the Government shall, for an indefinite period, hold more than one-third of the total number of issued shares of the Corporation (excluding shares in respect of

which voting rights may not be exercised for all matters that may be resolved at a general meeting of shareholders; the same shall apply in Article 2-13 of the Supplementary Provisions).

Capital Contribution by the Government with Regard to Crisis Response Operations
Article 2-9
The Government may, for an indefinite period, make capital contributions to the Corporation, to the extent of the amount approved by the budget, whenever the Government deems necessary for proper implementation of Crisis Response Operations by the Corporation.

Special Provisions, Etc. on Business Plan with Regard to Crisis Response Operations
Article 2-11
1. The Corporation shall include an implementation policy for its Crisis Response Operations in its business plan provided for in Article 17, as stipulated in the Ministry of Finance Ordinance.
2. The Corporation shall include the implementation status of its Crisis Response Operations, based on the implementation policy set forth in the immediately preceding Paragraph, in its business report provided for in Article 21, as stipulated in the Ministry of Finance Ordinance.
3. In addition to matters set forth in each of the items of Article 27 of the Companies Act, matters regarding proper implementation of Crisis Response Operations shall be included or recorded in the Articles of Incorporation of the Corporation.

Special Investment Operations
Article 2-12
1. The Corporation shall, in order to attain its objectives, conduct Special Investment Operations, in accordance with the provisions set forth in this Article, Articles 2-15 to 2-20, and 2-23 to 2-30 of the Supplementary Provisions.
2. In this Article and up to Article 2-20 of the Supplementary Provisions, as well as in Articles 2-23, 2-25, 2-27 and 2-31 of the Supplementary Provisions, "Special Investment Operations" means, among the investment businesses in special business activities, those that are deemed to particularly contribute to the facilitation of supply of funds by financial institutions and others, for the revitalization of business activities taking advantage of regional characteristics that contribute to autonomous development of local economies, or for the enhancement of competitiveness of Japanese companies that contribute to the improvement of socioeconomic vitality and sustainable development of Japan, as well as for special business activities, and those of which the business entities that will receive funds from the said investment business and the particulars of such supply are decided during the period from the date on which the authorization specified in Article 2-17, Paragraph 1 of the Supplementary Provisions is obtained through March 31, 2021, and any other businesses incidental thereto (including those conducted on and after April 1, 2021).
3. "Special business activities" set forth in the immediately preceding Paragraph means the following business activities:
   (1) Business activities conducted by Japanese business entities with the aim of improving productivity and profitability by cultivating new business through effectively using previously insufficiently used management resources, or by promoting management innovation mainly through coordinated alignment with business entities in different fields and effective combination of management resources
   (2) Business activities that provide funds to the business activities set forth in the preceding item
4. "Investment business" set forth in Paragraph 2 means the following businesses concerning supply of funds:
   (1) To lend money through subordinated loans (which means loans made under loan agreements with special clauses of subordinated contents with regard to the payment of principal and interest, and stipulated in the Ministry of Finance Ordinance)
   (2) To make capital contributions
   (3) To acquire subordinated corporate debentures (which means corporate debentures with special clauses of subordinated contents with regard to the payment of principal and interest, and stipulated in the Ministry of Finance Ordinance)
   (4) In addition to those set forth in the preceding three items, to provide funds in the manner approved in advance by the Minister of Finance

Government's Holding of Shares with Regard to Special Investment Operations
Article 2-13
With a view to ensure proper implementation of Special Investment Operations by the Corporation, the Government shall hold one-half or more of the total number of issued shares of the Corporation, until the Corporation completes the Special Investment Operations.

Capital Contribution, Etc. by the Government with Regard to Special Investment Operations
Article 2-14
1. The Government may make capital contributions to the Corporation, to the extent of the amount approved by the budget, whenever the Government deems necessary for proper implementation of Special Investment Operations by the Corporation, until March 31, 2021.
2. The Corporation shall not appropriate money provided through capital contributions provided for in the preceding Paragraph to any funds other than funds for Special Investment Operations.

Supplement or Encouragement of Financing Conducted by Financial Institutions, Etc. in Special Investment Operations
Article 2-15
The purpose of the Corporation in conducting Special Investment Operations shall be to supplement or encourage financing conducted by financial institutions and investment conducted by the private sector.

Special Investment Guidelines
Article 2-16
1. Guidelines to be followed by the Corporation in conducting Special Investment Operations (in the following Paragraph and Paragraph 1 of the immediately following Article referred to as the "special investment guidelines") shall be established and issued by the Minister of Finance.
2. The special investment guidelines shall cover the following matters:
   (1) Standards to be followed in deciding the business entities that will receive funds from the Special Investment Operations and the particulars of such supply of funds
   (2) Matters regarding appropriate financial management of the Special Investment Operations
   (3) Matters regarding securing of appropriate competitive relationships between the Corporation and other business entities
   (4) Matters regarding the system to be established to evaluate and supervise the implementation status of Special Investment Operations
   (5) Matters regarding reporting to the Minister of Finance on the implementation status of Special Investment Operations
   (6) Any other matters necessary to ensure proper implementation of Special Investment Operations

Special Investment Operations Rules
Article 2-17
1. The Corporation shall set rules regarding Special Investment

Operations (in the following Paragraph referred to as the "Special Investment Operations Rules") in line with the special investment guidelines, with respect to matters concerning implementation of Special Investment Operations stipulated in the Ministry of Finance Ordinance, and shall obtain authorization therefor from the Minister of Finance. If the Corporation intends to revise such rules, the same shall apply.
2. The Minister of Finance may order the Corporation to revise the Special Investment Operations Rules authorized pursuant to the preceding Paragraph, if he/she deems that such rules have become inappropriate for the proper implementation of Special Investment Operations by the Corporation.

Special Provisions, Etc. on Business Plans with Regard to Special Investment Operations
Article 2-18
1. The Corporation shall include the implementation policy for the Special Investment Operations in its business plans provided for in Article 17, as stipulated in the Ministry of Finance Ordinance, until the completion of the Special Investment Operations.
2. The Corporation shall include the implementation status of the Special Investment Operations based on the implementation policy provided for in the immediately preceding Paragraph, in its business reports provided for in Article 21 for each fiscal year up to the fiscal year including the date of completion of the Special Investment Operations, as stipulated in the Ministry of Finance Ordinance.
3. In addition to matters set forth in each of the items of Article 27 of the Companies Act, matters regarding proper implementation of Special Investment Operations shall be included or recorded in the Articles of Incorporation of the Corporation, until the completion of the Special Investment Operations.

Status of Income and Expenditure with Regard to Special Investment Operations, Etc.
Article 2-19
For each fiscal year, the Corporation shall, as stipulated in the Ministry of Finance Ordinance, submit to the Minister of Finance and publish documents stating the status of income and expenditure of the following businesses by category for each fiscal year up to the fiscal year including the date of completion of the Special Investment Operations:
(1) Special Investment Operations
(2) Businesses other than those listed in the preceding item

Completion of Special Investment Operations
Article 2-20
1. The Corporation shall, taking into account economic conditions, the state of business of the business entities that will receive funds from Special Investment Operations, and other circumstances, transfer or otherwise dispose of all of the securities (which means the securities listed in Article 2, Paragraph 1 of the Financial Instruments and Exchange Act, and the rights which are deemed as securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) and receivables held by it in the Special Investment Operations, and seek to complete the Special Investment Operations, by March 31, 2026.
2. When the Special Investment Operations are completed, the Corporation shall promptly notify the Minister of Finance to that effect.
3. The Minister of Finance shall, when notified pursuant to the immediately preceding Paragraph, give public notice to that effect.

Securing of Appropriate Competitive Relationships
Article 2-21
1. The Corporation shall, for an indefinite period, pay special attention in conducting its business so that it will not upset its appropriate competitive relationships with other business entities.
2. The Corporation shall, for an indefinite period, include, in its business plans provided for in Article 17, a policy concerning the securing of appropriate competitive relationships with other business entities as stipulated in the Ministry of Finance Ordinance.
3. The Corporation shall, for an indefinite period, describe, in its business reports provided for in Article 21, the state of implementation of its business based on the policy mentioned in the immediately preceding Paragraph as stipulated in the Ministry of Finance Ordinance.

Excerpt from the Supplementary Provisions

Transitional Measures for Return of Government Bonds
Article 3
Notwithstanding the provision of Article 2-5, Paragraph 1 of the Supplementary Provisions of the New Act applied under the provision of Article 36 of the Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake, the return of government bonds delivered in accordance with the provision of Article 2-3, Paragraph 2 of the Supplementary Provisions of the Former Act shall be set forth separately in another law.

Transitional Measures for Redemption of Government Bonds and Others
Article 4
1. Notwithstanding the provision of Article 2-4, Paragraph 1 of the Supplementary Provisions of the New Act (including the application thereof under Article 36 of the Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake), the Corporation may demand, for an indefinite period, the redemption of government bonds delivered in accordance with Article 2-3, Paragraph 2 of the Supplementary Provisions of the Former Act up to the amount calculated pursuant to the provisions prescribed by the Minister of Finance Ordinance as the necessary capital according to the increase in the asset pertaining to the Crisis Response Operations (in case of operation whose implementation date is on or after April 1, 2015, including the operation implemented from April 1, 2015 up to the previous day of such an implementation date).
2. Notwithstanding the provision of Article 2-4, Paragraph 3 of the Supplementary Provisions of the New Act, the Corporation shall record the value redeemed in accordance with Article 2-4, Paragraph 2 thereof on or after the above implementation date as the amount of the crisis response reserve. In this case, for the application of Article 2-22, Paragraph 1 and Article 2-29 of the Supplementary Provisions of the New Act, "Article 2-9 of the Supplementary Provisions" in the above Paragraph shall be interpreted as "the value redeemed in accordance with Article 2-4, Paragraph 2 of the Supplementary Provisions, and Article 2-9 of the Supplementary Provisions", and "Article 2-9 of the Supplementary Provisions" in the above Article as "the capital contribution by the redemption of the government bonds in accordance with Article 2-4, Paragraph 2 of the Supplementary Provisions, and Article 2-9 of the Supplementary Provisions".
3. For the application of Article 2-4, Paragraph 5 of the Supplementary Provisions of the New Act when the preceding paragraph is applied, "each preceding Paragraph" in the Paragraph 5 shall be interpreted as "Paragraph 2 and Article 4, Paragraphs 1 and 2 of the Act for Partial Amendment of the Development Bank of Japan Inc. Act (Act No.23 of 2015)".

Transitional Measures for Rules Regarding Special Investment Operations and Others
Article 5
1. The Corporation shall, without delay after this Act takes effect, set rules regarding Special Investment Operations provided in Article 2-17, Paragraph 1 of the Supplementary Provisions of the New Act, and obtain authorization from the Minister of Finance.
2. The Corporation shall, without delay after this Act takes effect, revise the business plan provided in Article 17 of the New Act to comply with the provisions of Article 2-11, Paragraph 1, Article 2-18, Paragraph 1 and Article 2-21, Paragraph 2 of the Supplementary Provisions of the New Act, and obtain authorization from the Minister of Finance.
3. The Corporation shall, without delay after this Act takes effect, revise the Articles of Incorporation thereof to comply with the provisions of Article 2-11, Paragraph 3 and Article 2-18, Paragraph 3 of the Supplementary Provisions of the New Act, and obtain authorization from the Minister of Finance.

Revision of Part of the Act Concerning Promotion of Administrative Reform for Realizing the Simplified and Effective Government
Article 7
The Act Concerning Promotion of Administrative Reform for Realizing the Simplified and Effective Government (Act No. 47 of 2006) shall be partly amended as follows.

In Article 6, Paragraph 2, "the effect in achieving purposes of the agencies which will take over the business of such institutions and" shall be added after "With respect to capital contributions to The Shoko Chukin Bank, Ltd., and Development Bank of Japan Inc. by the Government, taking into consideration", and "for five (5) to seven (7) years commencing from April 1, 2015," shall be replaced with "as soon as practicable".

Examination of Crisis Response Operations
Article 9
1. The Government shall, at the appropriate time after this Act takes effect, examine the Corporation's Crisis Response Operations and the Government's involvement in the Corporation based thereon, taking into consideration the implementation of systems pertaining to the designated financial institution (designated financial institution as provided in Article 11, Paragraph 2 of the Japan Finance Corporation Act), the Corporation's implementation of Crisis Response Operations, the change of social and economic affairs and others, and in the prospective of a smooth financial supply to those who need funds to respond to such related damage stipulated in Article 2, Item(4) of the Japan Finance Corporation Act, and whenever the Government deems necessary, the Government shall take the required measures based on the results of such examination.
2. For the examination referenced in the preceding Paragraph, the Government shall hear the opinions of representatives of ordinary financial institutions and other relevant persons.
3. When, as a result of the examination referenced in the above Paragraph 1, the Government concludes that it does not need to continue measures related to the Government's obligations to hold shares of the Corporation nor to take other measures necessary to ensure appropriate implementation of Crisis Response Operations of the Corporation, the Government shall promptly take the required measures.

Examination of Special Investment Operations
Article 10
1. The Government shall, at the appropriate time after this Act takes effect, examine the Corporation's Special Investment Operations (Special Investment Operations as provided in Article 2-12, Paragraph 2 of the Supplementary Provisions of the New Act, hereinafter in this Paragraph the same), and the Government's involvement in the Corporation based thereon, taking into consideration the investment in financial and private sectors by ordinary financial institutions, the Corporation's implementation of Special Investment Operations the change of social and economic affairs and others, and in the perspective of further promoting the long-term and other financial supply for the sustainable growth of the Japanese economy, and whenever the Government deems necessary, the Government shall take required measures based on the results of such examination.
2. For the examination referenced in the preceding Paragraph, the Government shall hear the opinions of representatives of ordinary financial institutions and other relevant persons.

(Unofficial translation)

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

Committee on Financial Affairs of the House of Representatives
April 10, 2015

The Government shall take into full consideration the following matters:

1. The Government shall, in conducting additional examination regarding the involvement of Japan in Development Bank of Japan Inc., take into account the public nature of the business operations and the importance of Crisis Response Operations and make considerations with a view to ensure appropriate implementation of Crisis Response Operations by Development Bank of Japan Inc. and other organizations. The Government shall also take appropriate measures such as training personnel with a view to enhance the long-term corporate value of Development Bank of Japan Inc.

(Unofficial translation)

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

Committee on Financial Affairs of the House of Councillors
May 12, 2015

The Government shall take into full consideration the following matters:

1. The Government shall, in accordance with the purport of the recent amendments to the Act, take every possible measure for each of the following: the proper conduct of Crisis Response Operations by Development Bank of Japan Inc., local revitalization, and supply fund for growth to contribute to reinforcing competitiveness and other aspects of Japanese companies. In doing so, the Government shall give due consideration when cooperating with private financial institutions and care to avoid inviting unnecessary criticism of pressuring the private sector.
2. Taking into account the importance of enhancing the international competitiveness of Japanese enterprises, the Government shall take appropriate measures for Development Bank of Japan and Japan Bank for International Cooperation so that the improvement of systems, including training and securing of competitive personnel, is implemented.
3. In conducting Special Investment Operations, the Government shall actively contribute to local revitalization through development of local companies, and endeavor to conduct appropriate operations to encourage the supply of private funding for growth. In doing so, as such operations are only transitory measures until the supply of private funding is sufficient, the Government shall take appropriate measures to prevent the operations from becoming fixed and permanent.
4. In considering the method of disposal, etc. of shares of Development Bank of Japan, the Government shall, by taking into account the business operation, status of assets and other aspects, act while trying to preserve the public nature and neutrality of Development Bank of Japan and the stability of shareholder composition necessary to conduct the objectives of Development Bank of Japan, and shall take appropriate measures so that the long-term corporate value of Development Bank of Japan is not harmed.
5. In preparing for full privatization of Development Bank of Japan and in order to encourage private financial institutions to enter into the Crisis Response Operations, the Government shall encourage Development Bank of Japan to disclose the status and other details of loan claims incurred in connection with previous Crisis Response Operations transactions.

The above has been resolved.

Financial Condition

Consolidated Balance Sheet

Development Bank of Japan Inc. and Consolidated Subsidiaries

As of March 31,	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars (Note 1) 2015
Assets			
Cash and due from banks (Notes 11, 15 and 27)	¥ 317,772	¥ 260,185	$ 2,644,359
Call loans and bills bought (Note 27)	335,000	87,000	2,787,717
Reverse repurchase agreements (Notes 3 and 27)	5,299	—	44,103
Money held in trust (Notes 27 and 29)	54,853	134,215	456,467
Securities (Notes 3, 15, 27 and 29)	1,887,906	1,637,587	15,710,298
Loans (Notes 4, 5, 15 and 27)	13,261,343	13,838,410	110,354,861
Other assets (Notes 6 and 15)	140,943	115,423	1,172,872
Tangible fixed assets (Notes 7, 11 and 15)	266,196	237,610	2,215,163
Intangible fixed assets	6,180	6,409	51,428
Asset for retirement benefits (Note 22)	2,508	—	20,873
Deferred tax assets (Note 23)	363	153	3,027
Customers' liabilities for acceptances and guarantees (Note 14)	167,482	107,174	1,393,713
Allowance for loan losses (Notes 8 and 27)	(84,717)	(112,997)	(704,979)
Allowance for investment losses	(525)	(459)	(4,369)
Total assets	¥16,360,608	¥16,310,711	$136,145,534
Liabilities and equity			
Liabilities:			
Debentures (Notes 9, 15 and 27)	¥ 3,220,206	¥ 3,085,674	$ 26,797,089
Borrowed money (Notes 10, 11, 15 and 27)	8,598,219	9,182,603	71,550,470
Corporate bonds (Notes 9, 11 and 27)	1,349,102	1,151,746	11,226,614
Other liabilities (Notes 12 and 13)	225,816	131,094	1,879,138
Accrued bonuses to employees	4,658	4,682	38,763
Accrued bonuses to directors	11	11	97
Liability for retirement benefits (Note 22)	7,959	8,727	66,233
Reserve for directors' retirement benefits	72	73	600
Reserve for contingent losses	12	7	104
Deferred tax liabilities (Note 23)	39,793	11,202	331,146
Acceptances and guarantees (Note 14)	167,482	107,174	1,393,713
Total liabilities	13,613,334	13,682,997	113,283,968
Equity:			
Common stock authorized, 160,000 thousand shares in 2015 and 2014; issued, 43,632 thousand shares in 2015 and 2014 (Note 16)	1,206,953	1,206,953	10,043,713
Capital surplus (Note 16)	1,060,466	1,060,466	8,824,718
Retained earnings (Note 16)	344,728	282,733	2,868,674
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 29)	85,865	37,767	714,533
Deferred gain on derivatives under hedge accounting	33,311	30,006	277,205
Foreign currency translation adjustments	1,617	709	13,461
Accumulated adjustments for retirement benefits (Note 22)	(12)	(944)	(107)
Total	2,732,929	2,617,691	22,742,198
Minority interests	14,344	10,022	119,368
Total equity	2,747,274	2,627,714	22,861,566
Total liabilities and equity	¥16,360,608	¥16,310,711	$136,145,534

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 2015	Millions of Yen 2014	Thousands of U.S. Dollars (Note 1) 2015
Income			
Interest income:	¥235,689	¥255,329	$1,961,297
Interest on loans	204,905	228,301	1,705,127
Interest and dividends on securities	22,463	18,813	186,932
Interest on call loans and bills bought	149	98	1,245
Interest on reverse repurchase agreements	231	282	1,928
Interest on due from banks	51	41	425
Interest on swaps	7,720	7,680	64,246
Other interest income	167	110	1,394
Fees and commissions	8,696	13,952	72,368
Other operating income (Note 18)	13,084	15,687	108,879
Other income (Note 19)	82,445	77,228	686,077
Total income	**339,915**	**362,197**	**2,828,621**
Expenses			
Interest expense:	117,849	132,167	980,691
Interest on debentures	36,488	39,773	303,641
Interest on call money and bills sold	0	7	2
Interest on borrowed money	76,788	87,844	638,998
Interest on short-term corporate bonds	12	32	103
Interest on corporate bonds	4,497	4,488	37,429
Other interest expense	62	20	518
Fees and commissions	713	276	5,941
Other operating expenses (Note 20)	10,751	7,224	89,466
General and administrative expenses	43,562	47,436	362,503
Other expenses (Note 21)	13,376	9,077	111,311
Total expenses	**186,252**	**196,182**	**1,549,912**
Income before income taxes and minority interests	**153,662**	**166,014**	**1,278,710**
Income taxes (Note 23):			
Current	51,593	25,102	429,340
Deferred	7,381	15,765	61,422
Total income taxes	**58,974**	**40,868**	**490,762**
Net income before minority interests	**94,687**	**125,146**	**787,947**
Minority interests in net income	**1,928**	**843**	**16,050**
Net income	**¥ 92,758**	**¥124,303**	**$ 771,897**

	Yen 2015	Yen 2014	U.S. Dollars (Note 1) 2015
Per share of common stock (Note 17)			
Basic net income	¥2,125.91	¥2,848.87	$ 17.69
Cash dividend applicable to the year	516	706	4.29

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Development Bank of Japan Inc. and Consolidated Subsidiaries

For the year ended March 31,	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars (Note 1) 2015
Net income before minority interests	**¥ 94,687**	**¥125,146**	**$ 787,947**
Other comprehensive income (Note 25):			
Unrealized gain on available-for-sale securities	51,094	4,355	425,183
Deferred gain on derivatives under hedge accounting	3,538	(3,944)	29,450
Foreign currency translation adjustments	692	389	5,764
Adjustments for retirement benefits	922	—	7,680
Share of other comprehensive income in affiliates accounted for by the equity method	(93)	385	(774)
Total other comprehensive income	**56,155**	**1,185**	**467,303**
Comprehensive income	**¥150,843**	**¥126,332**	**$1,255,250**
Total comprehensive income attributable to:			
Owners of the parent	¥146,002	¥121,983	$1,214,962
Minority interests	4,841	4,348	40,288

See notes to consolidated financial statements.

Consolidated Statement of Change in Equity

Development Bank of Japan Inc. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
For the year ended March 31,	2015	2014	2015
Common stock:			
Balance at beginning of year	¥1,206,953	¥1,206,953	$10,043,713
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	1,206,953	1,206,953	10,043,713
Balance at end of year	1,206,953	1,206,953	10,043,713
Capital surplus:			
Balance at beginning of year	1,060,466	1,060,466	8,824,718
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	1,060,466	1,060,466	8,824,718
Balance at end of year	1,060,466	1,060,466	8,824,718
Retained earnings:			
Balance at beginning of year	282,733	193,595	2,352,777
Cumulative effects of changes in accounting policies	41	—	342
Restated balance	282,774	193,595	2,353,118
Cash dividends	(30,804)	(35,254)	(256,341)
Net income	92,758	124,303	771,897
Change in scope of consolidation	—	89	—
Balance at end of year	344,728	282,733	2,868,674
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities:			
Balance at beginning of year	37,767	36,873	314,284
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	37,767	36,873	314,284
Net change during the year	48,098	894	400,250
Balance at end of year	85,865	37,767	714,533
Deferred gain on derivatives under hedge accounting:			
Balance at beginning of year	30,006	33,987	249,699
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	30,006	33,987	249,699
Net change during the year	3,305	(3,980)	27,506
Balance at end of year	33,311	30,006	277,205
Foreign currency translation adjustments:			
Balance at beginning of year	709	(57)	5,908
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	709	(57)	5,908
Net change during the year	907	767	7,553
Balance at end of year	1,617	709	13,461
Accumulated adjustments for retirement benefits:			
Balance at beginning of year	(944)	—	(7,863)
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	(944)	—	(7,863)
Net change during the year	932	(944)	7,756
Balance at end of year	(12)	(944)	(107)
Minority interests:			
Balance at beginning of year	10,022	6,759	83,406
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	10,022	6,759	83,406
Net change during the year	4,321	3,263	35,962
Balance at end of year	14,344	10,022	119,368
Total equity:			
Balance at beginning of year	2,627,714	2,538,576	21,866,641
Cumulative effects of changes in accounting policies	41	—	342
Restated balance	2,627,755	2,538,576	21,866,982
Cash dividends	(30,804)	(35,254)	(256,341)
Net income	92,758	124,303	771,897
Change in scope of consolidation	—	89	—
Net change during the year	57,564	(0)	479,028
Balance at end of year	¥2,747,274	¥2,627,714	$22,861,566

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Development Bank of Japan Inc. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
For the year ended March 31,	2015	2014	2015
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 153,662	¥ 166,014	$ 1,278,710
Adjustments for:			
Depreciation	5,012	5,707	41,713
Amortization of goodwill	111	107	929
Gain on negative goodwill	(223)	(559)	(1,857)
Losses on impairment of long-lived assets	120	103	1,005
Equity in gains of affiliates	(2,299)	(2,252)	(19,134)
Interest income	(235,689)	(255,329)	(1,961,297)
Interest expense	117,849	132,167	980,691
Gain on securities—net	(37,324)	(33,626)	(310,599)
Gain on money held in trust—net	(36)	(5,396)	(302)
Foreign exchanges gains	(21,006)	(18,385)	(174,805)
(Gain) loss on sales of fixed assets—net	(519)	219	(4,319)
Changes in operating assets and liabilities:			
Allowance for loan losses	(28,279)	(34,419)	(235,331)
Allowance for investment losses	65	(42)	546
Accrued bonuses to employees	(23)	105	(193)
Accrued bonuses to directors	(0)	(0)	(2)
Asset for retirement benefits	(2,808)	—	(23,374)
Liability for retirement benefits	(426)	(3,045)	(3,546)
Reserve for contingent losses	5	(128)	42
Loans	577,066	79,814	4,802,087
Debentures	134,532	32,396	1,119,515
Borrowed money	(584,383)	(265,823)	(4,862,976)
Short-term corporate bonds	—	(43,997)	—
Corporate bonds	197,355	280,490	1,642,300
Due from banks	(38,120)	(9,717)	(317,222)
Call loans and bills bought	(248,000)	(3,000)	(2,063,743)
Reverse repurchase agreements	(5,299)	165,975	(44,103)
Interest received	247,410	264,234	2,058,834
Interest paid	(118,959)	(133,370)	(989,926)
Other—net	35,399	68,208	294,575
Sub-total	145,191	386,449	1,208,215
Payments for income taxes	(23,112)	(41,463)	(192,335)
Net cash provided by operating activities	**122,078**	**344,986**	**1,015,880**
Cash flows from investing activities:			
Payments for purchases of securities	(755,432)	(1,317,120)	(6,286,365)
Proceeds from sales of securities	64,716	196,229	538,545
Proceeds from redemption of securities	575,039	860,725	4,785,220
Payments for increase of money held in trust	(1)	(140)	(8)
Proceeds from decrease of money held in trust	79,580	42,498	662,235
Payments for purchases of tangible fixed assets	(33,682)	(786)	(280,287)
Proceeds from sales of tangible fixed assets, etc.	1,793	5,443	14,922
Payments for purchases of intangible fixed assets	(1,715)	(1,057)	(14,274)
Proceeds from purchases of stocks of subsidiaries resulting in change in scope of consolidation	23	203	199
Net cash used in investing activities	**(69,676)**	**(214,004)**	**(579,814)**
Cash flows from financing activities:			
Payments for cash dividends	(30,804)	(35,254)	(256,341)
Proceeds from issuance of securities to minority shareholders of subsidiaries	1,034	33	8,606
Dividends paid to minority shareholders of subsidiaries	(3,632)	(1,118)	(30,227)
Net cash used in financing activities	**(33,402)**	**(36,339)**	**(277,962)**
Foreign currency translation adjustments on cash and cash equivalents	467	687	3,890
Net change in cash and cash equivalents	19,466	95,330	161,994
Cash and cash equivalents at beginning of year	219,805	124,017	1,829,120
Increase in cash and cash equivalents due to new consolidation	—	457	—
Cash and cash equivalents at end of year	¥ 239,272	¥ 219,805	$ 1,991,113

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 2014 consolidated financial statements to conform to the classifications used in 2015.

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 ¥120.17=$1.00, the effective exchange rate prevailing as of March 31, 2015, 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, 2015 is 25. The major consolidated subsidiaries as of March 31, 2015 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.
DBJ Investment Consulting (Beijing) Co., Ltd.

In the year ended March 31, 2015, DBJ Investment Consulting (Beijing) Co., Ltd. (renamed from the former name, DBJ-JAIC Investment Consulting (Beijing) Co., Ltd.) was newly consolidated due to additional acquisition of its shares and Venture Fund Investment Co., Ltd. and other three companies were newly consolidated due to new establishment, while DBJ Capital Investment Fund No. 1 was excluded from the scope of consolidation due to liquidation.

(ii) Unconsolidated Subsidiaries

The number of unconsolidated subsidiaries as of March 31, 2015 is 30. The major unconsolidated subsidiary as of March 31, 2015 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, 2015 was 30. 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, 2015 was 20. One of the major affiliates accounted for by the equity method as of March 31, 2015 was:

AIRDO Co., Ltd.

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

SANKO INC. and two companies including En Fund L.P. were newly accounted for by the equity method due to an increase in its materiality and new incorporation, respectively, as of March 31, 2015.

Tohoku Electric Power Co., Inc. was excluded from the scope of affiliates accounted for by the equity method due to sales of shares. DBJ-JAIC Investment Consulting (Beijing) Co., Ltd. was excluded from the scope of affiliates accounted for by the equity method, since it was included in the scope of consolidation due to additional acquisition of shares in the year ended March 31, 2015.

(iii) Affiliates not accounted for by the equity method

The number of affiliates not accounted for by the equity method as of March 31, 2015 was 93. One of the major affiliates as of March 31, 2015 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, 2015

Shinwa Seiko Corporation
Mediclude Co., Ltd.
Nihon Shoryoku Kikai Co., Ltd.
PRISM Pharma Corporation
Izumi Products Company
OPAL Co., Ltd.
TES HOLDINGS LIMITED
THUNIP HOLDINGS
Grace A Co., Ltd.
Socionext Inc.
NAM HOA TRADING & PRODUCTION CORPORATION
Sartorius Mechatronics T&H GmbH

(3) Balance Sheet Dates of Consolidated Subsidiaries

Balance sheet dates of consolidated subsidiaries are as follows:

	Number of subsidiaries
	2015
December 31	16
February 28 or 29	1
March 31	8

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
	2015	2014	2015
Cash and due from banks	¥317,772	¥260,185	$2,644,359
Time deposits with banks	(78,500)	(40,380)	(653,246)
Cash and cash equivalents	¥239,272	¥219,805	$1,991,113

(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), 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 ¥34,371 million ($286,022 thousand) and ¥39,715 million for the years ended March 31, 2015 and 2014, 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, 2015 and 2014.

(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 defined contribution plans and some overseas consolidated subsidiaries have retirement benefit plans which are typically defined contribution plans. 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, are 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, 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, all 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, and for (3) above, effective April 1, 2014.

With respect to (3) above, DBJ Inc. changed the method of attributing the expected benefit to periods from a straight-line basis to a benefit formula basis, the method of determining the discount rate from using the period which approximates the expected average remaining service period to using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment, and recorded the effect of (3) above as of April 1, 2014, in retained earnings. As a result, liability for retirement benefits decreased by ¥41 million ($343 thousand) and retained earnings increased by ¥41 million ($342 thousand) at the beginning of the year ended March 31, 2015. In addition, income before income taxes and minority interests decreased by ¥27 million ($232 thousand).

The effect on per share information is described in Note 17.

(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, 2015 and 2014 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 Standards for Business Combinations and Consolidated Financial Statements

In September 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." Major accounting changes are as follows:

(1) Transactions with noncontrolling interest—A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

(2) Presentation of the consolidated balance sheet—In the consolidated balance sheet, "minority interest" under the current accounting standard will be changed to "noncontrolling interest" under the revised accounting standard.

(3) Presentation of the consolidated statement of income—In the consolidated statement of income, "income before minority interest" under the current accounting standard will be changed to "net income" under the revised accounting standard, and "net income" under the current accounting standard will be changed to "net income attributable to owners of the parent" under the revised accounting standard.

(4) Provisional accounting treatments for a business combination—If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(5) Acquisition-related costs—Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (1) transactions with noncontrolling interest, (2) presentation of the consolidated balance sheet, (3) presentation of the consolidated statement of income, and (5) acquisition-related costs are effective for the beginning of fiscal years beginning on or after April 1, 2015. Earlier application is permitted from the beginning of fiscal years beginning on or after April 1, 2014, except for (2) presentation of the consolidated balance sheet and (3) presentation of the consolidated statement of income. In the case of earlier application, all accounting standards and guidance above, except for (2) presentation of the consolidated balance sheet and (3) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (1) transactions with noncontrolling interest and (5) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (1) transactions with noncontrolling interest and (5) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (2) presentation of the consolidated balance sheet and (3) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (4) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of fiscal years beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of fiscal years beginning on or after April 1, 2014.

DBJ Inc. expects to apply the revised accounting standards and guidance for (1), (2), (3) and (5) above from April 1, 2015, and for (4) above for a business combination which will occur on or after 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, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Japanese government bonds	¥ 253,498	¥ 349,039	$ 2,109,503
Corporate bonds	592,797	505,993	4,932,994
Equities	436,112	227,036	3,629,133
Other securities	605,496	555,516	5,038,667
Total	¥1,887,906	¥1,637,587	$15,710,298

*1. Investments in unconsolidated subsidiaries and affiliates included in "Equities" as of March 31, 2015 and 2014, are ¥30,307 million ($252,203 thousand) and ¥27,630 million, respectively. Investments in unconsolidated subsidiaries and affiliates included in "Other securities" as of March 31, 2015 and 2014, are ¥44,846 million ($373,188 thousand) and ¥40,248 million, respectively.

*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 ¥2,616 million ($21,769 thousand) and ¥1,800 million as of March 31, 2015 and 2014, respectively.

*3. There are no securities repledged as of March 31, 2015 and 2014. Securities accepted under repurchase agreements can be sold or repledged. Securities neither sold nor repledged are ¥5,299 million ($44,103 thousand) and zero as of March 31, 2015 and 2014, 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, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Equities	¥ —	¥ 45	$ —
Bonds	—	—	—
Other	108	355	900
Total	¥108	¥401	$900

4. Non-Performing Loans

The amounts of non-performing loans included in "Loans" as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Loans to bankrupt debtors	¥ —	¥ 2,710	$ —
Delinquent loans	80,537	95,269	670,196
Loans past due three months or more	—	—	—
Restructured loans	21,741	39,362	180,922
Total	¥102,278	¥137,343	$851,119

*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, 2015 and 2014, the amounts of unused commitments are ¥598,519 million ($4,980,610 thousand) and ¥496,222 million. As of March 31, 2015 and 2014, the amounts of unused commitments whose remaining contract term are within one year are ¥157,423 million ($1,310,003 thousand) and ¥159,850 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, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Prepaid expenses	¥ 4,199	¥ 4,930	$ 34,945
Accrued income	31,647	35,683	263,354
Derivatives	60,840	54,854	506,286
Other	44,257	19,955	368,287
Total	¥140,943	¥115,423	$1,172,872

7. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Buildings	¥ 20,362	¥ 21,088	$ 169,450
Land	91,788	92,617	763,824
Leased assets	9	12	83
Construction in progress	2,353	2,257	19,586
Other	151,681	121,634	1,262,221
Total	¥266,196	¥237,610	$2,215,163

Note: Accumulated depreciation of tangible fixed assets as of March 31, 2015 and 2014, is ¥10,513 million ($87,488 thousand) and ¥7,433 million, respectively.

8. Allowance for Loan Losses

Allowance for loan losses as of March 31, 2015 and 2014 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
General allowance for loan losses	¥46,580	¥ 59,129	$387,618
Specific allowance for loan losses	38,137	53,867	317,361
Total	¥84,717	¥112,997	$704,979

9. Debentures and Corporate Bonds

Debentures and corporate bonds as of March 31, 2015 and 2014 are as follows:

	Issue date	Interest rate (%)	Maturity date	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars 2015
(Issuer: DBJ Inc.)						
Debentures						
Japanese government-guaranteed bonds 8-23*1, 7	Aug. 2004– Aug. 2008	1.3– 2.2	Aug. 2014– Jun. 2023	¥ 502,901 [42,998]	¥ 552,827 [49,981]	$ 4,184,921 [357,810]
Japanese government-guaranteed bonds 1-28	Nov. 2008– Mar. 2015	0.11– 2.1	Jul. 2016– Mar. 2025	998,847	798,624	8,311,957
Japanese government-guaranteed foreign bond 67*2, 7	Sep. 1998	1.81	Sep. 2028	25,054	25,058	208,494
Japanese government-guaranteed foreign bonds 5-14*1, 7	Dec. 2002– Nov. 2007	1.05– 5.125	Jun. 2014– Nov. 2027	628,362 [75,763]	703,230 [74,995]	5,228,949 [630,469]
Japanese government-guaranteed Euro MTN bonds 1-11*3	Dec. 2009– Jan. 2015	0.4636– 2.875	Dec. 2014– Sep. 2024	733,109 [153,058]	564,020 [36,022]	6,100,601 [1,273,682]
FILP agency domestic bonds 11, 16, 19, 20, 24, 27, 29-31, 33-37, 39, 41, 42, 44, 46, 49, 51*4, 7	Dec. 2003– Jul. 2008	1.4– 2.74	Jun. 2014– Mar. 2047	329,929 [39,999]	439,912 [109,997]	2,745,525 [332,856]
Euro MTN FILP agency bonds 2*4, 5, 7	Sep. 2008	2.032	Sep. 2023	2,000	2,000	16,643
Corporate bonds						
Corporate bonds through public placement 4, 5, 7, 9, 11-13, 15-21, 23-52	Apr. 2009– Jan. 2015	0.101– 1.745	Jun. 2014– Sep. 2029	1,095,000 [185,000]	980,000 [150,000]	9,112,091 [1,539,486]
Corporate bonds through private placement 1-4	Aug. 2009– Feb. 2015	0.253– 0.847	Sep. 2014– Feb. 2024	25,000 [10,000]	20,000 [10,000]	208,039 [83,215]
Corporate bonds Euro MTN 17, 20-53*6	Jan. 2010– Oct. 2014	0.235– 2.868	May. 2014– Oct. 2023	221,602 [33,601]	144,246 [24,006]	1,844,072 [279,615]
(Issuer: Green Asset Investment TMK)						
Specified corporate bonds 1	Dec. 2012	5.53	Nov. 2017	7,500	7,500	62,412
Total				¥4,569,308	¥4,237,421	$38,023,703

*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 unsecured 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. General mortgage under the DBJ Inc. Act (17 of the Supplementary Provisions) and the DBJ Act (Article 43)
*8. Figures indicated in brackets [ ] indicate the amounts to be redeemed within one year.

Scheduled redemptions of above debentures and corporate bonds for the following 5 years subsequent to March 31, 2015 are as follows:

The fiscal year ending March 31, 2016	¥540,420 million	$4,497,133 thousand
2017	845,396	7,035,003
2018	717,998	5,974,853
2019	554,678	4,615,781
2020	463,431	3,856,468

10. Borrowed Money

Borrowed money as of March 31, 2015 and 2014 is as follows:

			Millions of Yen		Thousands of U.S. Dollars
	Average interest rate (%)	Due date of repayment	2015	2014	2015
Borrowings	0.84	Apr. 2015–Oct. 2034	¥8,598,219	¥9,182,603	$71,550,470

Scheduled redemptions of borrowings for the following 5 years subsequent to March 31, 2015 are as follows:

The fiscal year ending March 31, 2016	¥1,412,658 million	$11,755,502 thousand
2017	1,192,335	9,922,076
2018	1,103,933	9,186,431
2019	999,698	8,319,039
2020	812,221	6,758,936

11. Non-Recourse Debts

Non-recourse debts in consolidated special purpose companies as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Non-recourse debts:			
Borrowed money	¥32,000	¥32,000	$266,289
Corporate bonds	7,500	7,500	62,412
Assets corresponding to non-recourse debts:			
Cash and due from banks	6,586	8,117	54,806
Tangible fixed assets	48,640	47,475	404,760

12. Other Liabilities

Other liabilities as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Accrued expenses	¥ 24,164	¥ 25,198	$ 201,082
Unearned income	635	614	5,285
Accrued income taxes	39,444	12,620	328,237
Derivatives	31,939	17,328	265,786
Lease obligations	11	14	98
Asset retirement obligations (Note 13)	1,470	1,722	12,237
Other	128,150	73,596	1,066,413
Total	¥225,816	¥131,094	$1,879,138

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, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥1,722	¥ 2,821	$14,334
Increase due to acquisition of tangible fixed assets	1	—	13
Reconciliation associated with passage of time	0	0	6
Decrease due to settlement of asset retirement obligations	(347)	(1,902)	(2,894)
Increase due to a change in estimates	94	799	783
Other	(0)	3	(3)
Balance at end of year	¥1,470	¥ 1,722	$12,237

14. Acceptances and Guarantees

Acceptances and guarantees as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Guarantees	¥167,482	¥107,174	$1,393,713

15. Assets Pledged as Collateral

Cash and due from banks of ¥3,110 million ($25,888 thousand) and ¥3,614 million and tangible fixed assets of ¥48,640 million ($404,760 thousand) and ¥47,475 million are pledged as collateral for borrowed money of ¥32,000 million ($266,289 thousand) and ¥32,000 million as of March 31, 2015 and 2014, respectively.

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥562,189 million ($4,678,284 thousand) and ¥113,580 million ($945,164 thousand) as of March 31, 2015. In addition, they are deposited as replacement of margin money for future trading and collateral for transactions, including exchange settlements as of March 31, 2015. Additionally, ¥937 million ($7,802 thousand) of margin deposits for futures transactions, ¥10,255 million ($85,340 thousand) of margin deposits with the central clearing house and ¥63 million ($528 thousand) of guarantee deposits are included in other assets as of March 31, 2015. 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 are secured by a statutory preferential right over the property of DBJ Inc. The denomination value of these debentures amounts to ¥1,488,822 million ($12,389,298 thousand) as of March 31, 2015.

Loans and securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥497,275 million and ¥153,863 million 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 of securities are pledged as collateral for loans of companies which are investees of DBJ Inc. as of March 31, 2014. Additionally, ¥937 million of margin deposits for futures transactions and ¥60 million 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 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 as of March 31, 2014.

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, 2015 and 2014 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year ended March 31, 2015	Net income	Weighted average shares	EPS	EPS
Basic EPS				
Net income available to common shareholders	¥92,758	43,632	¥2,125.91	$17.69
Year ended March 31, 2014				
Basic EPS				
Net income available to common shareholders	¥124,303	43,632	¥2,848.87	

Note: Diluted net income per share for the years ended March 31, 2015 and 2014 is not disclosed because there are no dilutive securities.

As noted in Note 2 (m), DBJ Inc. applied the main clause of Paragraph 35 of “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, revised on May 17, 2012) and Paragraph 67 of “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, revised on March 26, 2015) and followed the transitional treatments prescribed in Paragraph 37 of ASBJ Statement No. 26.

As a result, total equity per share as of April 1, 2014 increased by ¥0.94 ($0.01) and net income per share for the year ended March 31, 2015 decreased by ¥0.42 ($0.00).

18. Other Operating Income

Other operating income for the years ended March 31, 2015 and 2014 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Foreign exchange gain	¥ 6,930	¥ 4,716	$ 57,671
Gains on sales of bonds	94	2,373	789
Gains on redemption of bonds	5,047	7,385	41,999
Other	1,011	1,211	8,421
Total	¥13,084	¥15,687	$108,879

19. Other Income

Other income for the years ended March 31, 2015 and 2014 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Reversal of allowance for investment losses	¥ —	¥ 42	$ —
Reversal of allowance for loan losses	25,601	26,168	213,046
Reversal of reserve for contingent losses	—	128	—
Gains on sales of equities and other securities	21,189	5,363	176,326
Gains on money held in trust	36	5,408	302
Equity in net income of affiliates	2,299	2,252	19,134
Gains on sales of fixed assets	649	25	5,402
Collection of written-off claims	3,009	4,636	25,045
Gains on investments in limited partnerships and other similar partnerships	22,301	26,218	185,580
Gain on negative goodwill	223	559	1,857
Rental income on land and buildings	3,468	2,523	28,860
Other	3,668	3,900	30,525
Total	¥82,445	¥77,228	$686,077

20. Other Operating Expenses

Other operating expenses for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Losses on sales of bonds	¥ 1	¥1,036	$ 12
Debentures issuance costs	708	469	5,897
Corporate bonds issuance costs	758	655	6,314
Derivatives	9,280	5,062	77,229
Other	1	0	13
Total	¥10,751	¥7,224	$89,466

21. Other Expenses

Other expenses for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Write-off of loans	¥ 327	¥ 321	$ 2,724
Losses on sales of equities and other securities	1	661	11
Write-off of equities	4,871	2,135	40,539
Losses on money held in trust	—	12	—
Losses on sales of fixed assets	130	245	1,083
Impairment losses	120	103	1,005
Losses on investments in limited partnerships and other similar partnerships	6,432	3,881	53,531
Other	1,492	1,717	12,417
Total	¥13,376	¥9,077	$111,311

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.

(a) Defined Benefit Pension Plan

(1) The changes in retirement benefit obligation for the years ended March 31, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥31,888	¥39,036	$265,365
Cumulative effects of changes in accounting policies	(41)	—	(343)
Restated balance	31,847	39,036	265,022
Service cost	1,524	1,381	12,687
Interest cost	347	581	2,891
Actuarial losses	282	310	2,354
Benefits paid	(1,759)	(1,911)	(14,639)
Extinction of retirement benefit obligation due to the return of substitutional portion of welfare pension fund	—	(7,509)	—
Balance at end of year	¥32,243	¥31,888	$268,316

(2) The changes in plan assets for the years ended March 31, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥23,161	¥26,465	$192,742
Expected return on plan assets	115	132	964
Actuarial gains	1,493	831	12,425
Contributions from the employer	2,795	4,134	23,262
Benefits paid	(773)	(918)	(6,436)
Extinction of plan assets due to the return of substitutional portion of welfare pension fund	—	(7,483)	—
Balance at end of year	¥26,792	¥23,161	$222,956

(3) Reconciliation between the liability for retirement benefits recorded in the consolidated balance sheet and the balances of retirement benefit obligations and plan assets for the years ended March 31, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Funded retirement benefit obligations	¥ 24,284	¥ 23,535	$ 202,083
Plan assets	(26,792)	(23,161)	(222,956)
	(2,508)	373	(20,873)
Unfunded retirement benefit obligations	7,959	8,353	66,233
Net liability for retirement benefits recorded in the consolidated balance sheet	¥ 5,450	¥ 8,727	$ 45,360
Liability for retirement benefits	¥ 7,959	¥ 8,727	$ 66,233
Asset for retirement benefits	(2,508)	—	(20,873)
Net liability for retirement benefits recorded in the consolidated balance sheet	¥ 5,450	¥ 8,727	$ 45,360

(4) The components of net periodic benefit costs for the years ended March 31, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Service cost	¥1,524	¥1,381	$12,687
Interest cost	347	581	2,891
Expected return on plan assets	(115)	(132)	(964)
Amortization of net actuarial losses	212	264	1,767
Amortization of prior service cost	12	12	105
Net periodic benefit costs	¥1,981	¥2,107	$16,488

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of adjustments for retirement benefit for the years ended March 31, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Prior service cost	¥ 12	¥—	$ 105
Actuarial (gains) losses	1,422	—	11,838
Total	¥1,435	¥—	$11,943

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of adjustment for accumulated retirement benefit as of March 31, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrecognized prior service cost	¥(69)	¥ (82)	$(580)
Unrecognized actuarial (gains) losses	45	(1,377)	376
Total	¥(24)	¥(1,459)	$(204)

(7) Plan assets

(i) Components of plan assets

Plan assets as of March 31, 2015 and 2014, consisted of the following:

	2015	2014
Debentures	85%	86%
Equity	12%	11%
Cash and due from banks	—	—
Others	3%	3%
Total	100%	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.

(8) Assumptions used for the year ended March 31, 2015 and 2014, were set forth as follows:

	2015	2014
Discount rate	1.1%	1.5%
Expected salary increase rate	2.0%-5.5%	2.2%-6.2%
Expected rate of return on plan assets	0.5%	0.5%

(b) Defined Contribution Plans

The amounts of the required contribution to the defined contribution plans of DBJ Inc. and its consolidated subsidiaries for the years ended March 31, 2015 and 2014 are ¥206 million ($1,714 thousand) and ¥203 million, respectively.

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 35.64% and 38.01% for the years ended March 31, 2015 and 2014, respectively.

A reconciliation of the normal effective statutory tax rate with the actual effective tax rate for the years ended March 31, 2015 and 2014 is as follows:

	2015	2014
Normal effective statutory tax rate	35.64%	38.01%
Increase (decrease) in taxes resulting from:		
Change in valuation allowance	4.09	(12.70)
Other	(1.35)	(0.69)
Actual effective tax rate	38.38%	24.62%

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred tax assets:			
Allowance for loan losses	¥ 35,282	¥ 40,428	$ 293,606
Losses from revaluation of securities	14,511	14,747	120,756
Excess of fair value over assets of consolidated subsidiaries	4,200	4,397	34,953
Liability for retirement benefits	2,166	2,563	18,029
Tax loss carryforwards	1,367	1,503	11,384
Other	9,055	6,892	75,357
Sub-total	66,584	70,532	554,086
Less-valuation allowance	(46,834)	(44,978)	(389,739)
Total	19,749	25,553	164,347
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(39,093)	(18,103)	(325,316)
Deferred gain on derivatives under hedge accounting	(16,068)	(16,562)	(133,714)
Other	(4,018)	(1,936)	(33,436)
Total	(59,179)	(36,602)	(492,466)
Net deferred tax assets	¥(39,430)	¥(11,048)	$(328,119)

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2015. Due to this change, the normal effective statutory tax rate to be used to calculate deferred tax assets and deferred tax liabilities has been changed from 35.64% to 33.10% for the temporary differences expected to be settled in the fiscal year beginning on April 1, 2015 and to 32.34% for the temporary differences expected to be settled in the fiscal years beginning on and after April 1, 2016. The effect of this change was to decrease deferred tax assets and deferred tax liabilities in the consolidated balance sheet as of March 31, 2015 by ¥5 million ($42 thousand) and ¥4,192 million ($34,886 thousand), respectively and to increase unrealized gain on available-for-sale securities, deferred gain on derivatives under hedge accounting, accumulated adjustments for retirement benefits and deferred income taxes increased by ¥3,926 million ($32,673 thousand), ¥1,519 million ($12,643 thousand), ¥0 million ($7 thousand) and ¥1,259 million ($10,479 thousand), respectively.

In addition, as the tax loss carryforwards which are available to be offset against taxable income will be limited to 65% of the taxable income before deducting tax losses from the fiscal year beginning on or after April 1, 2015, deferred tax assets decreased by ¥46 million ($386 thousand) and deferred income taxes increased by ¥46 million ($386 thousand).

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, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Due within 1 year	¥365	¥378	$3,044
Due after 1 year	176	482	1,471
Total	¥542	¥860	$4,514

(As lessor)

The minimum lease commitments under non-cancelable operating leases as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Due within 1 year	¥ 3,811	¥ 2,863	$ 31,717
Due after 1 year	13,169	10,397	109,587
Total	¥16,980	¥13,261	$141,304

25. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 90,884	¥ 33,531	$ 756,303
Reclassification adjustments to profit or loss	(18,751)	(24,025)	(156,044)
Amount before income tax effect	72,133	9,506	600,258
Income tax effect	(21,038)	(5,151)	(175,076)
Total	51,094	4,355	425,183
Deferred gain on derivatives under hedge accounting:			
Gains arising during the year	11,336	1,499	94,336
Reclassification adjustments to profit or loss	(8,291)	(8,077)	(68,999)
Amount before income tax effect	3,044	(6,578)	25,337
Income tax effect	494	2,633	4,113
Total	3,538	(3,944)	29,450
Foreign currency translation adjustments:			
Adjustments arising during the year	692	389	5,764
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	692	389	5,764
Income tax effect	—	—	—
Total	692	389	5,764
Adjustments for retirement benefits			
Adjustments arising during the year	1,210	—	10,071
Reclassification adjustments to profit or loss	225	—	1,873
Amount before income tax effect	1,435	—	11,943
Income tax effect	(512)	—	(4,263)
Total	922	—	7,680
Share of other comprehensive income in affiliates:			
Gains arising during the year	(146)	631	(1,217)
Reclassification adjustments to profit or loss	53	(246)	443
Amount before income tax effect	(93)	385	(774)
Income tax effect	—	—	—
Total	(93)	385	(774)
Total other comprehensive income	¥ 56,155	¥ 1,185	$ 467,303

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, 2015 and 2014 is following:

	Millions of Yen			
Year ended March 31, 2015	Loan business	Securities investment	Other	Total
Ordinary income from external customers	¥233,516	¥71,095	¥34,430	¥339,043

	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

	Thousands of U.S. Dollars			
Year ended March 31, 2015	Loan business	Securities investment	Other	Total
Ordinary income from external customers	$1,943,218	$591,625	$286,518	$2,821,362

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 main methods of acquiring funds, in addition to issuing corporate bonds and long-term borrowings, DBJ Inc. relies on the stable procurement of long-term funds from the government’s Fiscal Investment and Loan Program (FILP). Since long-term, fixed-rate makes up the majority of its assets, DBJ Inc. raises its funds mainly with long-term, fixed rate liabilities.

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

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

The financial assets of DBJ Inc. are mainly investments and loans in domestic customers, which are exposed to credit risk that stems from customers’ default of contracts and decline of their creditworthiness. Main categories of industries of debtors are electricity, gas, thermal supply, water supply, manufacturing and others as of March 31, 2015. 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, sets collateral and guarantee. The sales and credit analysis departments hold separate roles in the screening and administering of credit for individual loans and each department keeps the operations of the other in check. The Committee on Investment and Loan Decisions meets as needed to deliberate important issues concerning the management and governance of individual loans. DBJ Inc. performs a comprehensive analysis of data based on borrower ratings, and calculates the loan portfolio’s overall exposure to credit risk, which is measured regularly to ensure that such risk remains within specified range of capital.

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

(ii) Market Risk Management

1) Interest Rate Risk Management

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

2) Foreign Exchange Risk Management

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

3) Price Volatility Risk Management

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

4) Derivative Transactions

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

5) Quantitative Information about Market Risk

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

Market risk volume (estimated loss) is based on VaR using the historical simulation method (holding period of 1 year, observation period of 5 years, and confidence interval of 99.9%). The amount of market risk (risks pertaining to the changes in interest rates, foreign exchanges and market prices) as of March 31, 2015 and 2014 was ¥25,415 million ($211,493 thousand) and ¥19,212 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, 2015 and 2014. Unlisted equities and others, whose fair value cannot be reliably determined, are excluded from the table below (see (2)).

	Millions of Yen		
	2015		
	Carrying amount	Fair value	Difference
Cash and due from banks	¥ 317,772	¥ 317,776	¥ 3
Call loans and bills bought	335,000	335,000	—
Reverse repurchase agreements	5,299	5,299	—
Securities			
Held-to-maturity debt securities	915,689	937,274	21,584
Available-for-sale securities	418,171	418,171	—
Loans	13,261,343		
Allowance for loan losses*1	(83,765)		
	13,177,578	13,743,661	566,083
Total assets	¥15,169,511	¥15,757,183	¥587,671
Debentures	3,220,206	3,358,048	137,841
Borrowed money	8,498,219	8,606,481	108,261
Corporate bonds	1,349,102	1,353,954	4,852
Total liabilities	¥13,067,528	¥13,318,484	¥250,956
Derivative transactions*2			
Derivative transactions not qualifying for hedge accounting	(10,929)	(10,929)	—
Derivative transactions qualifying for hedge accounting	39,830	39,830	—
Total derivative transactions	¥ 28,900	¥ 28,900	¥ —

	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
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	¥ —

	Thousands of U.S. Dollars		
	2015		
	Carrying amount	Fair value	Difference
Cash and due from banks	$ 2,644,359	$ 2,644,389	$ 30
Call loans and bills bought	2,787,717	2,787,717	—
Reverse repurchase agreements	44,103	44,103	—
Securities			
Held-to-maturity debt securities	7,619,949	7,799,569	179,620
Available-for-sale securities	3,479,833	3,479,833	—
Loans	110,354,861		
Allowance for loan losses*1	(697,055)		
	109,657,806	114,368,491	4,710,685
Total assets	$126,233,768	$131,124,103	$4,890,335
Debentures	26,797,089	27,944,147	1,147,058
Borrowed money	70,718,316	71,619,221	900,905
Corporate bonds	11,226,614	11,266,995	40,381
Total liabilities	$108,742,018	$110,830,363	$2,088,345
Derivative transactions*2			
Derivative transactions not qualifying for hedge accounting	(90,953)	(90,953)	—
Derivative transactions qualifying for hedge accounting	331,453	331,453	—
Total derivative transactions	$ 240,500	$ 240,500	$ —

*1. General and specific allowances for loan losses are deducted.
*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) 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

Derivatives consist of interest rate related derivatives (interest rate swaps), currency related derivatives (currency swaps, forward foreign exchange contracts) and credit derivatives. Fair value of these derivatives is determined based on the discounted present value, quoted prices presented by the financial institutions, etc.

(2) Following are the financial instruments whose fair value cannot be reliably determined as of March 31, 2015 and 2014:
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
	2015	2014	2015
Money held in trust*1	¥ 54,853	¥134,215	$ 456,467
Unlisted equities*2, 3	326,875	176,406	2,720,109
Investments in limited partnerships and other similar partnerships*1	169,296	135,578	1,408,811
Unlisted other securities*2, 3	57,873	54,545	481,595
Industrial investment borrowed money (Special Account for FILP)*4	100,000	100,000	832,154
Total	¥708,899	¥600,745	$5,899,137

*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, 2015 and 2014 was ¥4,763 million ($39,639 thousand) and ¥1,731 million, respectively. The breakdown is: unlisted equities ¥984 million ($8,194 thousand) and ¥1,269 million, unlisted other securities ¥3,778 million ($31,445 thousand) and ¥462 million for the years ended March 31, 2015 and 2014, 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, 2015 and 2014 are as follows:

	Millions of Yen					
	2015					
	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	¥ 317,765	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	335,000	—	—	—	—	—
Securities						
Held-to-maturity debt securities with market values	276,551	276,137	224,772	66,324	36,724	35,179
Japanese government bonds	—	81,224	40,328	10,295	15,124	25,179
Japanese local government bonds	—	—	—	—	—	—
Corporate bonds	106,934	119,189	100,205	23,796	11,600	10,000
Other	169,617	75,723	84,239	32,232	10,000	—
Available-for-sale securities with contractual maturities	6,477	67,641	93,412	90,135	39,991	8,116
Japanese government bonds	—	—	—	42,488	30,743	8,116
Japanese local government bonds	—	—	—	—	—	—
Corporate bonds	6,477	67,641	93,412	47,647	5,894	—
Other	—	—	—	—	3,354	—
Loans*1	2,132,424	4,076,764	3,010,127	1,840,382	1,419,033	702,074
Total	¥3,068,218	¥4,420,542	¥3,328,312	¥1,996,842	¥1,495,749	¥745,369

	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	—	—	—	—	—	—
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	—	—	—	—	—	—
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

	Thousands of U.S. Dollars					
	2015					
	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	$ 2,644,302	$ —	$ —	$ —	$ —	$ —
Call loans and bills bought	2,787,717	—	—	—	—	—
Securities						
Held-to-maturity debt securities with market values	2,301,338	2,297,888	1,870,454	551,920	305,601	292,748
Japanese government bonds	—	675,913	335,592	85,677	125,856	209,533
Japanese local government bonds	—	—	—	—	—	—
Corporate bonds	889,856	991,840	833,864	198,019	96,530	83,215
Other	1,411,482	630,135	700,999	268,223	83,215	—
Available-for-sale securities with contractual maturities	53,902	562,878	777,338	750,065	332,792	67,538
Japanese government bonds	—	—	—	353,566	255,829	67,538
Japanese local government bonds	—	—	—	—	—	—
Corporate bonds	53,902	562,878	777,338	396,499	49,052	—
Other	—	—	—	—	27,910	—
Loans*1	17,745,061	33,924,976	25,048,906	15,314,828	11,808,552	5,842,342
Total	$25,532,320	$36,785,742	$27,696,698	$16,616,812	$12,446,946	$6,202,627

*1. Obligations to "Legally Bankrupt," "Effectively Bankrupt" and "Possibly Bankrupt" amount to ¥80,537 million ($670,196 thousand) are not included as of March 31, 2015.
*2. Obligations to "Legally Bankrupt," "Effectively Bankrupt" and "Possibly Bankrupt" amount to ¥97,980 million are not included as of March 31, 2014.

(4) Maturity analysis for Debentures, Borrowed money and Other Liability with Interest as of March 31, 2015 and 2014 are as follows:

	Millions of Yen					
	2015					
	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	¥1,412,658	¥2,296,269	¥1,811,920	¥1,042,815	¥1,110,694	¥ 923,862
Debentures and Corporate bonds	540,420	1,563,394	1,018,110	428,803	719,934	298,645
Total	¥1,953,079	¥3,859,663	¥2,830,030	¥1,471,619	¥1,830,628	¥1,222,507

	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

	Thousands of U.S. Dollars					
	2015					
	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	$11,755,502	$19,108,507	$15,077,975	$ 8,677,835	$ 9,242,690	$ 7,687,961
Debentures and Corporate bonds	4,497,133	13,009,856	8,472,249	3,568,309	5,990,966	2,485,189
Total	$16,252,635	$32,118,363	$23,550,225	$12,246,145	$15,233,656	$10,173,150

28. Derivative Transactions

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

(1) Interest Rate-related Transactions

	Millions of Yen			
	2015			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps				
Receive fixed/ Pay float	¥852,007	¥787,406	¥ 22,068	¥ 22,068
Receive float/ Pay fixed	845,243	782,892	(16,259)	(16,259)
Total	—	—	¥ 5,808	¥ 5,808

	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

	Thousands of U.S. Dollars			
	2015			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps				
Receive fixed/ Pay float	$7,090,021	$6,552,440	$ 183,643	$ 183,643
Receive float/ Pay fixed	7,033,735	6,514,877	(135,303)	(135,303)
Total	—	—	$ 48,340	$ 48,340

*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			
	2015			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps	¥ 73,147	¥73,147	¥(17,921)	¥(17,921)
Forwards				
Sold	256,929	—	1,297	1,297
Bought	1,256	—	(1)	(1)
Total	—	—	¥(16,626)	¥(16,626)

	Millions of Yen			
	2014			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
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)

	Thousands of U.S. Dollars			
	2015			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Swaps	$ 608,700	$608,700	$(149,136)	$(149,136)
Forwards				
Sold	2,138,051	—	10,794	10,794
Bought	10,452	—	(12)	(12)
Total	—	—	$(138,355)	$(138,355)

*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			
	2015			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Credit default options				
Sold	¥20,404	¥20,404	¥ 0	¥ 0
Bought	3,500	3,500	(113)	(113)
Total	—	—	¥(112)	¥(112)

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

	Thousands of U.S. Dollars			
	2015			
	Contract amount			
	Total	Due after 1 year	Fair value	Unrealized gains (losses)
Over-the-counter				
Credit default options				
Sold	$169,795	$169,795	$ 2	$ 2
Bought	29,125	29,125	(940)	(940)
Total	—	—	$(938)	$(938)

*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		
		2015		
		Contract amount		
	Hedged item	Total	Due after 1 year	Fair value
Deferral method	Debentures, Borrowed money, Securities and Loans			
Swaps				
Receive fixed/ Pay float		¥ 309,247	¥308,664	¥39,603
Receive float/ Pay fixed		35,195	30,347	(1,560)
Accrual method	Debentures, Borrowed money, Corporate bonds and Loans			
Swaps				
Receive fixed/ Pay float		1,011,685	843,262	*3
Receive float/ Pay fixed		57,311	32,355	
Total		—	—	¥38,043

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

	Hedged item	Thousands of U.S. Dollars 2015 Contract amount Total	Due after 1 year	Fair value
Deferral method				
Swaps	Debentures, Borrowed money, Securities and Loans			
Receive fixed/ Pay float		$2,573,415	$2,568,561	$329,563
Receive float/ Pay fixed		292,881	252,535	(12,984)
Accrual method				
Swaps	Debentures, Borrowed money, Corporate bonds and Loans			
Receive fixed/ Pay float		8,418,788	7,017,248	*3
Receive float/ Pay fixed		476,923	269,247	
Total		—	—	$316,579

*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 27 "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 2015 Contract amount Total	Due after 1 year	Fair value
Translated at contractual rates	Foreign-currency debentures and Corporate bonds			
Currency swaps		¥155,782	¥151,855	*2
Forward foreign exchange contracts	Available-for-sale securities			
Sold		51,065	—	¥1,787
Bought		—	—	—
Total		—	—	¥1,787

	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	Available-for-sale securities			
Sold		39,368	—	¥(370)
Bought		—	—	—
Total		—	—	¥(370)

	Hedged item	Thousands of U.S. Dollars 2015 Contract amount Total	Due after 1 year	Fair value
Translated at contractual rates Currency swaps	Foreign-currency debentures and Corporate bonds	$1,296,354	$1,263,676	*2
Forward foreign exchange contracts	Available-for-sale securities			
Sold		424,948	—	$14,875
Bought		—	—	—
Total		—	—	$14,875

*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 27 "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, 2015 and 2014 is summarized below.

(a) Securities

(1) Held-to-maturity Debt Securities as of March 31, 2015 and 2014, are as follows:

		Millions of Yen		
		2015		
		Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	¥172,151	¥182,880	¥10,728
	Japanese local government bonds	—	—	—
	Corporate bonds	308,070	313,567	5,496
	Other	306,557	312,569	6,012
Sub-total		786,779	809,017	22,237
Fair value does not exceed carrying amount	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Corporate bonds	63,654	63,350	(303)
	Other	65,255	64,906	(349)
Sub-total		128,909	128,256	(652)
Total		¥915,689	¥937,274	¥21,584

		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	—	—	—
	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	—	—	—
	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

		Thousands of U.S. Dollars		
		2015		
		Carrying amount	Fair value	Difference
Fair value exceeds carrying amount	Japanese government bonds	$1,432,570	$1,521,848	$ 89,278
	Japanese local government bonds	—	—	—
	Corporate bonds	2,563,626	2,609,366	45,740
	Other	2,551,029	2,601,064	50,035
Sub-total		6,547,225	6,732,279	185,054
Fair value does not exceed carrying amount	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Corporate bonds	529,700	527,172	(2,528)
	Other	543,025	540,119	(2,906)
Sub-total		1,072,724	1,067,291	(5,434)
Total		$7,619,949	$7,799,569	$179,620

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

(2) Available-for-sale Securities as of March 31, 2015 and 2014, are as follows:

		Millions of Yen		
		2015		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	¥106,846	¥ 33,475	¥ 73,371
	Bonds	271,942	238,259	33,682
	Japanese government bonds	81,347	80,160	1,186
	Japanese local government bonds	—	—	—
	Corporate bonds	190,595	158,099	32,496
	Other	6,485	3,810	2,674
Sub-total		385,273	275,545	109,728
Carrying amount does not exceed cost	Equities	2,390	2,419	(29)
	Bonds	30,477	30,755	(278)
	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Corporate bonds	30,477	30,755	(278)
	Other	72,028	72,028	—
Sub-total		104,897	105,204	(307)
Total		¥490,171	¥380,750	¥109,421

		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	—	—	—
	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	—	—	—
	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

		Thousands of U.S. Dollars		
		2015		
		Carrying amount (Fair value)	Acquisition cost	Difference
Carrying amount exceeds cost	Equities	$ 889,130	$ 278,565	$610,565
	Bonds	2,262,978	1,982,689	280,289
	Japanese government bonds	676,933	667,060	9,872
	Japanese local government bonds	—	—	—
	Corporate bonds	1,586,045	1,315,628	270,417
	Other	53,966	31,710	22,256
Sub-total		3,206,074	2,292,963	913,111
Carrying amount does not exceed cost	Equities	19,895	20,137	(243)
	Bonds	253,624	255,937	(2,313)
	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Corporate bonds	253,624	255,937	(2,313)
	Other	599,392	599,392	—
Sub-total		872,911	875,467	(2,556)
Total		$4,078,985	$3,168,430	$910,555

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, 2015 and 2014, are as follows:

	Millions of Yen		
	2015		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	¥36,599	¥18,226	¥ 1
Bonds	20,203	94	1
Japanese government bonds	—	—	—
Japanese local government bonds	—	—	—
Corporate bonds	20,203	94	1
Other	2,579	1,354	—
Total	¥59,382	¥19,675	¥ 2

	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	—	—	—
Corporate bonds	10,267	153	4
Other	6,162	2,022	530
Total	¥196,238	¥5,005	¥692

	Thousands of U.S. Dollars		
	2015		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equities	$304,566	$151,674	$11
Bonds	168,122	789	12
Japanese government bonds	—	—	—
Japanese local government bonds	—	—	—
Corporate bonds	168,122	789	12
Other	21,462	11,271	—
Total	$494,150	$163,734	$23

(b) Money Held in Trust

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

Not applicable.

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

	Millions of Yen				
	2015				
			Unrealized gains (losses)		
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	¥54,853	¥54,451	¥401	¥401	¥—

	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	¥—

	Thousands of U.S. Dollars				
	2015				
			Unrealized gains (losses)		
	Carrying amount	Acquisition cost	Net	Carrying amount exceeds cost	(Carrying amount does not exceed cost)
Other money held in trust	$456,467	$453,125	$3,343	$3,343	$—

(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
	2015	2014	2015
Unrealized gain on			
Available-for-sale securities	¥132,657	¥ 60,668	$1,103,917
Other money held in trust	401	258	3,343
Deferred tax liabilities	(39,142)	(18,103)	(325,725)
Unrealized gain on available-for-sale securities before interest adjustments	93,917	42,822	781,535
Amount corresponding to minority interests	(8,023)	(5,110)	(66,768)
DBJ Inc.'s interest in net unrealized gain on available-for-sale securities held by affiliates accounted for by the equity method	(28)	55	(233)
Unrealized gain on available-for-sale securities, net of taxes	¥ 85,865	¥ 37,767	$ 714,533

*1. The profit of ¥5,170 million ($43,023 thousand) and ¥4,496 million 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, 2015 and 2014, respectively.
*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, 2015 and 2014.

30. Related Party Transactions

Related party transactions for the years ended March 31, 2015 and 2014 are as follows:

				2015			
				Amounts of the transactions		Balance at March 31, 2015	
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	$ 2,496,463	¥4,066,419	$33,838,891
		Repayments		447,275	3,722,021		
		Payment for interest	Accrued expenses	44,822	372,995	13,687	113,897
		Guarantees*2	—	2,895,482	24,094,889	—	—

According to Article 2, item 5 of the Japan Finance Corporation Act, DBJ Inc. has borrowed ¥3,286,500 million ($27,348,756 thousand) from Japan Finance Corporation relating to the crisis response business.
*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, 2034 without putting up collateral.
*2. The guarantees are for debentures issued by DBJ Inc. free of guarantee charge.

				2014	
				Amounts of the transactions	Balance at March 31, 2014
Related party	Category	Description	Account item	Millions of Yen	Millions of Yen
Finance Minister	Shareholder	Borrowings*1	Borrowed money	¥ 300,000	¥4,213,694
		Repayments		552,313	
		Payment for interest	Accrued expenses	51,734	14,456
		Guarantees*2	—	2,652,005	—

According to Article 2, item 5 of the Japan Finance Corporation Act, DBJ Inc. has borrowed ¥3,764,887 million from Japan Finance Corporation relating to the crisis response business.
*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.

31. SUBSEQUENT EVENT

On June 26, 2015, 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 June 29, 2015:

Appropriations of Retained earnings as of March 31, 2015

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends-Common stock (¥516-$4.29 per share)	¥22,514	$187,354

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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, 2015, 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, 2015, 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 15, 2015
(June 26, 2015 as to Note 31)

Member of
Deloitte Touche Tohmatsu Limited

Non-Consolidated Balance Sheet (Unaudited)

Development Bank of Japan Inc.

	Millions of Yen		Thousands of U.S. Dollars (Note)
As of March 31,	2015	2014	2015
Assets			
Cash and due from banks	¥ 287,698	¥ 240,522	$ 2,394,092
Call loans	335,000	87,000	2,787,717
Reverse repurchase agreements	5,299	—	44,103
Money held in trust	53,742	134,215	447,225
Securities	1,848,890	1,592,461	15,385,627
Loans	13,409,078	13,963,046	111,584,243
Other assets	138,722	113,707	1,154,388
Tangible fixed assets	114,863	116,585	955,841
Intangible fixed assets	5,279	5,424	43,936
Prepaid pension costs	1,326	—	11,035
Customers' liabilities for acceptances and guarantees	167,482	107,174	1,393,713
Allowance for loan losses	(83,460)	(111,716)	(694,519)
Allowance for investment losses	(525)	(459)	(4,369)
Total assets	¥16,283,399	¥16,247,962	$135,503,033
Liabilities and equity			
Liabilities:			
Debentures	¥ 3,220,206	¥ 3,085,674	$ 26,797,089
Borrowed money	8,566,219	9,150,398	71,284,181
Corporate bonds	1,341,602	1,144,246	11,164,202
Other liabilities	218,200	127,069	1,815,767
Accrued bonuses to employees	4,415	4,415	36,740
Accrued bonuses to directors	11	11	97
Reserve for employees' retirement benefits	6,601	7,118	54,938
Reserve for directors' retirement benefits	66	69	552
Reserve for contingent losses	12	7	104
Deferred tax liabilities	39,175	11,695	326,002
Acceptances and guarantees	167,482	107,174	1,393,713
Total liabilities	13,563,994	13,637,880	112,873,384
Equity:			
Common stock authorized, 160,000 thousand shares in 2015 and 2014; issued, 43,632 thousand shares in 2015 and 2014	1,206,953	1,206,953	10,043,713
Capital surplus	1,060,466	1,060,466	8,824,718
Retained earnings	335,018	275,716	2,787,874
Unrealized gain on available-for-sale securities	84,749	37,703	705,247
Deferred gain on derivatives under hedge accounting	32,217	29,243	268,096
Total equity	2,719,404	2,610,081	22,629,649
Total liabilities and equity	¥16,283,399	¥16,247,962	$135,503,033

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥120.17=$1.00, the effective exchange rate prevailing as of March 31, 2015, 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 2015	Millions of Yen 2014	Thousands of U.S. Dollars (Note) 2015
Income			
Interest income:	¥236,107	¥255,448	$1,964,776
Interest on loans	207,042	229,860	1,722,913
Interest and dividends on securities	20,748	17,378	172,661
Interest on call loans	149	98	1,245
Interest on reverse repurchase agreements	231	282	1,928
Interest on due from banks	46	36	390
Interest on swaps	7,720	7,680	64,246
Other interest income	167	110	1,394
Fees and commissions	8,091	13,087	67,337
Other operating income	14,015	10,899	116,633
Other income	70,575	70,957	587,296
Total income	**328,790**	**350,392**	**2,736,042**
Expenses			
Interest expense:	117,846	132,090	980,667
Interest on debentures	36,488	39,773	303,641
Interest on call money and bills sold	0	7	2
Interest on borrowed money	76,785	87,766	638,975
Interest on short-term corporate bonds	12	32	103
Interest on corporate bonds	4,497	4,488	37,429
Other interest expense	62	20	518
Fees and commissions	662	235	5,514
Other operating expenses	10,751	7,224	89,466
General and administrative expenses	40,352	40,323	335,799
Other expenses	10,974	6,536	91,327
Total expenses	**180,588**	**186,410**	**1,502,772**
Income before income taxes	**148,202**	**163,982**	**1,233,270**
Income taxes:			
Current	50,322	24,588	418,762
Deferred	7,798	16,153	64,898
Total income taxes	**58,121**	**40,741**	**483,660**
Net income	**¥ 90,080**	**¥123,240**	**$ 749,610**

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥120.17=$1.00, the effective exchange rate prevailing as of March 31, 2015, 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 2015	Millions of Yen 2014	Thousands of U.S. Dollars (Note) 2015
Common stock:			
Balance at beginning of year	¥1,206,953	¥1,206,953	$10,043,713
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	1,206,953	1,206,953	10,043,713
Balance at end of year	1,206,953	1,206,953	10,043,713
Capital surplus:			
Balance at beginning of year	1,060,466	1,060,466	8,824,718
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	1,060,466	1,060,466	8,824,718
Balance at end of year	1,060,466	1,060,466	8,824,718
Retained earnings:			
Balance at beginning of year	275,716	187,730	2,294,384
Cumulative effects of changes in accounting policies	26	—	221
Restated balance	275,742	187,730	2,294,605
Cash dividends	(30,804)	(35,254)	(256,341)
Net income	90,080	123,240	749,610
Balance at end of year	335,018	275,716	2,787,874
Unrealized gain on available-for-sale securities:			
Balance at beginning of year	37,703	27,707	313,747
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	37,703	27,707	313,747
Net change during the year	47,046	9,995	391,500
Balance at end of year	84,749	37,703	705,247
Deferred gain on derivatives under hedge accounting:			
Balance at beginning of year	29,243	33,803	243,351
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	29,243	33,803	243,351
Net change during the year	2,973	(4,560)	24,745
Balance at end of year	32,217	29,243	268,096
Total equity:			
Balance at beginning of year	2,610,081	2,516,661	21,719,913
Cumulative effects of changes in accounting policies	26	—	221
Restated balance	2,610,108	2,516,661	21,720,134
Cash dividends	(30,804)	(35,254)	(256,341)
Net income	90,080	123,240	749,610
Net change during the year	50,020	5,435	416,245
Balance at end of year	¥2,719,404	¥2,610,081	$22,629,649

Note: Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥120.17=$1.00, the effective exchange rate prevailing as of March 31, 2015, 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, 2015		March 31, 2014		Basel III Template No.
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
Common Equity Tier 1 capital: instruments and reserves					
Directly issued qualifying common share capital plus related capital surplus and retained earnings	2,589,627		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	344,728		282,733		2
of which: treasury stock	—		—		1c
of which: planned distribution of income	22,520		30,810		26
of which: other than the above	—		—		
Rights to acquire new common shares	—		—		1b
Accumulated other comprehensive income and other disclosed reserves	48,312	72,469	13,507	54,031	3
Adjusted minority interests, etc. (amount allowed to be included in group Common Equity Tier 1)	24		19		5
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	1,838		1,150		
of which: items included in minority interests, etc. subject to transitional arrangements	1,838		1,150		
Common Equity Tier 1 capital: instruments and reserves (A)	2,639,803		2,534,020		6
Common Equity Tier 1 capital: regulatory adjustments					
Total intangible assets (excluding those relating to mortgage servicing rights)	1,781	2,671	893	3,574	8+9
of which: goodwill (including those equivalent)	333	500	188	753	8
of which: other intangible assets other than goodwill and mortgage servicing rights	1,447	2,171	705	2,820	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	80	120	—	—	10
Deferred gains or losses on derivatives under hedge accounting	13,324	19,987	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	676	1,014	—	—	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, 2015	March 31, 2015 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)	15,862		6,894		28
Common Equity Tier 1 capital (CET1)					
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	2,623,941		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)	10,599		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, 2015	March 31, 2015: 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	1,269		567		
of which: foreign currency translation adjustments	970		567		
of which: items included in minority interests, etc. subject to transitional arrangements	299		—		
Additional Tier 1 capital: instruments (D)	11,869		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)	24	37	204	816	40
Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	500		753		
of which: goodwill	500		753		
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		—		42
Additional Tier 1 capital: regulatory adjustments (E)	525		957		43
Additional Tier 1 capital (AT1)					
Additional Tier 1 capital ((D)-(E)) (F)	11,343		7,105		44
Tier 1 capital (T1 = CET1 + AT1)					
Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	2,635,285		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)	157		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	46,580		59,129		50
of which: general allowance for loan losses	46,580		59,129		50a
of which: eligible reserves	—		—		50b

(Millions of yen)

Items	March 31, 2015	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	35,905		21,953		
of which: items included in accumulated other comprehensive income, etc. subject to transitional arrangements	35,905		21,953		
Tier 2 capital: instruments and reserves (H)	82,642		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)	82,642		81,216		58
Total capital (TC = T1 + T2)					
Total capital (TC = T1 + T2) ((G) + (J)) (K)	2,717,927		2,615,448		59
Risk weighted assets					
Total of items included in risk weighted assets subject to transitional arrangements	3,343		3,637		
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	2,171		2,820		
of which, significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	37		816		
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	120		—		
of which: net defined benefit assets	1,014		—		
Risk weighted assets (L)	16,173,097		16,516,658		60
Capital ratio (consolidated)					
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	16.22%		15.30%		61
Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	16.29%		15.34%		62
Total risk-weighted capital ratio (consolidated) ((K)/(L))	16.80%		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)	82,005		136,764		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	966		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)	1,890		2,075		75

(Millions of yen)

Items	March 31, 2015	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	46,580		59,129		76
Cap on inclusion of general allowance for loan losses	199,133		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

Capital Structure Information (Non-Consolidated)

(Millions of yen)

Items	March 31, 2015	March 31, 2015: 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	2,579,918		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	335,018		275,716		2
of which: treasury stock	—		—		1c
of which: planned distribution of income	22,520		30,810		26
of which: other than the above	—		—		
Rights to acquire new common shares	—		—		1b
Valuation and translation adjustment and other disclosed reserves	46,786	70,179	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)	2,626,704		2,525,714		6
Common Equity Tier 1 capital: regulatory adjustments					
Total intangible assets (excluding those relating to mortgage servicing rights)	1,428	2,143	698	2,793	8+9
of which: goodwill (including those equivalent)	—	—	—	—	8
of which: other intangible assets other than goodwill and mortgage servicing rights	1,428	2,143	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	12,886	19,330	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	356	534	—	—	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, 2015	Amounts excluded under transitional arrangements	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	24		10		27
Common Equity Tier 1 capital: regulatory adjustments (B)	14,697		6,557		28
Common Equity Tier 1 capital (CET1)					
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	2,612,007		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)	24	37	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)	24		10		43

(Millions of yen)

Items	March 31, 2015	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)	2,612,007		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	46,923		59,449		50
of which: general allowance for loan losses	46,923		59,449		50a
of which: eligible reserves	—		—		50b
Total of items included in Tier 2 capital: instruments and reserves subject to transitional arrangements	33,271		20,088		
of which: items included valuation and translation adjustments, etc. subject to transitional arrangements	33,271		20,088		
Tier 2 capital: instruments and reserves (H)	80,194		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)	80,194		79,537		58
Total capital (TC = T1 + T2)					
Total capital (TC = T1 + T2) ((G) + (J)) (K)	2,692,202		2,598,694		59

(Millions of yen)

Items	March 31, 2015	March 31, 2015 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	2,715		2,836		
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	2,143		2,793		
of which: significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	37		43		
of which: prepaid pension cost	534		—		
Risk weighted assets (L)	16,431,381		17,060,230		60
Capital ratio (non-consolidated)					
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	15.89%		14.76%		61
Tier 1 risk-weighted capital ratio (non-consolidated) ((G)/(L))	15.89%		14.76%		62
Total risk-weighted capital ratio (non-consolidated) ((K)/(L))	16.38%		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)	79,434		131,476		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	348		131,476		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)	1,707		1,933		75
Reserves included in Tier 2 capital: instruments and reserves					
General allowance for loan losses	46,923		59,449		76
Cap on inclusion of general allowance for loan losses	202,355		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

[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, 2015 is 25.
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 services
DBJ Investment Advisory Co., Ltd.	Investment advisory and agency services
DBJ Real Estate Co., Ltd.	Real estate leasing
DBJ Investment Consulting (Beijing) Co., Ltd.	Investment and loan support and advisory services

(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 and their primary businesses
Not applicable.

(4) 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, 2015	March 31, 2014
Loans	¥12,513,935	¥13,224,168
Equities, funds	584,878	347,112
Central counterparty clearing house	12,808	—
Commitments and customers' liabilities for acceptances and guarantees	518,192	303,815
Bonds (JGBs and corporate bonds, etc.)	1,071,870	1,069,281
Reverse repurchase agreement/call loan	394,043	220,287
Other	935,649	670,388
Total	¥16,031,378	¥15,835,053

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

(1) By region

(Millions of yen)

	March 31, 2015	March 31, 2014
Domestic total	¥16,024,252	¥15,833,710
Overseas total	7,126	1,342

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

(2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2015	March 31, 2014
Manufacturing	¥ 3,414,170	¥ 3,548,818
Agriculture and forestry	1,014	996
Fisheries	500	500
Mining, quarrying and gravel extraction	68,710	61,874
Construction	60,527	56,410
Electrical, gas, heat supply and water	3,507,215	3,291,787
Information and communications	468,917	531,016
Transportation and postal	2,589,470	2,688,940
Wholesale and retail	1,048,632	1,073,824
Finance and insurance	2,024,675	1,683,748
Real estate and leasing of goods	1,892,500	1,846,720
Services	322,315	378,905
Municipal government	16,405	15,256
Other	616,320	656,252
Total	¥16,031,378	¥15,835,053

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2015	March 31, 2014
Five years or less	¥7,972,828	¥7,584,076
More than five years, up to 10	4,536,950	4,956,140
More than 10 years, up to 15	1,751,721	1,887,631
More than 15 years	855,797	866,787
No maturity date	914,080	540,417

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

(Millions of yen)

	March 31, 2015	March 31, 2014
Risk weight 0%	¥ 532,466	¥ 578,089
Risk weight 10%	11,411	19,038
Risk weight 20%	1,845,956	1,627,250
Risk weight 50%	6,569,284	6,800,392
Risk weight 100%	6,946,420	6,708,949
Risk weight 150%	13,836	1,760
Risk weight 250%	6,439	3,135
Risk weight 1,250%	1,888	3,145
Other	68,294	44,917

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, 2015	March 31, 2014
Structured finance	¥957,747	¥896,371
Of which, resecuritization exposure	—	—
Credit derivatives	16,904	37,100
Of which, resecuritization exposure	10,514	20,035
Funds*	223,706	222,706
Of which, resecuritization exposure	—	—

* 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, 2015	March 31, 2014
Risk weight	0%	Balance	¥ 70,576	¥ 51,369
		Capital requirement	0	0
Risk weight	20%	Balance	69,875	84,487
		Capital requirement	1,118	1,351
Risk weight	50%	Balance	29,243	14,454
		Capital requirement	1,169	578
Risk weight	100%	Balance	670,599	583,202
		Capital requirement	53,647	46,656
Risk weight	1,250%	Balance	347,169	396,278
		Capital requirement	347,169	396,278
Risk weight	Other*	Balance	378	6,348
		Capital requirement	63	4,333

* 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, 2015	March 31, 2014
Risk weight	40%	Balance	¥10,514	¥20,035
		Capital requirement	336	641

(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, 2015	March 31, 2014
Structured finance	¥123,850	¥177,889
Funds*	223,328	218,388

* 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, 2015	March 31, 2014
Credit risk assets	¥—	¥9,869

3. Interest Rate Risk in the Banking Book

	March 31, 2015	March 31, 2014
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: ¥13.9 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: ¥7.3 billion

Composition of Leverage Ratio Disclosure (Consolidated)

(Millions of yen)

Item		March 31, 2015	March 31, 2014	Corresponding Line No. on Basel III Disclosure Template Table 2	Corresponding Line No. on Basel III Disclosure Template Table 1
On-balance sheet exposures (1)					
On-balance sheet exposures before deducting adjustments items		16,126,048		1	
Total assets reported in the consolidated balance sheet		16,360,608		1a	1
The amount of assets of subsidiaries that are not included in the scope of the leverage ratio on a consolidated basis (-)		—		1b	2
The amount of assets of subsidiaries that are included in the scope of the leverage ratio on a consolidated basis (except those included in the total assets reported in the consolidated balance sheet)		—		1c	7
The amount of assets that are deducted from the total assets reported in the consolidated balance sheet (except adjustment items) (-)		234,560		1d	3
The amount of adjustment items pertaining to Tier1 capital (-)		3,063		2	7
Total on-balance sheet exposures	(a)	16,122,985		3	
Exposures related to derivatives transactions (2)					
Replacement cost associated with derivatives transactions, etc.		181,079		4	
Add-on amount associated with derivatives transactions, etc.		60,645		5	
The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.		937			
The amount of receivables arising from providing cash margin, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework		—		6	
The amount of deductions of receivables (out of those arising from providing cash variation margin) (-)		—		7	
The amount of client-cleared trade exposures for which a bank or bank holding company acting as clearing member is not obliged to make any indemnification (-)		—		8	
Adjusted effective notional amount of written credit derivatives		20,404		9	
The amount of deductions from effective notional amount of written credit derivatives (-)		—		10	
Total exposures related to derivative transactions	(b)	263,067		11	4
Exposures related to repo transactions (3)					
The amount of assets related to repo transactions, etc.		5,299		12	
The amount of deductions from the assets above (line 12) (-)		—		13	
The exposures for counterparty credit risk for repo transactions, etc.		0		14	
The exposures for agent repo transactions		—		15	
Total exposures related to repo transactions, etc.	(c)	5,300		16	5
Exposures related to off-balance sheet transactions (4)					
Notional amount of off-balance sheet transactions		1,041,229		17	
The amount of adjustments for conversion in relation to off-balance sheet transactions (-)		290,874		18	
Total exposures related to off-balance sheet transactions	(d)	750,354		19	6
Leverage ratio on a consolidated basis (5)					
The amount of capital (Tier1 capital)	(e)	2,635,285		20	
Total exposures ((a)+(b)+(c)+(d))	(f)	17,141,706		21	8
Leverage ratio on a consolidated basis ((e)/(f))		15.37%		22	

Quantitative Disclosure (Non-Consolidated)

1. Items Related to Capital Adequacy Level

(Millions of yen)

	March 31, 2015	March 31, 2014
(a) Capital requirement to total credit risk	¥1,295,076	¥1,345,190
(1) Exposure by portfolio to which standardized method applied	868,388	852,374
(i) Japanese government and regional municipal bodies	—	—
(ii) Exposure to financial institutions	21,198	13,000
(iii) Exposure to corporations	778,030	791,333
(iv) Equity exposure	57,445	37,305
(v) Other exposure	11,713	10,735
(2) Securitization risk exposure	416,047	485,351
(3) Central counterparty clearing house	20	—
(4) Capital requirement to credit valuation adjustment (CVA) risk	10,620	7,463
(b) Capital requirement to market risk	—	—
(c) Capital requirement to operational risk	19,434	19,627
(d) Non-consolidated total capital requirement ((a) + (b) + (c))	1,314,510	1,364,818

Note: Figures as of the previous fiscal year-end have been revised retroactively to reflect a revision in the disclosure classification.

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, 2015	March 31, 2014
Loans	¥12,715,642	¥13,400,382
Equities, funds	654,084	394,773
Central counterparty clearing house	12,808	—
Commitments and customers' liabilities for acceptances and guarantees	521,833	307,273
Bonds (JGBs and corporate bonds, etc.)	1,071,828	1,069,240
Reverse repurchase agreement/call loan	394,043	220,287
Other	747,151	525,792
Total	¥16,117,392	¥15,917,750

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

(1) By region

(Millions of yen)

	March 31, 2015	March 31, 2014
Domestic total	¥16,117,392	¥15,917,750
Overseas total	—	—

Note: DBJ has no overseas branches.

(2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2015	March 31, 2014
Manufacturing	¥ 3,414,170	¥ 3,548,818
Agriculture and forestry	1,014	996
Fisheries	500	500
Mining, quarrying and gravel extraction	68,710	61,874
Construction	60,527	56,410
Electrical, gas, heat supply and water	3,507,215	3,291,787
Information and communications	468,917	531,016
Transportation and postal	2,589,470	2,688,940
Wholesale and retail	1,048,632	1,073,824
Finance and insurance	2,242,843	1,857,527
Real estate and leasing of goods	1,969,613	1,923,384
Services	323,428	379,951
Municipal government	16,405	15,256
Other	405,940	487,459
Total	¥16,117,392	¥15,917,750

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2015	March 31, 2014
Five years or less	¥8,066,411	¥7,633,674
More than five years, up to 10	4,614,243	5,056,175
More than 10 years, up to 15	1,751,721	1,887,631
More than 15 years	864,197	873,243
No maturity date	820,817	467,025

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

(Millions of yen)

	March 31, 2015	March 31, 2014
Risk weight 0%	¥ 532,466	¥ 578,089
Risk weight 10%	11,411	19,038
Risk weight 20%	1,815,834	1,607,912
Risk weight 50%	6,569,284	6,800,392
Risk weight 100%	7,051,069	6,806,919
Risk weight 150%	13,836	1,760
Risk weight 250%	5,638	2,423
Risk weight 1,250%	1,888	3,145
Other	69,429	50,844

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, 2015	March 31, 2014
Eligible financial collaterals	¥ 5,299	¥ —
Guarantees or credit derivatives	1,016,328	1,071,025

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

(Millions of yen)

		March 31, 2015	March 31, 2014
Equivalent credit calculation method		Current exposure method	Current exposure method
Gross restructuring cost		¥246,921	¥160,219
Gross add-on, by transaction type		72,790	80,850
	Interest rate transactions	35,496	39,628
	Foreign exchange transactions	37,071	41,174
	Credit derivative transactions	175	—
	Other commodity transactions	48	48
Reducing credit equivalent amounts through netting		80,322	86,204
Net equivalent credit		239,389	154,865
	Net restructuring cost	180,678	96,976
Notional amounts of credit derivatives for calculated credit equivalent amount by type of credit derivative, by protection purchase or provision	Credit default swaps provision	20,404	31,035
	Credit default swaps purchase	3,500	—
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, 2015	March 31, 2014
Structured finance	¥1,011,991	¥898,818
Of which, resecuritization exposure	—	—
Credit derivatives	16,904	31,035
Of which, resecuritization exposure	10,514	20,035
Funds*	201,028	267,445
Of which, resecuritization exposure	—	—

* 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, 2015	March 31, 2014
Risk weight	0%	Balance	¥ 70,576	¥ 51,369
		Capital requirement	—	—
Risk weight	20%	Balance	69,875	84,487
		Capital requirement	1,118	1,351
Risk weight	50%	Balance	29,243	14,454
		Capital requirement	1,169	578
Risk weight	100%	Balance	694,066	592,212
		Capital requirement	55,525	47,376
Risk weight	1,250%	Balance	341,992	418,545
		Capital requirement	341,992	418,545
Risk weight	Other*	Balance	13,654	16,193
		Capital requirement	15,905	16,858

* 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, 2015	March 31, 2014
Risk weight	40%	Balance	¥10,514	¥20,035
		Capital requirement	336	641

(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, 2015	March 31, 2014
Structured finance	¥154,641	¥165,262
Funds*	187,373	253,282

* 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, 2015	March 31, 2014
Credit risk assets	¥—	¥9,869

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, 2015	March 31, 2014
(a) Market value of below-listed items as included within categories in the non-consolidated balance sheets		
Exposure to listed shares	¥109,519	¥ 52,109
Exposure to other equity investments and capital injections	547,155	353,764
(b) Gains or losses on the sale of equity investments or shares	12,353	2,353
Gain or loss on write-off of equity exposure	4,776	1,868
(c) Gains or losses from valuation recognized on the non-consolidated balance sheets but not recognized on the non-consolidated statement of income	84,749	37,703

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, 2015	March 31, 2014
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: ¥13.9 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: ¥7.3 billion

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DBJ Development Bank of Japan

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