SUPPLEMENTARY OFFERING CIRCULAR DATED 17 JANUARY 2024

Development Bank of Japan Inc.

(incorporated with limited liability under the laws of Japan)

Global Medium Term Note Programme

in the case of Notes specified to be guaranteed Notes in the relevant Final Terms, unconditionally and irrevocably guaranteed as to payment of principal and interest by

Japan

This Supplement (the "**Supplement**") is supplemental to, forms part of and must be read and construed in conjunction with, the offering circular dated 16 August 2023 (the "**Offering Circular**") and is prepared by Development Bank of Japan Inc. ("**DBJ**") in connection with its Global Medium Term Note Programme (the "**Programme**") for the issuance of Medium Term Notes ("**Notes**"). Terms given a defined meaning in the Offering Circular shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement is issued in order to (i) incorporate by reference into the Offering Circular certain unaudited semi-annual consolidated financial information (in English) of DBJ as of and for the six-month period ended 30 September 2023 (the "**Unaudited Interim Financial Information**"); (ii) incorporate by reference into the Offering Circular the Amendment No. 1 on Form 18-K/A dated 22 September 2023 to the Annual Report of Japan (the "**Guarantor**") on Form 18-K for the year ended 31 March 2023 (the "**Form 18-K/A**"); (iii) add a risk factor relating to the Unaudited Interim Financial Information and (iv) update certain disclosure relating to DBJ and the Guarantor.

This Supplement has been approved as a supplement issued in compliance with Part 2 of the rules and regulations of the Luxembourg Stock Exchange by the Luxembourg Stock Exchange in its capacity as competent authority under Part IV of the Luxembourg law of 16 July 2019 on prospectuses for securities for the purposes of giving information with regard to the issue of Notes under the Programme.

DBJ accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Offering Circular by this Supplement and (b) any other statement in, or incorporated by reference into, the Offering Circular, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no significant new fact, material mistake or inaccuracy relating to the information included in the Offering Circular which is capable of affecting the assessment of the Notes issued under the Programme has arisen or been noted, as the case may be, since publication of the Offering Circular.

DOCUMENTS INCORPORATED BY REFERENCE

Copies of the Unaudited Interim Financial Information and the Form 18-K/A have been filed with the Luxembourg Stock Exchange and, by virtue of this Supplement, the Unaudited Interim Financial Information and the Form 18-K/A are incorporated in, and form part of, the Offering Circular.

Copies of the Unaudited Interim Financial Information and the Form 18-K/A incorporated by reference in the Offering Circular by virtue of this Supplement may be inspected, free of charge, at the website of the Luxembourg Stock Exchange at *www.LuxSE.com*, and may be obtained, free of charge, at the registered office of DBJ and the office of the Fiscal Agent. Information contained in or accessible from the website in this paragraph that is not incorporated by reference in this Supplement as set out above does not form part of and is not incorporated by reference into this Supplement. For the avoidance of doubt, the exclusion from this Supplement of information contained in or accessible from the website referred to above does not apply to the Unaudited Interim Financial Information and the Form 18-K/A being incorporated by reference.

RISK FACTORS

Unaudited Interim Financial Information

This Supplement incorporates by reference the Unaudited Interim Financial Information. The Unaudited Interim Financial Information has not been audited or reviewed and could be subject to material revisions or corrections. As a result, DBJ's consolidated financial statements (in English) for the six-month period ended 30 September 2023, which are expected to be published by DBJ in the future, may differ materially from the Unaudited Interim Financial Information, and the Unaudited Interim Financial Information, as well as the financial information derived therefrom, may not reveal matters of significance to an investor regarding DBJ's financial condition or results of operations. Investors should therefore not place undue reliance on such Unaudited Interim Financial Information or the financial information derived therefrom.

UPDATES ON JAPAN

GENERAL

The following information updates information in Japan's annual report on Form 18-K for the year ended 31 March 2023. References herein to Japanese fiscal years ("JFYs") are to 12-month periods commencing in each case on 1 April of the year indicated and ending on 31 March of the following year. References to years not specified as being JFYs are to calendar years. In this section "Updates on Japan" dates are presented in month/day/year format.

Area and Population

Japan has a total population of approximately 124 million (estimated as of December 1, 2023). It has one of the highest population densities in the world and approximately 24.3% of its people (estimated as of October 1, 2022) are concentrated in three metropolitan areas (Tokyo, Osaka and Nagoya). Japan's rate of population decrease during the years 2018-2022 was 1.4%. Japan's population decreased 0.4% during the 12 months ended October 1, 2022 (estimated as of October 1, 2022).

Political Parties

The following tables set forth the membership by political party of the House of Representatives as of January 7, 2024 and the House of Councillors as of January 14, 2024.

	House of Representatives
Liberal Democratic Party	260
The Constitutional Democratic Party of Japan and the Independent	96
Nippon Ishin (Japan Innovation Party)	41
Komeito	32
Japanese Communist Party	10
Democratic Party For the People	7
Yushi no Kai	4
Free Education For All	4
REIWA SHINSENGUMI	3
Independents	7
Vacancies	1
Total	465

Source: House of Representatives.

	House of Councillors
Liberal Democratic Party	117
The Constitutional Democratic Party of Japan and Social Democratic Party	40
Komeito	27
Nippon Ishin (Japan Innovation Party)	19
Democratic Party For the People and The Shin-Ryokufukai	12
Japanese Communist Party	11
REIWA SHINSENGUMI	5
Okinawa Whirlwind	2
The Party to Protect People from NHK	2
Independents	11
Vacancies	2
Total	248

Source: House of Councillors.

THE ECONOMY

General

According to the Monthly Economic Report published by the Cabinet Office of Japan for December 2023 published on December 19, 2023, economic activity is recovering moderately, while recently pausing in part, as the employment and income situation is improved and the implementation of various policies brought positive effects. Economic conditions in Japan may be negatively impacted by the slowdown of major overseas economies and tightening of monetary policy globally as well as inflation and fluctuations in the financial and capital markets.

Summary of Key Economic Indicators

The following tables set forth information regarding certain of Japan's key economic indicators for the periods indicated:

	JFY 2018	JFY 2019	JFY 2020	JFY 2021	JFY 2022
	(yen amounts in billions, except percentages and index)				
Percentage Changes of GDP from Previous Year					
At Nominal Prices	0.2%	0.0%	-3.2%	2.7%	2.3%
At Real Prices[(a)]	0.2	-0.8	-3.9	2.8	1.5
Total Revenues of Consolidated General and Special Accounts	¥243,868	¥251,292	¥353,277	¥322,651	¥305,266
Total Expenditures of Consolidated General and Special Accounts	226,661	232,905	305,846	285,348	269,810
Surplus of Consolidated Revenues over Consolidated Expenditures	17,206	18,387	47,431	37,303	35,456
Public Debt	954,863	965,926	993,542	1,037,735	1,072,905

(a) Real prices are based on calendar year 2015.
Source: Economic and Social Research Institute; Cabinet Office; and Ministry of Finance.

	2018	2019	2020	2021	2022
	(yen or dollar amounts in billions, except percentages and index)				
Unemployment Rate	2.4%	2.4%	2.8%	2.8%	2.6%
Consumer Price Index[(a)]	99.5	100.0	100.0	99.8	102.3
Annual Change	1.0%	0.5%	0.0%	-0.2%	2.5%

Corporate Goods Price Index(b)	101.0	101.2	100.0	104.6	114.9
Annual Change	2.6%	0.2%	-1.2%	4.6%	9.8%
Current Account regarding Balance of Payments	¥ 19,505	¥ 19,251	¥15,992	¥21,536	¥ 11,547
Official Foreign Exchange Reserves	$1,271	$1,324	$1,395	$1,406	$1,228

(a) Calendar year 2020=100.
(b) Calendar year 2020=100. Indices are calculated using the monthly averages.
Source: Ministry of Internal Affairs and Communications "Labor Force Survey"; Consumer Price Index, Statistics Bureau, Ministry of Internal Affairs and Communications; Domestic Corporate Goods Price Index, Bank of Japan; and Ministry of Finance.

Gross Domestic Product and National Income

The following table sets forth information pertaining to Japan's gross domestic product for JFY 2018 through JFY 2022. Nominal GDP increased by 2.3% during JFY 2022, and the annual growth rate of real GDP was 1.5%.

Gross Domestic Product(a)

	JFY 2018	JFY 2019	JFY 2020	JFY 2021	JFY 2022	Percentage of JFY 2022 GDP
			(yen amounts in billions)			
Total Consumption						
Private sectors	¥ 304,774	¥ 303,931	¥ 289,442	¥ 298,189	¥ 315,849	55.8%
Public sectors	109,089	111,827	113,834	118,769	122,092	21.6
	413,863	415,758	403,276	416,958	437,941	77.4
Total Gross Capital Formation						
Private sectors						
Producers' Durable Equipment	92,386	91,552	86,072	89,841	96,891	17.1
Residential Construction	20,539	21,409	19,928	21,472	21,800	3.8
Public sectors	28,391	29,297	30,814	29,795	29,278	5.2
	141,315	142,258	136,815	141,107	147,969	26.1
Additions to Business Inventories						
Private sectors	2,212	893	(574)	2,276	3,617	0.6
Public sectors	(71)	(5)	(100)	(9)	(64)	(0.0)
	2,141	888	(673)	2,267	3,553	0.6
Net Exports of Goods and Services	(749)	(2,060)	(408)	(6,689)	(22,973)	(4.1)
Nominal Gross Domestic Expenditures	¥ 556,571	¥ 556,845	¥ 539,009	¥ 553,642	¥ 566,490	100.0%

	JFY 2018	JFY 2019	JFY 2020	JFY 2021	JFY 2022	Percentage of JFY 2022 GDP
	(yen amounts in billions)					
Real Gross Domestic Expenditures[b]	¥ 554,534	¥ 550,161	¥ 528,798	¥ 543,649	¥ 551,814	
Surplus of the Nation on Current Account						
Exports of Goods and Services and Other Receipts from Abroad	33,864	34,364	30,266	41,328	50,606	
Less: Imports of Goods and Services and Other Payments Abroad	12,153	12,475	10,463	12,346	16,538	
	21,712	21,889	19,803	28,982	34,068	
Gross National Income	¥ 578,282	¥ 578,735	¥ 558,812	¥ 582,625	¥ 600,558	
Percentage Changes of GDP from Previous Year						
At Nominal Prices	0.2%	0.0%	(3.2)%	2.7%	2.3%	
At Real Prices[b]	0.2	(0.8)	(3.9)	2.8	1.5	
Deflator[c]	(0.1)	0.8	0.7	(0.1)	0.8	

(a) GDP financial data are subject to change.
(b) Real prices are based on calendar year 2015.
(c) Deflator is a price index used to convert nominal prices into real prices. Deflator is derived by dividing nominal GDP by real GDP.

Source: Economic and Social Research Institute, Cabinet Office.

The following table sets forth information pertaining to Japan's gross domestic product, as seasonally adjusted, for each of the eight quarters ended September 30, 2023.

	Quarterly Gross Domestic Product[a]							
	2021	2022				2023		
	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter
	(yen amounts in billions)							
Nominal Gross Domestic Expenditures[b]	¥ 555,327	¥ 554,770	¥ 559,721	¥ 557,809	¥ 567,390	¥ 580,081	¥ 595,066	¥ 594,998
Real Gross Domestic Expenditures[b][c]	¥ 547,217	¥ 543,952	¥ 549,837	¥ 549,309	¥ 550,671	¥ 557,430	¥ 562,338	¥ 558,240
Percentage Changes of GDP from the Previous Quarter At Nominal Prices[d]	0.8%	(0.1)%	0.9%	(0.3)%	1.7%	2.2%	2.6%	(0.0)%
At Real Prices[c][d]	1.1	(0.6)	1.1	(0.1)	0.2	1.2	0.9	(0.7)
Deflator[e]	(0.3)	0.5	(0.2)	(0.2)	1.5	1.0	1.7	0.7

(a) Quarterly GDP financial data are subject to change.

(b) Numbers are based on seasonally-adjusted GDP figures.
(c) Real prices are based on calendar year 2015.
(d) Percentage changes are based on seasonally-adjusted GDP figures.
(e) Deflator is a price index used to convert nominal prices into real prices. Deflator is derived by dividing nominal GDP by real GDP.

Source: Economic and Social Research Institute, Cabinet Office.

Per Capita Gross Domestic Product

The following table indicates per capita gross domestic product for the last five years.

JFY	Per Capita GDP: Amount (in thousands of yen)	Per Capita GDP: Year-on-year change (%)
2018	¥ 4,392	0.3
2019	4,401	0.2
2020	4,272	(2.9)
2021	4,411	3.2
2022	4,535	2.8

National Income

The following table sets forth national income for calendar year 2018 through calendar year 2022.

	National Income 2018	2019	2020	2021	2022
	(yen amounts in billions)				
Domestic Factor Income	¥381,191	¥379,551	¥359,102	¥366,786	¥369,138
Net Income from Abroad	21,289	21,857	19,798	26,414	34,018
National Income at Factor Cost	¥402,481	¥401,408	¥378,900	¥393,200	¥403,156
Percentage Changes of Income at Factor Cost from Previous Year	0.4%	(0.3)%	(5.6)%	3.8%	2.5%

Source: Economic and Social Research Institute, Cabinet Office.

Industry

The following table sets forth the proportion of gross domestic product contributed by major industrial sectors of the economy for calendar year 2018 through calendar year 2022.

GDP by Industrial Sectors (at nominal prices)

	2018	2019	2020	2021	2022
Industry					
Agriculture, forestry and fishing	1.0%	1.0%	1.1%	1.0%	1.0%
Mining	0.1	0.1	0.1	0.1	0.1
Manufacturing	20.6	20.2	20.1	20.9	19.2
Electricity, gas and water supply and waste management service	2.9	3.1	3.2	2.8	2.4
Construction	5.4	5.5	5.7	5.6	5.2
Wholesale and retail trade	12.7	12.4	12.8	13.2	14.3
Transport and postal services..........	5.3	5.4	4.2	4.2	4.7
Accommodation and food service activities	2.6	2.5	1.7	1.3	1.6
Information and communications....	4.9	4.9	5.1	5.0	4.9
Finance and insurance	4.1	4.0	4.2	4.2	4.5
Real estate	11.7	11.8	12.2	11.8	11.6
Professional, scientific and technical activities	8.1	8.3	8.7	8.8	9.1
Public administration	4.9	5.0	5.2	5.1	5.2
Education......................................	3.4	3.5	3.5	3.5	3.4
Human health and social work activities	7.7	7.8	8.2	8.2	8.3
Other service activities	4.0	4.1	3.7	3.8	3.9
Total..................................	99.5%	99.5%	99.6%	99.4%	99.3%

Source: Economic and Social Research Institute, Cabinet Office, Annual Report on National Accounts.

Energy

The following table sets forth the total amounts of primary energy supplied and the percentages supplied by different sources for JFY 2018 through JFY 2022.

JFY	Total Primary Energy Supplied (peta-joules)	Sources of Primary Energy Supplied[a]				
		Oil	Coal	Nuclear	Natural Gas	Other
2018[b]	19,692	37.5%	25.1%	2.8%	22.9%	11.6%
2019[b]	19,119	37.1	25.4	2.8	22.4	12.4
2020[b]	17,942	36.4	24.6	1.8	23.8	13.3
2021[b]	18,713	36.1	25.7	3.2	21.4	13.6
2022[b]	18,283	36.2	25.8	2.6	21.5	13.9

(a) Figures represent the proportion of each source as a share of the domestic primary energy supplied. Domestic primary energy supplied is total primary energy supplied less exports and inventory adjustments.
(b) Standard heating value by energy source, which is used to create total primary energy supplied statistics, is revised every five years. Figures for 2018 through 2022 represent the revised standard heating value by energy source.
Source: Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry, Report on Energy Supply and Demand.

Since JFY 2011, largely due to the effects of the Great East Japan Earthquake, the import of oil and natural gas as alternatives to nuclear energy increased significantly as the demand increased for power generation at thermal power stations.

The table below sets forth information regarding crude oil imports for JFY 2018 through JFY 2022.

	JFY 2018	JFY 2019	JFY 2020	JFY 2021	JFY 2022
Volume of imports (thousand kilo-liters per day)	475	471	385	406	430
Cost of imports (c.i.f. in billions of yen)	¥ 8,721	¥ 7,980	¥ 4,058	¥ 8,078	¥ 13,695
Average price (c.i.f. in yen kilo-liters)	¥ 50,274	¥ 46,389	¥ 28,872	¥ 54,575	¥ 87,212

Source: Customs and Tariff Bureau, Ministry of Finance.

Japan has historically depended on oil for most of its energy requirements and almost all its oil is imported, mostly from the Middle East. Oil price movements thus have a major impact on the domestic economy. Although the oil price significantly declined soon after the outbreak of COVID-19 in 2020, below ¥20,000 per kilo-liter in May 2020, it has steadily increased since then, as the world economy has gradually recovered from the impact of COVID-19. Recently, the oil price has remained high at ¥88,744 per kilo-liter in November 2023, in part due to the conflict between Russia and Ukraine and the resulting disruption in the oil supply.

Price Indices

The table below sets forth information concerning changes in Japan's corporate goods and consumer price indices for the periods indicated.

	Corporate Goods Price Index[a]		Consumer Price Index[b]	
	Index[c]	Annual % Change	Index	Annual % Change
2018	101.0	2.6	99.5	1.0
2019	101.2	0.2	100.0	0.5
2020	100.0	-1.2	100.0	0.0
2021	104.6	4.6	99.8	-0.2
2022	114.9	9.8	102.3	2.5

(a) All commodities. Calendar year 2020=100. Source: Domestic Corporate Goods Price Index, Bank of Japan.
(b) General index. Calendar year 2020=100. Source: Consumer Price Index, Statistics Bureau, Ministry of Internal Affairs and Communications.
(c) Indices are calculated using the monthly averages.

Labor

The number of employees increased from 2004 to 2007 and decreased from 2008 to 2012. After recovering in 2013, the number of employees increased from 2014 to 2019, followed by a decrease in 2020, the first in eight years. Then it recovered and increased for two consecutive years from 2021 to 2022. In 2021, average employment was estimated at 67.1 million, of which 22.8% were employed in mining, manufacturing and construction, 3.1% were employed in agriculture, forestry and fisheries, and 74.1% were employed in services and other sectors. In 2022, the average employment was estimated at 67.2 million, of which 22.7% were employed in mining, manufacturing and construction, 3.0% were employed in agriculture, forestry and fisheries, and 74.3% in services and other sectors. The unemployment rate (seasonally adjusted) in Japan gradually increased from 2008 to the middle of 2009, but has gradually decreased since the end of 2009. The unemployment rate increased in 2020 for the first time in eleven years, but decreased in 2022 for the first time in three years. It ranged between 2.5% and 2.8% during 2022. The seasonally adjusted unemployment rate was 2.7% for July, 2.7% for August, 2.6% for September, 2.5% for October and 2.5% for November in 2023, the most recent five months for which statistics are available. Concerning short-term prospects, employment conditions in Japan are expected to continue to improve as the implementation of various policies brought positive effects to the entire economy. However, both the duration and extent of the impact on employment in Japan remain highly uncertain.

FOREIGN TRADE AND BALANCE OF PAYMENTS

Balance of Payments

Official Reserves Assets

As of December 31,	Gold[(a)]	Foreign Currency Reserves	IMF Reserve Position	SDRs (Special Drawing Rights)	Other Reserve Assets	Total
			(in millions of dollars)			
2019	$37,469	$1,255,322	$11,202	$19,176	$581	$1,323,750
2020	46,526	1,312,160	15,147	20,215	632	1,394,680
2021	49,505	1,278,925	10,643	62,330	4,347	1,405,750
2022	49,295	1,103,907	10,817	59,275	4,282	1,227,576
2023	56,095	1,159,849	10,597	57,508	10,588	1,294,637

(a) The valuation of gold reflects marked-to-market values.
Source: International Reserves/Foreign Currency Liquidity, Ministry of Finance.

Foreign Exchange Rates

The following table sets forth the high, low and average daily interbank rate for the U.S. dollar against the yen in the Tokyo foreign exchange market for the years indicated.

	2019	2020	2021	2022	2023
Average (Central Rate)	¥108.99	¥106.73	¥109.89	¥131.57	¥140.59
High	112.24	112.18	115.45	150.48	151.80
Low	104.46	101.6	102.6	113.63	127.22

Source: Status of Transactions on Tokyo Foreign Exchange Market, Bank of Japan.

In recent months, the exchange rate for the U.S. dollar against the yen has sharply increased. As of January 12, 2024, the spot buying rate quoted on the Tokyo foreign exchange market as reported by the BOJ at 5:00 p.m., Tokyo time, was ¥145.14 = $1.00, and the noon buying rate on January 5, 2024 for cable transfers in New York City payable in yen, as reported by the Federal Reserve Bank of New York, was ¥144.52 = $1.00.

The total amount of foreign exchange intervention operations by the Ministry of Finance for the period from August 30, 2022 through October 27, 2022 was ¥9,188.1 billion. Following such operations, Japan's reserve assets totaled $1,194,568 million as of October 31, 2022, down $97,504 million from the end of August. As of December 31, 2023, Japan's reserve assets totaled $1,294,637 million.

FINANCIAL SYSTEM

The Bank of Japan and Monetary Policy

The Bank of Japan ("BOJ"), with 55% of its capital owned by the government, is the central bank and sole issuing bank, as well as the depository and fiscal agent for the government. As of the end of September 2023, the BOJ had total assets of ¥741,491 billion.

In a statement released on September 22, 2023, acknowledging that sustainable and stable achievement of the price stability target had not yet come into sight, the BOJ decided to maintain its conduct of yield curve control, with the goal of conducting yield curve control with greater flexibility and nimbly responding to both upside and downside risks to Japan's economic activity and prices. With respect to yield curve control, while continuing with large-scale Japanese government bond purchases, the BOJ decided to continue to allow ten-year Japanese government bond yields to fluctuate in the range of around plus and minus 0.5 percentage points from the target level but to conduct yield curve control with greater flexibility, regarding the upper and lower bounds of the range as references, not as rigid limits, in its market operations. In a statement released on October 31, 2023, the BOJ stated that it would regard the upper bound of 1.0 percent for ten-year Japanese government bond yields as a reference for its market operations and continue with large-scale Japanese government bond purchases in order to encourage the formation of a yield curve that is consistent with this guideline for market operations. In a statement released on December 19, 2023, the BOJ announced that it would maintain its position with regard to yield curve control.

Private Financial Institutions

According to the Financial Services Agency, as of January 4, 2023, the private banking system included four city banks, 13 trust banks, and 17 other banks, as well as 62 1st local banks as of May 1, 2021, 37 2nd local banks as of May 1, 2021 and the Saitama Resona Bank, which is categorized as neither a 1st nor 2nd local bank. In addition, 56 foreign banks had branches in Japan as of August 7, 2023.

GOVERNMENT FINANCE

Revenues, Expenditures and Budgets

The fiscal and financial operations of the government and its agencies are budgeted and recorded in the following three sets of accounts:

- *General Account*. The general account is used primarily to record operations in basic areas of governmental activity.
- *Special Accounts*. The accounts of the central government consist of the general account and special accounts. Special accounts can be set up to carry out specific projects, to manage specific funds, and for other purposes. Special accounts can be set up when the government (i) implements a specific program such as insurance and public works, (ii) possesses and manages special funds such as Fiscal Loan Program Funds and Foreign Exchange Funds, and (iii) uses a certain revenue to secure a special expenditure and thus needs to deal with such revenue and expenditure on a separate basis from the general revenue and expenditure such as Local Allocation and Local Transfer Tax and Government Bonds Consolidation Funds. As of September 2023, the government had 13 special accounts.
- *Government-Affiliated Agencies*. The government-affiliated agencies are government-owned corporations which consist of three financial corporations.

On December 22, 2023, the Japanese government proposed a budget for the JFY2024 that included a total of ¥112.1 trillion in budgeted expenditures. The budget for JFY2024 is currently under deliberation in the Japanese Diet.

The following tables set forth information with respect to the General Account, the Special Accounts and the Government Affiliated Agencies for JFY 2017 through JFY 2022, and the budget for JFY 2023.

Summary of Consolidated General and Special Accounts[a]

	JFY 2017	JFY 2018	JFY 2019	JFY 2020	JFY 2021	JFY 2022	JFY 2023 Initial Budget[c]
	(in billions of yen)						
REVENUES							
Total Revenues, General Account....	¥103,644	¥105,697	¥109,162	¥184,579	¥169,403	¥153,729	¥114,381
Total Revenues, Special Accounts...	386,487	381,177	386,552	417,561	455,554	447,892	444,598
Less: Inter-Account Transactions[b]	245,402	243,007	244,423	248,863	302,306	296,356	305,484
Total Consolidated Revenues...............	¥244,729	¥243,868	¥251,292	¥353,277	¥322,651	¥305,266	¥253,495

EXPENDITURES							
Total Expenditures, General Account....	¥98,116	¥98,975	¥101,366	¥147,597	¥144,650	¥132,386	¥114,381
Total Expenditures, Special Accounts ...	374,150	368,936	374,170	404,519	441,081	432,354	441,909
Less: Inter-Account Transactions(b)	242,877	241,249	242,631	246,270	300,383	294,929	302,647
Total Consolidated Expenditures..........	¥229,389	¥226,661	¥232,905	¥305,846	¥285,348	¥269,810	¥253,643
Surplus of Consolidated Revenues over Consolidated Expenditures............	¥15,340	¥17,206	¥18,387	¥47,431	¥37,303	¥35,456	¥(148)

(a) Because of the manner in which the government accounts are kept, it is not practicable to show a consolidation of the Government Affiliated Agencies with the General and Special Accounts.
(b) Inter-Account Transactions include transfers between the General Account and the Special Accounts, transfers between the Special Accounts, and transfers between sub- accounts of the Special Accounts.
(c) As of the date of this Supplement, details for the revised budget for JFY 2023 are not available. For information in respect of the General Account and Special Accounts for the revised budget for JFY2023, refer to the tables below.

Source: Budget, Ministry of Finance.

General Account

	JFY 2017	JFY 2018	JFY 2019	JFY 2020	JFY 2021	JFY 2022	JFY 2023 Revised Budget(a)
				(in billions of yen)			
REVENUES							
Tax and Stamp Revenues	¥58,787	¥60,356	¥58,442	¥60,822	¥67,038	¥71,137	¥69,611
Carried-over Surplus............	5,232	5,528	6,723	7,796	36,981	24,754	3,391
Government Bond Issues......	33,555	34,395	36,582	108,554	57,655	50,479	44,498
Income from Operations.......	50	51	51	46	61	60	51
Gains from Deposition of Assets..............................	278	268	226	293	319	369	691
Miscellaneous Receipts	5,741	5,098	7,139	7,068	7,349	6,930	9,339
Total Revenues	¥103,644	¥105,697	¥109,162	¥184,579	¥169,403	¥153,729	¥127,580

EXPENDITURES							
Local Allocation Tax Grants, etc.	¥15,567	¥16,026	¥16,032	¥16,256	¥19,558	¥17,513	¥17,181
National Debt Service	22,521	22,529	22,286	22,326	24,589	23,870	25,675
Social Security	32,521	32,569	33,501	42,998	50,161	43,868	38,189
Public Works	6,912	6,913	7,610	8,413	8,600	8,126	8,258
Education and Science	5,703	5,748	5,911	9,194	7,956	8,669	8,507
National Defense	5,274	5,475	5,627	5,505	6,014	5,529	12,019
Former Military Personnel Pensions	286	241	202	169	140	113	97
Economic Assistance	651	642	653	763	669	900	793
Food Supply	1,181	1,122	1,121	1,498	1,772	1,947	1,701
Energy	969	973	1,049	1,027	1,267	2,001	1,028
Promotion of SMEs	319	525	779	16,257	9,944	3,396	735
Miscellaneous	6,211	6,212	6,596	23,190	13,980	16,453	10,397
Contingency funds for COVID-19 and measures to address soaring crude oil and commodity prices	—	—	—	—	—	—	2,000
Contingency funds for Economic Emergency including the impact from the Ukraine crisis	—	—	—	—	—	—	500
Contingencies	—	—	—	—	—	—	500
Total Expenditures	¥98,116	¥98,975	¥101,366	¥147,597	¥144,650	¥132,386	¥127,580
Surplus of Revenues over Expenditures	¥5,528	¥6,723	¥7,796	¥36,981	¥24,754	¥21,344	¥—

(a) As revised to reflect the revised budget for JFY 2023 approved by the Diet on November 29, 2023.
Source: Budget, Ministry of Finance.

Special Accounts

	JFY 2017		JFY 2018		JFY 2019		JFY 2020		JFY 2021		JF 20
	Rev.	**Exp.**	**Rev.**	**Exp.**	**Rev.**	**Exp.**	**Rev.**	**Exp.**	**Rev.**	**Exp.**	**Rev.**
							(in billions of yen)				
Fiscal Investment and Loan Program..............................	¥28,207	¥27,409	¥26,070	¥25,175	¥28,484	¥27,873	¥52,366	¥51,967	¥35,860	¥35,346	¥34,069
Government Bonds Consolidation Fund...........	191,227	188,134	186,158	183,082	186,970	183,878	188,973	185,921	239,702	236,623	235,623
Foreign Exchange Fund	2,808	70	3,101	85	3,599	160	3,133	234	2,475	177	3,590
Local Allocation and Local Transfer Tax	52,517	51,780	52,483	51,596	51,985	51,488	51,978	50,829	55,326	53,632	53,624
Measure for Energy	10,191	9,742	10,613	10,158	10,887	10,377	11,155	10,618	11,649	10,914	11,893
Pensions	90,158	87,413	91,700	89,464	93,209	90,919	94,591	91,804	96,376	92,725	97,191
Stable Supply of Foodstuff	979	842	970	814	968	851	926	821	980	913	1,254
Debt Management of National Forest and Field Service	342	342	349	349	356	356	363	363	360	360	353
Automobile Safety.................	625	431	672	451	684	500	651	434	559	395	569
Labor Insurance	6,040	5,656	6,073	5,735	6,371	5,928	10,589	9,519	10,486	8,610	8,289
Reconstruction from the Great East Japan Earthquake	2,924	2,188	2,532	1,868	2,587	1,677	2,498	1,854	1,430	1,112	1,114
Others	469	143	456	158	452	164	338	153	353	273	323
Total Revenues and Expenditures[(b)]	¥386,487	¥374,150	¥381,177	¥368,936	¥386,552	¥374,170	¥417,561	¥404,519	¥455,554	¥441,081	¥447,892

(a) As revised to reflect the revised budget for JFY 2023 approved by the Diet on November 29, 2023.
(b) Without adjustment for inter-account transactions. Total Revenues and Expenditures may differ from the actual totals of the listed acco
Source: Budget, Ministry of Finance.

Government Affiliated Agencies

	JFY 2017		JFY 2018		JFY 2019		JFY 2020		JFY 2021		
	Rev.	**Exp.**	**Rev.**	**Exp.**	**Rev.**	**Exp.**	**Rev.**	**Exp.**	**Rev.**	**Exp.**	**Rev.**
							(in billions of yen)				
Total..........	¥ 1,130	¥ 962	¥ 1,231	¥ 1,064	¥ 1,265	¥ 1,064	¥ 1,096	¥ 804	¥ 996	¥ 665	¥ 1,2

(a) There were no revisions to the relevant information for Government Affiliated Agencies in the revised budget for JFY 2023 approve 2023.

Source: Budget, Ministry of Finance.

Tax Structure

Comprehensive Reform of Social Security and Tax. Japan's fiscal conditions face challenges, with its tax revenues covering about 55% of its expenditures under the revised budget for JFY 2023, and with the ratio of long-term debt outstanding of central and local governments to gross domestic product having reached 219% at the end of JFY 2022. The ratio of long-term debt outstanding of central and local governments to gross domestic product is expected to be decreased to 215% at the end of JFY 2023 and 214% at the end of JFY 2024. See also "Japan's Public Debt" below. The Government of Japan seeks to tackle these fiscal challenges through the "comprehensive reform of social security and tax", which was approved by the Diet in August 2012, and thereby maintain the market's and the international community's confidence in Japan and build the foundation for stable economic growth. In the reform, the government planned to set aside consumption tax revenues for social security payments, and, on the condition that the economic situation improves, gradually increase the consumption tax rate to 8% in April 2014 and to 10% in October 2015. In accordance with the plan, the consumption tax rate was increased to 8% in April 2014. However, the government decided to postpone the implementation date of the further consumption tax hike to 10% from October 1, 2015 to April 1, 2017, as a result of taking comprehensive account of the economic condition and other factors, and on June 1, 2016, the then current Japan Prime Minister, ABE Shinzo announced a plan to further postpone the consumption tax hike to 10% from April 1, 2017, to October 1, 2019. The consumption tax rate has been increased to 10% since October 1, 2019.

Fiscal Investment and Loan Program

The Fiscal Investment and Loan Program (the "FILP") plan is formulated at the same pace as the General Account budget. The FILP plan details the allocation of public funds to various special accounts, government affiliated agencies, local governments, public corporations and other public institutions.

Under the FILP plan, funds are supplied to government-related entities such as public corporations, government affiliated agencies, special accounts and local governments. The total amount of the initial plan for JFY 2023 is ¥16,269 billion. The sources of funds for the initial plan in JFY 2023 are Fiscal Loan (¥12,710 billion), Industrial Investment (¥430 billion), Government-Guaranteed domestic bonds (¥1,783 billion), Government-Guaranteed foreign bonds (¥1,307 billion) and Government-Guaranteed long-term borrowings in foreign currencies (¥40 billion). On November 10, 2023, the total amount of the FILP plan for JFY 2023 was revised to ¥17,155 billion. The sources of funds for the revised plan in JFY 2023 are Fiscal Loan (¥13,513 billion), Industrial Investment (¥503 billion) and Government-Guaranteed debt (¥3,139 billion), which consists of the Government-Guaranteed domestic bonds, Government-Guaranteed foreign bonds and Government-Guaranteed long-term borrowings in foreign currencies.

The Fiscal Loan utilizes the Fiscal Loan Fund consisting of funds procured through the issuance of FILP bonds and reserves or surplus funds deposited from government special accounts to provide long-term, fixed and low-interest loans to such entities as special government accounts, local governments, government-affiliated agencies and incorporated administrative agencies.

JAPAN’S PUBLIC DEBT

Outstanding General Bonds are expected to reach ¥1,076 trillion at the end of JFY 2023. The amount of public bonds issued by the Japanese government as a percentage of its general account total revenues was 44.9% under the revised budget for JFY 2022 (reflecting the first and second supplementary budgets approved on May 31, 2022 and December 2, 2022, respectively), 32.8% of actual total revenues for JFY 2022 and 34.9% under the revised budget for JFY 2023 (reflecting the first supplementary budget approved on November 29, 2023). The amount of General Bond issuances in the JFY 2023 revised budget (reflecting the first supplementary budget approved on November 29, 2023) is ¥44,498 billion and is less than the JFY 2022 revised budget level of ¥62,479 billion.

CAPITALISATION AND INDEBTEDNESS

The following table sets out the consolidated capitalisation and indebtedness of the Group (which term when used in this Supplementary Offering Circular means DBJ and its consolidated subsidiaries taken as a whole) as of 30 September 2023, which has been extracted without material adjustment from the Unaudited Interim Financial Information:

	As of 30 September 2023
	(millions of yen)
Borrowings:	
Debentures[1]	¥3,163,951
Borrowed money	9,829,744
Corporate bonds[2][3]	3,530,226
Total borrowings[4][6]	16,523,922
Equity:	
Common stock:	
Authorised — 160,000,000 shares	
Issued and outstanding[5] — 43,632,360 shares	1,000,424
Crisis response reserve	206,529
Special investment reserve	1,527,805
Special investment surplus	43,737
Capital surplus	295,498
Retained earnings	867,873
Unrealised gain on available-for-sale securities	56,554
Deferred gain on derivatives under hedge accounting	8,783
Foreign currency translation adjustments	1,243
Accumulated adjustments for retirement benefits	(1,555)
Non-controlling Interests	16,069
Total equity[6]	4,022,962
Total borrowings and equity[6]	¥20,546,885

Notes:

(1) "Debentures" means all bonds and notes which were issued previously by Development Bank of Japan (the predecessor of DBJ) and government-guaranteed bonds which were issued by DBJ after 1 October 2008.

(2) "Corporate Bonds" means non-guaranteed bonds and notes which were issued by DBJ after 1 October 2008.

(3) DBJ has issued an aggregate principal amount of ¥140 billion of non-guaranteed bonds and notes (excluding short-term bonds and notes) since 30 September 2023, which are not reflected above.

(4) Includes current maturities.

(5) All of the issued and outstanding shares are shares of common stock (with full voting rights), fully paid and non-assessable.

(6) Other than as described above, there has been no material change in DBJ's capitalisation and indebtedness since 30 September 2023.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following tables show selected financial information of DBJ as of the indicated date and for each of the indicated periods. The selected semi-annual consolidated financial information as of 30 September 2023 and for the six months ended 30 September 2022 and 2023 is derived from the Unaudited Interim Financial Information, prepared on a basis consistent with Japanese GAAP, but excluding the accompanying notes . This information is qualified in its entirety by, and should be read in conjunction with, the more detailed information included in the Unaudited Interim Financial Information.

The following table sets out selected historical consolidated financial information of DBJ for the periods indicated, prepared in accordance with Japanese GAAP:

	Six Months Ended 30 September	
	2022	2023
	(in millions of yen)	
Statement of Income Data:		
Total income	¥173,869	¥246,054
Interest income	97,196	106,890
Fees and commissions	7,801	10,792
Other operating income	6,601	6,434
Other income	62,269	121,936
Total expenses	97,522	134,212
Interest expense	32,240	56,870
Fees and commissions	545	2,568
Other operating expenses	4,926	7,187
General and administrative expenses	28,162	31,516
Other expenses	31,647	36,069
Income before income taxes	76,346	111,842
Net income attributable to owners of the parent	57,460	79,399
Total comprehensive income	65,488	57,492

The following table sets out a summary of the consolidated balance sheet information of DBJ as of 30 September 2023, prepared in accordance with Japanese GAAP:

	As of 30 September
	2023
	(in millions of yen)
Balance Sheet Data:	
Securities	¥3,071,320
Loans	14,888,293
Total assets	21,782,937
Debentures	3,163,951
Borrowed money	9,829,744
Corporate bonds	3,530,226
Total liabilities	17,759,974
Total equity	4,022,962

OPERATING AND FINANCIAL REVIEW

The following operating and financial review is based on information contained in the unaudited semi-annual financial statements of DBJ in respect of the six months ended 30 September 2023, and is intended to convey management's perspective on the operating performance and financial condition of DBJ during the periods under review, as measured in accordance with Japanese GAAP. This disclosure is intended to assist readers in understanding and interpreting the financial statements of DBJ incorporated by reference in the Offering Circular. The discussion should be read in conjunction with the "Selected Historical Financial Information" and the Unaudited Interim Financial Information, which is incorporated by reference in the Offering Circular. Unless otherwise indicated, all financial information included in this section is presented on a consolidated basis.

This discussion and analysis contains forward-looking statements that involve risks and uncertainties. DBJ's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in the Offering Circular, particularly under the headings "Risk Factors" and "Forward-looking Statements".

Overview

DBJ is a governmental finance institution wholly owned by the Japanese Government. Under the DBJ Act, the activities of DBJ include providing loans and guarantees to, and making equity investments in, projects and entities in need of long term business funds. Consistent with the DBJ Act, DBJ considers whether or not to provide long-term financing and related services to a qualified project or entity in need of long term business funds based on relevant criteria, including the financial viability of such project or entity.

DBJ raises funds mainly by borrowing from the Japanese Government and private financial institutions, and also issuing both Japanese-Government guaranteed bonds and non-guaranteed bonds. DBJ has also raised funds by borrowing from JFC in relation to its Crisis Response Operations.

DBJ had total loans of ¥14,888.2 billion and securities of ¥3,071.3 billion as of 30 September 2023, which comprised 68.3% and 14.1% of its total assets as of that date. DBJ's net interest income was ¥50,020 million for the six months ended 30 September 2023. Net income attributable to owners of the parent was ¥79,399 million for the six months ended 30 September 2023.

DBJ operates primarily in Japan. As of 30 September 2023, DBJ had 19 domestic offices (including its head office and representative offices), and an overseas presence consisting of four subsidiaries (New York, London, Singapore and Beijing). Through its subsidiaries, DBJ provides regional support to Japanese firms in their overseas business development efforts.

As of 30 September 2023, DBJ had 44 consolidated subsidiaries, 53 non-consolidated subsidiaries and 144 affiliated companies.

Results of Operations

The table below sets forth DBJ's results of operations for the six months ended 30 September 2022 and 2023.

	Six Months Ended 30 September	
	2022	**2023**
	(in millions of yen)	
Interest income:	¥97,196	¥106,890
Fees and commissions	7,801	10,792
Other operating income	6,601	6,434
Other income	62,269	121,936
Total income	173,869	246,054
Interest expenses:	32,240	56,870
Fees and commissions	545	2,568
Other operating expenses	4,926	7,187
General and administrative expenses	28,162	31,516
Other expenses	31,647	36,069
Total expenses	97,522	134,212
Income before income taxes	76,346	111,842
Total income taxes	17,928	31,842
Net income	58,417	79,999
Net income attributable to non-controlling interests	¥957	¥599

	Six Months Ended 30 September	
	2022	2023
	(in millions of yen)	
Net income attributable to owners of the parent	¥57,460	¥79,399

Net Interest Income

Six Months Ended 30 September 2022 Compared to Six Months Ended 30 September 2023

Interest Income

DBJ's total interest income increased by ¥9,694 million, or 10.0%, from ¥97,196 million for the six months ended 30 September 2022 to ¥106,890 million for the six months ended 30 September 2023. This increase was primarily due to an increase in the average interest rate earned on loans.

Interest Expenses

DBJ's total interest expenses increased by ¥24,629 million, or 76.4%, from ¥32,240 million for the six months ended 30 September 2022 to ¥56,870 million for the six months ended 30 September 2023. This increase was primarily due to an increase in the average interest rate paid on debentures and corporate bonds.

Net Interest Income

As a result of the foregoing, net interest income decreased by ¥14,935 million, or 23.0%, from ¥64,956 million for the six months ended 30 September 2022 to ¥50,020 million for the six months ended 30 September 2023.

Interest Income and Average Interest-earning Assets

The following tables show the average balances of DBJ's interest-bearing balance sheet items, related interest income and average interest rates for the periods indicated.

	For the six months ended 30 September					
	2022			2023		
	Average balance(1)	Interest income	Average rate(2)	Average balance(1)	Interest income	Average rate(2)
	(in millions of yen/per cent.)					
Interest-earning assets:						
Domestic offices	17,281,565	95,792	1.11%	17,525,433	104,107	1.19%
Foreign offices	185,731	1,404	1.51%	174,600	2,782	3.19%
Total(3)	¥ 17,467,297	¥ 97,196	1.11%	¥ 17,700,033	¥ 106,890	1.21%
Of which,						
Loans:(4)						
Domestic offices	¥ 14,274,008	¥ 68,660	0.96%	¥ 14,843,175	¥ 87,417	1.18%
Foreign offices	67,109	713	2.13%	53,740	863	3.21%
Total	14,341,117	69,373	0.97%	14,896,916	88,281	1.19%
Securities:						
Domestic offices	2,253,756	24,986	2.22%	2,252,957	14,114	1.25%
Foreign offices	112, 901	692	1.23%	119,965	1,910	3.19%
Total	2,366,657	25,678	2.17%	2,372,923	16,025	1.35%
Call loans and bills bought:						
Domestic offices	655,530	29	0.01%	363,185	17	0.01%
Foreign offices	—	—	—%	—	—	—%
Total	655,530	29	0.01%	363,185	17	0.01%
Receivables under resale agreements						
Domestic offices	—	—	—%	—	—	—%
Foreign offices	—	—	—%	—	—	—%
Total	—	—	—%	—	—	—%
Due from banks:						
Domestic offices	98,271	25	0.05%	66,115	134	0.41%
Foreign offices	5,720	(0)	(0.03)%	893	8	1.86 %
Total	103,991	24	0.05%	67,008	142	0.43%

Notes:

(1) Average balances are generally based on a daily average, except for domestic consolidated subsidiaries and foreign consolidated subsidiaries, for which amounts are based on the average of period-start and period-end balances.

(2) Calculated as interest income divided by average balance for the relevant item.

(3) Interest income from swaps is excluded from the disaggregation of interest-earning assets in this table. Hence, the total of interest-earning assets does not equal the sum of the individual items below.

(4) Loan balances exclude impaired loans but are not net of allowances for loan losses.

Interest Expenses and Average Interest-bearing Liabilities

The following tables show the composition of DBJ's funding (interest-bearing liabilities) by average balances, related interest expense and average interest rates for the periods indicated.

	For the six months ended 30 September					
	2022			2023		
	Average balance(1)	Interest expense	Average rate(2)	Average balance(1)	Interest expense	Average rate(2)
	(in millions of yen/per cent.)					
Interest-bearing liabilities:						
Domestic offices	17,483,569	32,235	0.37%	17,019,344	56,836	0.67%
Foreign offices	301	4	3.13%	447	33	14.89 %
Total(3)	¥ 17,483,871	¥ 32,240	0.37%	¥17,019,791	¥ 56,870	0.67%
Of which,						
Debentures:						
Domestic offices	¥ 3,277,917	¥ 17,373	1.06%	¥2,984,872	¥ 35,771	2.40%
Foreign offices	—	—	—%	—	—	—%
Total	3,277,917	17,373	1.06%	2,984,872	35,771	2.40%
Call money and bills sold:						
Domestic offices	421,590	(84)	(0.04)%	473,071	(122)	(0.05)%
Foreign offices	—	—	—%	—	—	—%
Total	421,590	(84)	(0.04)%	473,071	(122)	(0.05)%
Payables under repurchase agreements:						
Domestic offices	210,590	(97)	(0.09)%	236,775	(119)	(0.10)%
Foreign offices	—	—	—%	—	—	—%
Total	210,590	(97)	(0.09)%	236,775	(119)	(0.10)%
Borrowed money:						
Domestic office	10,461,872	10,762	0.21%	10,027,024	8,738	0.17%
Foreign offices	—	—	—%	0	—	—%
Total	10,461,872	10,762	0.21%	10,027,024	8,738	0.17%
Short-term corporate bonds:						
Domestic offices	—	—	—%	2,565	67	5.26%
Foreign offices	—	—	—%	—	—	—%
Total	—	—	—%	2,565	67	5.26%
Corporate bonds:						
Domestic offices	3,111,481	4,200	0.27%	3,294,949	12,440	0.76%
Foreign offices	—	—	—%	—	—	—%
Total	3,111,481	4,200	0.27%	3,294,949	12,440	0.76%

Notes:

(1) Average balances are generally based on a daily average, except for domestic consolidated subsidiaries and foreign consolidated subsidiaries, for which amounts are based on the average of period-start and period-end balances.

(2) Calculated as interest expense divided by average balance for the relevant item.

(3) Interest expense from swaps is excluded from the disaggregation of interest-bearing assets in this table. Hence, the total of interest-bearing expenses does not equal the sum of the individual items below.

Net Interest Margin

The table below sets forth DBJ's net interest margin on loans (the difference between average rate on loans and the average rate on external liabilities) for the periods indicated, on a non-consolidated basis.

	For the six months ended 30 September	
	2022	2023
	(per cent.)	
Average rate on loans(1)	0.96%	1.18%
Average rate on external liabilities(1)(2)	0.37	0.68
Net interest margin	0.59	0.50

Notes:
(1) Calculated as interest income (for loans) or interest expense (for external liabilities) divided by respective average balances over the period. Average balances are based on a daily average.
(2) External liabilities includes debentures, call money sold, borrowed money, short-term corporate bonds and corporate bonds.

Net Fees and Commissions

Six Months Ended 30 September 2022 Compared to Six Months Ended 30 September 2023

DBJ's net fees and commissions increased by ¥967 million, or 13.3%, from ¥7,256 million for the six months ended 30 September 2022 to ¥8,223 million for the six months ended 30 September 2023. This increase was primarily due to an increase in fees and commissions related to DBJ's investment business.

General & Administrative Expenses

Six Months Ended 30 September 2022 Compared to Six Months Ended 30 September 2023

DBJ's general and administrative expenses increased by ¥3,354 million, or 11.9%, from ¥28,162 million in the six months ended 30 September 2022 to ¥31,516 million in the six months ended 30 September 2023. This increase was primarily due to an increase of personnel costs.

Other Income (Expenses)

The following table sets forth DBJ's other income and other expenses for the periods shown:

	Six months ended 30 September	
	2022	2023
	(in millions of yen)	
Other income:		
Gains on sales of equities and other securities	¥ 9,298	¥ 71,051
Gains on redemption of securities	620	4,875
Equity in earnings of affiliates	2,701	4,838
Gains on sales of fixed assets	74	1,693
Collection of written-off claims	479	157
Gains on investments in limited partnerships and other similar partnerships	28,440	21,295
Rental income on land and buildings	9,226	9,661
Sales of electric power	6,690	5,868
Other	4,737	2,496
Total	62,269	121,936
Other expenses:		
Write-off of equities	403	1,091
Losses on investments in limited partnerships and other similar partnerships	4,214	10,969
Depreciation	4,829	4,781
Provision of allowance for loan losses	14,139	9,963
Other	8,061	9,263
Total	31,647	36,069
Net other income (expenses)	¥ 30,621	¥ 85,867

Six Months Ended 30 September 2022 Compared to Six Months Ended 30 September 2023

DBJ's net other income increased by ¥55,246 million, or 180.4%, from ¥30,621 million in the six months ended 30 September 2022 to ¥85,867 million in the six months ended 30 September 2023. This increase was primarily due to increases in gains on sales of equities and other securities.

Income before Income Taxes

Six Months Ended 30 September 2022 Compared to Six Months Ended 30 September 2023

DBJ's income before income taxes increased by ¥35,495 million, or 46.5%, from ¥76,346 million in the six months ended 30 September 2022 to ¥111,842 million in the six months ended 30 September 2023.

Income Taxes

The following table sets forth information about income taxes for the periods shown:

	For the six months ended 30 September	
	2022	2023
	(in millions of yen)	
Income taxes:		
Current	¥ 4,306	¥ 24,303
Deferred	13,622	7,539
Total	¥ 17,928	¥ 31,842
Actual effective tax rate	/	/

Net Income Attributable to Owners of the Parent

Six Months Ended 30 September 2022 Compared to Six Months Ended 30 September 2023

As a result of the foregoing, DBJ's net income attributable to owners of parent increased by ¥21,939 million, or 38.2%, from ¥57,460 million in the six months ended 30 September 2022 to ¥79,399 million in the six months ended 30 September 2023.

Financial Condition

Assets

	As of 30 September 2023
	(in millions of yen)
Cash and due from banks	¥ 1,855,563
Call loans and bills bought	300,000
Money held in trust	18,223
Securities	3,071,320
Loans	14,888,293
Other assets	266,890
Tangible fixed assets	495,198
Intangible fixed assets	33,092
Asset for retirement benefits	5,478
Deferred tax assets	1,616
Customers' liabilities for acceptances and guarantees	950,503
Allowance for loan losses	(103,161)
Allowance for investment losses	(81)
Total assets	¥21,782,937

Total assets increased by ¥300,517 million, or 1.4%, from ¥21,482,420 million at 31 March 2023 to ¥21,782,937 million at 30 September 2023. The increase was mainly due to increases in securities, cash and due from banks and customers' liabilities for acceptances and guarantees offset partially by a decrease in loans and call loans and bills bought.

Loans

The following table sets forth the total amounts of outstanding loans made by DBJ by industry of the borrowers as of 30 September 2023:

	As of 30 September 2023
	(in millions of yen)
Domestic offices[(2)](excluding Japan offshore banking accounts)	
Manufacturing	¥2,742,409
Agriculture and forestry	373
Fisheries	2,800
Mining and quarrying of stone and gravel	174,095
Construction	40,451
Electricity, gas, heat supply and water	3,541,738
Information and communications	164,331
Transport and postal activities	3,132,081
Wholesale and retail trade	1,010,017
Finance and insurance	665,144
Real estate and goods rental and leasing	2,947,786
Services	401,791
Local public bodies	11,784

	As of 30 September 2023
	(in millions of yen)
Others	1
Subtotal (domestic offices)	¥14,834,808
Overseas offices[3] and offshore banking accounts	
Governments	—
Financial institutions	—
Others	53,484
Subtotal (overseas offices)	¥ 53,484
Total	¥14,888,293

Notes:

(1) Classification of loans by industry is based on the "Japan Standard Industrial Classification" defined by the Ministry of Internal Affairs and Communications applicable as of the relevant dates.

(2) "Domestic offices" means DBJ and its domestic consolidated subsidiaries.

(3) "Overseas offices" means DBJ's overseas consolidated subsidiaries. Note: DBJ has no overseas branch.

Allowance for Loan Losses

DBJ makes allowances for loan losses on the following bases:

- The allowance for claims on borrowers who are legally bankrupt, in special liquidation or substantially bankrupt is provided for based on the amount of claims, after write-off, net of amounts expected to be collected through disposal of collateral or execution of guarantees.

- The allowance for claims on borrowers who are not legally bankrupt at the moment, but likely to become bankrupt for which future cash flows cannot reasonably be estimated is provided for the amount considered to be necessary based on an overall solvency assessment performed on the claims, net of amounts expected to be collected through disposal of collateral or execution of guarantees.

- With respect to the claims on borrowers 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 borrowers other than those described above is provided for based on the historical default rate, which is calculated based on the actual defaults over a certain historical period (the average financing period for DBJ).

All claims are assessed initially by the investment and lending departments and then by the Credit Analysis Department, which is independent from the investment and lending departments, based on internal policies for self-assessment of credit quality. The allowance is provided based on the results of the self-assessment.

As of 30 September 2023, DBJ's allowance for loan losses totalled ¥103,161 million.

Credit Related Costs

The following table sets forth certain information of DBJ's credit related costs. The amounts listed in the table below reflect the amounts in DBJ's consolidated financial statements prepared pursuant to Japanese GAAP:

	For the six months ended 30 September 2023
	(in 100 millions of yen)
Amount transferred to the general allowance for loan losses	¥ 22
Amount transferred to the specific allowance for loan losses	77
Subtotal	99
Write-off of loans	0
Losses from disposals of loans	—
Amount transferred to the allowance for contingent losses	0
Repayment of loans written off	1
Total sum of credit related costs	¥ 98

Non-performing Loans

In cases where borrowers are unable to meet payments on their loans, DBJ may revise the terms of repayment in cooperation with other lenders.

DBJ has introduced self-assessment standards ("*jiko satei kijun*") to assess the credit quality of its assets in accordance with the Financial Inspection Manual of the FSA (now repealed) and discloses its non-performing loans calculated under the Banking Act and the Financial Revitalisation Act, although DBJ is not subject to either law. For example, where loans to legally bankrupt or substantially bankrupt borrowers are covered by collateral or guarantees, the loan amount is directly reduced by deducting the amount of the loan that is not deemed to be covered by the assessed value of the collateral and/or the amounts deemed to be recoverable through guarantees, from the amount of the loan.

DBJ assesses its loans in accordance with disclosure requirements which are based, in all material respects, on those set forth in the Banking Act and the Financial Revitalisation Act, respectively. DBJ discloses its non-performing loans and certain other claims calculated under the Banking Act and the Financial Revitalisation Act on a combined basis, in accordance with the presentation set forth under the Cabinet Office Order Partially Amending the Regulation for Enforcement of the Banking Act, etc., dated 24 January 2020, which came into effect on 31 March 2022.

The table below presents DBJ's non-performing claims as of 30 September 2023, which have been revised to reflect the combined presentation method under the partial amendment to the Banking Act in effect from 31 March 2022. Amounts are based on DBJ’s consolidated financial statements prepared pursuant to Japanese GAAP.

	As of 30 September 2023
	(in millions of yen)
Claims under bankruptcy/rehabilitation or similar proceedings(2)	¥ 3,732
Doubtful claims(3)	111,967
Loans past due three months or more(4)	—
Restructured loans(5)	23,499
Total non-performing claims	¥ 139,199

Notes:

(1) The amounts of claims indicated above are stated as gross amounts, before reduction of allowance for loan losses. Claims are defined as corporate bonds included in “securities” in the consolidated balance sheet (of which the whole or part of the redemption of the principal and payment of interest are guaranteed and limited to the corporate bonds issued through private placement of the securities (defined in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), loans, other assets and customers’ liabilities for acceptances and guarantees.

(2) Claims to debtors under bankruptcy or similar proceedings due to reasons such as commencement of bankruptcy proceedings, commencement of rehabilitation proceedings, and petition for commencement of rehabilitation proceedings.

(3) Claims for which it is highly probable that the principal and interest cannot be collected and received according to the contract due to the deteriorated financial positions and operating performances of the debtors, although they have not yet gone bankrupt, excluding claims under bankruptcy/rehabilitation or similar proceedings.

(4) Loans whose principal or interest payment is three months or more past due from the contract due date, and which do not fall under the category of claims under bankruptcy/rehabilitation or similar proceedings nor doubtful claims.

(5) 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 which do not fall under any of the above categories.

The ratio of DBJ's non-performing loans, as classified under the Banking Act, to consolidated total loans outstanding was 0.88 per cent. as of 30 September 2023.

The following table breaks down DBJ's outstanding non-performing loans by industry calculated and disclosed under the Banking Act. The amounts listed in the table below reflect the amounts in DBJ's consolidated financial statements prepared pursuant to Japanese GAAP.

	As of 30 September 2023
	(in 100 millions of yen)
Manufacturing	¥ 653
Agriculture and forestry	—
Fisheries	—
Mining and quarrying of stone and gravel	—
Construction	—
Electricity, gas, heat supply and water	71
Information and communications	—
Transport and postal activities	23
Wholesale and retail trade	104
Finance and insurance	—

	As of 30 September 2023
	(in 100 millions of yen)
Real estate and goods rental and leasing	227
Services	311
Local public bodies	—
Others	—
Total	¥ 1,391

Note:

(1) Classification of non-performing loans by industry is based on the "Japan Standard Industrial Classification" defined by the Ministry of Internal Affairs and Communications applicable as of the relevant dates.

Securities

The following tables show the book value (carrying amount) and fair value of, and the unrealised gain or loss on (difference), DBJ's investment securities portfolio as of 30 September 2023.

Securities classified as held to maturity

	As of 30 September 2023		
	Carrying amount	Fair value	Difference
		(in millions of yen)	
Held-to-maturity debt securities:			
Fair value exceeds carrying amount:			
Japanese government bonds	¥ 35,063	¥ 37,003	¥ 1,939
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	134,652	137,387	2,735
Other	66,298	72,989	6,691
Sub-total	236,014	247,380	11,366
Fair value does not exceed carrying amount:			
Japanese government bonds	40,183	38,951	(1,232)
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	36,434	35,966	(468)
Other	—	—	—
Sub-total	76,618	74,917	(1,701)
Total	¥ 312,633	¥ 322,298	¥ 9,665

Securities classified as available-for-sale

	As of 30 September 2023		
	Carrying amount (fair value)	Acquisition cost	Difference
		(in millions of yen)	
Available-for-sale securities:			
Carrying amount exceeds cost:			
Equities	¥ 392,783	¥ 326,214	¥ 66,568
Bonds	143,456	140,920	2,535
Japanese government bonds	23,129	22,985	143
Japanese local government bonds	2,000	2,000	0
Short-term corporate bonds	—	—	—
Corporate bonds	118,327	115,935	2,391
Other	224,269	178,905	45,364
Sub-total	760,509	646,040	114,469
Carrying amount does not exceed cost:			
Equities	2,411	3,121	(710)
Bonds	891,236	919,130	(27,893)
Japanese government bonds	278,847	294,628	(15,781)
Japanese local government bonds	19,472	19,800	(327)
Short-term corporate bonds	—	—	—
Corporate bonds	592,916	604,702	(11,785)
Other	35,498	37,590	(2,091)
Sub-total	929,146	959,842	(30,696)
Total	¥ 1,689,656	¥ 1,605,882	¥ 83,733

Liabilities

		As of 30 September 2023 (in millions of yen)
Debentures	¥	3,163,951
Payables under repurchase agreements		—
Borrowed money		9,829,744
Corporate bonds		3,530,226
Other liabilities		251,161
Accrued bonuses to employees		6,273
Accrued bonuses to directors		8
Liability for retirement benefits		7,937
Reserve for directors' retirement benefits		97
Reserve for contingent losses		4
Deferred tax liabilities		20,065
Acceptances and guarantees		950,503
Total liabilities	¥	17,759,974

Total liabilities increased by ¥241,339 million, or 1.4%, from ¥17,518,635 million at 31 March 2023 to ¥17,759,974 million at 30 September 2023. The increase was mainly due to an increase in corporate bonds and other liabilities offset partially by a decrease in borrowed money.

Equity

	As of 30 September 2023 (in millions of yen)
Common stock	¥1,000,424
Crisis response reserve	206,529
Special investment reserve	1,527,805
Special investment surplus	43,737
Capital surplus	295,498
Retained earnings	867,873
Accumulated other comprehensive income:	
Unrealised gain on available-for-sale securities	56,554
Deferred gain on derivatives under hedge accounting	8,783
Foreign currency translation adjustments	1,243
Accumulated adjustments for retirement benefits	(1,555)
Total	4,006,893
Non-controlling interests	16,069
Total equity	¥4,022,962

Total equity increased by ¥59,177 million, or 1.5%, from ¥3,963,784 million at 31 March 2023 to ¥4,022,962 million at 30 September 2023. The increase was mainly due to an increase in retained earnings and capital surplus, offset partially by a decrease in unrealized gain on available-for-sale securities.

Liquidity and Capital Resources

Sources of Funds

The following table sets forth the outstanding amount of DBJ's borrowings and bonds as of the dates indicated, on a non-consolidated basis:

		As of 31 March 2023		As of 30 September 2023
	(in 100 millions of yen)			
Long-term borrowings from the Government	¥	58,376	¥	57,168
Domestic government-guaranteed bonds		11,050		10,750
Overseas government-guaranteed bonds		19,384		20,191
Sub-total		88,811		88,109
Domestic government-guaranteed bonds with maturities of less than 5 years[(1)]		—		—

	As of 31 March 2023	As of 30 September 2023
	(in 100 millions of yen)	
Non-guaranteed bonds issued prior to 1 October 2008	770	750
Non-guaranteed bonds issued on or after 1 October 2008	33,152	35,253
Long-term borrowings from other than the Government(2)(3)	40,424	39,140
Total	¥ 163,158	¥ 163,252

Notes:
(1) Not included in "Domestic government-guaranteed bonds" above.
(2) Of this, long-term borrowings from JFC amounted to ¥25,690 hundred million as of 31 March 2023 and ¥23,926 hundred million as of 30 September 2023.
(3) Excludes current maturities.

Operational and Funding Plans

Following the passage of the Japanese Government's supplementary budget on 29 November 2023, the following table sets forth funds raised (actual) or expected to be raised (budget) by DBJ pursuant to its funding and bond issuance plans for the periods indicated. The budgeted figures in respect of the year ending 31 March 2024 are amended budgeted numbers.

	For the six months ended 30 September 2023 (Actual)	For the year ending 31 March 2024 (Budget)(1)
	(in 100 millions of yen)	
Long-term borrowings from the Government	¥ 600	¥ 4,000
Domestic government-guaranteed bonds	300	1,300
Overseas government-guaranteed bonds	1,435	2,200
Sub-total	2,335	7,500
Domestic government-guaranteed bonds with maturities of less than 5 years(2)	—	1,000
Non-guaranteed bonds issued on or after 1 October 2008	3,934	6,400
Long-term borrowings from other than the Government	2,380	2,800
Other	8,964	9,100
Total	¥ 17,614	¥ 26,800

Notes:

(1) Does not include any amount budgeted in respect of the Crisis Response Operations.
(2) Not included in "Domestic government-guaranteed bonds" above.

Cash Flow Analysis

The following tables set out selected cash flow information of DBJ for the six months ended 30 September 2022 and 2023.

	For the six months ended 30 September	
	2022	2023
	(in billions of yen)	
Net cash provided by/(used in) operating activities	¥ (190.0)	¥ 460.5
Net cash provided by/(used in) investing activities	3.2	(57.8)
Net cash provided by/(used in) financing activities	(54.1)	1.8
Foreign currency translation adjustments on cash and cash equivalents	5.5	2.0
Net change in cash and cash equivalents	(235.4)	406.7
Cash and cash equivalents at beginning of period	2,145.2	1,442.3
Decrease in cash and cash equivalents due to exclusion from consolidation	—	(0.8)
Cash and cash equivalents at end of period	1,909.7	1,848.2

Cash Flow from Operating Activities

DBJ's net cash flow from operating activities was a cash inflow of ¥460.5 billion in the six months ended 30 September 2023, compared with a cash outflow of ¥190.0 billion in the six months ended 30 September 2022. The change was due primarily to cash inflow mainly from a decrease in loans and an increase in corporate bonds.

Cash Flow from Investing Activities

DBJ's net cash flow from investing activities was a cash outflow of ¥57.8 billion in the six months ended 30 September 2023, compared with a cash inflow of ¥3.2 billion in the six months ended 30 September 2022. The change was due primarily to cash outflows from purchases of securities which outweighed the cash inflows from sale and redemption of securities.

Cash Flow from Financing Activities

DBJ's net cash flow from financing activities was a cash inflow of ¥1.8 billion in the six months ended 30 September 2023, compared with a cash outflow of ¥54.1 billion in the six months ended 30 September 2022. The change was due primarily to cash inflow from industrial investment capital from the Government, despite cash outflows from contributions to National Treasury and dividend payments.

Capital Adequacy

Set forth below is a schedule of risk-adjusted assets and details of qualifying capital of DBJ (as measured pursuant to the Basel III guidelines (international standards)) as of 30 September 2023:

	As of 30 September 2023 (in 100 millions of yen/per cent.)
Tier 1 capital:	
Common equity Tier 1 capital	¥ 39,646
Additional Tier 1 capital	49
Tier 1 capital	39,695
Tier 2 capital	393
Total qualifying capital	¥ 40,089
Risk-adjusted assets:	
Credit risk assets	¥ 246,615
Operational risk equivalent amount / 8%	2,582
Total risk-adjusted assets	¥ 249,198
Total capital ratio	16.08%
Tier 1 capital ratio	15.92%
Common equity Tier 1 capital ratio	15.90%

Operations

The following table sets forth managerial accounting information used by DBJ as operational measures of the level of its investment and financing activities on a non-consolidated basis. The information below is on DBJ's managerial accounting basis only and not for financial accounting purposes, and should not be viewed as a substitute for any Japanese GAAP items.

	As of 31 March 2023	As of 30 September 2023
	(in billions of yen)	
Loan balance	¥15,559.4	¥15,376.0
Investment balance	1,735.1	1,851.4
Total	¥17,294.5	¥17,227.4

General Information

There has been no material change in the prospects and financial position of DBJ or of the Group since 30 September 2023.