FIRST SUPPLEMENTARY OFFERING CIRCULAR DATED 3 JANUARY 2025

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 13 August 2024 (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 2024 (the "**Unaudited Interim Financial Information**"); (ii) add a risk factor relating to the Unaudited Interim Financial Information and (iii) 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

A copy of the Unaudited Interim Financial Information has been filed with the Luxembourg Stock Exchange and, by virtue of this Supplement, the Unaudited Interim Financial Information is incorporated in, and forms part of, the Offering Circular.

A copy of the Unaudited Interim Financial Information 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 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 2024, 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 2024, which has been incorporated by reference into the Offering Circular. 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.

Area and Population

Japan, an archipelago in the western Pacific, consists of four main islands (Hokkaido, Honshu, Kyushu and Shikoku). The total area of Japan is approximately 146,000 square miles. It is bordered by the Sea of Japan to the west and north, and by the Pacific Ocean to the east and south.

Japan has a total population of approximately 124 million (estimated as of 1 December 2024). It has one of the highest population densities in the world and approximately 24.4% of its people (estimated as of 1 October 2023) are concentrated in three metropolitan areas (Tokyo, Osaka and Nagoya). Japan's rate of population decrease during the years 2019-2023 was 1.7%. Japan's population decreased 0.5% during the 12 months ended 1 October 2023 (estimated as of 1 October 2023).

Political Parties

The following tables set forth the membership by political party of the House of Representatives as of 11 November 2024 and the House of Councillors as of 25 December 2024.

	House of Representatives
Liberal Democratic Party and the Group of Independents	196
The Constitutional Democratic Party of Japan and the Independent	148
Nippon Ishin (Japan Innovation Party)	38
Democratic Party For the People and the Club of Independents	28
Komeito	24
REIWA SHINSENGUMI	9
Japanese Communist Party	8
Yushi no Kai	4
SANSEITO	3
Conservative Party of Japan	3
Independents	4
Vacancies	0
Total	465

Source: House of Representatives.

	House of Councillors
Liberal Democratic Party	113
The Constitutional Democratic Party of Japan and Social Democratic Party and the Independent	42
Komeito	27
Nippon Ishin (Japan Innovation Party)	18
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	8
Vacancies	8
Total	248

Source: House of Councillors.

Leadership

Japan's current Prime Minister is ISHIBA Shigeru, a member of the Liberal Democratic Party and member of the House of Representatives in the Diet. ISHIBA Shigeru was elected as Japan's 102nd Prime Minister on 1 October 2024, succeeding the former Prime Minister KISHIDA Fumio. Following his appointment, Prime Minister Ishiba announced his intention to dissolve the House of Representatives on 9 October 2024, and to hold a general election on 27 October 2024.

In the general election, the Liberal Democratic Party and its coalition partner, Komeito, lost their majority in the House of Representatives, securing a total of 215 seats, with the Liberal Democratic Party winning 191 seats. Subsequently, the Liberal Democratic Party increased its representation to 196 seats through negotiations with independent lawmakers and members of smaller parties who agreed to align with the party. ISHIBA Shigeru was re-elected as Prime Minister by the Diet on 11 November 2024, and currently leads a minority government in cooperation with Komeito.

The Economy

General

According to the Monthly Economic Report published by the Cabinet Office of Japan for December 2024 published on 20 December 2024, the Japanese economy is recovering at a moderate pace, as the employment and income environment has improved and the implementation of various policies brought positive effects, although recovery continues to stall in some areas such as private consumption. Economic conditions in Japan may be negatively affected by the slowdown of major overseas economies including the effects of continued high interest rate levels in the U.S. and Europe, stagnation of the real estate market in China as well as inflation, future policy trends in the U.S., the situation in the Middle East and fluctuations in financial 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 2019	JFY 2020	JFY 2021	JFY 2022	JFY 2023
	(yen amounts in billions, except percentages and index)				
Percentage Changes of GDP from Previous Year					
At Nominal Prices	0.0%	(3.2)%	2.9%	2.3%	4.9%
At Real Prices[(a)]	(0.8)	(3.9)	3.0	1.4	0.7
Total Revenues of Consolidated General and Special Accounts[(b)]	¥251,292	¥353,277	¥322,651	¥305,266	¥ 284,280
Total Expenditures of Consolidated General and Special Accounts[(b)]	232,905	305,846	285,348	269,810	277,287
Surplus of Consolidated Revenues over Consolidated Expenditures[(b)]	18,387	47,431	37,303	35,456	6,993
Public Debt	965,926	993,542	1,037,735	1,072,905	1,107,223

(a) Real prices are based on calendar year 2015.
(b) The data for JFY 2023 is the provisional results as of 31 December 2023.
Source: Economic and Social Research Institute; Cabinet Office; and Ministry of Finance.

	2019	2020	2021	2022	2023
	(yen or dollar amounts in billions, except percentages and index)				
Unemployment Rate	2.4%	2.8%	2.8%	2.6%	2.6%
Consumer Price Index[(a)]	100.0	100.0	99.8	102.3	105.6
Annual Change	0.5%	0.0%	(0.2)%	2.5%	3.2%
Corporate Goods Price Index[(b)]	101.2	100.0	104.6	114.9	119.9
Annual Change	0.2%	(1.2)%	4.6%	9.8%	4.4%
Current Account regarding Balance of Payments	¥19,251	¥15,992	¥21,467	¥11,431	¥22,593
Official Foreign Exchange Reserves	$1,324	$1,395	$1,406	¥1,228	$1,295

(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.

GDP and National Income

The following table sets forth information pertaining to Japan's GDP for JFY 2019 through JFY 2023. Nominal GDP increased by 4.9% during JFY 2023, and the annual growth rate of real GDP was 0.7%.

	GDP[a]					
	JFY 2019	JFY 2020	JFY 2021	JFY 2022	JFY 2023	Percentage of JFY 2023 GDP
			(yen amounts in billions)			
Total Consumption						
Private sectors	¥303,935	¥289,363	¥297,987	¥315,412	¥323,062	54.3%
Public sectors	111,827	113,832	118,730	122,034	122,458	20.6
	415,762	403,195	416,717	437,446	445,520	74.9
Total Gross Capital Formation						
Private sectors						
Producers' Durable Equipment	91,503	85,941	91,044	98,392	101,843	17.1
Residential Construction	21,411	19,913	21,507	22,043	22,235	3.7
Public sectors	29,297	30,814	29,815	29,460	30,378	5.1
	142,2111	136,668	142,365	149,895	154,457	25.9
Additions to Business Inventories						
Private sectors	893	(567)	2,165	2,781	640	0.1
Public sectors	(5)	(100)	(9)	(82)	(52)	(0.0)
	888	(667)	2,156	2,699	584	0.1
Net Exports of Goods and Services	(2,060)	(408)	(6,655)	(22,771)	(5,483)	(0.9)
Nominal Gross Domestic Expenditures	¥556,801	¥538,788	¥554,582	¥567,269	¥595,184	100.0%
Real Gross Domestic Expenditures[b]	¥550,117	¥528,657	¥544,672	¥552,171	¥555,784	
Surplus of the Nation on Current Account						
Exports of Goods and Services and Other Receipts from Abroad	34,364	30,254	41,368	51,355	58,886	
Less: Imports of Goods and Services and Other Payments Abroad	12,475	10,463	12,357	16,599	22,758	
	21,889	19,791	29,011	34,757	36,128	
Gross National Income	¥578,690	¥558,579	¥583,594	¥602,026	¥631,313	
Percentage Changes of GDP from Previous Year						
At Nominal Prices	0.0%	(3.2)%	2.9%	2.3%	4.9%	
At Real Prices[b]	(0.8)	(3.9)	3.0	1.4	0.7	
Deflator[c]	0.8	0.7	(0.1)	0.9	4.2	

(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 GDP, as seasonally adjusted, for each of the eight quarters ended 30 September 2024.

	Quarterly GDP[a]							
	2022	2023				2024		
	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]	¥567,618	¥583,123	¥594,157	¥593,143	¥596,982	¥596,152	¥607,506	¥610,243
Real Gross Domestic Expenditures[b][c]	¥550,805	¥557,551	¥560,409	¥554,605	¥555,523	¥552,433	¥555,411	¥557,124
Percentage Changes of GDP from the Previous Quarter At								
Nominal Prices[d]	1.9%	2.7%	1.9%	(0.2)%	0.6%	(0.1)%	1.9%	0.5%
At Real Prices[c][d]	0.4	1.2	0.5	(1.0)	0.2	(0.6)	0.5	0.3
Deflator[e]	1.6	1.5	1.4	0.9	0.5	0.4	1.4	0.1

(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 GDP

The following table indicates per capita GDP for the fiscal years set forth below.

	Per Capita GDP	
JFY	Amount	Year-on-year change
	(in thousands of yen)	(%)
2019	¥4,401	0.2%
2020	4,271	(3.0)
2021	4,419	3.5
2022	4,541	2.8
2023	4,787	5.4

Source: Economic and Social Research Institute, Cabinet Office.

National Income

The following table sets forth national income for calendar year 2019 through calendar year 2023.

	National Income				
	2019	2020	2021	2022	2023
	(yen amounts in billions)				
Domestic Factor Income	¥379,551	¥358,985	¥366,412	¥368,336	¥396,989
Net Income from Abroad	21,857	19,798	26,396	34,585	35,212
National Income at Factor Cost	¥401,408	¥378,783	¥392,808	¥402,921	¥432,201
Percentage Changes of Income at Factor Cost from Previous Year	(0.3)%	(5.6)%	3.7%	2.6%	7.3%

Source: Economic and Social Research Institute, Cabinet Office.

Industry

The following table sets forth the proportion of GDP contributed by major industrial sectors of the economy for calendar year 2019 through calendar year 2023.

	GDP by Industrial Sectors (at nominal prices)				
	2019	2020	2021	2022	2023
Industry:					
Agriculture, forestry and fisheries	1.0%	1.1%	1.0%	0.9%	0.9%
Mining	0.1	0.1	0.1	0.1	0.1
Manufacturing	20.2	20.1	20.8	19.8	20.6
Electricity, gas and water supply and waste management service	3.1	3.2	2.8	2.4	2.7
Construction	5.5	5.7	5.6	5.4	5.3
Wholesale and retail trade	12.4	12.8	13.2	13.9	13.8
Transport and postal services	5.4	4.2	4.2	4.5	4.8
Accommodation and food service activities	2.5	1.7	1.3	1.5	2.0
Information and communications	4.9	5.1	5.0	4.9	4.7
Finance and insurance	4.0	4.2	4.2	4.5	4.8
Real estate	11.8	12.2	11.8	11.6	11.0
Professional, scientific and technical activities	8.3	8.7	8.8	8.9	8.8
Public administration	5.0	5.2	5.1	5.1	5.0
Education	3.5	3.5	3.5	3.4	3.4
Human health and social work activities	7.8	8.2	8.2	8.1	7.9
Other service activities	4.1	3.7	3.8	3.8	3.7
Total	99.5%	99.6%	99.2%	99.0%	99.3%

Source: Economic and Social Research Institute, Cabinet Office.

Energy

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 to below ¥20,000 per kilolitre 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 increased sharply and remained high at ¥73,473 per kilolitre in October 2024, in part due to the conflict between Russia and Ukraine and the resulting disruption in the oil supply.

Labour

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 three consecutive years from 2021 to 2023. In 2022, 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% were employed in services and other sectors. In 2023, the average employment was estimated at 67.5 million, of which 22.8% were employed in mining, manufacturing and construction, 2.9% were employed in agriculture, forestry and fisheries, and 74.2% 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, decreased in 2022 for the first time in three years and then maintained approximately the same rate in 2023 during which it ranged between 2.5% and 2.7%. The seasonally adjusted unemployment rate was 2.7% for July, 2.5% for August, 2.4% for September and 2.5% in October in 2024. 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

Foreign Exchange Rates

In the past three months, the exchange rate for the U.S. dollar against the yen has sharply increased. As of 20 December 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 ¥156.81 = $1.00, as compared to ¥142.37 = $1.00 as of 30 September 2024, and the noon buying rate on 20 December 2024 for cable transfers in New York City payable in yen, as reported by the Federal Reserve Bank of New York, was ¥156.11 = $1.00, as compared to ¥143.25 = $1.00 as of 30 September 2024.

The total amount of foreign exchange intervention operations by the Ministry of Finance for the period from 30 October 2024 through 27 November 2024 was ¥0. As of 30 November 2024, Japan's reserve assets totalled $1,238,999 million.

Financial System

The BOJ and Monetary Policy

In a statement released on 19 March 2024, noting that the price stability target of 2% would likely be achieved in a sustainable and stable manner toward the end of the projection period of the January 2024 Outlook Report, titled Outlook for Economic Activity and Prices, the BOJ announced that it would end its policy framework of quantitative and qualitative monetary easing (QQE) with yield curve control and the negative interest rate policy, and that it would conduct monetary policy as appropriate, guiding the short-term interest rate as a primary policy tool, in response to developments in economic activity and prices as well as financial conditions with the 2% price stability target. In addition, while continuing Japanese government bond purchases with broadly the same amounts as previous, the BOJ announced that it would discontinue purchases of exchange-traded funds (ETFs) and Japanese real estate investment trusts (J-REITs). In a statement released on 31 July 2024, the BOJ announced that it would conduct market operations to encourage the uncollateralised overnight call rate to remain at around 0.25% by applying an interest rate of 0.25% to current account balances held by financial institutions at the BOJ (excluding required reserve balances) and that it would plan to reduce the amount of its monthly outright purchases of JGBs to roughly ¥3 trillion in January through March 2026, aiming to reduce the amount by ¥400 billion each calendar quarter. In a statement released on 19 December 2024, the BOJ announced that it would continue to conduct market operations to encourage the uncollateralised overnight call rate to remain at around 0.25% for the interim period until the next Monetary Policy Meeting of the BOJ.

Private Financial Institutions

According to the Financial Services Agency, as of 21 August 2024, the private banking system included four city banks, 13 trust banks, and 17 other banks, as well as 62 1st local banks as of 13 July 2023, 37 2nd local banks as of 1 May 2021 and the Saitama Resona Bank, which is categorised as neither a 1st nor 2nd local bank, as of 1 May 2018. In addition, 54 foreign banks had branches in Japan as of 25 November 2024.

There are also credit associations, credit cooperative associations, labour credit associations and the national federations of each of such associations, which are engaged mainly in making small business loans. Agricultural cooperatives, prefectural credit federations of such cooperatives and The Norinchukin Bank operate in the field of agricultural credit.

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 2024, the government had 14 special accounts.

- *Government-Affiliated Agencies*. The government-affiliated agencies are fully-government-funded corporations established by the law which budget would be discussed in the Diet.

On 12 December 2024, the House of Representatives passed a revised budget for JFY2023 that included a budgeted general account spending of ¥13.9 trillion; the House of Councillors passed such revised budget on 17 December 2024.

CAPITALISATION AND INDEBTEDNESS

The following table, which supplements 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) set out in the Offering Circular, shows the consolidated capitalisation and indebtedness of the Group as of 30 September 2024, which has been extracted without material adjustment from the Unaudited Interim Financial Information:

	As of 30 September 2024
	(millions of yen)
Borrowings:	
Debentures[1]	¥3,045,139
Borrowed money	9,557,020
Corporate bonds[2][3]	3,809,093
Total borrowings[4][6]	16,411,253
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	1,592,096
Special investment surplus	55,302
Capital surplus	265,852
Retained earnings	909,695
Unrealised gain on available-for-sale securities	69,425
Deferred gain on derivatives under hedge accounting	3,913
Foreign currency translation adjustments	4,598
Accumulated adjustments for retirement benefits	(1,186)
Non-controlling Interests	15,659
Total equity[6]	4,122,311
Total borrowings and equity[6]	¥20,533,565

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 ¥134 billion of non-guaranteed bonds and notes (excluding short-term bonds and notes) since 30 September 2024, 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 2024.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following tables, which supplement the selected historical financial information of DBJ set out in the Offering Circular, 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 2024 and for the six months ended 30 September 2023 and 2024 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	
	2023	**2024**
	(in millions of yen)	
Statement of Income Data:		
Total income	¥246,054	¥211,214
Interest income	106,890	134,324
Fees and commissions	10,792	12,965
Other operating income	6,434	4,400
Other income	121,936	59,523
Total expenses	134,212	139,498
Interest expense	56,870	74,051
Fees and commissions	2,568	321
Other operating expenses	7,187	3,416
General and administrative expenses	31,516	34,453
Other expenses	36,069	27,254
Income before income taxes	111,842	71,716
Net income attributable to owners of the parent	79,399	50,961
Total comprehensive income	57,492	50,645

The following table sets out a summary of the consolidated balance sheet information of DBJ as of 30 September 2024, prepared in accordance with Japanese GAAP:

	As of 30 September 2024
	(in millions of yen)
Balance Sheet Data:	
Securities	¥3,488,772
Loans	14,575,161
Total assets	21,575,907
Debentures	3,045,139
Borrowed money	9,557,020
Corporate bonds	3,809,093
Total liabilities	17,453,595
Total equity	4,122,311

OPERATING AND FINANCIAL REVIEW

The following operating and financial review is based on information contained in the Unaudited Interim Financial Information, 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. The following supplements the operating and financial review as of and for the years ended 31 March 2023 and 2024 contained 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 ¥14,575.1 billion and securities of ¥3,488.7 billion as of 30 September 2024, which comprised 67.6% and 16.2% of its total assets as of that date. DBJ's net interest income was ¥60,272 million for the six months ended 30 September 2024. Net income attributable to owners of the parent was ¥50,961 million for the six months ended 30 September 2024.

DBJ operates primarily in Japan. As of 30 September 2024, 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 2024, DBJ had 44 consolidated subsidiaries, 65 non-consolidated subsidiaries and 146 affiliated companies.

Results of Operations

The table below sets forth DBJ's results of operations for the six months ended 30 September 2023 and 2024.

	Six Months Ended 30 September	
	2023	2024
	(in millions of yen)	
Interest income:	¥106,890	¥134,324
Fees and commissions	10,792	12,965
Other operating income	6,434	4,400
Other income	121,936	59,523
Total income	246,054	211,214
Interest expenses:	56,870	74,051
Fees and commissions	2,568	321
Other operating expenses	7,187	3,416
General and administrative expenses	31,516	34,453
Other expenses	36,069	27,254
Total expenses	134,212	139,498
Income before income taxes	111,842	71,716

	Six Months Ended 30 September	
	2023	2024
	(in millions of yen)	
Total income taxes	31,842	20,251
Net income	79,999	51,464
Net income attributable to non-controlling interests	¥599	¥502
Net income attributable to owners of the parent	¥79,399	¥50,961

Net Interest Income

Six Months Ended 30 September 2023 Compared to Six Months Ended 30 September 2024

Interest Income

DBJ's total interest income increased by ¥27,433 million, or 25.7%, from ¥106,890 million for the six months ended 30 September 2023 to ¥134,324 million for the six months ended 30 September 2024. This increase was primarily due to an increase in the average interest rate earned on loans and securities.

Interest Expenses

DBJ's total interest expenses increased by ¥17,181 million, or 30.2%, from ¥56,870 million for the six months ended 30 September 2023 to ¥74,051 million for the six months ended 30 September 2024. 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 increased by ¥10,251 million, or 20.5%, from ¥50,020 million for the six months ended 30 September 2023 to ¥60,272 million for the six months ended 30 September 2024.

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					
	2023			2024		
	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	¥17,525,433	¥104,107	1.19%	¥17,989,461	¥131,361	1.46%
Foreign offices	174,600	2,782	3.19%	163,086	2,962	3.63%
Total(3)	¥17,700,033	¥106,890	1.21%	¥18,152,547	¥134,324	1.48%
Of which,						
Loans:(4)						
Domestic offices	¥14,843,175	¥87,417	1.18%	¥14,609,835	¥98,169	1.34%
Foreign offices	53,740	863	3.21%	35,366	799	4.52%
Total	¥14,896,916	¥88,281	1.19%	¥14,645,202	¥98,968	1.35%
Securities:						
Domestic offices	¥2,252,957	¥14,114	1.25%	¥2,631,499	¥29,796	2.26%
Foreign offices	119,965	1,910	3.19%	126,789	2,149	3.39%
Total	¥2,372,923	¥16,025	1.35%	¥2,758,289	¥31,946	2.32%
Call loans and bills bought:						
Domestic offices	¥363,185	¥17	0.01%	¥607,486	¥520	0.17%
Foreign offices	—	—	—%	—	—	—%
Total	¥363,185	¥17	0.01%	¥607,486	¥520	0.17%
Receivables under resale agreements:						
Domestic offices	—	—	—%	¥74,376	¥54	0.15%
Foreign offices	—	—	—%	—	—	—%
Total	—	—	—%	¥74,376	¥54	0.15%
Due from banks:						
Domestic offices	¥66,115	¥134	0.41%	¥66,263	¥150	0.45%
Foreign offices	893	8	1.86%	929	14	3.07%
Total	¥67,008	¥142	0.43%	¥67,193	¥164	0.49%

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					
	2023			2024		
	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	¥17,019,344	¥56,836	0.67%	¥16,267,888	¥74,042	0.91%
Foreign offices	447	33	14.89%	360	9	5.36%
Total(3)	¥17,019,791	¥56,870	0.67%	¥16,268,248	¥74,051	0.91%
Of which,						
Debentures:						
Domestic offices	¥2,984,872	¥35,771	2.40%	¥2,961,185	¥44,232	2.99%
Foreign offices	—	—	—%	—	—	—%
Total	¥2,984,872	¥35,771	2.40%	¥2,961,185	¥44,232	2.99%
Call money and bills sold:						
Domestic offices	¥473,071	¥(122)	(0.05)%	—	—	—%
Foreign offices	—	—	—%	—	—	—%
Total	¥473,071	¥(122)	(0.05)%	—	—	—%
Payables under repurchase agreements:						
Domestic offices	¥236,775	¥(119)	(0.10)%	—	—	—%
Foreign offices	—	—	—%	—	—	—%
Total	¥236,775	¥(119)	(0.10)%	—	—	—%
Borrowed money:						
Domestic office	¥10,027,024	¥8,738	0.17%	¥9,729,942	¥9,801	0.20%
Foreign offices	0	—	—%	0	—	—%
Total	¥10,027,024	¥8,738	0.17%	¥9,729,942	¥9,801	0.20%
Short-term corporate bonds:						
Domestic offices	¥2,565	¥67	5.26%	—	—	—%
Foreign offices	—	—	—%	—	—	—%
Total	¥2,565	¥67	5.26%	—	—	—%
Corporate bonds:						
Domestic offices	¥3,294,949	¥12,440	0.76%	¥3,576,554	¥19,808	1.11%
Foreign offices	—	—	—%	—	—	—%
Total	¥3,294,949	¥12,440	0.76%	¥3,576,554	¥19,808	1.11%

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	
	2023	2024
	(per cent.)	
Average rate on loans(1)	1.18%	1.35%
Average rate on external liabilities(1)(2)	0.68	0.92
Net interest margin	0.50	0.46

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 2023 Compared to Six Months Ended 30 September 2024

DBJ's net fees and commissions increased by ¥4,420 million, or 53.7%, from ¥8,223 million for the six months ended 30 September 2023 to ¥12,643 million for the six months ended 30 September 2024. This increase was primarily due to an increase in fees and commissions related to DBJ's financing business.

General & Administrative Expenses

Six Months Ended 30 September 2023 Compared to Six Months Ended 30 September 2024

DBJ's general and administrative expenses increased by ¥2,936 million, or 9.3%, from ¥31,516 million in the six months ended 30 September 2023 to ¥34,453 million in the six months ended 30 September 2024. This increase was primarily due to an increase in 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	
	2023	**2024**
	(in millions of yen)	
Other income:		
Gains on sales of equities and other securities	¥71,051	¥436
Reversal of allowance for loan losses	—	3,641
Equity in earnings of affiliates	4,838	4,191
Gains on investments in limited partnerships and other similar partnerships	21,295	28,874
Rental income on land and buildings	9,661	9,563
Sales of electric power	5,868	5,274
Gains on redemption of securities	4,875	2,507
Other	4,347	5,034
Total	121,936	59,523
Other expenses:		
Provision of allowance for loan losses	9,963	—
Write-off of equities	1,091	3,153
Losses on investments in limited partnerships and other similar partnerships	10,969	9,260
Depreciation	4,781	4,570
Write-off of Loans	0	1,513
Impairment losses on fixed assets	403	1,076
Other	8,859	7,679
Total	36,069	27,254
Net other income	¥85,867	¥32,269

Six Months Ended 30 September 2023 Compared to Six Months Ended 30 September 2024

DBJ's net other income decreased by ¥53,598 million, or 62.4%, from ¥85,867 million in the six months ended 30 September 2023 to ¥32,269 million in the six months ended 30 September 2024. This decrease was primarily due to gains on sales of equities and other securities recorded in the six months ended 30 September 2023.

Income before Income Taxes

Six Months Ended 30 September 2023 Compared to Six Months Ended 30 September 2024

DBJ's income before income taxes decreased by ¥40,126 million, or 35.9%, from ¥111,842 million in the six months ended 30 September 2023 to ¥71,716 million in the six months ended 30 September 2024.

Income Taxes

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

	For the six months ended 30 September	
	2023	**2024**
	(in millions of yen)	
Income taxes:		
Current	¥24,303	¥23,997
Deferred	7,539	(3,745)
Total	¥31,842	¥20,251
Actual effective tax rate	/	/

Net Income Attributable to Owners of the Parent

Six Months Ended 30 September 2023 Compared to Six Months Ended 30 September 2024

As a result of the foregoing, DBJ's net income attributable to owners of parent decreased by ¥28,437 million, or 35.8%, from ¥79,399 million in the six months ended 30 September 2023 to ¥50,961 million in the six months ended 30 September 2024.

Financial Condition

Assets

	As of 30 September 2024
	(in millions of yen)
Cash and due from banks	¥1,241,046
Call loans and bills bought	670,000
Receivables under resale agreements	235,980
Money held in trust	18,525
Securities	3,488,772
Loans	14,575,161
Other assets	179,393
Tangible fixed assets	481,260
Intangible fixed assets	29,653
Asset for retirement benefits	7,625
Deferred tax assets	1,573
Customers' liabilities for acceptances and guarantees	753,125
Allowance for loan losses	(106,212)
Allowance for investment losses	(0)
Total assets	¥21,575,907

Total assets decreased by ¥122,698 million, or 0.6%, from ¥21,698,605 million at 31 March 2024 to ¥21,575,907 million at 30 September 2024. The decrease was mainly due to decreases in cash and due from banks and loans offset partially by an increase in call loans and bills bought and receivables under resale agreements.

Loans

The following table sets forth the total amounts of outstanding loans made by DBJ by industry of the borrowers as of 30 September 2024:

	As of 30 September 2024
	(in millions of yen)
Domestic offices[(2)](excluding Japan offshore banking accounts)	
Manufacturing	¥2,779,826
Agriculture and forestry	305
Fisheries	2,800
Mining and quarrying of stone and gravel	168,089
Construction	53,671
Electricity, gas, heat supply and water	3,147,496
Information and communications	272,731
Transport and postal activities	2,992,402
Wholesale and retail trade	1,030,685
Finance and insurance	641,929
Real estate and goods rental and leasing	3,113,601
Services	340,494
Local public bodies	10,755
Others	7
Subtotal (domestic offices)	¥14,554,798
Overseas offices[(3)] and offshore banking accounts	
Governments	—
Financial institutions	—
Others	20,363
Subtotal (overseas offices)	¥20,363
Total	¥14,575,161

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 2024, DBJ's allowance for loan losses totalled ¥106,212 million.

Credit Related Costs (Gains)

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 2024
	(in 100 millions of yen)
Amount transferred to (from) the general allowance for loan losses	¥(17)
Amount transferred to (from) the specific allowance for loan losses	(18)
Subtotal	(36)
Write-off of loans	15
Losses from disposals of loans	—
Amount transferred to (from) the allowance for contingent losses	(0)
Repayment of loans written off	(1)
Total sum of credit related costs (gains)	¥(24)

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 2024, 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 2024
	(in millions of yen)
Claims under bankruptcy/rehabilitation or similar proceedings[(2)]	¥2,521
Doubtful claims[(3)]	103,098
Loans past due three months or more[(4)]	—
Restructured loans[(5)]	17,916
Total non-performing claims	¥123,536

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 0.80 per cent. as of 30 September 2024.

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 2024
	(in 100 millions of yen)
Manufacturing	¥645
Agriculture and forestry	—
Fisheries	—
Mining and quarrying of stone and gravel	—
Construction	—
Electricity, gas, heat supply and water	70
Information and communications	—
Transport and postal activities	15
Wholesale and retail trade	95
Finance and insurance	—
Real estate and goods rental and leasing	234
Services	173
Local public bodies	—
Others	—
Total	¥1,235

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 2024.

Securities classified as held to maturity

	As of 30 September 2024		
	Carrying amount	**Fair value**	**Difference**
		(in millions of yen)	
Held-to-maturity debt securities:			
Fair value exceeds carrying amount:			
Japanese government bonds	¥30,037	¥31,274	¥1,236
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	154,650	157,006	2,355
Other	84,238	94,013	9,775
Sub-total	268,926	282,293	13,366
Fair value does not exceed carrying amount:			
Japanese government bonds	40,154	39,038	(1,116)
Japanese local government bonds	—	—	—
Short-term corporate bonds	—	—	—
Corporate bonds	27,494	27,389	(105)
Other	—	—	—
Sub-total	67,649	66,427	(1,221)
Total	¥336,575	¥348,721	¥12,145

Securities classified as available-for-sale

	As of 30 September 2024		
	Carrying amount (fair value)	**Acquisition cost**	**Difference**
		(in millions of yen)	
Available-for-sale securities:			
Carrying amount exceeds acquisition cost:			
Equities	¥410,248	¥325,051	¥85,196
Bonds	271,550	268,109	3,440
Japanese government bonds	123,001	122,828	172
Japanese local government bonds	8,505	8,500	5
Short-term corporate bonds	—	—	—
Corporate bonds	140,042	136,780	3,262
Other	238,302	197,505	40,796
Sub-total	920,101	790,666	129,434
Carrying amount does not exceed acquisition cost:			
Equities	12,177	13,905	(1,728)
Bonds	1,007,310	1,033,048	(25,737)
Japanese government bonds	437,390	453,181	(15,791)
Japanese local government bonds	13,557	13,800	(242)
Short-term corporate bonds	—	—	—
Corporate bonds	556,363	566,067	(9,703)
Other	42,717	46,068	(3,351)
Sub-total	1,062,205	1,093,023	(30,817)
Total	¥1,982,306	¥1,883,690	¥98,616

Liabilities

	As of 30 September 2024 (in millions of yen)
Debentures	¥3,045,139
Payables under repurchase agreements	—
Borrowed money	9,557,020
Corporate bonds	3,809,093
Other liabilities	260,861
Accrued bonuses to employees	7,437
Accrued bonuses to directors	26
Liability for retirement benefits	7,889
Reserve for directors' retirement benefits	104
Reserve for contingent losses	52
Deferred tax liabilities	12,843
Acceptances and guarantees	753,125
Total liabilities	¥17,453,595

Total liabilities decreased by ¥136,162 million, or 0.8%, from ¥17,589,758 million at 31 March 2024 to ¥17,453,595 million at 30 September 2024. The decrease was mainly due to a decrease in debentures and borrowed money, partially offset by an increase in corporate bonds.

Equity

	As of 30 September 2024 (in millions of yen)
Common stock	¥1,000,424
Crisis response reserve	206,529
Special investment reserve	1,592,096
Special investment surplus	55,302
Capital surplus	265,852
Retained earnings	909,695
Accumulated other comprehensive income:	
Unrealised gain on available-for-sale securities	69,425
Deferred gain on derivatives under hedge accounting	3,913
Foreign currency translation adjustments	4,598
Accumulated adjustments for retirement benefits	(1,186)
Total	4,106,651
Non-controlling interests	15,659
Total equity	¥4,122,311

Total equity increased by ¥13,464 million, or 0.3%, from ¥4,108,846 million at 31 March 2024 to ¥4,122,311 million at 30 September 2024. The increase was mainly due to an increase in retained earnings and special investment reserves, offset partially by a decrease in capital surplus.

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 2024	**As of 30 September 2024**
	(in 100 millions of yen)	
Long-term borrowings from the Government	¥58,804	¥58,332
Domestic government-guaranteed bonds	9,850	10,050
Overseas government-guaranteed bonds	21,071	19,699
Sub-total	89,726	88,082
Domestic government-guaranteed bonds with maturities of less than 5 years(1)	—	—
Non-guaranteed bonds issued prior to 1 October 2008	750	750
Non-guaranteed bonds issued on or after 1 October 2008	35,579	38,048
Long-term borrowings from other than the Government(2)(3)	37,471	35,338
Total	¥163,527	¥162,219

Notes:

(1) Not included in "Domestic government-guaranteed bonds" above.

(2) Of this, long-term borrowings from JFC amounted to ¥22,229 hundred million as of 31 March 2024 and ¥19,793 hundred million as of 30 September 2024.

(3) Excludes current maturities.

Operational and Funding Plans

Following the passage of the Japanese Government's supplementary budget on 17 December 2024, 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 2025 are amended budgeted numbers.

	For the six months ended 30 September 2024 (Actual)	**For the year ending 31 March 2025 (Budget)(1)**
	(in 100 millions of yen)	
Long-term borrowings from the Government	¥1,200	¥6,000
Domestic government-guaranteed bonds	500	1,300
Overseas government-guaranteed bonds	1,423	2,200
Sub-total	3,123	9,500
Domestic government-guaranteed bonds with maturities of less than 5 years(2)	—	1,000
Non-guaranteed bonds issued on or after 1 October 2008	4,256	6,500
Long-term borrowings from other than the Government	2,416	2,800
Other	9,657	7,400
Total	¥19,453	¥27,200

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 2023 and 2024.

	For the six months ended 30 September	
	2023	2024
	(in billions of yen)	
Net cash provided by/(used in) operating activities	¥460.5	¥(307.0)
Net cash provided by/(used in) investing activities	(57.8)	(260.6)
Net cash provided by/(used in) financing activities	1.8	(37.1)
Foreign currency translation adjustments on cash and cash equivalents	2.0	(2.1)
Net change in cash and cash equivalents	406.7	(607.1)
Cash and cash equivalents at beginning of period	1,442.3	1,839.0
Decrease in cash and cash equivalents due to exclusion from consolidation	(0.8)	—
Cash and cash equivalents at end of period	1,848.2	1,231.9

Cash Flow from Operating Activities

DBJ's net cash flow from operating activities was a cash outflow of ¥307.0 billion in the six months ended 30 September 2024, compared with a cash inflow of ¥460.5 billion in the six months ended 30 September 2023. The change was due primarily to cash outflows mainly from an increase in call loans and receivables under resale agreements.

Cash Flow from Investing Activities

DBJ's net cash flow from investing activities was a cash outflow of ¥260.6 billion in the six months ended 30 September 2024, compared with a cash outflow of ¥57.8 billion in the six months ended 30 September 2023. The change was due primarily to cash outflows mainly from the purchases of securities which outweighed cash inflows from the sale and redemption of securities.

Cash Flow from Financing Activities

DBJ's net cash flow from financing activities was a cash outflow of ¥37.1 billion in the six months ended 30 September 2024, compared with a cash inflow of ¥1.8 billion in the six months ended 30 September 2023. The change was due primarily to cash outflows mainly from contributions to the National Treasury and dividend payments offset partially by cash inflows from industrial investment capital from the Government.

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 2024:

	As of 30 September 2024
	(in 100 millions of yen/per cent.)
Tier 1 capital:	
Common equity Tier 1 capital	¥40,711
Additional Tier 1 capital	48
Tier 1 capital	40,759
Tier 2 capital	459
Total qualifying capital	¥41,219
Risk-adjusted assets:	
Credit risk assets	¥221,720
Operational risk equivalent amount / 8%	4,320
Total risk-adjusted assets	¥226,040
Total capital ratio	18.23%
Tier 1 capital ratio	18.03%
Common equity Tier 1 capital ratio	18.01%

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 2024	As of 30 September 2024
	(in billions of yen)	
Loan balance	¥15,325.4	¥15,086.9
Investment balance	1,962.6	2,011.4
Total	¥17,288.0	¥17,098.3

General Information

There has been no material change in the prospects and financial position of DBJ or of the Group since 30 September 2024.