

OFFERING CIRCULAR



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**

Under the Global Medium Term Note Programme described in this offering circular (the "**Programme**"), Development Bank of Japan Inc. ("**DBJ**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Medium Term Notes (the "**Notes**"). Notes that are specified to be guaranteed Notes in the relevant Final Terms (as defined in "Overview of the Programme — Method of Issue") (the "**Guaranteed Notes**") will be unconditionally and irrevocably guaranteed by Japan (the "**Guarantor**") (see "Terms and Conditions of the Notes — Guarantee"; such guarantee being referred to herein as the "**Guarantee**"). There are no limits to the aggregate nominal amount of Notes that may be outstanding under the Programme. However, the issuance of Notes will be subject to the maximum amount resolved by DBJ's board of directors from time to time. In addition, each particular issue of Guaranteed Notes will, on a case-by-case basis, necessitate the obtaining of authorisation by Japan of any such Guarantee (see "General Information"), and issues of Guaranteed Notes are subject to limits imposed by annual budgetary authorisations set by the Japanese Diet for each fiscal year ending at the end of March.

This offering circular (the "**Offering Circular**") has been approved as a prospectus issued in compliance with Part 2 of the rules and regulations of the Luxembourg Stock Exchange (the "**Rules and Regulations**") 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 (the "**Prospectus Law**") for the purposes of giving information with regard to the issue of the Notes under this Programme.

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme for the period of 12 months from the date of this Offering Circular to be admitted to listing on the official list of the Luxembourg Stock Exchange (the "**Official List**") and for such Notes to be admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange (the "**Euro MTF Market**"). References in this Offering Circular to Notes being "listed" on the Luxembourg Stock Exchange (and all related references) shall mean that such Notes have been admitted to listing on the Official List and have been admitted to trading on the Euro MTF Market. The Euro MTF Market is not a regulated market for the purposes of the Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments. In relation to Notes listed on the Luxembourg Stock Exchange, this Offering Circular is valid for a period of one year from the date hereof. However, unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Luxembourg Stock Exchange (or any other stock exchange). Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The Notes will be issued to one or more of the dealers specified on page 32 (each a "**Dealer**" and collectively the "**Dealers**", which expression shall include any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on a continuing basis, but shall exclude an entity the appointment of which has been terminated). Notes may also be issued to third parties other than Dealers. Dealers and such third parties are referred to herein as "**Purchasers**".

Notes may be issued either in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). However, all Guaranteed Notes will be issued in registered form.

Interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in Permanent Global Notes or Definitive Notes on or after the date 40 days after the later of the commencement of the offering and the relevant issue date, upon certification as to non-U.S. beneficial ownership. The Notes and the Guarantee have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes and the Guarantee may not be offered, sold or (in the case of Bearer Notes) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")).

The Notes and the Guarantee may be offered and sold (i) only outside the United States to non-U.S. persons in reliance on Regulation S ("**Regulation S Only Guaranteed Note Offerings**"), or (ii) outside the United States to non-U.S. persons in reliance on Regulation S and within the United States to qualified institutional buyers (as defined in Rule 144A under the Securities Act ("**Rule 144A**")) ("**QIBs**") in reliance on Rule 144A ("**Rule 144A and Regulation S Guaranteed Note Offerings**"). Notes that do not have the benefit of the Guarantee ("**Non-guaranteed Notes**") may be offered and sold (i) only outside the United States to non-U.S. persons in reliance on Regulation S (together with Regulation S Only Guaranteed Note Offerings, "**Regulation S Only Note Offerings**"), or (ii) outside the United States to non-U.S. persons in reliance on Regulation S and within the United States to QIBs in reliance on Rule 144A ("**Rule 144A and Regulation S Non-guaranteed Note Offerings**") and together with Rule 144A and Regulation S Guaranteed Note Offerings, "**Rule 144A and Regulation S Note Offerings**").

Prospective investors should consider the factors described under the section headed "Risk Factors" in this Offering Circular.

*Arranger*  
**Barclays**  
*Dealers*

**Barclays**  
**BofA Securities**  
**Crédit Agricole CIB**  
**Goldman Sachs International**  
**J.P. Morgan**  
**Morgan Stanley**

**BNP PARIBAS**  
**Citigroup**  
**Daiwa Capital Markets Europe**  
**HSBC**  
**Mizuho Securities**  
**Nomura**

This Offering Circular has been prepared for the purpose of giving the information, which according to the particular nature of DBJ and the Notes, is necessary to enable investors and their investment advisors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of DBJ and of the rights attaching to the Notes. This Offering Circular does not constitute a prospectus for the purposes of the Prospectus Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**") or the Prospectus Regulation (EU) 2017/1129 (as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK Prospectus Regulation**")).

DBJ accepts responsibility for the information contained in this Offering Circular and declares that the information contained in this Offering Circular is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

In relation to Guaranteed Notes, Japan accepts responsibility for the information contained in this Offering Circular relating to Japan and the Guarantee. To the best of the knowledge of Japan (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular relating to Japan is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of DBJ and Japan confirms that any information from third party sources has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such third party source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference").

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Offering Circular and none of them makes any representation or warranty or accepts any responsibility as to (i) the accuracy or completeness of the information contained in this Offering Circular or (ii) the acts or omissions of DBJ or any other person (other than the relevant Dealer) in connection with the issue and offering of the Notes.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by DBJ or any of the Dealers or the Arranger (as defined in "Overview of the Programme"). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of DBJ since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of DBJ since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by DBJ, the Dealers and the Arranger to inform themselves about and to observe any such restriction. In particular, the Notes offered in Regulation S Only Note Offerings ("**Regulation S Only Notes**") have not been and will not be registered under the Securities Act, and Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Regulation S Only Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States or to U.S. persons. Further, the Notes offered in Rule 144A and Regulation S Note Offerings ("**Rule 144A and Regulation S Notes**") and the Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (1) in accordance with Rule 144A to a person that the holder and any person acting on its behalf reasonably believes is a QIB that is acquiring the Rule 144A and Regulation S Notes for its own account or for the account of one or more QIBs, (2) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (3) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder, if available, or (4) pursuant to any effective registration statement under the Securities Act, in each case in accordance with any applicable

securities laws of any state of the United States. No representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of the Notes. Prospective purchasers of Rule 144A and Regulation S Notes are hereby notified that sellers of such Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes (see "Subscription and Sale" and "Transfer Restrictions").

**IMPORTANT – EEA RETAIL INVESTORS:** If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the EU PRIIPs Regulation.

**IMPORTANT - UK RETAIL INVESTORS:** If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**EU MiFID II product governance / target market** - The Final Terms in respect of any Notes may include a legend entitled "EU MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**EU MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**UK MiFIR product governance / target market** - The Final Terms in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR product governance rules set out in the UK MiFIR Product Governance Rules, any Dealer

subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**") and will be subject to the Special Taxation Measures Act of Japan (Act No. 26 of 1957, as amended) (the "**Special Taxation Measures Act**") (see "Subscription and Sale"). **BY PURCHASING THE NOTES, AN INVESTOR WILL BE DEEMED TO HAVE REPRESENTED THAT IT IS (I) A BENEFICIAL OWNER THAT IS, FOR JAPANESE TAX PURPOSES, NEITHER (X) AN INDIVIDUAL RESIDENT OF JAPAN OR A JAPANESE CORPORATION, NOR (Y) AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IN EITHER CASE IS A PERSON OR ENTITY CONTROLLING, OR CONTROLLED BY, DBJ, OR OTHERWISE HAVING A PRESCRIBED SPECIAL RELATIONSHIP WITH DBJ AS DESCRIBED IN ARTICLE 6 OF THE SPECIAL TAXATION MEASURES ACT AND CABINET ORDER NO. 43 OF 31 MARCH 1957 PROMULGATED THEREUNDER, AS AMENDED (THE "CABINET ORDER") (A "RELATED PARTY"), (II) A JAPANESE FINANCIAL INSTITUTION, DESIGNATED IN ARTICLE 3-2-2 PARAGRAPH (29) OF THE CABINET ORDER THAT WILL HOLD THE NOTES FOR ITS OWN PROPRIETARY ACCOUNT OR (III) ANY OTHER EXCLUDED CATEGORY OF PERSONS, CORPORATIONS OR OTHER ENTITIES UNDER THE SPECIAL TAXATION MEASURES ACT.**

**DBJ will not issue "Taxable Linked Securities" under the Programme.** "**Taxable Linked Securities**" means notes on which interest is calculated based on the amount of profits or assets of DBJ or a Related Party or on any of certain other indices relating to DBJ or a Related Party as described in Article 6 of the Special Taxation Measures Act and the Cabinet Order.

**IMPORTANT – PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE:** The Final Terms in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time, the "**SFA**").

DBJ will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a) of the SFA. Any such legend included on the relevant Final Terms will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA.

The Arranger and the Dealers have not separately verified the information contained in this Offering Circular. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with DBJ or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of DBJ, the Arranger or the Dealers that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of DBJ during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

None of the Dealers nor any of their respective affiliates accepts any responsibility for any social, environmental and sustainability assessment of any Notes issued as Green Notes or Sustainability Notes (each as defined below) or makes any representation or warranty or assurance whether such Notes will meet any investor expectations or requirements regarding such "green", "sustainable", "social" or similar labels. None of the Dealers or any of their respective affiliates are responsible for the use of proceeds for any Notes issued as Green Notes or Sustainability Notes, nor the impact or monitoring of such use of proceeds. No

representation or assurance is given by the Dealers or any of their respective affiliates as to the suitability or reliability of any opinion or certification of any third party made available in connection with an issue of Notes issued as Green Notes or Sustainability Notes, nor is any such opinion or certification a recommendation by any Dealer or any of their respective affiliates to buy, sell or hold any such Notes. In the event any such Notes are, or are intended to be, listed, or admitted to trading on a dedicated "green", "sustainable", "social" or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by the Dealers or any of their respective affiliates that such listing or admission will be obtained or maintained for the lifetime of the Notes.

In connection with the issue of any Tranche (as defined in "Overview of the Programme — Method of Issue"), the Dealer or Dealers (if any) specified as the stabilising manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) in respect of such Tranche may over-allot Notes or effect transactions with a view to supporting a market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

This Offering Circular has been prepared by DBJ for use in connection with the offer and sale of the Notes outside the United States in reliance on Regulation S, or the offer and sale of the Notes in the United States in reliance on Rule 144A and the admission of the Notes to the Official List and to trading on the Euro MTF Market. DBJ, the Arrangers and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. person other than any QIB to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate.

**NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "**Japanese Yen**", "**Yen**" and "**¥**" are to the currency of Japan, references to "**euro**", "**EUR**" and "**€**" are to the single currency introduced at the third stage of European economic and monetary union in accordance with the Treaty on the Functioning of the European Union, as amended, references to "**Sterling**" and "**£**" are to the currency of the United Kingdom, references to "**Renminbi**", "**CNY**" and "**RMB**" are to the currency of the People's Republic of China (excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan, the "**PRC**"), and references to "**U.S. Dollars**", "**U.S.\$**" and "**\$**" are to the currency of the United States.

In this Offering Circular, where information is presented in millions, amounts of less than one million have been truncated unless otherwise specified. In addition, where information is presented in billions, amounts of less than one billion have been truncated. Percentages have been rounded to the nearest per cent., one-tenth of 1 per cent. or one-hundredth of 1 per cent., as the case may be, unless otherwise specified. Due to such rounding, the total of each column of figures may not equal the total of the individual figures.

## **ENFORCEMENT OF CIVIL LIABILITIES**

DBJ is a joint stock corporation (*kabushiki kaisha*) incorporated under the laws of Japan and the Guarantor is a foreign sovereign government. All of DBJ's directors and executive officers are residents of countries other than the United States. As a result, prospective investors should note that it may be difficult or impossible to serve legal process on DBJ or its directors and executive officers and the Guarantor, or to force DBJ or them or the Guarantor to appear in a U.S. court. DBJ's legal counsel in Japan, Anderson Mori & Tomotsune, has advised DBJ that there is doubt as to the enforceability in Japan, in original actions or in actions for enforcement of judgments of U.S. courts brought before Japanese courts, of civil liabilities predicated solely upon U.S. federal or state securities laws.

## **FORWARD-LOOKING STATEMENTS**

Many of the statements included in this Offering Circular contain forward-looking statements and information identified by the use of terminology such as "may", "might", "will", "expect", "intend", "plan", "estimate", "anticipate", "project", "believe" or similar phrases. DBJ bases these statements on beliefs as well as assumptions made using information currently available to it. As these statements reflect DBJ's current views concerning future events, these statements involve risks, uncertainties and assumptions. DBJ's or the Group's (which term when used in this Offering Circular means DBJ and its consolidated subsidiaries taken as a whole) actual future performance could differ materially from these forward-looking statements. Important factors that could cause actual results to differ from DBJ's expectations include the factors discussed in "Risk Factors", "Recent Business" and "Privatisation of DBJ", as well as other matters not yet known to DBJ or not currently considered material by DBJ. DBJ does not undertake to revise forward-looking statements to reflect future events or circumstances. DBJ cautions prospective investors in the offering not to place undue reliance on these forward-looking statements. All written and oral forward-looking statements attributable to DBJ or persons acting on DBJ's behalf are qualified in their entirety by these cautionary statements.

## TABLE OF CONTENTS

	<b>Page</b>
ENFORCEMENT OF CIVIL LIABILITIES .....	6
FORWARD-LOOKING STATEMENTS .....	7
NOTICE TO INVESTORS.....	9
DOCUMENTS INCORPORATED BY REFERENCE.....	10
FINAL TERMS.....	11
SUPPLEMENTARY OFFERING CIRCULAR .....	12
RISK FACTORS.....	13
OVERVIEW OF THE PROGRAMME.....	32
TERMS AND CONDITIONS OF THE NOTES .....	39
TERMS OF THE GUARANTEE OF JAPAN .....	82
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM .....	83
CLEARING AND SETTLEMENT.....	90
USE OF PROCEEDS .....	93
CAPITALISATION AND INDEBTEDNESS .....	94
DEVELOPMENT BANK OF JAPAN INC.....	95
SUPERVISION AND REGULATION .....	111
SELECTED HISTORICAL FINANCIAL INFORMATION .....	117
OPERATING AND FINANCIAL REVIEW .....	118
PRIVATISATION OF DBJ .....	140
TAXATION.....	145
CERTAIN ERISA AND OTHER CONSIDERATIONS.....	155
SUBSCRIPTION AND SALE.....	157
TRANSFER RESTRICTIONS .....	165
FORM OF FINAL TERMS .....	170
GENERAL INFORMATION .....	181

## NOTICE TO INVESTORS

### **Investors Should Make Their Own Assessments with Regard to Investment in the Notes**

Subject to the Guarantor providing a guarantee for the Notes as specified in the relevant Final Terms, investors should note that the Notes are non-guaranteed obligations of DBJ.

Each prospective investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the prospective investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### **Legal Investment Considerations May Restrict Certain Investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the following documents:

- (a) the audited consolidated financial statements (in English) of DBJ and its consolidated subsidiaries for the fiscal years ended 31 March 2021 and 31 March 2022, together with the respective audit reports;
- (b) in relation to Guaranteed Notes, the Annual Report of Japan on Form 18-K for the year ended 31 March 2022 (the "**2022 Japan 18-K**");
- (c) the most recent audited consolidated financial statements (in English) and unaudited semi-annual consolidated financial statements (in English) of DBJ and its consolidated subsidiaries subsequent to the financial statements referred to in paragraph (a) above and published on the website of the Luxembourg Stock Exchange; and
- (d) in relation to Guaranteed Notes, the most recent Annual Report of Japan on Form 18-K subsequent to the annual report of Japan referred to in paragraph (b) above and published on the website of the Luxembourg Stock Exchange.

The documents listed above shall be incorporated in and form part of this Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular. Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular may be inspected, free of charge, at the website of the Luxembourg Stock Exchange at *www.bourse.lu*, 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 Offering Circular as set out above does not form part of and is not incorporated by reference into this Offering Circular.

The audited consolidated financial statements (in English) of DBJ and its consolidated subsidiaries for each of the fiscal years ended 31 March 2021 and 31 March 2022 are prepared and presented in accordance with accounting standards generally accepted in Japan ("**Japanese GAAP**"). Differences exist between Japanese GAAP and International Financial Reporting Standards which might be material to the financial information herein.

The following table shows where specific items of information incorporated by reference in this Offering Circular can be found in the above-mentioned documents:

<u>Section</u>	<u>Audited consolidated financial statements as of and for the fiscal year ended 31 March 2021</u>	<u>Audited consolidated financial statements as of and for the fiscal year ended 31 March 2022</u>
Consolidated balance sheets	page 6	page 6
Consolidated statements of income	page 7	page 7
Consolidated statements of comprehensive income	page 8	page 8
Consolidated statements of changes in equity	page 9	page 9
Consolidated statements of cash flows	page 10	page 10
Notes to consolidated financial statements	pages 11-51	pages 11-53

## **FINAL TERMS**

Any information relating to the Notes which is not included in this Offering Circular and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained in the relevant Final Terms.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Offering Circular and must be read in conjunction with this Offering Circular. The terms and conditions applicable to any particular Tranche of Notes (the "**Conditions**") which is the subject of Final Terms are the terms and conditions set out in "Terms and Conditions of the Notes" in this Offering Circular as supplemented to the extent described in the relevant Final Terms.

## **SUPPLEMENTARY OFFERING CIRCULAR**

DBJ has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Offering Circular which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Offering Circular is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of DBJ, and the rights attaching to the Notes, DBJ shall prepare a supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement or replacement Offering Circular hereto as such Dealer may reasonably request. Any such supplement to this Offering Circular or replacement Offering Circular will be approved by the Luxembourg Stock Exchange and published on its website under *www.bourse.lu*.

## RISK FACTORS

*DBJ believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and DBJ is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which DBJ believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*DBJ believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but DBJ may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and DBJ does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

In this section "Risk Factors", the term "**DBJ**" refers to Development Bank of Japan Inc., or where appropriate, Development Bank of Japan as the predecessor of Development Bank of Japan Inc.

### **Considerations Relating to DBJ's Ability to Fulfil Its Obligations under the Programme**

#### ***Risks relating to policies of the Japanese Government and reforms of special public institutions***

DBJ was established on 1 October 2008 (by having transferred to it materially all of the assets of Development Bank of Japan by way of contribution in kind and assuming materially all of the rights and all of the liabilities of Development Bank of Japan) pursuant to The Development Bank of Japan Inc. Act (Act No. 85 of 2007, as amended) (the "**DBJ Act**"), which came into effect on 13 June 2007, as part of the reforms of special public institutions promulgated by the Japanese Government under the Act Concerning Promotion of Administrative Reform to Realise a Streamlined and Efficient Government (Act No. 47 of 2006, as amended) (the "**Regulatory Reform Act**"), which was approved by the Japanese Diet in May 2006. The Minister of Finance of Japan currently holds 100 per cent. of the issued share capital of DBJ. Furthermore, under the DBJ Act, DBJ requires authorisation of the Minister of Finance in respect of key corporate governance matters and must seek annual approval for DBJ's operational and funding plans. Although DBJ exercises sole discretion with respect to the implementation of its lending and investment operations, DBJ's business and financial condition may be affected by the policies of the Japanese Government, either due to formal changes, such as amendments to DBJ's legal mandate under the DBJ Act or the status of its scheduled privatisation, or insofar as the Minister of Finance's share ownership and direct oversight subjects DBJ to the influence of Japanese Government policy in the ordinary course.

Following the global financial and economic crises being experienced since autumn 2008, DBJ started its Crisis Response Operations (as defined in "Development Bank of Japan Inc. — Operations — Crisis Response Operations"). The Crisis Response Operations related to the global financial crises came to an end at the end of the fiscal year ended 31 March 2011. On 26 June 2009, the Japanese Diet approved the Act for Partial Amendment of the Development Bank of Japan Inc. Act (Act No. 67 of 2009, as amended) (the "**2009 Amendment Act**"), which, as part of the response to economic and financial crises promulgated by the Japanese Government, enabled the Japanese Government to strengthen DBJ's financial base through capital injections up to the end of March 2012, and such capital injections were made in 2009 and 2010. After the earthquake and tsunami that struck northeast Japan on 11 March 2011 (the "**March 2011 earthquake**"), DBJ commenced its Crisis Response Operations relating to the March 2011 earthquake. The DBJ Act was further amended by the provisions of the Act for Partial Amendment of the Development Bank of Japan Inc. Act of Japan (Act No. 23 of 2015) (the "**2015 Amendment Act**"), which took effect as of 20 May 2015. The 2015 Amendment Act imposes on DBJ the obligation to conduct Crisis Response Operations for an indefinite period in order to secure a smooth supply of funds following disruptions to domestic or international financial order or damage caused by large-scale natural disasters, acts of terrorist and medical epidemics, among others. Based on these provisions, DBJ commenced its Crisis Response Operations in relation to the outbreak of the novel coronavirus ("**COVID-19**") pandemic from 19 March 2020. See "Development Bank of Japan Inc. — Operations — Crisis Response Operations" for details regarding DBJ's Crisis Response Operations.

Pursuant to the 2015 Amendment Act, the targeted timing of the Japanese Government's disposal of the shares of DBJ set out in previous laws was deleted, and the 2015 Amendment Act instead provides

for the Japanese Government to work towards disposition of all of its holdings of the share capital of DBJ as soon as practicable, taking into account the effect on the attainment of the objectives of DBJ and the market situation. The 2015 Amendment Act contained further provisions stipulating that the Japanese Government shall hold more than one-third of the total number of the issued shares of DBJ with a view to ensuring a proper conduct of the Crisis Response Operations by DBJ, and one-half or more of the total number of issued shares of DBJ until the completion of its Special Investment Operations (see "Development Bank of Japan Inc. — Operations — Special Investment Operations") (DBJ was to seek to complete this by 31 March 2026). In May 2020, the DBJ Act was further amended by the provisions of the Act for Partial Amendment of the Development Bank of Japan Inc. Act of Japan (Act No. 29 of 2020) (the "**2020 Amendment Act**"), which extended the completion date with regard to the Special Investment Operations from 31 March 2026 to 31 March 2031, and also extended the date to which the Japanese Government may make capital contributions to DBJ in connection with the proper implementation of the Special Investment Operations by DBJ from 31 March 2021 to 31 March 2026. Any changes in its policies by the Japanese Government in respect of matters relating to DBJ, including but not limited to the Japanese Government's provision of financing and capital support, may adversely affect DBJ's operations (including its cost of funding), financial condition and organisation (see "Privatisation of DBJ — Schedule of DBJ's Privatisation").

***DBJ may be adversely affected by the implementation of its Crisis Response Operations***

DBJ is currently active in its Crisis Response Operations (see "Development Bank of Japan Inc. — Operations — Crisis Response Operations"); its current Crisis Response Operations comprises the Crisis Response Operations in response to the March 2011 earthquake, which continues to be active, and the Crisis Response Operations in response to the ongoing COVID-19 pandemic, which commenced in March 2020. The 2015 Amendment Act requires DBJ to conduct Crisis Response Operations for an indefinite period in order to secure a smooth supply of funds following disruptions to domestic or international financial order or damages caused by large-scale natural disasters, acts of terrorist and medical epidemics, among others. In respect of part of the lending and purchase of commercial paper related to such Crisis Response Operations, arrangements are in place whereby Japan Finance Corporation ("**JFC**") provides security and indemnity in respect of the losses related to such lending or purchase. In recent times, increasing public attention has been paid, on certain occasions, to borrowers who benefit from such JFC security and indemnity arrangements, and whilst DBJ is not the focus of such attention, it has been referred to tangentially when such arrangements are publicly discussed. While DBJ intends to make appropriate use of these security and indemnity arrangements, not all of DBJ's exposure in relation to such lending and purchase is covered by such arrangements. As a result, if unforeseen events, such as a worsening of such borrowers' businesses or their bankruptcy, were to occur, DBJ's results of operations and financial condition may be adversely affected. In addition, the increase in credit exposure and total assets related to the implementation of DBJ's Crisis Response Operations may affect DBJ's capital ratio and other financial indicators.

In response to the March 2011 earthquake, which caused widespread devastation, including the loss of a substantial amount of property and infrastructure in the affected regions, DBJ commenced its Crisis Response Operations relating thereto in March 2011. From the commencement of the Crisis Response Operations relating to the March 2011 earthquake to 31 March 2022, new loans extended by DBJ in respect of such Crisis Response Operations amounted to ¥2,791.9 billion (181 cases).

In response to the outbreak of the COVID-19 pandemic, DBJ commenced its Crisis Response Operations relating thereto in March 2020. From the commencement of the Crisis Response Operations relating to COVID-19 to 31 March 2022, new loans extended by DBJ in respect of such Crisis Response Operations amounted to ¥2,495.7 billion (492 cases). The Crisis Response Operations relating to the COVID-19 pandemic have predominantly comprised financing provided to companies in certain sectors that have suffered losses as a result of the COVID-19 pandemic (including the transportation, transportation equipment and manufacturing sectors), and a proportion of the funding provided in respect of such Crisis Response Operations does not benefit from the JFC security and indemnity arrangements described above. Accordingly, if companies in those sectors continue to face disruption, or are not able to recover from the disruption following the COVID-19 pandemic, DBJ could suffer losses in respect of these Crisis Response Operations.

In the event of unanticipated developments such as bankruptcy or deterioration in business performance of borrowers, DBJ's results of operations and financial condition may be adversely affected.

***DBJ may be adversely affected by adverse movements in the Japanese economic conditions***

Prospective investors in the Notes should be aware of the challenges faced by the Japanese economy in general. Prior to the outbreak of COVID-19, the domestic economy in Japan had already been showing signs of a slowdown, partially attributable to the increase in the consumption tax rate from 8% to 10% in October 2019. The Japanese economy contracted in the fourth quarter of 2019, reversing a trend of steady improvement in prior years. In calendar year 2020, the COVID-19 pandemic significantly and adversely affected economic systems, global supply chains, and financial markets worldwide, causing diminished investment sentiment, sporadic volatility in global capital markets and a precipitous decline of value in stock markets around the globe. The significant disruption in economic activity as a result of COVID-19 and the measures taken in response have had a significant negative impact on overall economic conditions in Japan, as reflected in the 4.5% year-over-year decline in real GDP in 2020, according to the Economic and Social Research Institute. In 2021, real GDP increased by 1.7%, as compared to 2020, followed by a quarter-on-quarter decrease of 0.1% for the first quarter of 2022. According to the Monthly Economic Report for July 2022 published by the Cabinet Office on 26 July 2022, the Japanese economy is "picking up moderately". However, in light of downside risks, including the duration and extent of the economic impact of COVID-19, the status of the Japanese economy in the future remains uncertain.

Fiscal and monetary policy has played a major role in the COVID-19 response. Governments and central banks around the world, including the Japanese Government and the Bank of Japan ("**BOJ**"), have taken and may take further significant financial stimulus measures, including but not limited to delaying, reducing or eliminating tax payments, increasing purchases of securities and undertaking other forms of direct fiscal support or public subsidies for businesses and/or individuals, in an effort to mitigate the adverse effects of the COVID-19 outbreak. However, the rapid rise of inflation in many countries around the world has prompted central banks to raise or announce plans to raise interest rates, which has substantially increased financial market volatility. By contrast, although inflation in Japan has risen steadily, the BOJ has maintained its policy of quantitative easing. The divergence in monetary policy has contributed to a significant weakening of the yen against other major currencies. Although a weaker yen is a positive driver for many of DBJ's customers, who benefit from cheaper exports, a drastic drop in the yen may have more detrimental effects for the Japanese economy, including from more expensive imports. The longer term effects of COVID-19-related government stimulus, and attempts to normalise fiscal and monetary policy, on global economic conditions are unknown.

While the Japanese and global economies have faced and continue to face challenges raised by COVID-19, a variety of other macroeconomic and geopolitical factors could weigh on economic conditions in Japan. Continued uncertainty in geopolitical conditions, including the commencement of military conflict between Russia and Ukraine and related sanctions targeting Russia imposed by the international community, concerns over North Korea's nuclear weapons program and continued instability in the Middle East, material changes in regional economic or political unions or associations between countries, and increased protectionism affecting trade relations globally, could also contribute to economic instability in those and other regions and affect Japanese and global economic conditions. In particular, the conflict in Ukraine and related sanctions targeting Russia have exacerbated ongoing supply chain constraints caused by the COVID-19 pandemic and driven sharp increases in prices of commodities, including oil and natural gas, further contributing to inflationary pressure. Increased energy prices are a strain on the Japanese economy, which has been increasingly dependent on liquid natural gas ("**LNG**") and other energy imports as a result of the nuclear accident at the Fukushima Daiichi Nuclear Plant and suspension of operations at other nuclear power plants.

Domestically, the long term impact of such issues as well as others (including the previous increase in the consumption tax rate, and Japan's continuing demographic changes) on Japan's economy, trade balance, interest rates and fiscal position (including as a result of the fiscal and monetary stimulus response to COVID-19), remains uncertain.

If economic conditions do not improve or if they worsen, DBJ could experience weakness in its business and deterioration in the credit quality of its loan and securities portfolios, which could adversely affect DBJ's results of operations and financial condition.

***Changes in interest rates could adversely affect DBJ's financial condition and results of operations***

DBJ generates a substantial portion of its income through the difference between interest earned on loans, securities and other interest-earning assets, and interest paid on bonds and notes, borrowings and

other interest-bearing liabilities. Because of the difference in maturities and pricing of DBJ's interest-earning assets and interest-bearing liabilities, changes in interest rates do not produce equivalent changes in interest earned on interest-earning assets and interest paid on interest-bearing liabilities. In addition, recent divergence in monetary policy of the BOJ and other major central banks has contributed to a variance in interest rate levels in Japan compared to overseas. There is a risk that as overseas interest rates rise, DBJ's cost of funding from international sources will increase without a compensating increase in income from domestic loans. If DBJ is not able to respond in a timely manner to changes in interest rates, this could adversely affect its profitability. Hedging activities related to interest rate risk entered into by DBJ may only partially cover such interest rate risk.

Furthermore, an increase in interest rates may decrease demand for DBJ's loans or increase its non-performing loans as some of its borrowers with variable-interest loans may not be able to meet the increased interest payment requirements. Such a development may adversely affect DBJ's results of operations and financial condition.

***Foreign exchange rate fluctuations could adversely affect DBJ's financial condition and results of operations***

A certain proportion of assets and liabilities of DBJ are denominated in foreign currencies (including the currencies of jurisdictions where no members of the Group are incorporated). Although the Group engages in foreign exchange hedging activities by entering into foreign currency swap transactions to decrease the effect of fluctuations in the exchange rate between yen and the relevant currencies, there can be no assurance that such measures will be effective and substantial foreign exchange rate fluctuations may adversely affect DBJ's results of operations and financial condition.

Further, DBJ is exposed to settlement risk where a time lag exists upon settlement of its foreign currency transactions. Although DBJ implements risk management measures with a view to ensuring that it is not exposed above a generally tolerable level of settlement risk in such transactions, there can be no assurance that such measures will be effective in respect of all such risks, and in the event that such risk exceeds the level covered by its risk management measures, DBJ's results of operations and financial condition may be adversely affected.

***DBJ is subject to price fluctuation risk of investment securities***

DBJ invests in securities whose price fluctuates depending on market conditions. DBJ's securities portfolio primarily included Japanese government bonds ("JGBs"), corporate bonds, equities and other securities. Market values of investment securities, particularly equities, are inherently volatile and subject to fluctuations in Japanese stock markets or other global markets. If the values of DBJ's investment securities decline, resulting in significant valuation or impairment losses, DBJ's results of operations, financial condition and capital ratios may be adversely affected.

***DBJ may be subject to liquidity risk***

DBJ is subject to liquidity risk, or the risk of having insufficient funds due to an excessive disparity between collection of funds and DBJ's repayment obligations, or of failing to raise sufficient funds in the event of an emergency. Until such time as DBJ is fully privatised, DBJ is able to issue government guaranteed bonds and borrow from the Japanese Government pursuant to the Japanese Government's Fiscal Investment and Loan Program ("**FILP**" or "**zaito programme**").

Although DBJ takes measures with regard to its liquidity such as careful management of projected cash flows, careful maintenance of funds it has on hand and overdraft lines of credit that it has established with multiple private financial institutions, if circumstances relating to liquidity unforeseen by DBJ were to occur, its funding costs may be materially adversely affected.

DBJ is also subject to market liquidity risk in relation to its holding of market products or products which it expects to sell in the market in the future. DBJ recognises and considers such risks when making investments in such products, and has in place certain risk management policies in relation to the administration of the products which it has acquired. However, such risk management may not be sufficient to mitigate all risks relating to such products. To the extent that such risks have not been sufficiently mitigated, DBJ's results of operations and financial condition may be materially adversely affected.

Furthermore, in response to the COVID-19 pandemic and also to address urban development related to disaster prevention and mitigation, DBJ has been authorised to raise larger amounts of capital through debt financing. Any increase in debt financing would result in increased interest payment obligations and liquidity risk.

***DBJ may be adversely affected by non-performing loans***

DBJ is exposed to credit risk relating to its loans and investments. If the financial condition of the borrowers (and any collateral they provide for loans) or investees were to deteriorate as a result of changes in economic conditions, real estate prices or other factors, the value of assets held by DBJ may deteriorate or be extinguished. While DBJ has in place policies related to non-performing loans, including providing adequate reserves for possible loan losses, DBJ's non-performing loans, related credit costs and other costs could increase if, among other things:

- economic conditions in Japan deteriorate;
- the global economic environment deteriorates;
- real estate or stock prices in Japan decline (which in particular could negatively affect the value of collateral provided by borrowers);
- the rate of corporate or individual bankruptcies in Japan rises;
- its borrowers become insolvent, or face financial difficulties and require debt forgiveness or other debt relief arrangements to be made with regard to their debt;
- the quality of DBJ's loan portfolio is adversely affected by other factors to an extent that is worse than anticipated; or
- corporate credibility issues among large-scale borrowers surface.

As of 31 March 2022, DBJ's non-performing loans, as classified under the Banking Act of Japan (Act No. 59 of 1981, as amended) (the "Banking Act") constituted 0.73 per cent. of DBJ's consolidated total loans outstanding, a decrease from 0.76 per cent. as of 31 March 2021. For details on DBJ's non-performing loans, see "Operating and Financial Review – Financial Condition – Loans – Non-performing Loans".

The COVID-19 pandemic has adversely affected economic conditions in Japan and globally, and the prospects and timing for broader economic recovery remain uncertain. Depending on the extent to which COVID-19 impacts the creditworthiness and financial condition of DBJ's customers, the balance of DBJ's non-performing loans and related credit costs could further and more substantially increase.

***DBJ's allowance for loan losses may be insufficient to cover future loan losses***

DBJ's allowance for loan losses is based on its past experience of credit losses and on the character, quality and performance of its loan portfolio, the value of collateral and guarantees and other pertinent indicators, subject to adjustment to incorporate forward-looking information. If DBJ's actual loan losses are higher than currently expected, its current allowance for loan losses will be insufficient. If economic conditions deteriorate in Japan and/or overseas, causing DBJ to change some of its assumptions and estimates, if the value of collateral which it holds declines, if it alters its standards for establishing loan reserves as a result of changes in Japanese banking regulations, auditing standards or otherwise, or if it is adversely affected by other factors more adversely than anticipated, DBJ may be required to provide for additional allowance for loan losses. The COVID-19 pandemic, which has adversely affected economic conditions in Japan and globally, poses particular challenges for DBJ in establishing appropriate levels of loan losses. Although DBJ seeks to calculate loan loss reserves based on the best available information about the impact of COVID-19 on its borrowers, there is significant uncertainty about the prospects and timing of a broader economic recovery. If the lasting effects of COVID-19 turn out to be more severe than anticipated, DBJ could be required to increase its allowance for loan losses, or could be forced to write-off loans and investments and incur other credit-related losses.

***DBJ's investments may not generate the returns DBJ expects and may contribute to volatility in DBJ's results of operations***

In the course of its investment operations, DBJ makes investments in companies, funds, infrastructure projects and real estate, which are structured in various forms, including equity investments and lending arrangements either directly as principal or indirectly as a member of a syndicate or consortium. DBJ may incur losses resulting from impairment of the market value of the assets due to deterioration in the financial condition of its investees and changes in market conditions. Although DBJ takes certain measures to mitigate such risks, such investments are inherently volatile and subject to a number of risks, including market price fluctuation risk, credit risk and liquidity risk.

Under the 2015 Amendment Act, DBJ has undertaken the Special Investment Operations for the revitalisation of local business activities and the enhancement of competitiveness of Japanese companies to facilitate supply of funds by private sector. The Special Investment Operations involve lending money through subordinated loans and making capital contributions to Japanese businesses with the aim of improving productivity and profitability.

Given the nature of the Special Investment Operations, DBJ is more exposed to the credit risk of its customers than its traditional corporate lending operations through senior loans. There can be no assurance that DBJ's credit risk management will be effective and DBJ may be unable to prevent or mitigate any adverse impact on its financial condition or results of operations resulting from a bankruptcy or similar insolvency proceeding affecting its customers or other counterparties.

***Downturn in the business results of third sector corporations may adversely affect DBJ***

DBJ's loan and investment portfolios include those in respect of projects of public use and interest run by local government organisations referred to as "third sector corporations" (see "Development Bank of Japan Inc. — Operations — Third Sector Corporations"). Due to the fact that in general the third-sector businesses have a highly public nature and long periods of time are required to recoup investments, the ratio of non-performing loans in the sector is relatively high as compared to DBJ's loan operations in general. If there is a significant downturn in the business results of this sector, or if there is a decrease in the value of collateral, credit-related expenses for DBJ may increase, which may have an adverse impact on DBJ's financial condition and results of operations.

***DBJ's risk management policies and procedures may not adequately address unidentified or unanticipated risks***

DBJ has devoted significant resources to developing its risk management policies and procedures to address various risks, including credit risk, market risk and liquidity risk. Despite this, the policies and procedures to identify, monitor and manage risks may not be fully effective. Managing these risks requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, but such policies and procedures may not always be fully utilised and may not be fully effective to manage all unanticipated risks.

Furthermore, DBJ may expand the types of investments that it makes in order to maintain stable profit levels. As the complexity of its investments increases, DBJ will be exposed to new and increasingly complex risks. Although DBJ takes steps to implement integral risk management, in the event that DBJ's risk management systems prove to be inadequate, DBJ may be subject to considerable market, credit and other risks.

***DBJ may be affected by changes in various laws and regulations applicable to financial institutions, including those to which it adheres voluntarily***

Although DBJ is not a commercial bank directly subject to the Banking Act, it is subject to regulation and regulatory supervision as a financial institution, primarily under the DBJ Act, and also adheres to certain regulations voluntarily. See "Supervision and Regulation". DBJ conducts its business in accordance with such regulation, which exposes it to changes in laws, regulations, policies, accounting rules, and voluntary codes of practice and their interpretations and enforcement in Japan. Further, as a government-owned financial institution, the nature of DBJ's regulation is also subject to changes in Japanese Government policy. See " — Risks relating to policies of the Japanese Government and reforms of special public institutions". Future developments or changes in laws, regulations, policies, accounting

rules, voluntary codes of practice, fiscal or other policies of the Japanese Government and their effects are unpredictable and are beyond DBJ's control, and may affect DBJ differently than they would if DBJ were regulated in the same way as a commercial bank. Any of these developments or changes could negatively affect DBJ's business, results of operations and financial condition.

***DBJ's fundraising may be adversely affected by changes in rating agencies' and market professionals' assessment of DBJ***

DBJ's fundraising may be affected by changes in rating agencies' and market professionals' assessment of DBJ. A downgrade in the credit ratings assigned to DBJ, or negative assessments made by market professionals in respect of DBJ, could have an adverse effect on DBJ's business, financial condition or results of operations, including through:

- increased costs and/or increased difficulty in raising funds;
- the termination or cancellation of existing agreements; and
- the need to provide additional collateral in connection with derivatives transactions.

In addition, due to DBJ's status as a governmental finance institution wholly owned by the Japanese Government, rating actions taken with respect to Japan can also be expected to impact DBJ's ratings, including ratings applicable to the Notes, and Notes not guaranteed by the Japanese Government. Furthermore, in the event the Japanese Government ceases to provide guarantees in respect of new issues of Notes, DBJ's costs of funds could materially increase.

Credit ratings are based upon information furnished by DBJ or obtained from independent sources and are subject to revision, suspension or withdrawal by the rating organisation at any time.

***A failure or disruption of DBJ's information systems could adversely affect its operations***

DBJ's information technology systems form the foundation of DBJ's day-to-day operations and its reliability is crucial. DBJ performs system maintenance to enable its operations to continue quickly and safely under unforeseen circumstances by preparing contingency plans while seeking to maintain the safe operation of its systems on a regular basis.

However, these systems are subject to failure or malfunction due to earthquakes and other natural disasters, human error, accidents, power loss, unauthorised access from the outside, computer viruses and the loss of support services from third parties such as telephone service providers and this could result in unexpected losses or otherwise have an adverse effect on DBJ's results of operations and financial condition if these system risks become apparent.

***DBJ is subject to operational risk***

DBJ is subject to operational risk, including through losses suffered from negligence of officers and employees, accidents and fraud. Although DBJ has been making efforts to reduce operational risk through thorough checking of administrative procedures and education and training of employees, there can be no assurance that losses will not be suffered in the event of unforeseen situations.

***Risks relating to the expansion of DBJ's business***

Under the DBJ Act, DBJ is able to undertake a broader scope of business than had been permitted to be undertaken by its predecessor, Development Bank of Japan. However, DBJ currently has limited experience and knowledge of risks related to such new businesses, and may, if risks unforeseen by it arise, not be able to implement sufficient countermeasures. In such event, DBJ may not be able to accomplish achievements which it had foreseen in respect of such new businesses, and as a result its results of operations and financial condition may be adversely affected.

For example, DBJ has in recent years made efforts to expand its international business, with a view to supporting international growth strategies of its customers. If DBJ's international operations were to expand further, DBJ may face risks related to:

- interest rate and foreign exchange risk in relation to its foreign currency denominated assets and liabilities;
- changes in tax and regulatory regimes overseas;
- changes in overseas social, political and economic circumstances; and
- time and resource constraints with regard to recruitment and education of personnel knowledgeable in international operations.

DBJ has also invested in, and may further invest in, relatively new sectors (such as new forms of energy generation and space exploration), in respect of which potential returns on investment are more difficult to predict.

***Competition in the financial markets is intense and may adversely affect DBJ's results of operations and financial condition***

Prior to 1 October 2008, Development Bank of Japan's objective was to supplement or encourage financing activities by commercial financial institutions and not to compete with them. However, since its establishment on 1 October 2008, DBJ's objective has been changed under the DBJ Act to maintaining the foundations of investment and financing functions of long-term business funds, which previously were carried out by Development Bank of Japan, by conducting business activities utilising the methods of combining investments and financing and other sophisticated financial methodologies, thereby contributing to smooth supply of funds to those who need long-term business funds, as well as to the sophistication of financial functions.

Currently, general financial institutions are broadly divided into commercial banks, which provide mainly senior loans, and other financial institutions such as private equity funds and certain investment banks which provide mezzanine and equity funding. DBJ believes that it is differentiated from both types of financial institutions through its ability to provide both types of services in an integrated manner at a reasonable scale. It also believes that its business model enables it to appropriately share risks with commercial banks which extend senior loans, which it believes make it less prone to competition with so-called "mega banks" in Japan.

However, competition in the domestic and international financial services markets has become very intense. Under these circumstances, the 2015 Amendment Act requires DBJ to give special consideration so as not to obstruct appropriate competitive relationships with other business operators whilst it takes measures in relation to the Crisis Response Operations and the Special Investment Operations.

DBJ intends to conduct appropriate business operations in line with the purpose of the 2015 Amendment Act. However, intensifying competition in the financial markets may adversely affect the results of operations and financial condition of DBJ.

***The transition away from, and discontinuation of, LIBOR and other interest rate "benchmarks" could adversely impact DBJ's results of operations***

Interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform, and in particular, announcements have been made by the UK Financial Conduct Authority (the "FCA") regarding the future discontinuation of the London Interbank Offered Rate ("LIBOR") (see "— Considerations Relating to the Market Risks Associated with Notes Issued under the Programme — Risks related to the structure of a particular issue of Notes — Notes linked to "benchmarks").

As a result of these developments or other initiatives, discontinuance of, or changes to, benchmark rates, as well as uncertainty about the timing and manner of implementation of such changes or discontinuance, pose challenges for issuers and may require adjustments to agreements that are referenced to current benchmarked rates as well as to systems and processes. With respect to LIBOR, DBJ identified significant contractual rights and obligations referenced to LIBOR and other benchmark rates. Accordingly, DBJ has taken, and is continuing to take, steps to address the transition to alternative reference rates, including related developing internal systems and infrastructure, transitioning existing agreements and engaging in customer outreach. Any such adjustments or other actions required to adapt to such transition may strain or disrupt DBJ's operations at that time. Transitioning existing agreements referencing such

benchmarks to other reference rates may also require negotiation, interpretation or the taking of discretionary action, which may increase the risk of disputes arising; there may also be adverse tax or accounting consequences. Further, the discontinuation of or changes to benchmarks, or changes in market acceptance of any benchmark as a reference rate, may also adversely affect the yield on loans or securities held by DBJ, amounts paid on securities which it has issued, amounts received and paid on derivative instruments it has entered into, the value of such loans, securities or derivative instruments, the trading market for securities, the terms of new loans being made using different or modified reference rates, DBJ's ability to effectively use derivative instruments to manage risk, or the availability or cost of floating-rate funding and exposure to fluctuations in interest rates. Any of these factors may adversely affect the business, results of operations and financial condition of DBJ.

### ***DBJ faces risks from climate change***

DBJ faces risks associated with climate change over the medium-to-long term, including risks related to climate-related business trends, the physical impacts of climate change and the impact of climate-related regulation and policy (both in Japan and internationally).

The physical risks of climate change include damage caused by extreme weather events and natural disasters, which are increasing in frequency and intensity as a result of climate change, as well as degradation of the environment and social infrastructure. Such physical risks could disrupt DBJ's business continuity and operations, as well as its customers' property, business or other financial interests, which could potentially result in impairing asset values, financial losses, declining creditworthiness of DBJ's customers and increased write-offs and impairment charges in DBJ's lending and investment portfolio.

The transition to a low-carbon or decarbonised economy also gives rise to risks and uncertainties associated with changing laws, regulations and policy, new innovations and changing technologies, and shifting sentiment in financial markets and society. Typical examples of such transition risks include credit-related cost increases for business sectors that emit more greenhouse gases or are deemed to contribute significantly to climate change. In addition, DBJ's customers may face increasing costs due to compliance with stricter laws and regulations or costs associated with adapting to a changing business environment, which could increase DBJ's credit costs and adversely impact its portfolio.

Whilst DBJ intends to enhance its climate related disclosure, and continue to provide financing to support the transition to a low carbon economy, if such efforts are deemed inappropriate or insufficient, DBJ could be subject to public criticism and reputational harms, which could adversely affect its business and capital-raising activities.

## **Considerations Relating to the Market Risks Associated with Notes Issued under the Programme**

### ***Risks related to the structure of a particular issue of Notes***

#### ***The Notes may be subject to optional redemption by DBJ***

An optional redemption feature is likely to limit the market value of Notes. During any period when DBJ may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

DBJ may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### ***Fixed/Floating Rate Notes***

Certain Fixed/Floating Rate Notes may bear interest at a rate that DBJ may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. DBJ's ability to convert the interest rate will affect the secondary market and the market value of such Notes since DBJ may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If DBJ converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating

rate at any time may be lower than the rates on other Notes. If DBJ converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

*Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

*Risks related to Green Notes or Sustainability Notes*

*Notes issued under the Programme the net proceeds of which are to be used exclusively to finance or re-finance eligible "green projects/businesses" ("**Green Notes**") or "green projects/businesses" and "social projects/businesses" ("**Sustainability Notes**") may not meet investor expectations or requirements.*

The Final Terms relating to a specific Tranche of Notes may provide that it is DBJ's intention to apply the proceeds of those Notes for projects that promote climate-friendly and other environmental purposes or sustainability or social goals.

A prospective investor should have regard to the information set out in the section "*Use of Proceeds*" of the Final Terms of any Green Notes or Sustainability Notes and determine for itself the relevance of such information for the purpose of an investment in such Notes together with any other investigation it deems necessary.

No assurance is given that such use of proceeds will satisfy any present or future investment criteria or guidelines with which an investor is required, or intends, to comply, in particular with regard to any direct or indirect environmental or sustainability impact of any project or uses.

No assurance can be given that eligible projects or financings, as described in the relevant Final Terms ("**Eligible Projects**") will meet investor expectations or requirements regarding such "green", "sustainable", "social" or similar labels (including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called "EU Taxonomy") or Regulation (EU) 2020/852 as it forms part of domestic law in the United Kingdom by virtue of the EUWA). Each prospective investor should have regard to the factors described in the relevant Final Terms and the relevant information contained in this Offering Circular and seek advice from their independent financial adviser or other professional adviser regarding its purchase of the Notes before deciding to invest.

Independent opinions on any Tranche of Notes ("**Second Party Opinions**") may be issued from time to time. Such Second Party Opinions are expected to provide opinions on certain environmental and related considerations which is a statement of opinion, not a statement of fact. No representation or assurance is given as to the suitability or reliability of such Second Party Opinions or any opinion or certification of any third party made available in connection with an issue of Notes issued as Green Notes or Sustainability Notes. Such Second Party Opinions and any other such opinions or certifications are not intended to address any credit, market or other aspects of any investment in any Note, including without limitation market price, marketability, investor preference or suitability of any security or any other factors that may affect the value of the Notes. Such Second Party Opinions and any other opinions or certifications are not a recommendation to buy, sell or hold any such Notes and is current only as of the date it was issued. The criteria and/or considerations that form the basis of such Second Party Opinions and any other such opinions or certifications may change at any time and such Second Party Opinions may be amended, updated, supplemented, replaced and/or withdrawn. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. Such Second Party Opinions and any other such opinions or certifications do not form part of, nor are incorporated by reference, in this Offering Circular.

In the event that any such Notes are listed or admitted to trading on a dedicated "green", "sustainable", "social" or other equivalently-labelled segment of a stock exchange or securities market or are included in any dedicated "green", "environmental", "sustainable" or other equivalently-labelled index, no representation or assurance is given that such listing or admission satisfies any present or future investment criteria or guidelines with which such investor is required, or intends, to comply. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock

exchange or securities market to another. No representation or assurance is given or made that any such listing or admission to trading will be obtained in respect of any such Notes or that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of DBJ to apply the proceeds of any Notes issued as Green Notes or Sustainability Notes and to report on the use of proceeds as described in the applicable Final Terms, there is no contractual obligation to do so. There can be no assurance that any such Eligible Projects will be available or capable of being implemented in the manner anticipated and, accordingly, that DBJ will be able to use the proceeds for such Eligible Projects as intended. In addition, there can be no assurance that such Eligible Projects will be completed as expected or achieve the impacts or outcomes (environmental, social or otherwise) originally expected or anticipated. None of a failure by DBJ to allocate the proceeds of any Notes issued as Green Notes or Sustainability Notes or to report on the use of proceeds or Eligible Projects as anticipated or a failure of a third party to issue (or to withdraw) an opinion or certification in connection with an issue of Green Notes or Sustainability Notes or the failure of the Notes issued as Green Notes or Sustainability Notes to meet investors' expectations requirements regarding any "green", "sustainable", "social" or similar labels will constitute an Event of Default or breach of contract with respect to any of the Notes issued as Green Notes or Sustainability Notes.

A failure of the Notes issued as Green Notes or Sustainability Notes to meet investor expectations or requirements as to their "green", "sustainable", "social" or equivalent characteristics including the failure to apply proceeds for Eligible Projects, the failure to provide, or the withdrawal of, a third party opinion or certification, the Notes ceasing to be listed or admitted to trading on any dedicated stock exchange or securities market as aforesaid or the failure by DBJ to report on the use of proceeds or Eligible Projects as anticipated, may have a material adverse effect on the value of such Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets (which consequences may include the need to sell the Notes as a result of the Notes not falling within the investor's investment criteria or mandate).

Currently there is no legal, regulatory or market definition of, or standardised criteria for, what constitutes a "green", "sustainable" or other equivalently labelled project, and any such designations made by third parties with respect to the Notes may not be suitable for the investment criteria of an investor. Neither the Dealers nor any of their respective affiliates have undertaken, nor are responsible for, any assessment of any Eligible Projects, any verification of whether the Eligible Projects may meet any such eligibility criteria or the monitoring of the use of proceeds.

*Green Notes or Sustainability Notes are not linked to the performance of the Eligible Projects, do not benefit from any arrangements to enhance the performance of the Notes or any contractual rights derived solely from the intended use of proceeds of such Notes*

The performance of the Green Notes or Sustainability Notes is not linked to the performance of the relevant Eligible Projects or the performance of DBJ in respect of any environmental or similar targets. Consequently, neither payments of principal and/or interest on the Green Notes or Sustainability Notes nor any rights of holders of the Notes ("**Noteholders**") shall depend on the performance of the relevant Eligible Projects or the performance of DBJ in respect of any such environmental or similar targets. Holders of any Green Notes or Sustainability Notes shall have no preferential rights or priority against the assets of any Eligible Projects nor benefit from any arrangements to enhance the performance of the Notes.

***Risks relating to benchmark rates and risk-free rates (including overnight rates)***

*Certain benchmark rates, including EURIBOR, may be discontinued or reformed in the future*

The Euro Interbank Offered Rate ("**EURIBOR**") and other interest rates or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the European Union. Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK Benchmarks Regulation**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark,

within the UK. The EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmarks Regulation or UK Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

As an example of such benchmark reforms, on 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("€STR") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has subsequently been reformed in order to comply with the terms of the EU Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The elimination of EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 5(b) (*Interest on Floating Rate Notes*)), or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

The Conditions provide for certain fallback arrangements in the event that a published benchmark, such as EURIBOR (including any page on which such benchmark may be published (or any other successor service)), becomes unavailable or a Benchmark Event (as defined in the Conditions), as applicable, otherwise occurs. Such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used.

This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions) in certain circumstances, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and the UK Benchmarks Regulation reforms or arising from the possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

*The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates for Floating Rate Notes*

The use of risk-free rates - including those such as the Sterling Overnight Index Average ("**SONIA**"), the Secured Overnight Financing Rate ("**SOFR**") and the euro short-term rate ("**€STR**"), as reference rates for Eurobonds continues to develop. This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates, but also how widely such rates and methodologies might be adopted.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to Notes that reference risk-free rates issued under this Programme. DBJ may in the future also issue Notes referencing SONIA, SONIA Compounded Index, SOFR, SOFR Compounded Index, or €STR that differ materially in terms of interest determination when compared with any previous Notes issued by it under this Programme. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of any Notes that reference a risk-free rate issued under this Programme from time to time.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

In particular, investors should be aware that several different methodologies have been used in risk-free rate notes issued to date. No assurance can be given that any particular methodology, including the compounding formula in the Conditions, will gain widespread market acceptance. In addition, market participants and relevant working groups are still exploring alternative reference rates based on risk-free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. If the relevant risk-free rates do not prove to be widely used in securities like the Notes, the trading price of such Notes linked to such risk-free rates may be lower than those of Notes referencing indices that are more widely used.

Investors should consider these matters when making their investment decision with respect to any Notes which reference SONIA, SONIA Compounded Index, SOFR, SOFR Compounded Index or €STR.

*Risk-free rates may differ from LIBOR and other inter-bank offered rates in a number of material respects and have a limited history*

Risk-free rates may differ from the London Interbank Offered Rate ("**LIBOR**") and other inter-bank offered rates in a number of material respects. These include (without limitation) being backwards-looking, in most cases, calculated on a compounded or weighted average basis, risk-free, overnight rates and, in the case of SOFR, secured, whereas such interbank offered rates are generally expressed on the basis of a forward-looking term, are unsecured and include a risk-element based on interbank lending. As such, investors should be aware that risk-free rates may behave materially differently to interbank offered rates as interest reference rates for the Notes. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time to an unsecured rate. For example, since publication of SOFR began on 3 April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Risk-free rates offered as alternatives to interbank offered rates also have a limited history. For that reason, future performance of such rates may be difficult to predict based on their limited historical performance. The level of such rates during the term of the Notes may bear little or no relation to historical levels. Prior observed patterns, if any, in the behaviour of market variables and their relation to such rates such as correlations, may change in the future. Investors should not rely on historical performance data as an indicator of the future performance of such risk-free rates nor should they rely on any hypothetical data.

Furthermore, interest on Notes which reference a backwards-looking risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk-free rates reliably to estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to Notes linked to interbank offered rates, if Notes referencing backwards-looking rates become due and payable as a result of an Event of Default under Condition 10 (*Events of Default*), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

*The administrator of SONIA, SOFR or €STR may make changes that could change the value of SONIA, SOFR or €STR, or discontinue SONIA, SOFR or €STR*

The Bank of England, the Federal Reserve Bank of New York or the European Central Bank (or their successors) as administrators of SONIA (and SONIA Compounded Index), SOFR (and SOFR Compounded Index), or €STR, respectively, may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such risk-free rate is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, SONIA Compounded Index, SOFR, SOFR Compounded Index or €STR, or timing related to the publication of SONIA, SONIA Compounded Index, SOFR, SOFR Compounded Index or €STR. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SONIA, SONIA Compounded Index, SOFR, SOFR Compounded Index or €STR (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate.

#### ***Risks related to Notes generally***

Set out below is a brief description of certain risks relating to the Notes generally:

##### *Modification and substitution*

The Agency Agreement (as defined in the Conditions) contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including without limitation, the right to agree to (i) any modification of any of the provisions of the Notes or (ii) the substitution of another company as principal debtor under any Notes in place of DBJ. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. Any such meeting of the Noteholders may be convened at a physical location, or such other method (which may include, without limitation, a conference call or video conference) as the Fiscal Agent may determine in accordance with the provisions of the Agency Agreement.

##### *Change of law*

The Conditions are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

##### *Integral multiples of €1,000*

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination of €100,000 (or its equivalent) plus a higher integral multiple of €1,000 (or its equivalent), it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

So long as the Notes are represented by a Temporary Global Note or Permanent Global Note (as defined in "Overview of the Programme — Form of Non-guaranteed Notes") and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of €100,000

and higher integral multiples of €1,000, notwithstanding that no definitive Bearer Notes will be issued with a denomination above €199,000.

#### *Delisting of the Notes*

Where a particular issue of Notes has been listed, DBJ may, where (i) after exercising all reasonable endeavours, DBJ is unable to comply with the requirements for maintaining a listing on a stock exchange for such Notes or (ii) the maintenance of the listing for such Notes is agreed by all relevant Dealers to have become unduly onerous, delist such Notes from the relevant stock exchange on which they are listed **provided that** DBJ uses its best endeavours to maintain the listing for such Notes on another major stock exchange.

*Because the Global Notes are held by or on behalf of Euroclear, Clearstream, Luxembourg or DTC, investors will have to rely on their procedures for transfer, payment and communication with DBJ*

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes or Global Certificates will be deposited with a common depositary or common safekeeper, as applicable, for Euroclear (as defined in "Overview of the Programme") and Clearstream, Luxembourg (as defined in "Overview of the Programme"), or nominee for DTC (as defined in "Overview of the Programme"). Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive Notes. Euroclear, Clearstream, Luxembourg and DTC will maintain records of the beneficial interests in the Global Notes or Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through Euroclear, Clearstream, Luxembourg or DTC.

While the Notes are represented by one or more Global Notes or Global Certificates, DBJ will discharge its payment obligations under the Notes by making payments to or to the order of the common depositary or common safekeeper, as applicable, for Euroclear and Clearstream, Luxembourg or nominee for DTC for distribution to their account holders. A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of Euroclear, Clearstream, Luxembourg or DTC to receive payments under the relevant Notes. DBJ has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificate.

Holders of beneficial interests in the Global Notes or Global Certificate, will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream, Luxembourg or DTC to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right under the Global Notes or Global Certificate, to take enforcement action against DBJ in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

#### *Eurosystem eligibility*

The relevant Final Terms for the Notes may specify that such Notes are to be issued in NGN (as defined in "Overview of the Programme") form or held under the NSS (as defined in "Overview of the Programme") in a manner to allow Eurosystem eligibility. Investors should note that such designation simply means that the Notes are intended upon issue to be deposited with one of Clearstream, Luxembourg or Euroclear as common safekeeper (and, in the case of Registered Notes, registered in the name of a nominee of one of Clearstream, Luxembourg or Euroclear acting as common safekeeper), and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

#### ***Risks related to the market generally***

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

##### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. Relevant Dealers may from time to time make a market in the Notes but are under no obligation to do so and, if a

market does develop, it may not continue until the maturity of all the Notes or be liquid. The liquidity of the Notes may also be affected by restrictions on offers and sales of the Notes in some jurisdictions. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### *Exchange rate risks and exchange controls*

DBJ will pay principal and interest on the Notes in the Specified Currency (as defined in the Conditions). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market factors, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, revised or withdrawn by the rating agency at any time.

#### *The trading market for debt securities may be volatile and may be adversely impacted by many events*

The market for the Notes is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in the United States, the United Kingdom and European and other industrialised countries. There can be no assurance that events in Japan, the United States, the United Kingdom, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

#### *Transfer of the Notes will be restricted, which may adversely affect the value of the Notes*

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and DBJ has not undertaken to effect any exchange offer for the Notes in the future. Investors may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws, or pursuant to an effective registration statement. The Notes and the Agency Agreement will contain provisions that will restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exceptions, under the Securities Act. Furthermore, DBJ has not registered the Notes under any other country's securities laws. It is each investor's obligation to ensure that its offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "Transfer Restrictions".

#### *Risks relating to Notes denominated in Renminbi*

A description of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") is set out below.

*Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes*

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being adjusted from time to time to match the policies of the PRC Government.

Although the People's Bank of China ("**PBoC**") has implemented policies improving accessibility to Renminbi to settle cross-border transactions in the past, there is no assurance that the PRC Government will liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Despite the Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of DBJ to source Renminbi to finance its obligations under Notes denominated in Renminbi.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and DBJ's ability to source Renminbi outside the PRC to service Renminbi Notes*

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBoC has entered into agreements (the "**Settlement Arrangements**") on the clearing of Renminbi business with financial institutions (the "**Renminbi Clearing Banks**") in a number of financial centres and cities, including but not limited to Hong Kong, has established the Cross-Border Inter-Bank Payments System (CIPS) to facilitate cross-border Renminbi settlement and is further in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC, although PBoC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent that DBJ is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that DBJ will be able to source such Renminbi on satisfactory terms, if at all.

*Investment in the Renminbi Notes is subject to exchange rate risks*

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. PBoC has in recent years implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to Renminbi Notes unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

*Investment in the Renminbi Notes is subject to currency risk*

If DBJ is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on the Renminbi Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), DBJ shall be entitled, on giving not less than five or more than 30 calendar days' irrevocable notice to the investors prior to the due date for payment, to settle any such payment in U.S. Dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be.

*Investment in the Renminbi Notes is subject to interest rate risks*

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

*Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes*

All payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by Global Notes or Global Certificates held with the common depository or common safekeeper, as the case may be, for Clearstream, Luxembourg, Euroclear or a nominee for DTC or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Final Terms, (ii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Final Terms, in accordance with prevailing rules and regulations, or (iii) by transfer through the Cross-Border Interbank Payment System in accordance with relevant rules and regulations, if so specified in the Final Terms. DBJ cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

*Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws*

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Renminbi Notes by non-PRC resident enterprise or individual holders may be subject to PRC enterprise income tax ("EIT") or PRC individual income tax ("IIT") if such gain is regarded as income derived from sources within the PRC. The PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent. of the PRC-sourced gains derived by such non-PRC resident enterprise from the transfer of Renminbi Notes but its implementation rules have reduced the EIT rate to 10 per cent. The PRC Individual Income Tax Law levies IIT at a rate of 20 per cent. of the PRC-sourced gains derived by such non-PRC resident individual holder from the transfer of Renminbi Notes.

However, uncertainty remains as to whether the gain realised from the transfer of Renminbi Notes by non-PRC resident enterprise or individual holders would be treated as income derived from sources within the PRC and thus become subject to EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules. In addition, the applicable EIT and IIT rates may be reduced or eliminated by an applicable tax treaty between the PRC and the jurisdiction in which such non-PRC resident holder of Renminbi Notes is tax resident. However, it is unclear whether holders will be able to obtain in practice the benefits of such tax treaties in the event gains derived by non-PRC resident holders of the Renminbi Notes are treated by the PRC as PRC-sourced gains. If enterprise or individual resident holders which are non-PRC residents are required to pay PRC income tax on gains derived from the transfer of Renminbi Notes, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual holders of Renminbi Notes reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Renminbi Notes may be materially and adversely affected.

## OVERVIEW OF THE PROGRAMME

*The following overview is qualified in its entirety by the remainder of this Offering Circular.*

<b>Issuer:</b>	Development Bank of Japan Inc.
<b>Guarantee:</b>	<p>The payments of principal and interest on the Guaranteed Notes are unconditionally and irrevocably guaranteed by Japan. Notes that have a benefit of the guarantee of Japan will be so specified in the Final Terms relating to such Notes.</p> <p>Each particular issue of Guaranteed Notes will, on a case-by-case basis, necessitate the obtaining of authorisation by Japan of any Guarantee in respect of any such Guaranteed Notes.</p>
<b>Description:</b>	Global Medium Term Note Programme.
<b>Size:</b>	<p>There are no limits to the aggregate nominal amount of Notes that may be outstanding under the Programme. However, the issuance of Notes will be subject to the maximum amount resolved by DBJ's board of directors from time to time. In addition, each particular issue of Guaranteed Notes will, on a case-by-case basis, necessitate the obtaining of authorisation by Japan of any such Guarantee, and issues of Guaranteed Notes are subject to limits imposed by annual budgetary authorisations set by the Japanese Diet for each fiscal year ending at the end of March.</p>
<b>Arranger:</b>	Barclays Bank PLC
<b>Dealers:</b>	<p>Barclays Bank PLC BNP Paribas BofA Securities, Inc. Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Daiwa Capital Markets Europe Limited Goldman Sachs International HSBC Bank plc HSBC Continental Europe J.P. Morgan Securities plc Merrill Lynch International Mizuho International plc Mizuho Securities USA LLC Morgan Stanley &amp; Co. International plc Nomura International plc</p> <p>DBJ may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches (as defined below) or in respect of the whole Programme. References in this Offering Circular to "<b>Permanent Dealers</b>" are to the persons listed above as dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "<b>Dealers</b>" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p>
<b>Fiscal Agent, Paying Agent, Registrar and Transfer Agent:</b>	MUFG Bank, Ltd., London Branch and U.S. Bank National Association (as U.S. representative of Fiscal Agent, Paying Agent, Registrar and Transfer Agent).

**Method of Issue:** The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the "**Final Terms**").

**Issue Price:** Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

**Form of Non-guaranteed Notes:** Non-guaranteed Notes may be issued as Bearer Notes, in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") or as Registered Notes.

Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary global note (a "**Temporary Global Note**") if (i) definitive Notes ("**Definitive Notes**") are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "— Selling Restrictions" below), otherwise such Tranche will be represented by a permanent global note (a "**Permanent Global Note**"). Temporary Global Notes and Permanent Global Notes are referred to herein as "**Global Notes**".

Global Notes which are classic Global Notes ("**CGN**") may be deposited on the relevant issue date with a common depository (the "**Common Depository**") on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Global Notes which are new Global Notes ("**NGN**") may be deposited on the relevant issue date with a common safekeeper (the "**Common Safekeeper**") on behalf of Euroclear and Clearstream, Luxembourg.

Registered Notes will be represented by registered certificates ("**Certificates**"), one or more Certificates being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "**Global Certificates**". Registered Notes which are Non-guaranteed Notes will generally initially be represented by a Global Certificate registered in the name of, or in the name of the nominee for, (i) in the case of Registered Notes that are not held under the New Safekeeping Structure ("**NSS**"), the Common Depository, or (ii) in the case of Registered Notes that are held under NSS, the Common Safekeeper. Such Global Certificates, together with any Global Certificates in respect of Guaranteed Notes issued in respect of Regulation S Only Guaranteed Note Offerings, are referred to herein as "**Regulation S Global Certificates**".

Non-guaranteed Notes that are Rule 144A and Regulation S Notes will be represented by one or more unrestricted Global Certificates ("**Unrestricted Global Certificate(s)**") in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S ("**Unrestricted Registered Notes**") and/or one or more restricted Global Certificates ("**Restricted Global Certificate(s)**") in the case of Registered Notes sold to QIBs in reliance on Rule 144A ("**Restricted Registered Notes**"), in each case as specified in the relevant Final Terms.

Non-guaranteed Notes represented by an Unrestricted Global Certificate will be registered in the name of, or in the name of the nominee for, the Common Depositary. Notes represented by a Restricted Global Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for The Depositary Trust Company ("**DTC**"). Beneficial interests in Notes represented by a Restricted Global Certificate may only be held through DTC at any time.

**Form of Guaranteed Notes:**

All Guaranteed Notes will be Registered Notes. The minimum aggregate principal amount of Guaranteed Notes of a Series upon the issue of each Tranche of such Series shall be ¥20,000,000,000 (or its equivalent in other currencies).

Guaranteed Notes that are offered and sold in Regulation S Only Guaranteed Note Offerings will generally initially be represented by Regulation S Global Certificates registered in the name of, or in the name of the nominee for, (i) in the case of Registered Notes that are not held under NSS, the Common Depositary, or (ii) in the case of Registered Notes that are held under NSS, the Common Safekeeper.

Guaranteed Notes that are offered and sold in Rule 144A and Regulation S Guaranteed Note Offerings will be represented by one or more Unrestricted Global Certificates in the case of Unrestricted Registered Notes and/or one or more Restricted Global Certificate in the case of Restricted Registered Notes, in each case as specified in the relevant Final Terms.

Notes represented by an Unrestricted Global Certificate will be registered in the name of, or in the name of the nominee for, the Common Depositary. Notes represented by a Restricted Global Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC. Beneficial interests in Notes represented by a Restricted Global Certificate may only be held through DTC at any time.

**Clearing Systems:**

Euroclear and Clearstream, Luxembourg for Bearer Notes. Euroclear, Clearstream, Luxembourg and/or DTC for Registered Notes or as may be agreed between DBJ, the Fiscal Agent and the relevant Dealer.

**Initial Delivery of Notes:** On or before the issue date for each Tranche, if the relevant Global Note is a CGN representing Bearer Notes or Exchangeable Bearer Notes or the Regulation S Global Certificate representing Registered Notes (that are Regulation S Only Notes) that are not held under NSS, such Global Note or Regulation S Global Certificate may be deposited with the Common Depository. On or before the issue date for each Tranche, if the Global Note is an NGN representing Bearer Notes or Exchangeable Bearer Notes, or the Regulation S Global Certificate representing Registered Notes (that are Regulation S Only Notes) that are held under NSS, such Global Note or Regulation S Global Certificate may be deposited with the Common Safekeeper.

In respect of Rule 144A and Regulation S Notes, on or before the issue date for each Tranche, the Unrestricted Global Certificate(s) and the Restricted Global Certificate(s) will be deposited with the Common Depository and the custodian for DTC (the "**DTC Custodian**"), respectively.

Global Notes, Regulation S Global Certificates or Unrestricted Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system **provided that** the method of such delivery has been agreed in advance by DBJ, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

**Currencies:** Japanese Yen, U.S. Dollar, Renminbi, Euro, Sterling, Swedish Krona, Swiss Franc, Canadian Dollar, Australian Dollar or, subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed between DBJ and the relevant Dealer(s) (as indicated in the relevant Final Terms).

**Maturities:** Subject to compliance with all relevant laws, regulations and directives, any maturity between one month and 40 years.

**Specified Denomination:** Definitive Notes will be in such denominations (each a "**Specified Denomination**") as may be specified in the applicable Final Terms, subject to the requirement that (i) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year from the date of issue and in respect of which the issue proceeds are to be accepted by DBJ in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies) and (ii) in the case of any Notes to be sold in the United States to QIBs, the minimum Specified Denomination shall be U.S.\$200,000 (or its equivalent in any other currency as at the date of issue of the Notes).

It is expected that, unless otherwise agreed with the relevant Dealer(s), Notes will have a denomination of at least €100,000 (or its equivalent in other currencies at the date of issue).

**Fixed Rate Notes:** Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) or the latest version of the 2021 ISDA Interest Rate Derivatives Definitions, including each Matrix (as defined therein) (and any successor thereto), as specified in the relevant Final Terms, each as published by the International Swaps and Derivatives Association, Inc. (or any successor) on its website (<a href="http://www.isda.org">http://www.isda.org</a>), on the date of issue of the first Tranche of the Notes of such Series; or</li> <li>(ii) by reference to a reference rate appearing on the agreed screen page of a commercial quotation service as adjusted for any applicable margin.</li> </ul> <p>Interest periods will be specified in the relevant Final Terms.</p>
<b>Zero Coupon Notes:</b>	<p>Zero Coupon Notes (as defined in the Conditions) may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.</p>
<b>Interest Periods and Interest Rates:</b>	<p>The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.</p>
<b>Redemption:</b>	<p>The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by DBJ in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).</p>
<b>Other Notes:</b>	<p>Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes and any other type of Note that DBJ and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms or amendment or supplement to this Offering Circular.</p>
<b>Optional Redemption:</b>	<p>The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of DBJ (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.</p>

<b>Status of the Notes:</b>	The Notes and the Receipts and Coupons relating to them will constitute direct, unconditional and unsecured obligations of DBJ, ranking <i>pari passu</i> and rateably without any preference among themselves and rank at least equally with all other unsecured obligations of DBJ represented by bonds or notes from time to time outstanding. Under the DBJ Act (as defined herein), all holders of bonds and notes issued by Development Bank of Japan prior to 1 October 2008 have a preferential right to be paid prior to other unsecured indebtedness, with the exception of obligations in respect of national and local taxes and subject to certain rights provided in the Civil Code (as defined herein), such as preferential rights of employees to wages. Notes issued on or after 1 October 2008 will have no such preferential rights. See "Terms and Conditions of the Notes — Status".
<b>Status of the Guarantee:</b>	In respect of Guaranteed Notes, the Guarantee will constitute the direct, unconditional and general obligation of the Guarantor and will rank <i>pari passu</i> with all other general obligations of the Guarantor without any preference one above the other.
<b>Negative Pledge:</b>	Only the Notes which do not have the benefit of the guarantee of Japan have the benefit of a negative pledge. See "Terms and Conditions of the Notes — Negative Pledge".
<b>Event of Default:</b>	See "Terms and Conditions of the Notes — Events of Default". Different Events of Default apply for non-guaranteed Notes and Guaranteed Notes.
<b>Withholding Tax:</b>	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of Japan unless required by law, in which case additional amounts will be payable subject to customary exceptions, all as described in "Terms and Conditions of the Notes — Taxation".
<b>Governing Law:</b>	English law.
<b>Listing and Admission to Trading:</b>	<p>Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to listing on the Official List and for such Notes to be admitted to trading on the Euro MTF Market.</p> <p>Each Series will either be listed on the Euro MTF Market and/or such other stock exchange or unlisted as is specified in the relevant Final Terms.</p>
<b>Redenomination, Renominalisation and/or Consolidation:</b>	Notes denominated in a currency of a country that subsequently participates in the third stage of European Economic and Monetary Union may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in euro. The provisions applicable to any such redenomination, renominalisation and/or consolidation will be as specified in the relevant Final Terms.
<b>Selling Restrictions:</b>	The United States, the European Economic Area (including The Netherlands and Republic of Italy), the United Kingdom, Japan, Hong Kong, the PRC and Canada. See "Subscription and Sale".

The Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) for the purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") (the "**D Rules**") unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) for the purposes of Section 4701 of the Code (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes are in registered form for U.S. holders or will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

**Certain ERISA  
Considerations:**

Subject to the considerations and requirements described in "Certain ERISA and Other Considerations" and unless otherwise specified in any relevant Final Terms, the Notes may be purchased and held by Plan Asset Entities and Non-ERISA Arrangements (as defined in "Certain ERISA and Other Considerations").

See "Certain ERISA and Other Considerations".

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion (and in the case of unlisted Notes also subject to amendment and as supplemented or varied) in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes or Certificates in definitive form (if any) issued in exchange for the Global Note(s) or Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed (and in the case of unlisted Notes also subject to be amended, supplemented or varied) (and subject to simplification by the deletion of non-applicable provisions), shall (except for the paragraphs in italics) be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are issued pursuant to an amended and restated Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 17 August 2022 between DBJ, MUFG Bank, Ltd., London Branch as fiscal agent, U.S. Bank National Association, as U.S. representative of MUFG Bank, Ltd., London Branch as fiscal agent, and the other agents named in it, and with the benefit of a Deed of Covenant (as amended or supplemented as at the Issue Date, the "**Deed of Covenant**") dated 17 August 2022 executed by DBJ in relation to the Notes. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Registrar**", the "**Transfer Agents**" and the "**Calculation Agent(s)**". The Noteholders (as defined below), the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

### 1. **Form, Denomination and Title**

The Notes are issued in bearer form ("**Bearer Notes**", which expression includes Notes that are specified to be Exchangeable Bearer Notes (as defined below)), in registered form ("**Registered Notes**") or in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") in each case in the Specified Denomination(s) shown hereon.

*All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes. The Notes are tradeable only in the Specified Denominations.*

*All Guaranteed Notes and Rule 144A and Regulation S Notes shall be Registered Notes, and will be specified as such in the Final Terms relating to such Notes.*

This Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Registered Notes will not be exchangeable to Bearer Notes.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that DBJ shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## 2. **Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes**

### (a) ***Exchange of Exchangeable Bearer Notes***

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmaturing Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

### (b) ***Transfer of Registered Notes***

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by DBJ), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by DBJ, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

### (c) ***Exercise of Options or Partial Redemption in Respect of Registered Notes***

In the case of an exercise of DBJ's or a Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) ***Delivery of New Certificates***

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) ***Exchange Free of Charge***

Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of DBJ, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) ***Closed Periods***

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by DBJ at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. **Status**

The Notes and the Receipts and Coupons relating to them are (subject to Condition 4) direct, unconditional and (subject to Condition 4) unsecured obligations of DBJ and shall at all times rank *pari passu* and without any preference among themselves and rank at least equally with all other unsecured obligations of DBJ represented by bonds or notes from time to time outstanding; provided, however, that all holders of bonds and notes (including the Notes and the Receipts and Coupons relating to them) issued by Development Bank of Japan prior to 1 October 2008 have a preferential right to be paid prior to other unsecured indebtedness of DBJ, with the exception of obligations in respect of national and local taxes and subject to certain rights provided in the Civil Code, such as preferential rights of employees to wages.

4. **[Negative Pledge]**

- (a) DBJ will not, so long as any of the Notes or Coupons remain outstanding (as defined in the Agency Agreement), create any mortgage, charge, pledge or other security interest upon the whole or any part of its property, assets or revenues, present or future, to secure (i) any payment due in respect of any External Indebtedness issued by it, or (ii) any payment under any guarantee of External Indebtedness or indemnity relating to External Indebtedness, without at the same time according to the Notes the same security as is granted to or is outstanding in respect of such External Indebtedness or such guarantee or indemnity, or securing the Notes by such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

- (b) For the purposes of this Condition 4, the expression "**External Indebtedness**" means any indebtedness in the form of or represented by notes, debentures or other securities which:
- (i) either:
    - (A) are, or may at the option of the person entitled thereto be or become, denominated or payable in, or by reference to, a currency or currencies other than yen; or
    - (B) are denominated or payable in yen and more than 50 per cent. of the aggregate principal or face amount of which is initially distributed by or with the authorisation of DBJ outside Japan; and
  - (ii) are not repayable (otherwise than at the option, or due to the default, of DBJ) within three years from the date of their issue; and
  - (iii) are, or are capable of being, quoted, listed or ordinarily traded on any stock exchange or on any over-the-counter securities market.<sup>1]</sup>

#### 4. **[Guarantee**

The payment of principal and interest in respect of the Notes (including any Additional Amounts payable under Condition 8) is unconditionally and irrevocably guaranteed by Japan (the "**Guarantor**"). Such guarantees are direct, unconditional and general obligations of the Guarantor for the performance of which the full faith and credit of Japan is pledged and rank *pari passu* with all other general obligations of the Guarantor without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise and are set out in the deed of guarantee executed by the Guarantor in respect of the Notes (the "**Deed of Guarantee**").<sup>2]</sup>

#### 5. **Interest and Other Calculations**

##### (a) ***Interest on Fixed Rate Notes***

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(g).

##### (b) ***Interest on Floating Rate Notes***

###### (i) ***Interest Payment Dates***

Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(g). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

###### (ii) ***Rate of Interest for Floating Rate Notes***

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

---

<sup>1</sup> This square bracketed provision applies for non-guaranteed Notes only.

<sup>2</sup> This square bracketed provision applies for Guaranteed Notes only.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as an amount equal to the sum of the Margin and a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- I. if the Final Terms specify either "2006 ISDA Definitions" or "2021 ISDA Definitions" as the applicable ISDA Definitions:
  - (1) the Floating Rate Option is as specified hereon;
  - (2) the Designated Maturity, if applicable, is a period specified hereon;
  - (3) the relevant Reset Date has the meaning given to it in the ISDA Definitions unless otherwise specified hereon;
  - (4) if applicable, the "Applicable Benchmark", "Fixing Day", "Fixing Time" and/or any other items specified in the relevant Final Terms are as specified in the relevant Final Terms;
  - (5) if the specified Floating Rate Option is an Overnight Floating Rate Option (as defined in the ISDA Definitions), Compounding is specified to be applicable in the relevant Final Terms and:
    - a. if Compounding with Look-back is specified as the Compounding Method in the relevant Final Terms, then (a) Compounding with Look-back is the Overnight Rate Compounding Method (as defined in the ISDA Definitions), and (b) Look-back is the number of Applicable Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms;
    - b. if Compounding with Observation Period Shift is specified as the Compounding Method in the relevant Final Terms then (a) Compounding with Observation Period Shift is the Overnight Rate Compounding Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms and (c) Observation Period Shift Additional Business Days (as defined in the ISDA Definitions), if applicable, are the days specified in the relevant Final Terms; or
    - c. if Compounding with Lockout is specified as the Compounding Method in the relevant Final Terms then (a) Compounding with Lockout is the Overnight Rate Compounding Method, (b) Lockout is the number of Lockout Period Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Final Terms;
  - (6) if the specified Floating Rate Option is an Overnight Floating Rate Option (as defined in the ISDA Definitions), Averaging is specified to be applicable in the relevant Final Terms and:

- a. if Averaging with Look-back is specified as the Averaging Method in the relevant Final Terms, then (a) Averaging with Look-back is the Overnight Rate Averaging Method (as defined in the ISDA Definitions), and (b) Look-back is the number of Applicable Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms;
  - b. if Averaging with Observation Period Shift is specified as the Averaging Method in the relevant Final Terms then (a) Averaging with Observation Period Shift is the Overnight Rate Averaging Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms and (c) Observation Period Shift Additional Business Days (as defined in the ISDA Definitions), if applicable, are the days specified in the relevant Final Terms; or
  - c. if Averaging with Lockout is specified as the Averaging Method in the relevant Final Terms then (a) Averaging with Lockout is the Overnight Rate Averaging Method, (b) Lockout is the number of Lockout Period Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Final Terms; and
- (7) if the specified Floating Rate Option is an Index Floating Rate Option (as defined in the ISDA Definitions) and Index Provisions are specified to be applicable in the relevant Final Terms, the Compounded Index Method with Observation Period Shift (as defined in the ISDA Definitions) shall be applicable and, (a) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms and (b) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Final Terms.

II. references in the ISDA Definitions to:

- (1) "**Confirmation**" shall be references to the relevant Final Terms;
- (2) "**Calculation Period**" shall be references to the relevant Interest Period;
- (3) "**Termination Date**" shall be references to the Maturity Date;
- (4) "**Effective Date**" shall be references to the Interest Commencement Date; and

III. if the Final Terms specify "2021 ISDA Definitions" as being applicable:

- (1) "**Administrator/Benchmark Event**" shall be disapplied; and
- (2) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions, the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback –

Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate".

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) *Screen Rate Determination for Floating Rate Notes (other than Floating Rate Notes which reference SONIA, SOFR or €STR):*

I. Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined and the Reference Rate specified hereon is not SONIA, SOFR or €STR, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being EURIBOR or BBSW as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time (as defined below) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

In these Conditions, "**Specified Time**" means 11.00 a.m. Brussels time in the case of a determination of EURIBOR, or 10.30 a.m. Sydney time in the case of a determination of BBSW;

II. if the Relevant Screen Page is not available or, if sub-paragraph I(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph I(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the Specified Time, subject as provided below, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

III. if paragraph II above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is BBSW, the Sydney inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide

the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and DBJ suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is BBSW, the Sydney inter-bank market, as the case may be, **provided that**, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (C) *Screen Rate Determination for Floating Rate Notes which reference SONIA, SOFR or €STR:*
- I. If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and the Reference Rate specified in the relevant Final Terms is SONIA, SOFR or €STR:
- (1) where the Calculation Method in respect of the relevant Series of Notes is specified in the relevant Final Terms as being "Compounded Daily", the Rate of Interest applicable to the Notes for each Interest Period will, subject as provided below, be the Compounded Daily Reference Rate plus or minus (as indicated in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on the relevant Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards; or
- (2) where the Calculation Method in respect of the relevant Series of Notes is specified in the relevant Final Terms as being "Weighted Average", the Rate of Interest applicable to the Notes for each Interest Period will, subject as provided below, be the Weighted Average Reference Rate plus or minus (as indicated in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on the relevant Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards;
- II. Where "SONIA" is specified as the Reference Rate in the Final Terms, if, in respect of any Local Business Day, the Calculation Agent determines that the SONIA rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA rate shall be:
- (1) (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at 5.00 p.m. (or, if earlier, close of business) on the relevant Local Business Day; plus (ii) the mean of the spread of the SONIA rate to the Bank Rate over the previous five days on which a SONIA reference rate has been published, excluding the

highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or

- (2) if the Bank Rate is not published by the Bank of England at 5.00 p.m. (or, if earlier, close of business) on the relevant Local Business Day, the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Local Business Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors),

and, in each case, "r" shall be interpreted accordingly.

Notwithstanding the paragraph above, in the event of the Bank of England publishing guidance as to (i) how the SONIA rate is to be determined or (ii) any rate that is to replace the SONIA rate, the Calculation Agent shall, in accordance with the instructions of DBJ, follow such guidance to the extent practicable and to the extent such guidance does not increase obligations or duties of the Calculation Agent in order to determine the SONIA rate, for purposes of the Notes, for so long as the SONIA rate is not available or has not been published by the authorised distributors;

- III. Where "SOFR" is specified as the Reference Rate in the relevant Final Terms, if, in respect of any Local Business Day, the Calculation Agent determines that the Reference Rate does not appear on the Relevant Screen Page, such Reference Rate shall be the SOFR for the first preceding Local Business Day on which the SOFR was published on the Relevant Screen Page ("r" shall be interpreted accordingly);
- IV. where "€STR" is specified as the Reference Rate in the relevant Final Terms, if, in respect of any Local Business Day, the Calculation Agent determines that the Reference Rate does not appear on the Relevant Screen Page, such Reference Rate shall be the €STR for the first preceding Local Business Day on which the €STR was published on the Relevant Screen Page; ("r" shall be interpreted accordingly);
- V. In the event that the Rate of Interest for the relevant Interest Period cannot be determined in accordance with the foregoing provisions by the Calculation Agent, subject to Condition 5(b)(ii)(E) (*Benchmark Replacement*) and Condition 5(b)(ii)(F) (*Effect of Benchmark Transition Event*), the Rate of Interest for such Interest Period shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest (as specified in the relevant Final Terms) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period), (ii) if there is no such preceding Interest Determination Date and the relevant Interest Period is the first Interest Period for the Notes, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period) or (iii) if there is no such preceding Interest Determination Date and the relevant Interest Period is not the first

Interest Period for the Notes, the Rate of Interest which applied to the immediately preceding Interest Period;

- VI. If the relevant Series of Notes becomes due and payable in accordance with Condition 10 (Events of Default), the last Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date;
- VII. For the purposes of this Condition 5(b)(ii)(C) (*Screen Rate Determination for Floating Rate Notes which reference SONIA, SOFR or €STR*):

If "Payment Delay" is specified in the relevant Final Terms as being applicable, all references in these Conditions to interest on the Notes being payable on an Interest Payment Date shall be read as reference to interest on the Notes being payable on an Effective Interest Payment Date instead;

"**Applicable Period**" means:

- (1) where "**Lag**", "**Lock-out**" or "**Payment Delay**" is specified as the Observation Method in the relevant Final Terms, Interest Period; and
- (2) where "**Observation Shift**" is specified as the Observation Method in the relevant Final Terms, Observation Period;

"**Compounded Daily Reference Rate**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment in the Specified Currency (with the applicable Reference Rate (as indicated in the relevant Final Terms and further provided for below) as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent as at the relevant Interest Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{r_{i-pLBD} \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

"**D**" is the number specified in the relevant Final Terms;

"**d**" means, for the relevant Applicable Period, the number of calendar days in such Applicable Period;

"**d<sub>o</sub>**" means, for the relevant Applicable Period, the number of Local Business Days in such Applicable Period;

"**€STR**" means, in respect of any Local Business Day, a reference rate equal to the daily euro short-term rate for such euro Local Business Day as provided by the European Central Bank, as administrator of such rate (or any successor administrator of such rate), on the website of the European Central Bank as at the date of this Offering Circular at <http://www.ecb.europa.eu>, or any successor website officially designated by the European Central Bank in each case, on or before 9:00 a.m.,

(Central European Time) on the Local Business Day immediately following such Local Business Day;

"**i**" means, for the relevant Applicable Period, a series of whole numbers from one to  $d_0$ , each representing the relevant Local Business Day in chronological order from, and including, the first Local Business Day in such Applicable Period (each, a "**Local Business Day 'i'**");

"**Local Business Day**" or "**LBD**", means, (i) where "**SONIA**" is specified as the Reference Rate, any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London; (ii) where "**SOFR**" is specified as the Reference Rate, any day which is a U.S. Government Securities Business Day; and (iii) where "**€STR**" is specified as the Reference Rate, a TARGET Settlement Day;

"**Lock-out Period**" means the period from, and including, the day following the relevant Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

"**n<sub>i</sub>**", for any Local Business Day "**i**" in the Applicable Period, means the number of calendar days from, and including, such Local Business Day "**i**" up to but excluding the following Local Business Day;

"**New York Federal Reserve's Website**" means the website of the Federal Reserve Bank of New York as at the date of this Offering Circular at <http://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York;

"**Observation Period**" means, in respect of the relevant Interest Period, the period from, and including, the date falling "**p**" Local Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is "**p**" Local Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "**p**" Local Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" means, for any Interest Period:

- (1) where "**Lag**" is specified as the Observation Method in the relevant Final Terms, the number of Local Business Days included in the Observation Look-back Period specified in the relevant Final Terms (or, if no such number is specified five Local Business Days);
- (2) where "**Lock-out**" or "**Payment Delay**" is specified as the Observation Method in the relevant Final Terms, zero, unless otherwise specified in the Final Terms;
- (3) where "**Observation Shift**" is specified as the Observation Method in the relevant Final Terms, the number of Local Business Days included in the Observation Look-back Period specified in the relevant Final Terms (or, if no such number is specified, five Local Business Days);

"**r**" means:

- (1) where in the relevant Final Terms "**SONIA**" is specified as the Reference Rate and either "**Lag**" or "**Observation Shift**" is specified as the Observation Method, in respect of any Local

Business Day, the SONIA rate in respect of such Local Business Day;

- (2) where in the relevant Final Terms "SOFR" is specified as the Reference Rate and either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Local Business Day, the SOFR in respect of such Local Business Day;
- (3) where in the relevant Final Terms **"€STR" is specified as the Reference Rate and either "Lag" or "Observation Shift"** is specified as the Observation Method, in respect of any Local Business Day, the €STR in respect of such Local Business Day;
- (4) where in the relevant Final Terms "SONIA" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:
  - a. in respect of any Local Business Day "i" that is a Reference Day, the SONIA rate in respect of the Local Business Day immediately preceding such Reference Day, and
  - b. in respect of any Local Business Day "i" that is not a Reference Day (being a Local Business Day in the Lock-out Period), the SONIA rate in respect of the Local Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the relevant Interest Determination Date);
- (5) where in the relevant Final Terms "SOFR" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:
  - a. in respect of any Local Business Day "i" that is a Reference Day, the SOFR in respect of the Local Business Day immediately preceding such Reference Day, and
  - b. in respect of any Local Business Day "i" that is not a Reference Day (being a Local Business Day in the Lock-out Period), the SOFR in respect of the Local Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the relevant Interest Determination Date);
- (6) where in the relevant Final Terms **"€STR" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:**
  - a. in respect of any Local Business Day "i" that is a Reference Day, the €STR in respect of the Local Business Day immediately preceding such Reference Day, and
  - b. in respect of any Local Business Day "i" that is not a Reference Day (being a Local Business Day in the Lock-out Period), the €STR in respect of the Local Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference

Day coinciding with the relevant Interest Determination Date);

- (7) where in the relevant Final Terms "SONIA" is specified as the Reference Rate and "Payment Delay" is specified as the Observation Method, in respect of any Local Business Day, the SONIA rate in respect of such Local Business Day, provided however that, in the case of the last Interest Period, in respect of each Local Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, "r" shall be the SONIA rate in respect of the Rate Cut-off Date;
- (8) where in the relevant Final Terms "SOFR" is specified as the Reference Rate and "Payment Delay" is specified as the Observation Method, in respect of any Local Business Day, the SOFR in respect of such Local Business Day, provided however that, in the case of the last Interest Period, in respect of each Local Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, "r" shall be the SOFR in respect of the Rate Cut-off Date; and
- (9) where in the relevant Final Terms "€STR" is specified as the Reference Rate and "Payment Delay" is specified as the Observation Method, in respect of any Local Business Day, the €STR in respect of such Local Business Day, provided however that, in the case of the last Interest Period, in respect of each Local Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, "r" shall be the €STR in respect of the Rate Cut-off Date;

**"Rate Cut-off Date"** is the date specified in the relevant Final Terms;

**"Reference Day"** means each Local Business Day in the relevant Interest Period, other than any Local Business Day in the Lock-out Period;

**" $r_{i-pLBD}$ "** means, in respect of any Local Business Day "i", the applicable Reference Rate as set out in the definition of "r" above for, (i) where, in the relevant Final Terms, "Lag" is specified as the Observation Method, the Local Business Day falling "p" Local Business Days prior to such Local Business Day "i" or, (ii) otherwise, such Local Business Day "i";

**"SOFR"** means, in respect of any Local Business Day, a reference rate equal to the daily Secured Overnight Financing Rate for such Local Business Day as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Federal Reserve's Website, in each case on or about 5.00 p.m. (New York City Time) (the "SOFR Determination Time") on the Local Business Day immediately following such Local Business Day;

**"SONIA"** means, in respect of any Local Business Day, a reference rate equal to the daily Sterling Overnight Index Average rate for such Local Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors in each case on the Local Business Day immediately following such Local Business Day;

**"U.S. Government Securities Business Day"** means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities; and

**"Weighted Average Reference Rate"** means the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Applicable Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Applicable Period. For these purposes the Reference Rate in effect for any calendar day which is not a Local Business Day shall be deemed to be the Reference Rate in effect for the Local Business Day immediately preceding such calendar day provided that where "Lock-out" is specified as the Observation Method in the relevant Final Terms, for any calendar day of such Applicable Period falling in the Lock-out Period, the relevant Reference Rate for each day during that Lock-out Period will be deemed to be the Reference Rate in effect for the Reference Day immediately preceding the first day of such Lock-out Period.

(D) *Index Determination:*

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and Index Determination is specified in the relevant Final Terms as being applicable, the Rate of Interest applicable to the Notes for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula and rounded to the Relevant Decimal Place, all as determined and calculated by the Calculation Agent on the relevant Interest Determination Date plus or minus the Margin:

$$\left( \frac{\text{Compounded Index End}}{\text{Compounded Index Start}} - 1 \right) \times \frac{\text{Numerator}}{d}$$

where:

**"Compounded Index"** shall mean either SONIA Compounded Index or SOFR Compounded Index, as specified in the relevant Final Terms;

**"Compounded Index End"** means the relevant Compounded Index value on the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due;

**"Compounded Index Start"** means the relevant Compounded Index value on the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period;

**"d"** is the number of calendar days from (and including) the day on which the relevant Compounded Index Start is determined to (but excluding) the day on which the relevant Compounded Index End is determined;

**"Index Days"** means, in the case of the SONIA Compounded Index, London Banking Days, and, in the case of the SOFR Compounded Index, U.S. Government Securities Business Days;

**"London Banking Day"** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**Numerator**" shall, unless otherwise specified in the relevant Final Terms, be 365 in the case of the SONIA Compounded Index and 360 in the case of the SOFR Compounded Index;

"**Relevant Decimal Place**" shall, unless otherwise specified in the relevant Final Terms, be the fifth decimal place in the case of the SONIA Compounded Index and the seventh decimal place in the case of the SOFR Compounded Index, in each case rounded up or down, if necessary (with 0.000005 or, as the case may be, 0.0000005 being rounded upwards);

"**Relevant Number**" shall, unless otherwise specified in the relevant Final Terms, be five in the case of the SONIA Compounded Index and two in the case of the SOFR Compounded Index;

"**SOFR Compounded Index**" means the compounded daily SOFR rate, as published at 15:00 (New York time) by the Federal Reserve Bank of New York (or a successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source; and

"**SONIA Compounded Index**" means the compounded daily SONIA rate as published at 10:00 (London time) by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database, or any successor source.

Provided that a Benchmark Event has not occurred in respect of SONIA or a Benchmark Transition Event and its related Benchmark Replacement Date has not occurred in respect of SOFR, as the case may be, if, with respect to any Interest Period, the relevant Compounded Index Start and/or Compounded Index End is not published by the administrator, the Calculation Agent shall calculate the Rate of Interest for that Interest Period in accordance with Condition 5(b)(ii)(C) (*Screen Rate Determination for Floating Rate Notes which reference SONIA, SOFR or €STR*) as if Index Determination was not specified in the relevant Final Terms as being applicable. For these purposes, (i) the Reference Rate shall be deemed to be SONIA in the case of SONIA Compounded Index and SOFR in the case of Compounded SOFR Index, (ii) the Calculation Method shall be deemed to be Compounded Daily, (iii) the Observation Method shall be deemed to be Observation Shift, (iv) the Observation Look-back Period shall be deemed to be the Relevant Number, (v) "D" shall be deemed to be the Numerator and (vi) in the case of SONIA, the Relevant Screen Page will be determined by DBJ in consultation with the Calculation Agent. If a Benchmark Event has occurred in respect of SONIA, the provisions of Condition 5(b)(ii)(E) (*Benchmark Replacement*) shall apply *mutatis mutandis* in respect of this Condition 5(b)(ii)(D) or if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of SOFR, the provision of Condition 5(b)(ii)(F) (*Effect of Benchmark Transition Event*) shall apply *mutatis mutandis* in respect of this Condition 5(b)(ii)(D), as applicable.

(E) *Benchmark Replacement:*

- I. Where the relevant Reference Rate applicable to the Notes is not SOFR, in addition to and notwithstanding the provisions above in Condition 5(b)(ii)(C), if DBJ determines that a Benchmark Event (as defined below) has occurred when any Rate of Interest (or the relevant component part thereof) remains to be determined by the relevant Reference Rate, then the following provisions shall apply:
  - (1) DBJ shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser (as defined below) to determine (acting in good faith and in a commercially reasonable manner), no later than five Business Days prior to the relevant Interest Determination Date relating to the next

succeeding Interest Period (the "**Interest Determination Cut-off Date**"), a Successor Rate (as defined below) or, alternatively, if the Independent Adviser determines that there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;

- (2) if DBJ is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the Interest Determination Cut-off Date, DBJ (acting in good faith and in a manner that is commercially reasonable taking into consideration the interests of the Noteholders) may determine a Successor Rate or, if DBJ determines that there is no Successor Rate, an Alternative Reference Rate;
- (3) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(b)(ii)(E)); provided, however, that if subparagraph (2) applies and DBJ is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the rate of interest shall be the Initial Rate of Interest) (subject, where applicable, to substituting the Margin that applied to such preceding Interest Period for the Margin that is to be applied to the relevant Interest Period); for the avoidance of doubt, the proviso in this subparagraph (3) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(b)(ii)(E);
- (4) if the Independent Adviser (in consultation with DBJ) or (if DBJ is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine whether an Adjustment Spread (as defined below) should be applied) DBJ (acting in good faith and in a manner that is commercially reasonable taking into consideration the interests of the Noteholders) determines that an Adjustment Spread should be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Rate or Alternative Reference Rate (as applicable). If the Independent Adviser or DBJ (as applicable) is unable to determine, prior to the Interest Determination Date relating to the next succeeding Interest Period, the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;
- (5) if the Independent Adviser or DBJ determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and, in each case, any Adjustment Spread in accordance with the

above provisions, the Independent Adviser or DBJ (as applicable), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date, and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to the Successor Rate, the Alternative Reference Rate (as applicable) and/or the Adjustment Spread. For the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of DBJ, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5(b)(ii)(E). Noteholder consent shall not be required in connection with implementing the Successor Rate or Alternative Reference Rate (as applicable) and/or any Adjustment Spread or such other changes, including for the execution of any documents, amendments or other steps by the Fiscal Agent (if required); and

- (6) DBJ shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and/or any Adjustment Spread, give notice thereof to the Noteholders and the Fiscal Agent, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and/or any Adjustment Spread and any consequential changes made to these Conditions.

II. For the purposes of this Condition 5(b)(ii)(E):

**"Adjustment Spread"** means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with DBJ) or DBJ (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders and Couponholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (1) in the case of a Successor Rate, is recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body (as defined below); or
- (2) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with DBJ) or DBJ (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (3) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with DBJ) or DBJ in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

**"Alternative Reference Rate"** means the rate that the Independent Adviser or DBJ (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or DBJ (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or DBJ (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate;

**"Benchmark Event"** means any of:

- (1) the relevant Reference Rate has ceased to be published on the Relevant Screen Page permanently or indefinitely as a result of such benchmark ceasing to be calculated or administered; or
- (2) a public statement by the administrator of the relevant Reference Rate that it has ceased, or will cease, publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or
- (3) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or
- (4) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences either generally, or in respect of the Notes; or
- (5) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is or will, by a specified future date, no longer be representative of an underlying market or the methodology to calculate such Reference Rate has materially changed; or
- (6) a public statement by a Relevant Nominating Body (as defined below) formally recommending a successor or replacement for the relevant Reference Rate; or
- (7) a public statement by the administrator of the relevant Reference Rate that, as a result of it not having received sufficient submissions in order to be able to publish the Reference Rate on the Relevant Screen Page, it has re-published the Reference Rate published on the previous day (including, if applicable, to the extent adjusted as deemed necessary by the administrator); or
- (8) it has or will become unlawful for the Calculation Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, if applicable),

**provided that**, in the case of paragraphs (2), (3), (4) and (5) above, the Benchmark Event shall occur on the date of the cessation of the publication of the Reference Rate, the discontinuation of the Reference

Rate, the prohibition of use of the Reference Rate or the lack of representativeness of the Reference Rate, as the case may be, and not the date of the relevant public statement;

**"Independent Adviser"** means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by DBJ at its own expense;

**"Relevant Nominating Body"** means, in respect of a reference rate:

- (1) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate relates, or any other central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or
- (2) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate relates, (b) any other central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, (d) the International Swaps and Derivatives Association, Inc. or any part thereof, or (e) the Financial Stability Board or any part thereof; and

**"Successor Rate"** means a reference rate (and related alternative screen page or source, if available) that (a) the Independent Adviser or DBJ (as applicable) determines is a successor to or replacement of the relevant Reference Rate (for the avoidance of doubt, whether or not such Reference Rate has ceased to be available), and (b) which has been formally recommended by any Relevant Nominating Body.

(F) *Effect of Benchmark Transition Event:*

- I. Where the relevant Reference Rate applicable to the Notes is SOFR, in addition and notwithstanding the provisions above in Condition 5(b)(ii)(C), then the following provisions shall apply:
  - (1) **Benchmark Replacement:** If DBJ or its designee determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates.
  - (2) **Benchmark Replacement Conforming Changes:** In connection with the implementation of a Benchmark Replacement, DBJ or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time.
  - (3) **Decisions and Determinations:** Any determination, decision or election that may be made by DBJ or its designee pursuant to this Condition 5(b)(ii)(F), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to

take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, will be made in the sole discretion of DBJ or its designee, as applicable, and, notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the Noteholders or any other party. The Calculation Agent will not have any liability for any determination made by or on behalf of DBJ or its designee in connection with a Benchmark Transition Event or a Benchmark Replacement.

In no event shall the Calculation Agent be responsible for determining if a Benchmark Transition Event has occurred or any substitute for SOFR, or for making any adjustments to any alternative benchmark or spread thereon, the business day convention, interest determination dates or any other relevant methodology for calculating any such substitute or successor benchmark. In connection with the foregoing, the Calculation Agent will be entitled to conclusively rely on any determinations made by DBJ or its designee and will have no liability for such actions taken at the direction of DBJ or its designee.

In the event that the Rate of Interest for the relevant Interest Period cannot be determined in accordance with the foregoing provisions by DBJ or its designee, the Rate of Interest for such Interest Period shall be (i) that determined as at the immediately preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest (as specified in the relevant Final Terms) is to be applied to the relevant Interest Period from that which applied to the immediately preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that immediately preceding Interest Period), or (ii) if there is no such preceding Interest Determination Date and the relevant Interest Period is the first Interest Period for the Notes, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period), or (iii) if there is no such preceding Interest Determination Date and the relevant Interest Period is not the first Interest Period for the Notes, the Rate of Interest which applied to the immediately preceding Interest Period.

II. For the purposes of this Condition 5(b)(ii)(F):

**"Benchmark"** means, initially, SOFR; provided that if DBJ or its designee determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement;

**"Benchmark Replacement"** means the first alternative set forth in the order below that can be determined by DBJ or its designee as of the Benchmark Replacement Date:

- (1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (b) the Benchmark Replacement Adjustment;

- (2) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
- (3) the sum of: (a) the alternate rate of interest that has been selected by DBJ or its designee as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. Dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

**"Benchmark Replacement Adjustment"** means the first alternative set forth in the order below that can be determined by DBJ or its designee as of the Benchmark Replacement Date:

- (1) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero), that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by DBJ or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. Dollar-denominated floating rate notes at such time;

**"Benchmark Replacement Conforming Changes"** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that DBJ or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if DBJ or its designee decides that adoption of any portion of such market practice is not administratively feasible or if DBJ or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as DBJ or its designee determines is reasonably necessary);

**"Benchmark Replacement Date"** means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (1) in the case of sub-paragraph (1) or (2) of the definition of "Benchmark Transition Event", the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (2) in the case of sub-paragraph (3) of the definition of "Benchmark Transition Event", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

**"Benchmark Transition Event"** means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (1) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component);
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark (or such component), which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

**"designee"** means a designee as selected and separately appointed by DBJ as designee for the Notes in writing;

**"ISDA Fallback Adjustment"** means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the 2021 ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor;

**"ISDA Fallback Rate"** means the rate that would apply for derivatives transactions referencing the 2021 ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

**"Reference Time"** with respect to any determination of the Benchmark means (1) if the Benchmark is SOFR, the SOFR Determination Time, and (2) if the Benchmark is not SOFR, the time determined by DBJ or its designee after giving effect to the Benchmark Replacement Conforming Changes;

**"Relevant Governmental Body"** means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

**"Unadjusted Benchmark Replacement"** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(c) ***Zero Coupon Notes***

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) ***Accrual of Interest***

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (after as well as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(e) ***Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding***

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(f) ***Business Day Convention***

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day, save in respect of Notes for which the Reference Rate is SOFR, for which the final Interest Payment Date will not be postponed and interest on that payment will not accrue during the period from and after

the scheduled final Interest Payment Date or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(g) ***Calculations***

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(h) ***Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts***

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, calculate such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, DBJ, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(f), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(i) ***Definitions***

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**"2006 ISDA Definitions"** means, in relation to a Series of Notes, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of such Series) as published by ISDA (copies of which may be obtained from ISDA at [www.isda.org](http://www.isda.org));

**"2021 ISDA Definitions"** means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the date of issue of the first Tranche of Notes of such Series, as published by ISDA on its website ([www.isda.org](http://www.isda.org));

**"Business Day"** means:

- (i) a day on which commercial banks and foreign exchange markets settle payments in London and/or any Business Centre(s) specified in the applicable Final Terms; and/or
- (ii) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (iii) in the case of euro, a TARGET Settlement Day ; and/or
- (iv) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are generally open for business and settle Renminbi payments in Hong Kong and are not authorised or obligated by law or executive order to be closed; and/or
- (v) in respect of Notes for which the Reference Rate is specified as SOFR in the relevant Final Terms, any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed;

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **"Calculation Period"**):

- (i) if **"Actual/Actual"** or **"Actual/Actual — ISDA"** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **"Actual/365 (Fixed)"** is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if **"Actual/360"** is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if **"30/360"**, **"360/360"** or **"Bond Basis"** is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

**"Y1"** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**"Y2"** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**"M1"** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**"M2"** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**"D1"** is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (v) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

- (vi) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

- (vii) if "**Actual/Actual-ICMA**" is specified hereon,

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the

product of (I) the number of days in such Determination Period and (II) the number of Determination Periods normally ending in any year; and

- (B) if the Calculation Period is longer than one Determination Period, the sum of:
- I. the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - II. the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

**"Determination Period"** means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

**"Determination Date"** means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

**"EURIBOR"** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any person which takes over administration of that rate).

**"Euro-zone"** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended.

**"Governmental Authority"** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong.

**"Hong Kong"** means the Hong Kong Special Administrative Region of the PRC.

**"Initial Rate of Interest"** has the meaning specified in the relevant Final Terms;

**"Interest Accrual Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

**"Interest Amount"** means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

**"Interest Commencement Date"** means the Issue Date or such other date as may be specified hereon.

**"Interest Determination Date"** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Renminbi or Australian dollars or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Renminbi or (iii) the day falling two TARGET Settlement Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

**"Interest Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**"Interest Period Date"** means each Interest Payment Date unless otherwise specified hereon.

**"ISDA Definitions"** has the meaning given in the relevant Final Terms.

**"PRC"** means the People's Republic of China which, for the purpose of these Conditions, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan.

**"Rate Calculation Date"** means the day which is two Reference Calculation Business Days before the due date of the relevant amount under these Conditions.

**"Rate of Interest"** means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

**"Reference Banks"** means the principal office of four major banks in the inter-bank market of the relevant jurisdiction in which the Reference Rate is published, in each case selected by the Calculation Agent or as specified hereon.

**"Reference Calculation Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealing in foreign exchange) in Hong Kong and New York City.

**"Reference Rate"** means EURIBOR, SONIA, SOFR, €STR or any other benchmark as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms. Other than in the case of U.S. dollar-denominated floating rate Notes for which (a) the "Reference Rate" is specified in the relevant Final Terms as being SOFR, or (b) Index Determination and SOFR Compounded Index are specified in the relevant Final Terms as being applicable, the term Reference Rate shall, following the occurrence of a Benchmark Event under Condition 5(b)(ii)(D) (*Benchmark Replacement*), include any Successor Rate and shall, if a Benchmark Event should occur subsequently in respect of any such Successor Rate, also include any further Successor Rate.

**"Relevant Screen Page"** means such page, section, caption, column or other part of a particular information service as may be specified hereon.

**"Renminbi"** means the currency of the PRC.

**"Renminbi Dealer"** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong.

**"Renminbi Illiquidity"** means where the general Renminbi exchange market in Hong Kong becomes illiquid and, as a result of which, DBJ cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Notes as determined by DBJ in good faith and in a commercially reasonable manner following consultation (if practicable) with two Renminbi Dealers.

**"Renminbi Inconvertibility"** means the occurrence of any event that makes it impossible for DBJ to convert any amount due in respect of the Notes into Renminbi on any payment date at the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the

failure of DBJ to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the date of the relevant Final Terms and it is impossible for DBJ, due to an event beyond its control, to comply with such law, rule or regulation).

**"Renminbi Non-transferability"** means the occurrence of any event that makes it impossible for DBJ to transfer Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong or from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility is due solely to the failure of DBJ to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the date of the relevant Final Terms and it is impossible for DBJ, due to an event beyond its control, to comply with such law, rule or regulation).

**"Specified Currency"** means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

**"Spot Rate"** means, for a Rate Calculation Date, the spot RMB/U.S. Dollar exchange rate for the purchase of U.S. Dollars with Renminbi in the over the counter Renminbi exchange market in Hong Kong as determined by the Calculation Agent at or around 11 a.m. (Hong Kong time) on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the spot rate at or around 11 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available RMB/U.S. Dollar official fixing rate for settlement on the due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

**"TARGET Settlement Day"** means any day on which the TARGET System is open for the settlement of payments in euro.

**"TARGET System"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

**"U.S. Dollar Equivalent"** means the Renminbi amount converted into U.S. Dollars using the Spot Rate for the relevant Rate Calculation Date.

(j) ***Calculation Agent***

DBJ shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, DBJ shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. **Redemption, Purchase and Options**

(a) ***Final Redemption***

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount).

(b) **Early Redemption**

(i) *Zero Coupon Notes*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons**

The Notes may be redeemed at the option of DBJ in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) DBJ has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Japan or the laws or regulations of the jurisdiction in which DBJ is incorporated or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by DBJ taking reasonable measures available to it, **provided that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which DBJ would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, DBJ shall deliver to the Fiscal Agent a certificate signed by an authorised officer of DBJ stating that DBJ is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of DBJ so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that

DBJ has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) ***Redemption at the Option of DBJ***

If Call Option is specified hereon, DBJ may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) ***Redemption at the Option of Noteholders***

If Put Option is specified hereon, DBJ shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 30 nor more than 60 days' notice to DBJ (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of DBJ.

*While any Bearer Note that was issued in accordance with the D Rules (as defined in "— Further Issues" below) is held in the form of a Temporary Global Note, the Put Option will be available only to the extent that non-U.S. beneficial ownership certification has been received by DBJ or its agent pursuant to the D Rules.*

(f) ***Purchases***

DBJ and any of its subsidiaries may at any time purchase Notes (**provided that** all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(g) ***Cancellation***

All Notes purchased by or on behalf of DBJ or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by DBJ, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of DBJ in respect of any such Notes shall be discharged.

7. **Payments and Talons**

(a) ***Bearer Notes***

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and **provided that** the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(v)), as the case may be, in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and in the case of Renminbi, by transfer to a Renminbi account ascertained by or on behalf of a Noteholder with a Bank in Hong Kong. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) ***Registered Notes***

- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business (i) on the fifteenth day before the due date for payment thereof or (ii) in the case of Renminbi, on the fifth day before the due date for payment thereof (as applicable, the "**Record Date**"). Payments of interest on each Registered Note shall be made (x) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and (y) in the case of Renminbi, by transfer to the registered account of the Noteholder. In this Condition 7(b), "**registered account**" means the Renminbi account maintained by or on behalf of the Noteholder with a Bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

*For Registered Notes represented by Regulation S Global Certificates, the Record Date shall be the Clearing System Business Day (as defined below) immediately before the due date for payment thereof.*

*For Registered Notes represented by Unrestricted Global Certificates and Restricted Global Certificates, the Record Date shall be the fourth Clearing System Business Day (as defined below) before the due date for payment thereof.*

(c) ***Payments in the United States***

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in the United States of America in the same manner as aforesaid if (i) DBJ shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of DBJ, any adverse tax consequence to DBJ.

(d) ***Payments Subject to Fiscal Laws***

All payments are subject in all cases to (i) any fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law, regulations or official guidance implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Appointment of Agents***

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by DBJ and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of DBJ and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. DBJ reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, **provided that** DBJ shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agent having specified office in at least one major European city and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, DBJ shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) ***Unmatured Coupons and Receipts and Unexchanged Talons***

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, such Bearer Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as DBJ may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest

Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) ***Talons***

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) ***Payment of U.S. Dollar Equivalent***

Notwithstanding the foregoing, with respect to Renminbi Notes, if by reason of Renminbi Inconvertibility, Renminbi Non-transferability or Renminbi Illiquidity, DBJ is not able to satisfy payments of principal or interest in respect of the Notes when due in Renminbi in Hong Kong, DBJ may, on giving not less than five or more than 30 calendar days' irrevocable notice to the Noteholders prior to the due date for payment, settle any such payment in U.S. Dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi-denominated amount.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(h) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on DBJ, the Paying Agents and all Noteholders.

(i) ***Non-Business Days***

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

- (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Settlement Day; or
- (iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

*While the Notes are in global form, the definition of "**business day**" in Condition 7(i) shall be amended by deleting the reference to "in the relevant place of presentation".*

8. **Taxation**

(a) ***Taxation and Additional Amounts***

All payments of principal and interest by or on behalf of DBJ in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Japan or by any authority therein or thereof having power to tax ("**Taxes**"), unless such withholding or deduction is required by law. In that event, DBJ shall pay such additional amounts ("**Additional Amounts**") as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding

or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) to, or to a third party on behalf of, a holder who is a non-resident of Japan or a non-Japanese corporation and is liable to such Taxes in respect of such Note, Receipt or Coupon by reason of its having some connection with Japan other than the mere holding of the Note, Receipt or Coupon; or
- (ii) to, or to a third party on behalf of, a holder who is a non-resident of Japan or a non-Japanese corporation that in either case is a person or entity controlling, or controlled by, DBJ, or otherwise having a prescribed special relationship with DBJ as described in Article 6 of the Special Taxation Measures Act of Japan (Act No. 26 of 1957, as amended) (the "**Special Taxation Measures Act**") and Cabinet Order No. 43 of 31 March 1957 promulgated thereunder, as amended (the "**Cabinet Order**") (a "**Related Party**"); or
- (iii) on which interest is calculated based on the amount of profits or assets of DBJ or a Related Party or on any of certain other indices relating to DBJ or a Related Party as described in Article 6 of the Special Taxation Measures Act and the Cabinet Order, except where the recipient of interest is a Designated Financial Institution (as defined below) who complies with the requirement to provide Exemption Information (as defined below) or to submit a Claim for Exemption (as defined below); or
- (iv) to, or to a third party on behalf of, a holder who would otherwise be exempt from any such withholding or deduction but who fails to (i) comply with any applicable requirement to provide any certification or information regarding such person's identity, tax status or connection with the taxing jurisdiction, or (ii) provide Exemption Information or to submit a Claim for Exemption to the Registrar or the Paying Agent to whom the relevant Note, Receipt, Coupon or Certificate is presented (where required), or whose Exemption Information is not duly communicated through a Participant (as defined below) and the relevant international clearing organisation to such Paying Agent; or
- (v) to, or to a third party on behalf of, a holder who is for Japanese tax purposes treated as a resident of Japan or a Japanese corporation (except for (A) a Designated Financial Institution who complies with the requirement to provide Exemption Information or to submit a Claim for Exemption and (B) a resident of Japan or a Japanese corporation who duly notifies the relevant Paying Agent of its status as exempt from such Taxes to be withheld or deducted by DBJ by reason of such resident of Japan or Japanese corporation receiving interest on the relevant Note, Receipt or Coupon through a payment handling agent in Japan appointed by it); or
- (vi) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, **provided that** payment is in fact made upon such presentation.

References in these Conditions to (x) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (y) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (z) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

No additional amounts will be payable for or on account of any deduction or withholding from a payment on, or in respect of, any Note where such deduction or withholding is imposed pursuant to Sections 1471 through 1474 of the Internal Revenue Code, any regulation or agreement thereunder, any inter-governmental agreement or implementing legislation or rules adopted by another jurisdiction in connection with these provisions or any agreement with the U.S. Internal Revenue Service ("**FATCA withholding**"). Further, DBJ will have no obligation to otherwise indemnify an investor for any such FATCA withholding deducted or withheld by DBJ, the paying agent or any other party that is not an agent of DBJ.

(b) **Definitions**

For the purposes of Condition 8(a) above:

- (i) where a Note, Receipt or Coupon is held through a certain participant in an international clearing organisation or a certain financial intermediary prescribed by the Special Taxation Measures Act and the Cabinet Order (together with related ministerial ordinances and regulations, the "**Act**") (each, a "**Participant**"), in order to receive payment free of withholding or deduction by DBJ for, or on account of Taxes, if the relevant holder is (A) a non-resident of Japan or a non-Japanese corporation, which in either case is not a Related Party, or (B) a Japanese financial institution falling under any of certain categories prescribed by the Act (a "**Designated Financial Institution**"), all in accordance with the Act, such holder shall, at the time of entrusting the Participant with the custody of the relevant Note, Receipt or Coupon, provide such Participant with certain information prescribed by the Act to enable the Participant to establish that such holder is exempt from the requirement for Taxes to be withheld or deducted (the "**Exemption Information**") and advise the Participant if the holder ceases to be so exempt; and
- (ii) where a Bond is not held by a Participant, in order to receive payments free of withholding or deduction by DBJ for, or on account of Taxes, if the relevant holder is (A) a non-resident of Japan or a non-Japanese corporation, which in either case is not a Related Party, or (B) a Designated Financial Institution, all in accordance with the Act, such holder shall on or prior to each time on which it receives interest, submit to the relevant Paying Agent a claim for exemption from withholding tax (*Hikazei Tekiyo Shinkokusho*) (a "**Claim for Exemption**") in the form obtainable from the Paying Agent stating, *inter alia*, the name and address of the holder, the title of the Notes, the relevant date of interest payment, the amount of interest and the fact that the holder is qualified to submit the Claim for Exemption, together with documentary evidence regarding its identity and residence.

9. **Prescription**

Claims against DBJ for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. **[Events of Default**

If any of the following events ("**Events of Default**") occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable:

(a) **Non-payment**

DBJ fails to pay principal or interest in respect of any of the Notes when due and such failure continues for 14 days; or

(b) **Breach of Other Obligations**

A default is made in the performance or observance by DBJ of any other obligation under any of the Notes and (except where such default is not capable of remedy, when no such notice shall be

required) such default shall continue for 60 days after written notice requiring such default to be remedied shall have been given to DBJ by any holder of Notes; or

(c) ***Cross Default***

- (i) Any present or future indebtedness of DBJ for or in respect of moneys borrowed or raised (other than the Notes) exceeding in the aggregate ¥5,000,000,000 (or its equivalent in any other relevant currency or currencies) (the "**Relevant Indebtedness**") is accelerated as a result of a default by any person or any event treated in effect as a default; or
- (ii) DBJ defaults in the repayment or discharge of any Relevant Indebtedness when due or at the expiration of any grace period originally applicable thereto; or
- (iii) DBJ shall have failed to pay when properly called upon to do so or at the expiration of any grace period originally applicable thereto any guarantee for, or indemnity in respect of, any moneys borrowed or raised exceeding in the aggregate ¥5,000,000,000 (or its equivalent in any other relevant currency or currencies) in accordance with the terms of any such guarantee or indemnity; or

(d) ***Winding-up***

- (i) A law for winding up or dissolving DBJ, or a law designating the date of winding-up or dissolution of DBJ, is promulgated, and by the date one month prior to the date set for winding-up or dissolution of DBJ under such law(s), no provision has been made for the obligations of DBJ under the Notes to be assumed by a successor organisation or corporation; or
- (ii) The Government of Japan determines that DBJ shall cease to carry on business and the obligations of DBJ under the Notes shall not be assumed by a successor organisation or corporation; or

(e) ***Merger***

- (i) If a resolution is passed or an order of a court of competent jurisdiction is made that DBJ be wound up or dissolved otherwise than for the purpose of or pursuant to a consolidation, amalgamation, merger or reconstruction the terms whereof have previously been approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders, **provided that** no such approval shall be required if:
  - (A) the consolidation, amalgamation, merger or reconstruction is required by a statute or government decree; or
  - (B) (1) the terms of the consolidation, amalgamation, merger or reconstruction provide that the obligations of DBJ under the Notes are assumed by a successor corporation of DBJ which succeeds to rights and assets of DBJ substantially proportionate to the obligations and liabilities of DBJ which it assumes and that the successor corporation does not assume any other substantial obligations or liabilities without succeeding to other rights and assets in approximately the same proportion as aforesaid, and (2) the consolidation, amalgamation, merger or reconstruction does not have a materially adverse effect on the Noteholders or any substantial portion of them; or
- (ii) DBJ (otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction as is referred to in Condition 10(e)(i) above):
  - (A) ceases to carry on business; or
  - (B) through an official action of the board of directors of DBJ threatens to cease to carry on business; or

(f) ***Enforcement Proceedings***

Steps are taken to enforce any security or a distress, execution or seizure before judgement is levied or enforced upon or sued out against the whole or a substantial part of the property of DBJ and is not discharged within 60 days thereof; or

(g) ***Insolvency***

DBJ stops payment (within the meaning of Japanese or any other applicable bankruptcy law) or is unable to pay its debts as and when they fall due.]<sup>3</sup>

**10 [Events of Default**

(a) If any of the following events ("**Events of Default**") occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent (a copy of such notice to be promptly forwarded to DBJ pursuant to the Agency Agreement) at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable, unless prior to the time when DBJ receives such notice, all Events of Default provided for herein in respect of the Notes shall have been cured:

- (i) a default is made in the payment of any interest in respect of any of the Notes when and as the same ought to be paid in accordance therewith and remains unpaid for 30 days; or
- (ii) a default is made in the performance or observance by DBJ or the Guarantor of any other obligation under the Notes or under the Deed of Guarantee (as the case may be) and (except where such failure is not capable of remedy, when no such notice shall be required) such default shall continue for 60 days after written notice requiring such default to be remedied shall have been given to DBJ or, as the case may be, the Guarantor by the holders of not less than 25 per cent. in aggregate principal amount of the Notes for the time being outstanding; or
- (iii) any External Indebtedness (as defined below) of DBJ for borrowed moneys exceeding in the aggregate ¥5,000,000,000 (or its equivalent in any other currency or currencies) is accelerated as a result of a default by any person or any event treated in effect as a default and such acceleration is not being contested in good faith by DBJ and is not rescinded or annulled within 90 days after written notice thereof shall have been given to DBJ by the holders of not less than 25 per cent. in aggregate principal amount of the Notes for the time being outstanding; or
- (iv) DBJ is dissolved unless the obligations under the Notes are assumed by the Guarantor or by an entity whose obligations under the Notes are guaranteed by the Guarantor.

(b) For the purposes of this Condition, the expression "**External Indebtedness**" means any indebtedness in the form of or represented by notes, debentures or other securities which:

- (i) either:
  - (A) are, or may at the option of the person entitled thereto be or become, denominated or payable in, or by reference to, a currency or currencies other than yen; or
  - (B) are denominated or payable in yen and more than 50 per cent. of the aggregate principal or face amount of which is initially distributed by or with the authorisation of DBJ outside Japan; and
- (ii) are not repayable (otherwise than at the option, or due to the default, of DBJ) within three years from the date of their issue; and

---

<sup>3</sup> This square bracketed provision applies for non-guaranteed Notes only.

- (iii) are, or are capable of being, quoted, listed or ordinarily traded on any stock exchange or on any over-the-counter securities market.]<sup>4</sup>

## 11. Meeting of Noteholders and Modifications

### (a) [Meetings of Noteholders]

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

Any such meeting of the Noteholders may be convened at a physical location, or such other method (which may include, without limitation, a conference call or video conference) as the Fiscal Agent may determine in accordance with the provisions of the Agency Agreement.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.]<sup>5</sup>

### (b) [Meetings of Noteholders]

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is

---

<sup>4</sup> This square bracketed provision applies for Guaranteed Notes only.

<sup>5</sup> This square bracketed provision applies for non-guaranteed Notes only.

shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (viii) to remove or modify the provisions of the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

Any such meeting of the Noteholders may be convened at a physical location, or such other method (which may include, without limitation, a conference call or video conference) as the Fiscal Agent may determine in accordance with the provisions of the Agency Agreement.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.<sup>6</sup>

(c) ***Modification of Agency Agreement***

DBJ shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(d) ***Modifications of these Conditions***

In addition, pursuant to Condition 5(b)(ii)(D), certain changes may be made to the interest calculation provisions of the Floating Rate Notes in the circumstances and as otherwise set out in such Conditions, without the requirement for consent of the Noteholders.

(e) ***Substitution***

DBJ, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons of any company (the "**Substitute**") that is a wholly-owned subsidiary of DBJ, **provided that** no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form scheduled to the Agency Agreement as Schedule 8, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect, (iii) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (iv) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this paragraph (e) and the other matters specified in the Deed Poll and (v) DBJ shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a

---

<sup>6</sup> This square bracketed provision applies for Guaranteed Notes only.

guarantee, the events listed in Condition 10 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

12. **Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by DBJ for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to DBJ on demand the amount payable by DBJ in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as DBJ may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. **Further Issues**

DBJ may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to "**Issue Date**" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly **provided that**, in the case of further Notes to which U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) for the purposes of Section 4701 of the Code (the "**D Rules**") apply, such further Notes will initially be represented by Temporary Global Notes exchangeable for interests in Permanent Global Notes or Definitive Notes and such consolidation can only occur following the exchange of interests in the Temporary Global Notes for interests in the Permanent Global Notes or Definitive Notes upon certification of non U.S. beneficial ownership, and **provided further that**, in the case of Registered Notes that are part of Series that was placed in whole or in part pursuant to Rule 144A under the Securities Act, such additional Notes must be fungible with the outstanding Notes of the relevant Series for U.S. federal income tax purposes.

14. **Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing, and so long as such Notes are admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of that exchange so require, published either on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in a daily newspaper with national circulation or a wide circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and so long as such Notes are admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of that exchange so require, published either on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in a daily newspaper with national circulation or a wide circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe or the United Kingdom. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

*So long as the Notes are represented or evidenced by Notes or Certificates in global form and such Notes are held on behalf of a clearing system, notices to holders shall be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders in substitution for mailing and/or publication required by these Conditions.*

15. **Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of DBJ) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from DBJ shall only constitute a discharge to DBJ, as the case may be, to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, DBJ shall indemnify it against any loss sustained by it as a result. In any event, DBJ shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from DBJ's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

16. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

17. **Governing Law and Jurisdiction**

(a) ***Governing Law***

The Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with English law.

(b) ***Jurisdiction***

[The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("**Proceedings**") may be brought in such courts. DBJ irrevocably submits to the jurisdiction of the courts of England and waives to any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).]<sup>7</sup>

[(A) The Courts of England and (B) any New York State or United States Federal court sitting in the Borough of Manhattan, The City of New York, are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("**Proceedings**") may be brought in such courts. DBJ irrevocably submits to the jurisdiction of (A) the courts of England and (B) any New York State or United States Federal court sitting in the Borough of Manhattan, The City of New York, and waives to the fullest extent

---

<sup>7</sup> This square bracketed provision applies for Notes in Regulation S Only Note Offerings only

permitted by law any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).<sup>8</sup>

(c) ***Service of Process***

DBJ hereby irrevocably appoints DBJ Europe Limited, presently being at 3rd Floor, 8 Finsbury Circus, London EC2M 7EA, as its authorised agent upon whom process may be served in any Proceedings in England.

[DBJ hereby irrevocably appoints DBJ Americas Inc., presently being at 1251 Avenue of the Americas, Suite 2330, New York, NY 10020, as its authorised agent to accept service of process in any Proceedings in the Borough of Manhattan, The City of New York, New York].<sup>9</sup>

---

<sup>8</sup> This square bracketed provision applies for Notes in Rule 144A and Regulation S Note Offerings only

<sup>9</sup> This square bracketed provision applies for Notes in Rule 144A and Regulation S Note Offerings only

## TERMS OF THE GUARANTEE OF JAPAN

The following is a summary of the provisions that will be incorporated into the Deed of Guarantee to be entered into by the Guarantor in respect of each series of Guaranteed Notes. Reference to "Notes" in this section "Terms of the Guarantee of Japan" shall have the meaning given to it in the applicable Deed of Guarantee as set out by way of summary in paragraphs 1 – 7 below.

1. "Japan (the "**Guarantor**") unconditionally and irrevocably guarantees to the Noteholders of the [description of the Notes] (the "**Notes**") issued by Development Bank of Japan Inc. ("**DBJ**") (which has been issued as Series GG[•] under DBJ's Global Medium Term Note Programme (the "**Programme**")) the full and punctual payment of the principal of and interest on the Notes payable by DBJ pursuant to the terms and conditions applying to the Notes, including any additional amounts payable under Condition 8, as and when the same becomes due and payable. If DBJ fails to make payment as aforesaid, the Guarantor agrees on demand to cause such payment to be made in compliance with the obligations of DBJ. The Guarantor agrees that any payment made by it pursuant to this Deed of Guarantee will be made on the terms *mutatis mutandis* of Condition 8 as if references therein to "DBJ" were references to the "Guarantor".
2. The Guarantor covenants with the Noteholders that this guarantee is the direct, unconditional and general obligation of the Guarantor for the performance of which the full faith and credit of Japan is hereby pledged and ranks and shall rank *pari passu* with all other general obligations of the Guarantor without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise.
3. The obligations of the Guarantor hereunder shall be absolute and unconditional (irrespective of the validity, legality or enforceability of the Notes, the absence of any action to enforce the Notes, the waiver or consent by any Noteholder in respect of any provisions of the Notes, the obtaining of any judgment against DBJ or any action to enforce any such judgment or any other circumstances which might otherwise constitute a legal or equitable discharge or defence of the Guarantor) and the Guarantor hereby covenants that this Deed of Guarantee shall be a continuing guarantee which shall not be discharged except by a complete performance of the obligations contained in the Notes or the Deed of Guarantee.
4. The liability of the Guarantor under this Deed of Guarantee shall not be lessened, affected or impaired by any time or indulgence granted to DBJ by any Noteholder or by any other person or by any compromise, scheme or arrangement affecting DBJ or dealings or transactions between DBJ and any Noteholder or any other person whether or not the Guarantor shall be a party to or consent to or be aware of the same or by the dissolution of DBJ or by any change in the status, functions, control or ownership of DBJ or any consolidation, merger, conveyance or transfer by DBJ.
5. The Guarantor shall be subrogated to all rights of the Noteholders against DBJ in respect of any amounts paid or other performance by the Guarantor pursuant hereto; **provided that** the Guarantor shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation unless and until all of the Notes shall have been paid in full.
6. The expression "Noteholders" as used herein means the persons for the time being and from time to time registered as the holders of the Notes and the beneficiaries of rights relating to the Notes under the deed of covenant in respect of the Programme entered into by DBJ on 17 August 2022 (the "**Deed of Covenant**"). Any reference in this Deed of Guarantee to any obligation or payment under or in respect of the Notes shall be construed to include a reference to any obligation or payment under or pursuant to Clause 2 of the Deed of Covenant.
7. This Deed of Guarantee and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law."

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **1. Initial Issue of Notes**

#### **1.1 Bearer Notes**

If the Global Notes issued are stated in the applicable Final Terms to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper. Depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

If the Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

#### **1.2 Registered Notes that are Regulation S Only Notes**

If the Regulation S Global Certificates issued are stated in the applicable Final Terms to be held under NSS, such Regulation S Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Regulation S Global Certificate with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Regulation S Global Certificates which are not held under NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

Upon the registration of Registered Notes in the name of the Common Depositary or its nominee and delivery of the relative Regulation S Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Registered Notes in respect of Regulation S Global Certificates that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Registered Notes in respect of Regulation S Global Certificates that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### 1.3 **Registered Notes that are Rule 144A and Regulation S Notes**

Registered Notes that are Rule 144A and Regulation S Notes will be represented by one or more Unrestricted Global Certificate(s) in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S and/or one or more Restricted Global Certificate(s) in the case of Registered Notes sold to QIBs in reliance on Rule 144A, in each case as specified in the relevant Final Terms.

#### *Unrestricted Global Certificates*

Unrestricted Global Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

Upon the registration of Registered Notes in the name of the Common Depository or its nominee and delivery of the relative Unrestricted Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Registered Notes in respect of Unrestricted Global Certificates that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Registered Notes in respect of Unrestricted Global Certificates that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

#### *Restricted Global Certificates*

Each Registered Note represented by a Restricted Global Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC and each relevant Restricted Global Certificate will be deposited on or about the issue date with the DTC Custodian. Beneficial interests in Notes represented by a Restricted Global Certificate may only be held through DTC at any time.

Upon the initial deposit of a Restricted Global Certificate in respect of, and registration of, Registered Notes in the name of a nominee for DTC and delivery of the relevant Restricted Global Certificate to the DTC Custodian, DTC will credit each participant with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

### 2. **Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, DTC or any such Alternative Clearing System (as the case may be) for his share of each payment made by DBJ to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against DBJ in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of DBJ will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

### 3. **Eurosystem Eligibility**

For Notes intended to be in NGN form, the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper, and for Notes intended to be held under the NSS, to be registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or

all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

Where the Global Notes issued in respect of any Tranche are in NGN form or issued under the NSS structure, the ICSDs will be notified whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility.

#### 4. **Exchange**

##### 4.1 **Temporary Global Notes**

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "Overview of the Programme — Selling Restrictions"), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership substantially in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each Temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any Permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only. For the avoidance of doubt, in relation to any issue of Notes which are expressed to be Temporary Global Notes exchangeable for Definitive Notes on or after the exchange date, such notes shall be tradable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

##### 4.2 **Permanent Global Notes**

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided below, in part for Definitive Notes or, in the case of (i) below, Registered Notes:

- (i) if the Permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- (ii) (a) if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or (b) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

##### 4.3 **Regulation S Global Certificates and Unrestricted Global Certificates**

If the applicable Final Terms state that the Notes are to be represented by a Regulation S Global Certificate (in the case of Registered Notes that are Regulation S Only Notes) or Unrestricted Global Certificates (in the case of Rule 144A and Regulation S Notes) upon issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes

within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Regulation S Global Certificate or Unrestricted Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of DBJ,

**provided that**, in the case of the first transfer of part of a holding pursuant to paragraph (i) or (ii) above, the registered holder has given the Registrar not less than 30 days' notice at its specified office of the registered holder's intention to effect such transfer.

#### 4.4 **Restricted Global Certificates**

If the applicable Final Terms state that the Notes are to be represented by a Restricted Global Certificate upon issue, the following will apply in respect of transfers of Notes held in DTC. These provisions will not prevent the trading of interests in the Notes within DTC whilst they are held on behalf of DTC, but will limit the circumstances in which the Notes may be withdrawn from DTC.

Transfers of the holding of Notes represented by any Restricted Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if DTC notifies DBJ that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Restricted Global Certificate or DTC ceases to be a "clearing agency" registered under the United States Securities Exchange Act of 1934, as amended, or if at any time DTC is no longer eligible to act as such, and DBJ is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC; or
- (ii) if principal in respect of any Notes is not paid when due,

provided as set forth below.

Whenever a Restricted Global Certificate is to be exchanged for definitive Certificates, each person having an interest in such Restricted Global Certificate must provide the Registrar (through the relevant clearing system) with such information as DBJ and the Registrar may require to complete and deliver definitive Certificates (including the name and address of each person in which the Notes represented by the definitive Certificates are to be registered and the principal amount of each such person's holding). In addition, whenever a Restricted Global Certificate is to be exchanged for definitive Certificates, each person having an interest in the Restricted Global Certificate must provide the Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Definitive Certificates issued in exchange for interests in the Restricted Global Certificate will bear the legends and be subject to the transfer restrictions set out under "Transfer Restrictions".

Whenever a Restricted Global Certificate is to be exchanged for definitive Certificates, DBJ shall procure that definitive Certificates will be issued in an aggregate principal amount equal to the principal amount of the Restricted Global Certificate within five business days of the delivery, by or on behalf of the registered holder of the Restricted Global Certificate to the Registrar of such information as is required to complete and deliver such definitive Certificates against the surrender of the relevant Global Certificate at the specified office of the Registrar.

#### 4.5 **Delivery of Notes**

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, DBJ will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or (iii) if the Global Note is an NGN, DBJ will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Offering Circular, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each Permanent Global Note, DBJ will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

#### 4.6 **Exchange Date**

"**Exchange Date**" means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

### 5. **Amendment to Conditions**

The Temporary Global Notes and Permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

#### 5.1 **Payments**

No payment falling due after the Exchange Date will be made on any Temporary Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the D Rules will only be made against presentation of certification as to non-U.S. beneficial ownership substantially in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.

If the Global Note is an NGN, DBJ shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge DBJ's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

While the Notes are represented by a Global Note, the definition of "**business day**" in Condition 7(i) shall be amended by deleting the reference to "in the relevant place of presentation".

## 5.2 **Prescription**

Claims against DBJ in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

## 5.3 **Meetings**

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

## 5.4 **Cancellation**

Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note.

## 5.5 **Purchase**

Notes represented by a Permanent Global Note or a Global Certificate may only be purchased by DBJ or any of its respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

## 5.6 **DBJ's Option**

Any option of DBJ provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note or a Global Certificate shall be exercised by DBJ giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of DBJ is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system (as the case may be) (if governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg, to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).

## 5.7 **Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note or a Global Certificate may be exercised by the holder of the Permanent Global Note or Global Certificate by giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall

not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the Permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, or presenting the Global Certificate to the Registrar, for notation. Where the Global Note is an NGN, DBJ shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

#### 5.8 **NGN Nominal Amount**

Where the Global Note is an NGN, DBJ shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

#### 5.9 **Events of Default**

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against DBJ under the terms of a Deed of Covenant executed as a deed by DBJ on 17 August 2022 to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

#### 5.10 **Notices**

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate.

#### 5.11 **Record Dates**

Each payment in respect of a Registered Note represented by a Regulation S Global Certificate will be made to the person shown as the holder in the Register at the close of business on the Clearing System Business Day immediately before the due date for such payment, and each payment in respect of a Registered Note represented by an Unrestricted Global Certificate or a Restricted Global Certificate to the person shown as the holder in the Register at the close of business on the fourth Clearing System Business Day before the due date for such payment (such date being, in each case, the "**Record Date**" under the Conditions for these purposes) where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business.

## CLEARING AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear and/or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing Systems. None of DBJ, the Guarantor, the Fiscal Agent, the Registrar, the Dealers or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing Systems or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

### **Bearer Notes**

DBJ may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective systems in respect of any Series of Bearer Notes. In respect of Bearer Notes, a Temporary Global Note and/or a Permanent Global Note in bearer form without coupons may be deposited with the Common Depositary or Common Safekeeper, as applicable, for Euroclear and/or Clearstream, Luxembourg or an Alternative Clearing System. Transfers of interests in such Temporary Global Notes or Permanent Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Euroclear and Clearstream, Luxembourg or, if appropriate, the Alternative Clearing System.

### **Registered Notes**

DBJ may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective systems in respect of the Notes to be represented by a Regulation S Global Certificate (in the case of Regulation S Only Notes) or an Unrestricted Global Certificate (in the case of Rule 144A and Regulation S Notes). Each Regulation S Global Certificate and Unrestricted Global Certificate deposited with, and registered in the name of, or in the name of the nominee for, the Common Depositary or Common Safekeeper, as applicable, for Euroclear and/or Clearstream, Luxembourg will have an ISIN and a Common Code.

DBJ, and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant, may make application to DTC for acceptance in its book-entry settlement system of the Registered Notes represented by a Restricted Global Certificate. Each such Restricted Global Certificate will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Restricted Global Certificate, as set out under "Transfer Restrictions". In certain circumstances, as described below in "— Transfer of Interests in Global Notes and Global Certificates", transfers of interests in a Restricted Global Certificate may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Registered Notes to be cleared through the facilities of DTC, the DTC Custodian, with whom the Restricted Global Certificate is deposited, and DTC, will electronically record the nominal amount of the Notes held within the DTC system. Investors may hold their beneficial interests in a Restricted Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

### **Payments through DTC**

Payments in U.S. Dollars of principal and interest in respect of a Restricted Global Certificate registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than U.S. Dollars in respect of Notes evidenced by Restricted Global Certificate registered in the name of a nominee of DTC will be made or procured to be made by the Paying Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Paying Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from DBJ by the Paying Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participant entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The Paying Agent will convert amounts in such currency into U.S. Dollars and deliver such U.S. Dollar amount in same

day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment that did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made.

### **Transfer of Interests in Global Notes and Registered Notes Represented by Regulation S Global Certificates**

Transfers of interests in Global Notes and Registered Notes represented by Regulation S Global Certificates within Euroclear and Clearstream, Luxembourg or any other Alternative Clearing System will be in accordance with their respective rules and operating procedures. None of DBJ, the Guarantor, the Fiscal Agent, the Registrar, the Dealers or the Agents will have any responsibility or liability for any aspect of the records of Euroclear and Clearstream, Luxembourg or any other Alternative Clearing System or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Note or Registered Notes represented by Regulation S Global Certificates or for maintaining, supervising or reviewing any of the records of Euroclear and Clearstream, Luxembourg or any other Alternative Clearing System or the records of their respective participants relating to such beneficial ownership interests.

On or after the issue date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

### **Transfer of Interests in Registered Notes Represented by Restricted Global Certificates and Unrestricted Global Certificates**

Transfers of interests in Registered Notes represented by Restricted Global Certificates and Unrestricted Global Certificates within DTC, Euroclear and Clearstream, Luxembourg or any other Alternative Clearing System will be in accordance with their respective rules and operating procedures. None of DBJ, the Guarantor, the Fiscal Agent, the Registrar, the Dealers or the Agents will have any responsibility or liability for any aspect of the records of DTC, Euroclear and Clearstream, Luxembourg or any other Alternative Clearing System or any of their respective participants relating to payments made on account of beneficial ownership interests in Registered Notes represented by a Restricted Global Certificate or an Unrestricted Global Certificate or for maintaining, supervising or reviewing any of the records of DTC, Euroclear and Clearstream, Luxembourg or any other Alternative Clearing System or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Restricted Global Certificate or an Unrestricted Global Certificate to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate or an Unrestricted Global Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of a definitive Certificate representing such interest.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "Transfer Restrictions", transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other will be effected by the relevant clearing systems in accordance with their respective rules and through action taken by the DTC Custodian, the Registrar and the Fiscal Agent.

On or after the issue date for any Series, transfers of Registered Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

Transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Restricted Global Certificates and Unrestricted Global

Certificates will be effected through the Fiscal Agent, the DTC Custodian, the Registrar and any applicable Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The Notes will be delivered on a free delivery basis and arrangements for payment must be made separately. The customary arrangements for delivery versus payment between Euroclear and Clearstream, Luxembourg account holders or between DTC participants are not affected.

For a further description of restrictions on the transfer of Registered Notes represented by Restricted Global Certificates or Unrestricted Global Certificates, see "Subscription and Sale" and "Transfer Restrictions".

Upon the issue of a Restricted Global Certificate to be held by or on behalf of DTC, DTC or the DTC Custodian will credit the respective nominal amounts of the individual beneficial interests represented by such Restricted Global Certificate to the account of DTC participants. Ownership of beneficial interests in such Restricted Global Certificate will be held through participants of DTC, including the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in such Restricted Global Certificate will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee. DTC has advised DBJ that it will take any action permitted to be taken by a holder of Registered Notes represented by a Restricted Global Certificate held by or on behalf of DTC (including, without limitation, the presentation of such Restricted Global Certificates for exchange) only at the direction of one or more participants in whose account with DTC interests in such Restricted Global Certificate are credited, and only in respect of such portion of the aggregate nominal amount of such Restricted Global Certificate as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the relevant Restricted Global Certificate for definitive Certificates (which will bear the relevant legends set out in "Transfer Restrictions").

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of interests in the Restricted Global Certificates and Unrestricted Global Certificates among participants and account holders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of DBJ, the Guarantor, the Fiscal Agent, the Registrar, the Dealers or the Agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their respective operations.

While a Restricted Global Certificate or an Unrestricted Global Certificate is lodged with DTC, Euroclear, Clearstream, Luxembourg or any relevant clearing system, definitive Certificates for the relevant Series of Notes will not be eligible for clearing and settlement through such clearing systems.

## **USE OF PROCEEDS**

The net proceeds from the issue of each Tranche of Notes will be applied by DBJ for long-term lending and investments and for working capital, unless otherwise described in the relevant Final Terms.

## CAPITALISATION AND INDEBTEDNESS

The following table sets out the consolidated capitalisation and indebtedness of the Group as of 31 March 2022, which has been extracted without material adjustment from DBJ's audited consolidated financial statements as of the same date:

	<b>As of 31</b> <b>March 2022</b> <b>(millions of yen)</b>
<b>Borrowings:</b>	
Debentures <sup>(1)</sup> .....	¥3,339,098
Borrowed money.....	10,573,681
Corporate bonds <sup>(2)(3)</sup> .....	3,053,262
Total borrowings <sup>(4)(6)</sup> .....	16,966,042
<b>Equity:</b>	
Common stock:	
Authorised — 160,000,000 shares	
Issued and outstanding <sup>(5)</sup> — 43,632,360 shares .....	1,000,424
Crisis response reserve .....	206,529
Special investment reserve .....	1,543,000
Special investment surplus .....	22,438
Capital surplus.....	242,082
Retained earnings.....	750,175
Unrealised gain on available-for-sale securities .....	42,298
Deferred gain on derivatives under hedge accounting .....	10,798
Foreign currency translation adjustments.....	(616)
Accumulated adjustments for retirement benefits .....	(1,036)
Non-controlling Interests.....	15,968
Total equity <sup>(6)</sup> .....	3,832,062
Total borrowings and equity <sup>(6)</sup> .....	¥20,798,104

**Notes:**

- (1) "Debentures" means all bonds and notes which were issued previously by Development Bank of Japan 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 ¥238.5 billion of non-guaranteed bonds and notes since 31 March 2022, which are not reflected in the table.
- (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 31 March 2022.

## DEVELOPMENT BANK OF JAPAN INC.

In this section "Development Bank of Japan Inc.", the term "**DBJ**" refers to Development Bank of Japan Inc., or where appropriate, Development Bank of Japan as the predecessor (the "**Predecessor**") of Development Bank of Japan Inc.

### Overview

DBJ was established in Japan on 1 October 2008 as a joint stock corporation under the Company Act of Japan (Act No. 86 of 2005, as amended) (the "**Company Act**") for an indefinite duration, as the successor to Development Bank of Japan. Development Bank of Japan had been established on 1 October 1999 as a governmental financial institution under the Development Bank of Japan Act for an indefinite duration, as a result of a merger between The Japan Development Bank ("**JDB**") and Hokkaido-Tohoku Development Finance Public Corporation ("**HTDF**"), but was dissolved on 1 October 2008 upon the establishment of DBJ.

DBJ's name and basic mission are provided by the DBJ Act. The DBJ Act provides that DBJ's purpose is to maintain the foundations of investment and financing functions of long-term business funds, which previously were carried out by the Predecessor, by conducting business activities utilising the methods of combining investments and financing and other sophisticated financial methodologies, while maintaining the autonomy of management with the goal of ultimately realising full-scale privatisation, thereby contributing to the smooth supply of funds to those who need long-term business funds, as well as to the sophistication of financial functions.

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. Consistently 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 which meets relevant criteria, including financial viability.

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 raises funds by borrowing from JFC in relation to the Crisis Response Operations.

The Japanese Government currently owns all issued shares of DBJ's common stock. Under the DBJ Act, DBJ is subject to the Japanese Government control and supervision primarily through the Minister of Finance. Such supervision encompasses key matters such as appointment and retention of representative directors, adoption of annual business plan, adoption of annual basic policy regarding issuance of bonds and Development Bank of Japan Inc. bonds and borrowings, adoption of annual debt repayment plans, ownership of subsidiaries involved in the financial business (such as banks) and amendment of DBJ's Articles of Incorporation. Such key matters are subject to prior approval by the Minister of Finance.

### History

Pursuant to the Development Bank of Japan Act, JDB and HTDF were dissolved upon the establishment of Development Bank of Japan on 1 October 1999. Also pursuant to the Development Bank of Japan Act, all of the rights and obligations of JDB and HTDF were assigned to and assumed by Development Bank of Japan. In addition to the operations of JDB (established in 1951 as a governmental financial institution principally to make loans for the development of industry, the economy and society in general) and HTDF (established in 1956 as a governmental financial institution principally to provide long-term funds to projects in the Hokkaido and Tohoku regions in Japan to promote industrial development in those regions), on 1 October 1999, Development Bank of Japan also assumed the finance functions formerly conducted by the Japan Regional Development Corporation and the Japan Environment Corporation, both governmental institutions.

In December 2005, the first steps towards Development Bank of Japan's privatisation were taken with the Cabinet adopting its "Basic Policy on the Reform of Policy Finance" (the "**Basic Policy**"). Such steps were then followed in May 2006, through the Regulatory Reform Act, which provided for the full privatisation of DBJ over a period of five to seven years and in June 2006, through the Institutional Design for Policy Finance Reform (the "**Institutional Design**") which was adopted by the Headquarters for the Implementation of Policy Finance Reform. The DBJ Act was passed by the Diet on 6 June 2007 and came

into effect on 13 June 2007, and DBJ was established on 1 October 2008, and succeeded to substantially all the assets, and assumed all of the obligations of, Development Bank of Japan pursuant to the DBJ Act. Also pursuant to the DBJ Act, Development Bank of Japan was dissolved effective 1 October 2008 upon the establishment of DBJ. However, under the 2009 Amendment Act, the targeted timing for the full privatisation of DBJ was extended to approximately five to seven years from 1 April 2012. The targeted timing was further extended to approximately five to seven years from 1 April 2015 in accordance with the Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake of Japan (Act No. 40 of 2011, as amended) (the "**Extraordinary Expenditure Act**"). Further, the 2009 Amendment Act **provided that** the Japanese Government was to review the organisation of DBJ, including the Japanese Government's holding of DBJ's share capital, by the end of the fiscal year ending 31 March 2012, which was extended to the end of the fiscal year ending 31 March 2015 by the Extraordinary Expenditure Act, and until such time, the Japanese Government would not be disposing of its holding of DBJ's share capital. Pursuant to the 2015 Amendment Act, the targeted timing of the Japanese Government's disposal of the shares of DBJ was deleted, and the 2015 Amendment Act instead provides for the Japanese Government to work towards disposing of all of its holdings of the share capital of DBJ as soon as practicable, but taking into account the effect on the attainment of the objectives of DBJ and the market situation. The 2015 Amendment Act contained further provisions stipulating that the Japanese Government shall hold more than one-third of the total number of the issued shares of DBJ with a view to ensuring a proper conduct of the Crisis Response Operations by DBJ, and one-half or more of the total number of issued shares of DBJ until the completion of its Special Investment Operations, the completion date of which was extended by the 2020 Amendment Act. See "Privatisation of DBJ".

## **Strategy**

The Group aims to meet the expectations and engender the trust of a wide range of stakeholders as a unique institution that provides financial services that integrate investment with lending as well as arrangement and advisory services and asset management.

Ever since its incorporation in 2008, DBJ has formulated three-year management plans to further its corporate philosophy of "Design the Future with Financial Expertise". Building upon the achievements of past management plans, DBJ continues to take a long-term view on issues and changes in external environments facing the Japanese society, including demographic challenges, climate change, resources and energy, globalisation, information technology revolution and shifting financial regulatory landscape. With a view to engaging with and tackling these issues, DBJ will ensure economic and social sustainability through contribution to, encouragement of, and support for business creation, conversion and growth, transition to a low-carbon society, vitalisation of regional economies and societies, disaster prevention, infrastructure rebuilding and reinforcement and robust healthcare management. DBJ seeks to realise this by vitalising and stabilising financial markets through (i) the implementation of adequate crisis response operations, (ii) the provision of good quality risk capital; (iii) the creation of diverse investment and lending opportunities; and (iv) the provision and implementation of its knowhow, and through collaboration and partnership with financial institutions and various stakeholders.

### ***DBJ's Fifth Medium-Term Management Plan***

In May 2021, DBJ announced its fifth medium-term management plan, commencing from the year ending 31 March 2022. Originally scheduled to be announced a year prior, publication of the medium-term management plan was postponed as DBJ sought to reconceptualise its business strategy in light of the significant impacts and uncertainty caused by the onset of the COVID-19 pandemic in early 2020.

The fifth medium-term management plan affirms DBJ's critical role in the COVID-19 response and recovery effort in Japan. Since March 2020, when the Japanese Government designated the COVID-19 pandemic as a "crisis" for purposes of the Crisis Response Operations, DBJ has extended loans under its COVID-19 Crisis Response Operations totalling over ¥2.4 trillion through 31 March 2022 (For details on the program, see " – Crisis Response Operations" below). In addition, DBJ has implemented financing and support services to assist industries which have been most severely affected by the COVID-19 pandemic, such as the restaurant and hospitality industries.

In the fifth medium-term management plan, DBJ sets out strategic initiatives which reflect major societal changes occurring in Japan, and attempts to address issues which are critical to Japan's post-COVID-19 economic recovery. Drastic changes in demographic structures, such as a decline in the working-age population, and social infrastructure, such as digitalisation and increased awareness of

sustainability, are accelerating, and social issues are expected to become inseparable from business issues. In order to support Japan's recovery from COVID-19 and promote long-term economic growth, DBJ will continue to strive for realisation of economic and social value, by fostering collaborations with financial institutions and corporations, utilising risk capital and knowledge, and creating investment and loan opportunities with a customer-first mindset.

As part of its fifth medium-term management plan, DBJ will focus on, amongst other things, contributing to the achievement of a carbon neutral society, supporting the construction of a strong, resilient and safe society and industrial infrastructure, providing risk capital in collaboration with corporate venture capital and facilitating connections between large companies and venture-backed companies and increasing cooperation and collaboration with regional financial institutions.

## **Operations**

The DBJ Act provides that DBJ's purpose is to maintain the foundations of investment and financing functions of long-term business funds, which previously were carried out by the Predecessor, by conducting business activities utilising the methods of combining investments and financing and other sophisticated financial methodologies, while maintaining the autonomy of management with the goal of realising full-scale privatisation, thereby contributing to smooth supply of funds to those who need long-term business funds, as well as to the sophistication of financial functions.

Under the DBJ Act and its Articles of Incorporation, DBJ may, among other things, accept deposits, lend money, make capital contributions, guarantee the due performance of debts and obligations, sell and purchase securities, lend securities and acquire or transfer monetary claims. See "Supervision and Regulation – Restrictions on DBJ's Activities – Permissible Activities under the DBJ Act".

DBJ is principally involved in the lending, investment, consulting and advisory businesses. In its lending business, DBJ provides not only traditional senior loans to corporations, but also provides lending which utilise financial expertise such as structured finance and non-recourse loans, which meet the diversifying funding requirements of customers. In the year ended 31 March 2022, the level of new lending (including lending related to its Crisis Response Operations and investments in corporate bonds) made by DBJ amounted to ¥2,994.6 billion on a non-consolidated basis. As of 31 March 2022, the outstanding balance of DBJ's loans (including investments in corporate bonds) on a non-consolidated basis amounted to ¥14,878.6 billion.

In its investment business, DBJ provides risk capital (including by investments through funds, mezzanine and equity finance) appropriate for the challenges faced by its customers such as business expansion, growth strategy and strengthening of financial base, based on a long-term perspective. In the year ended 31 March 2022, the level of new investments made by DBJ amounted to ¥227.9 billion on a non-consolidated basis. As of 31 March 2022, the outstanding balance of DBJ's investments (including investments in securities, money trusts and funds) on a non-consolidated basis amounted to ¥1,740.3 billion.

In its consulting and advisory business, DBJ utilises the networks cultivated by Development Bank of Japan in providing consulting and advisory support to customers in a wide variety of industries and business sizes, for example in relation to increasing their competitiveness, as well as to projects which contribute to the revitalisation of regional economies.

Operationally, DBJ is granted a reasonable degree of flexibility under the DBJ Act in the financing activities it may conduct in order to meet its primary mission. In some cases, these activities may be broader than those Japanese commercial banks are permitted to undertake under the Banking Act, such as the acquisition and holding of substantial portions of the voting rights of investee companies, including non-banking related entities, in order to supplement private financing by commercial banks.

Key aspects of DBJ's current operations are set forth in the table below:

### Outline of DBJ's Operations

<b>Primary sectors</b>	Manufacturing, utilities, transportation and postal activities, real estate and leasing
<b>Primary types of financing provided to customers</b>	Senior loans (medium- to long-term), project finance and other forms of structured financing, mezzanine and equity investments
<b>Primary types of borrowers</b>	Primarily to domestic, large- and medium-sized, private enterprises and public companies
<b>Primary funding sources</b>	Domestic and international debt capital markets (Japanese Government-guaranteed and non-guaranteed bonds), direct and indirect loans and capital contributions from the Japanese Government

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				
	2018	2019	2020	2021	2022
	(in billions of yen)				
Loan balance .....	¥13,467.7	¥13,584.6	¥12,981.6	¥15,284.1	¥14,878.6
Investment balance .....	952.1	1,129.3	1,454.4	1,686.7	1,740.3
Total .....	<u>¥14,419.8</u>	<u>¥14,713.9</u>	<u>¥14,436.0</u>	<u>¥16,970.8</u>	<u>¥16,618.9</u>

The following table sets forth managerial accounting information used by DBJ as operational measures of performance in its business lines on a consolidated basis, which DBJ refers to as its effective gross ordinary income. 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.

	For the year ended 31 March				
	2018	2019	2020	2021	2022
	(in billions of yen)				
Loans .....	¥84.8	¥80.9	¥76.6	¥91.7	¥95.3
Investment .....	65.8	81.5	68.2	47.0	106.0
Fee and commission income .....	23.6	25.2	19.3	25.3	16.6
Total .....	<u>¥174.2</u>	<u>¥187.7</u>	<u>¥164.3</u>	<u>¥164.1</u>	<u>¥218.0</u>

### **Sustainability Management**

On 1 October 2021, DBJ formulated and disclosed its Environmental and Social Management Policy for Financing and Investment Activity for businesses and sectors which DBJ considers have a high likelihood of posing major risks to, or having negative consequences for, the environment and society. Under this policy, which was approved by DBJ's Sustainability Committee, DBJ refrains from investing in or extending loans to certain businesses or sectors that it believes may pose a significant risk to, or have a negative impact on, the environment or society, or undertakes additional due diligence before doing so, in order to ascertain that measures have been taken to mitigate or avoid the risks posed by such business or sector.

Businesses in which DBJ does not invest in or extend loans to include businesses that have a negative impact on wetlands designated under the Ramsar Convention; businesses that have a negative impact on World Heritage Sites designated by UNESCO; businesses that infringe on the Convention on

International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention); and businesses that engage in child labour or forced labour.

Business in which DBJ must undertake additional due diligence to ensure that measures have been implemented to mitigate and avoid inherent risks before investing or extending a loan, include businesses that negatively impact the local communities of indigenous peoples; and businesses that expropriate land and force the relocation of residents.

Sectors for which DBJ must undertake additional due diligence to ensure that measures have been implemented to mitigate and avoid inherent risks before investing or extending a loan, include weapons; coal-fired thermal power generation; palm oil; lumber; coal mining; oil and gas; and large-scale hydroelectric power.

### ***Third-Sector Corporations***

DBJ invests in and finances projects of public use and interest run by local government organisations referred to as "third sector corporations". Though there is no clear definition of this term, DBJ uses it to refer to corporations in which local government organisations have invested or subscribed for shares, whose securities are not listed on any securities exchange or quoted in any over-the-counter market, that carry out projects with significant civic importance and public benefits. DBJ finances projects such as those involving railways, airport terminals, cable television broadcasters and urban development, including underground parking lots, urban redevelopment and international conference halls. Because these projects tend to require a long period of time for investments to generate returns, they do not easily attract private corporation participants.

The ratio of non-performing loans in the third-sector is relatively high compared to DBJ's loan operations in general due to the fact that in general the third-sector businesses have a highly public nature and require a long period of time to recoup investments. In addition, there has been some decrease in revenue performance resulting from economic stagnation. DBJ makes efforts to maintain its primary policy of conducting its third-sector loan operations in collaboration with related parties, including local public authorities.

The following table shows more detailed information of DBJ's non-performing loans to third-sector corporations. The amounts listed in the table below reflect the amounts in DBJ's consolidated financial statements prepared pursuant to Japanese GAAP:

	<b>As of 31 March</b>	
	<b>2021</b>	<b>2022</b>
	<b>(in 100 millions of yen/per cent.)</b>	
Loans to legally bankrupt borrowers.....	¥—	¥—
Delinquent loans.....	69	91
Loans past due three months or more.....	—	—
Restructured loans.....	37	36
Total (A).....	¥107	¥128
Outstanding loans to the third-sector (B).....	¥1,959	¥1,907
Ratio of outstanding loans = (A)/(B).....	5.47%	6.72%

### ***Crisis Response Operations***

The policy finance reforms promulgated by the Japanese Government under the Basic Policy establishes a crisis response system that enables financial institutions which are recognised as "designated financial institutions" to deal with financing for any damage caused by domestic or international turmoil in the financial system, massive natural disasters, acts of terrorism or epidemic of infectious diseases in a prompt and smooth manner by utilising loans from JFC by means of accommodation of funding through bill discounts, supply of other short-term funding and supply of funding in relation to infrastructure improvement (such business being the "**Crisis Response Operations**").

Upon its establishment, DBJ was designated as a "designated financial institution" which deals with the Crisis Response Operations. Under the Japan Finance Corporation Act (Act No. 57 of 2007), the Crisis Response Operations may be conducted by designated financial institutions, with JFC providing funds and support in respect of certain of the risks involved in such business.

On 11 December 2008, the Japanese Government declared that the international financial turmoil being experienced amounted to a crisis which should be dealt with under the crisis response system, and DBJ commenced its Crisis Response Operations in relation to such international financial turmoil (the "**Financial Crisis Response Operations**"). Whereas the Financial Crisis Response Operations had come to an end as of 31 March 2011, the Japanese Government certified the March 2011 earthquake as a crisis and DBJ commenced the Crisis Response Operations relating to the March 2011 earthquake on 12 March 2011 and such Crisis Response Operations is continuing. In response to the outbreak of the COVID-19 pandemic, DBJ commenced its Crisis Response Operations relating to COVID-19 on 19 March 2020. The Crisis Response Operations conducted by DBJ targets large and medium-sized enterprises which are temporarily experiencing worsening business performance and funding difficulties due to the relevant crisis, but in the medium to long term are expected to recover their previous levels of business performance and develop further, or are otherwise expected to improve their funding and stabilise their business performance.

Under the Crisis Response Operations, JFC (funded by FILP loans from the Japanese Government and through issuance of government-guaranteed debt) provides short-term and long-term loans to designated financial institutions such as DBJ (such financing referred to as "**Two-step loans**"), which in turn either purchases commercial paper issued by the relevant large and medium-sized enterprises, or provides loans to such enterprises. Certain of the exposure to such enterprises by designated financial institutions are covered (in the case of the occurrence of certain specified credit events) by an indemnity from JFC, for which designated financial institutions must pay a fee to JFC. From the commencement of its Crisis Response Operations to 31 March 2022, new loans extended by DBJ in respect of its Crisis Response Operations amounted to ¥8,715.2 billion (1,652 cases) (DBJ having received the benefit of an indemnity from JFC (or was intending to apply for such indemnity) in respect of ¥599.2 billion (259 cases)), and commercial paper purchased by DBJ in relation to its Crisis Response Operations amounted to ¥361.0 billion (68 issuers). As of 31 March 2022, the outstanding borrowing from JFC amounted to ¥3,000.1 billion in relation to the Crisis Response Operations.

From the commencement of the Crisis Response Operations relating to the March 2011 earthquake on 12 March 2011 to 31 March 2022, new loans extended by DBJ in respect of such March 2011 earthquake-related Crisis Response Operations amounted to ¥2,791.9 billion (181 cases).

From the commencement of the Crisis Response Operations relating to COVID-19 on 19 March 2020 to 31 March 2022, new loans extended by DBJ in respect of COVID-19-related Crisis Response Operations amounted to ¥2,495.7 billion (492 cases).

The 2015 Amendment Act introduced provisions relating to the conduct of DBJ's Crisis Response Operations. Such provisions include the following:

- the imposition of obligations on DBJ to conduct Crisis Response Operations for an indefinite period, in order to secure a smooth supply of funds to those who need funds to address the damages set forth in Article 2, Item (4) of the Japan Finance Corporation Act (Act No. 57 of 2007, as amended), namely, disruptions to domestic or international financial order or damages caused by large-scale natural disasters, acts of terrorism and medical epidemics, among others; and
- the imposition of obligations on DBJ to set out its implementation policy relating to the Crisis Response Operations in its annual business plan (the "**Business Plan**"), which requires the authorisation of the Minister of Finance, and to report on the status of implementation of such policy in its business report (the "**Business Report**") submitted to the Minister of Finance, as well as to set forth provisions relating to the proper implementation of such Crisis Response Operations in its Articles of Incorporation.

Pursuant to the 2015 Amendment Act, the Japanese Government shall, for an indefinite period, hold more than one-third of the total number of issued shares of DBJ with a view to ensuring a proper conduct of the Crisis Response Operations by DBJ. Further, the Japanese Government may, for an indefinite period, make capital contributions to DBJ, to the extent of the amount approved by the budget, whenever it deems necessary for the proper implementation of the Crisis Response Operations by DBJ. DBJ must establish a "crisis response reserve" (the "**Crisis Response Reserve**") and appropriate such capital contribution into such reserve. Pursuant to the supplementary provisions of the 2015 Amendment Act, DBJ must, promptly after the enactment of the 2015 Amendment Act, reduce its capital in the aggregate amount of (i) the capital so far contributed to DBJ by the Japanese Government in respect of its Crisis Response

Operations, and (ii) the Government Bonds which had been delivered to DBJ by the Japanese Government in respect of its Crisis Response Operations and which had been redeemed, and appropriate such aggregate amount into the Crisis Response Reserve. In accordance with such provisions, DBJ reduced its common stock by ¥206,529 million and appropriated such amount into the Crisis Response Reserve on 10 August 2015. If it is deemed that the financial basis necessary for proper implementation of the Crisis Response Operations has been sufficiently secured, DBJ shall pay to the national treasury an amount equivalent to all or a part of the amount of the Crisis Response Reserve, and in such case, DBJ shall reduce the Crisis Response Reserve by the amount equivalent to such amount to be paid to the national treasury.

### ***Special Investment Operations***

The 2015 Amendment Act introduced provisions relating to the special investment operations to be conducted by DBJ (the "**Special Investment Operations**"). Those provisions were subsequently updated pursuant to the 2020 Amendment Act. The Special Investment Operations include, among the Investment Businesses (as defined below) in the Special Business Activities (as defined below), those that are deemed to particularly contribute to the facilitation of supply of funds by financial institutions and others, for the revitalisation of business activities taking advantage of regional characteristics that contribute to the autonomous development of local economies, or for the enhancement of competitiveness of Japanese companies that contribute to the improvement of socioeconomic vitality and sustainable development of Japan. The purpose of DBJ in conducting its Special Investment Operations shall be to supplement or encourage financing conducted by financial institutions and investment conducted by private sector.

"**Special Business Activities**" means (i) business activities conducted by Japanese business entities with the aim of improving productivity and profitability by cultivating new business through effective use of its management resources which have not been sufficiently used, or by promoting management innovation mainly through co-ordinated alignment with business entities in different fields and effective combination of management resources, and (ii) business activities that provide funds to the business activities set out in (i).

"**Investment Business**" means the following businesses involving the supply of funds:

- lending money through subordinated loans;
- making capital contributions;
- acquiring subordinated corporate debentures; and
- provision of funds in any other manner approved in advance by the Minister of Finance.

DBJ must set out its implementation policy relating to the Special Investment Operations in its Business Plan until the completion of the Special Investment Operations, and to report on the status of implementation of such policy in its Business Report until the fiscal year including the Special Investment Operations are concluded, and must set forth provisions relating to the proper implementation of such Special Investment Operations in its Articles of Incorporation until the completion of the Special Investment Operations. It must also set rules regarding the implementation of its Special Investment Operations and obtain authorisation thereof from the Minister of Finance (the date of the giving of such authorisation being the "**Authorisation Date**"), and the business entities that will receive funds pursuant to the Special Investment Operations shall be decided by DBJ during the period from the Authorisation Date to 31 March 2021. Further, DBJ shall, taking into account (among others) the economic conditions and the state of business of entities that receive funds from its Special Investment Operations, seek to transfer or otherwise dispose of all of the securities and receivables held by it in its Special Investment Operations, and seek to complete the Special Investment Operations by 31 March 2031.

Pursuant to the 2015 Amendment Act (as amended by the 2020 Amendment Act), the Japanese Government shall hold one-half or more of the total number of issued shares of DBJ until DBJ completes its Special Investment Operations with a view to ensuring a proper implementation of the Special Investment Operations by DBJ. Further, the Japanese Government may, until 31 March 2026, make capital contributions to DBJ, to the extent of the amount approved by the budget, whenever it deems necessary for the proper implementation of the Special Investment Operations by DBJ. DBJ must not appropriate money provided by such capital contributions to any funds other than funds for the Special Investment Operations, and must establish a "special investment reserve" (the "**Special Investment Reserve**") and appropriate such

capital contribution into such reserve. DBJ must also establish a "special investment surplus fund" (the "**Special Investment Surplus Fund**") and record the amount of profit or loss resulting from the calculation of profits and losses pertaining to the Special Investment Operations for each fiscal year. Pursuant to the supplementary provisions of the 2015 Amendment Act, DBJ may reduce the amount of its paid-in capital, reserves or surplus funds and increase the amount in the Special Investment Reserve by such amount, whenever it deems necessary in order to implement its Special Investment Operations properly. In accordance with such provisions, DBJ reduced its capital surplus by ¥95,000 million and appropriated such amount into the Special Investment Reserve for the year ended 30 June 2021. If it is deemed unnecessary to maintain the current level of the Special Investment Reserve or the Special Investment Surplus Fund (insofar as it exceeds zero) for the proper implementation of the Special Investment Operations, taking into account of the state of implementation and the financial condition of the Special Investment Operations, DBJ may reduce the amount of the Special Investment Reserve in whole or in part, and in such case, shall pay to the national treasury a proportion of such amount, such proportion being the proportion of the amount of the capital contribution made by the Japanese Government in respect of the Special Investment Operations to the amount of the Special Investment Reserve. In accordance with such provisions, on 29 June 2022, DBJ received approval from the Japanese Government to reduce the Special Investment Reserve by ¥68,910 million, of which ¥34,455 million shall be paid to the national treasury and ¥34,455 million shall be appropriated into DBJ's capital surplus, with an effective date of 31 August 2022.

### ***Certification and Distinctive Programmes Offered by DBJ***

#### ***DBJ Environmentally Rated Loan Program***

Beginning with the antipollution measures implemented in the late 1960s and early 1970s, DBJ has provided more than ¥3 trillion in investments and loans for environmental measures over the past 40 years.

In the fiscal year ended 31 March 2005, DBJ began its DBJ Environmentally Rated Loan Program. DBJ developed a screening (rating) system that scores companies on the level of their environmental management and then applies one of three different interest rates reflecting that effort. In the fiscal year ended 31 March 2008, DBJ launched an interest rate subsidy programme based on environmental ratings to advance global warming countermeasures.

#### ***DBJ Enterprise Disaster Resilience Rated Loan Program***

From the standpoint of business continuity, DBJ assists clients' total enterprise risk management efforts and provides new financing methods to assist disaster recovery, including recovery finance and alternative risk transfer finance.

In the fiscal year ended 31 March 2007, the Group introduced its "Financing Employing DBJ Disaster Preparedness Ratings", which evaluates companies and selects those engaged in high-level initiatives and anti-disaster and business continuity measures and provides them with preferential interest rate financing as a reward for their excellent disaster preparedness.

DBJ revised its financing menus substantially in 2011 as a result of the March 2011 earthquake. Enterprise business continuity activities are assessed comprehensively, including resilient strategies and systems for recovering in the event a crisis materialises. In 2012, DBJ changed the name of these ratings to the "DBJ Enterprise Disaster Resilience Rated Loan Program".

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

#### ***DBJ Employee's Health Management Rated Loan Program***

In April 2008, the Ministry of Health, Labor and Welfare in Japan introduced a special health check-up system, and the Japanese Diet is discussing making it mandatory for businesses to provide mental health checks. This is one example of the growing importance being placed on maintaining the health of corporate employees. As Japan's working population is expected to shrink, achieving higher levels of human productivity has become an issue of growing importance.

With these social conditions as a backdrop, the DBJ Employee's Health Management Rated Loan Program aims to popularise and promote the concept of health management. DBJ has developed an

evaluation system to assess companies and select those that are superior in terms of their consideration for employee health and offer them financing terms in line with their assessment levels. DBJ has used a specialised method for introducing an "employee's health management rating" to its financing menu.

#### *DBJ Green Building Certification*

Applying the expertise and networks accumulated over many years of real estate financing, the DBJ Environmentally Rated Loan Program and expertise in other environment related areas, DBJ inaugurated its "DBJ Green Building Certification" in the fiscal year ended 31 March 2012. This certification programme provides investment and loan support for real estate development, refurbishment and other activities of clients that own or manage real estate that evinces environmental and societal considerations (green buildings). The certification also benefits DBJ's clients in aspects such as investor relations (IR), public relations (PR) and corporate social responsibility (CSR). In addition, in August 2012 DBJ introduced a logistics edition of DBJ Green Building Certification for distribution facilities.

#### *DBJ Visionary Hospital Program*

In recent years, hospitals have been the source of increasing attention for the role they play as bases for safety and security in regional societies. In May 2012, DBJ introduced its "DBJ Visionary Hospital Program" to support the advancement of medical functions, as well as to encourage proactive environmental consciousness, disaster prevention and business continuity measures. For institutions that have had their hospital functions certified by the Japan Council for Quality Health Care, DBJ uses the environmental assessment and business continuity management (BCM) evaluation system it has developed to certify hospitals as DBJ Visionary Hospitals (namely, those that have in place superior environmental consciousness, disaster prevention and business continuity measures), offering them a financing menu with financing terms set according to their assessments. Through this measure, DBJ supports hospitals' efforts to continue providing good healthcare in regional societies.

### **Competition**

Prior to 1 October 2008, the laws relating to Development Bank of Japan provided that, in conducting its operations, Development Bank of Japan shall supplement or encourage financing activities by commercial financial institutions and shall not compete with them, as well as that Development Bank of Japan may only make loans and/or provide guarantees to any business where the execution of such business through procurement of funds or investment on commercial terms from parties other than DBJ would be difficult.

However, since 1 October 2008, DBJ's objective has been changed under the DBJ Act to maintaining the foundations of investment and financing functions of long-term business funds, which previously were carried out by Development Bank of Japan, by conducting business activities utilising the methods of combining investments and financing and other sophisticated financial methodologies, thereby contributing to smooth supply of funds to those who need long-term business funds, as well as to the sophistication of financial functions. Pursuant to the 2015 Amendment Act, DBJ must, for an indefinite period, pay special attention in conducting its business so that it will not upset its appropriate competitive relationships with other business entities. DBJ must, for an indefinite period, set out its policy relating to the securing of appropriate competitive relationships with other business entities in its Business Plan and report on the status of implementation of such policy in its Business Report.

Currently, general financial institutions are broadly divided into commercial banks, which provide mainly senior loans, and other financial institutions such as private equity funds and certain investment banks which provide mezzanine and equity funding. DBJ believes that it is differentiated from both types of financial institutions through its ability to provide both types of services in an integrated manner at a reasonable scale. It also believes that its business model enables it to appropriately share risks with commercial banks which extend senior loans, which it believes make it less prone to competition with so-called "mega banks" in Japan.

However, competition in the domestic and international financial services markets has become extremely competitive, and a number of financial institutions have a competitive advantage over DBJ in terms of assets and numbers of customers, branches and employees, and it is expected that the competition relating to DBJ's businesses will become increasingly intense.

## Legal Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which DBJ is aware) during the 12 months preceding the date of this Offering Circular which may have or has had in the recent past significant effects on the financial position or profitability of DBJ or the Group.

## Management

DBJ's board of directors has the ultimate responsibility for the administration of its affairs. DBJ's Articles of Incorporation provide for a board of directors of not more than 13 directors and provide for not more than five corporate auditors. All directors and corporate auditors are elected by DBJ's shareholders at general meetings of shareholders (currently, the Japanese Government is the sole shareholder), but the election of each corporate auditor is subject to approval of the Minister of Finance pursuant to the DBJ Act. The normal term of office for directors is one year, and the normal term of office for corporate auditors is four years, but directors and corporate auditors may serve any number of consecutive terms. The board of directors shall elect from among its members, a President and Chief Executive Officer, and may elect from among its members, a Chairman of the Board and one or more Deputy Presidents, Executive Directors and Managing Directors. The board of directors also elects one or more representative directors from among its members, but such election is subject to approval of the Minister of Finance. Each representative director has the authority to represent DBJ in the conduct of its affairs.

The corporate auditors form the board of corporate auditors. The board of corporate auditors has a statutory duty to prepare and submit an audit report to the board of directors each year based on the audit reports issued by the individual corporate auditors that year. The board of corporate auditors is empowered to establish audit principles, the method of examination by the corporate auditors of DBJ's affairs and financial position and any other matters relating to the performance of the corporate auditors' duties.

DBJ is required to appoint independent auditors, who have the statutory duties of examining the financial statements, prepared on a basis consistent with accounting principles generally accepted in Japan, to be submitted to the shareholders by directors, and preparing their audit report thereon. Deloitte Touche Tohmatsu LLC is DBJ's independent auditor.

The names of the directors and corporate auditors of DBJ as at the date of this document are as follows:

<b>Name</b>	<b>Title</b>	<b>Principal Activities outside DBJ</b>
<b><i>Directors</i></b>		
Yasushi Kinoshita <sup>(1)</sup> .....	Chairman	—
Seiji Jige <sup>(1)</sup> .....	President and Chief Executive Officer	—
Norifumi Sugimoto <sup>(1)</sup> .....	Deputy President	—
Shoichiro Kubota.....	Director and Managing Executive Officer	—
Takeshi Harada.....	Director and Managing Executive Officer	—
Tsutomu Murakami.....	Director and Managing Executive Officer	—
Kazufusa Matsushima.....	Director and Managing Executive Officer	—
Katsushi Kitajo.....	Director and Managing Executive Officer	—
Akio Mimura <sup>(2)</sup> .....	Director	Honorary Chairman, Nippon Steel Corporation; Chairman of Tokyo Chamber of Commerce and Industry; Chairman of Japan Chamber of Commerce and Industry
Kazuo Ueda <sup>(2)</sup> .....	Director	Professor and Dean, Faculty of Business Studies, Kyoritsu Women's University; Director of Tokyo University's Center for Advanced Research in Finance
<b><i>Corporate Auditors</i></b>		
Atsushi Kurashige.....	Audit and Supervisory Board Member	—
Shigeru Tamagoshi.....	Audit and Supervisory Board Member	—
Hitoshi Sato <sup>(3)</sup> .....	Audit and Supervisory Board Member	Director, Senior Managing Executive Officer of Sumitomo Mitsui Trust Bank, Limited.
Masato Dogauchi <sup>(3)</sup> .....	Audit and Supervisory Board Member	Professor of Law, Waseda University, Law School; Senior Counsel for T&K Partners; Professor Emeritus, University of Tokyo; Director, Chief Arbitration and Mediation Officer of

Name	Title	Principal Activities outside DBJ
Naoko Saiki <sup>(3)</sup> .....	Audit and Supervisory Board Member	the Japan Commercial Arbitration Association (JCAA) Director, Japan Rugby Football Union; Visiting Professor, Graduate School of Public Policy, the University of Tokyo; Outside Director, Sojitz Corporation

Notes:

- (1) Representative director.  
(2) Outside director under the Company Act.  
(3) Outside corporate auditor under the Company Act.

All of the above officers are engaged in the business of DBJ on a full-time basis except Mr. Akio Mimura, Mr. Kazuo Ueda, Mr. Hitoshi Sato, Mr. Masato Dogauchi and Ms. Naoko Saiki. The business address of all of the above officers is 9-6, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8178, Japan.

None of the above officers have any conflict between their duties to DBJ and their private interests and/or other duties.

### Properties

DBJ's significant properties consist of land, buildings and other tangible property forming its headquarters and branch offices in Japan and office space for DBJ Real Estate Co., Ltd. As of 31 March 2022, the land area and book value of DBJ's headquarters in Otemachi, Tokyo were 2,429 m<sup>2</sup> and ¥57,272 million, respectively.

### Employees

As of 31 March 2022, DBJ employed 1,809 employees on a consolidated basis.

### Subsidiaries and Affiliates

As of 31 March 2022, DBJ had 45 consolidated subsidiaries, as well as 47 non-consolidated subsidiaries (none of which was accounted for by the equity method) and 151 affiliates (27 of which were accounted for by the equity method). In addition, as of the same date, DBJ owned greater than 20 per cent. but less than a majority of the voting rights of 15 companies, which were not considered to be affiliates because DBJ made these investments as part of its financing operations and did not intend to obtain the ability to exercise significant influence on their operating and financing policies.

The following table sets forth certain information about DBJ's principal consolidated subsidiaries as of 31 March 2022:

Name	Paid-in capital (in millions of yen, unless otherwise indicated)	Capital owned directly or indirectly by DBJ <sup>(1)</sup> (per cent.)	Principal business
<b>Consolidated Subsidiaries</b>			
DBJ Business Support Co., Ltd. ....	¥23	100.0	Other services
Consist Inc.....	100	91.0	Information and communication technology solutions
Japan Economic Research Institute Inc.....	479	100.0	Research, consulting and advisory
Value Management Institute, Inc.....	75	100.0 (8.0)	Research, consulting and advisory
DBJ Securities Co., Ltd. ....	500	100.0	Securities business
DBJ Capital Co., Ltd. ....	99	100.0	Administration of investment partnerships
DBJ Asset Management Co., Ltd. ....	100	100.0	Investment management, investment advisory and agency business
DBJ Singapore Limited.....	Singapore dollar 1 million	100.0	Investment and lending support, advisory

Name	Paid-in capital (in millions of yen, unless otherwise indicated)	Capital owned directly or indirectly by DBJ <sup>(1)</sup> (per cent.)	Principal business
DBJ Europe Limited.....	Euro 7 million	100.0	Investment and lending support, advisory
DBJ Real Estate Co., Ltd. ....	80	100.0	Real estate leasing
DBJ Investment Consulting (Beijing) Co., Ltd. ....	RMB 4 million	100.0	Investment and lending support, advisory
DBJ Americas Inc.	USD 2 million	100.0	Investment and lending support, advisory

Note:

(1) Figures in parentheses denote the part of such ownership which is indirectly owned.

## Risk Management

As part of its risk management processes and methods, DBJ generally divides its risk environment into five primary categories of risk: credit, investment, market, liquidity and operational risk. As discussed below in more detail, DBJ continuously monitors and manages these risks to seek the highest levels of safety and soundness for its business.

### *Credit Risk Management*

DBJ utilizes credit exposure management and portfolio management to manage risk related to its loans in accordance with its internal guidelines. When making a loan, DBJ examines the viability and profitability of a borrower or project, performs a comprehensive analysis of data based on the borrower's ratings, and calculates the loan's overall credit risk exposure, which is measured regularly to ensure that such risk remains within a specified range of capital. For securities, DBJ regularly monitors and examines various risk factors, taking into account the fair market value of such securities.

The results of self-assessments are subject to an audit by an audit firm and are reported to DBJ's management. Credit limits corresponding to the then current internal credit rating for each borrower have been established, and in the case of a parent company borrower, the aggregate credit extended to the group entities controlled by such parent company is also subject to exposure management and monitoring. In the event the total exposure amount for one borrower group exceeds the relevant credit limit, an individual credit administration policy must be approved and reviewed regularly.

DBJ's sales and credit analysis departments undertake roles in the screening and administering of credit for individual loan transactions, and each department operates as a check on the other. DBJ's Committee on Investment and Loan Decisions meets as needed to deliberate important issues concerning the management and operation of individual loan transactions.

#### *Borrower rating system*

DBJ's borrower rating system measures creditworthiness by combining an "evaluation point" rating and a "borrower category" rating, with the results quantifying a potential borrower's credit circumstances.

The evaluation point rating is based on indicators and categories of financial performance and evaluation of management that are common across all industries, scoring the creditworthiness of the borrower quantitatively and qualitatively. On the other hand, the borrower category rating measures specific items related to the borrower, looking at the borrower's actual financial condition, cash flows and debt repayment history, generating a comprehensive assessment of a borrower's repayment capacity.

#### *Asset self-assessment system*

Asset self-assessments are used to define asset classifications that will offset recoverability risk or the degree of risk of value loss based on the borrower rating, the corresponding borrower category, and the collateral or guarantee status. Such assessments help DBJ establish timely and appropriate amortisation schedules and reserve levels.

The following table compares DBJ's internal borrower rating classifications with the classification of claims under the Act of the Emergency Measures for the Revitalisation of the Functions of the Financial System of Japan (Act No. 132 of 1998, as amended) (the "**Financial Revitalisation Act**").

<b>Borrower category</b>	<b>Borrower rating</b>	<b>Definition</b>	<b>Claims classified under the Financial Revitalisation Act</b>
Normal borrowers	1-8	Borrowers with favourable business conditions who have been confirmed to have no particular problematic financial circumstances.	Normal claims
Borrowers to be closely monitored	9-11	Borrowers in this category are experiencing weak or unstable business conditions, or are having issues with their finances. These borrowers need to be managed with caution.	
Substandard borrowers	12	Either some or all of the debt of these borrowers requiring caution is under management.	Substandard claims
Possibly bankrupt borrowers	13	Borrowers in this category are having financial difficulties but are not bankrupt.  Management improvement plans and the like are progressing poorly, and these borrowers are likely to become bankrupt.	Doubtful claim
Substantially bankrupt borrowers	14	Although not legally or formally in bankruptcy, these borrowers are experiencing severe financial difficulties and are realistically becoming bankrupt as their lack of potential for restructuring has been confirmed.	Claims in bankruptcy, reorganisation claims, and other similar claim
Legally bankrupt borrowers	15	These borrowers are in bankruptcy, legally and formally. Specifically, these borrowers are in bankruptcy or liquidation, under corporate reorganisation, bankruptcy proceedings or civil rehabilitation, or have had transactions suspended by a bill clearinghouse.	

#### *Portfolio credit risk management*

DBJ performs an analysis of data based on borrower ratings, and calculates the loan portfolio's overall exposure to credit risk. Credit risk exposure can be assessed by calculating unexpected loss (UL), which is the maximum loss that could be incurred at a certain rate of probability, minus expected loss (EL), which is the average loss expected during a specific loan period. In addition, DBJ identifies large-scale borrowers based on the criteria according to borrower ratings, and develops management policies and monitors them from time to time.

#### *Allowances for loan losses*

DBJ records allowances for loan losses pursuant to internal policies for self-assessment of credit quality and loan losses. All claims are assessed initially by DBJ's investment and lending departments and then by its Credit Analysis Department, which is independent of the investment and lending departments. DBJ's process is similar to that utilized by Japanese commercial banks.

### *Disclosure of Non-performing Loans*

DBJ utilizes self-assessment standards (*jiko satei kijun*) to assess the credit quality of its assets in accordance with the guidance of the Financial Services Agency (the "FSA"), such as the (now repealed) Financial Inspection Manual, and voluntarily discloses its non-performing loans calculated based on the provisions of the Banking Act and the Financial Revitalisation Act. See "Operating and Financial Review – Financial Condition – Loans – Non-performing Loans" for a quantitative summary of DBJ's non-performing loans.

### *Investment Risk Management*

Investment risk refers to the risk of sustaining losses resulting from a decline in or loss of the economic value of assets due to the worsening of financial conditions for entities receiving funds and to changing market environments. DBJ's investments include mezzanine and equity financing, particularly to private (unlisted) entities, such as corporations, funds, infrastructure projects and real estate projects. These investments represent one of DBJ's most significant risk categories. DBJ makes investment decisions and manages individual investments as well as its entire portfolio accordingly.

### *Investment policy*

Based on the management philosophy of creating both economic and social value, the Investment Management Committee considers the investment policy for each fiscal year, and the Executive Committee thereafter finally determines the policy. The investment policy is formulated based on an analysis of the external environment, including changes in the market environment and industrial structure, as well as the performance of the existing portfolio, while paying attention to the balance of risk and return of the entire portfolio.

### *Individual investment management*

In making individual investment decisions, in addition to investment analysis in line with credit risk management, DBJ sets target returns in accordance with investment category and exit policies that take into account downside scenarios. In addition to the regular monitoring of all individual deals, the Investment Management Division has been established to strengthen the monitoring of priority deals and to enhance the investment risk management of the entire portfolio.

### *Portfolio management*

DBJ's investment portfolio consists mainly of unlisted stocks and mezzanine loans. In terms of portfolio management, DBJ conducts risk measurement that applies credit and market risk assessment methods focusing on the risk characteristics of each asset category and the differences in collection methods. For example, credit risk is the primary consideration for assessing investments which are recovered mainly through operating cash flows, while market risk is the primary consideration for investments to be recovered through sales to third parties or on the market.

### **Market Risk Management**

Market risk describes the risk of loss from fluctuations in the value of assets or liabilities or the risk of loss of revenues generated from assets or liabilities, owing to changes in interest rates, exchange rates, stock markets and various other risk factors in the markets. DBJ divides these risks broadly into interest rate risk and exchange rate risk.

### *Interest rate risk*

Interest rate fluctuations can create mismatches between rates of interest of assets and of liabilities or between interest periods losses. Interest rate risk can reduce the economic value of DBJ's assets or interest income. Based on monitoring through multifaceted indicators, such as value at risk (VaR) and interest rate sensitivity analyses, as well as Asset and Liability Management policies established by the Executive Committee, DBJ manages its current assets and liabilities to optimize net interest expenses and economic value by adequately controlling interest rate risk and financial liquidity risk. As a means of controlling interest rate risk, DBJ enters into interest rate swaps to hedge a portion of its interest rate exposures. DBJ does not engage in any trading activity outside of its hedging activities.

### *Exchange risk*

Exchange risk is the risk of loss due to volatility in exchange rates, and this risk affects entities holding assets and liabilities denominated in different currencies. DBJ's exchange risk is the result of providing and raising financing in different currencies. In addition to monitoring its exposure in accordance with foreign exchange risk indicators established under DBJ's comprehensive risk management policies, DBJ uses exchange swaps and other instruments to limit exchange risk in terms of foreign currency-denominated assets and liabilities at a net-base position.

### *Market credit risk*

DBJ aims to reduce counterparty risk in derivatives transactions through margin transfers by means of a centralized exchange and mutual credit support annex. Financial institution transactions are managed within the limits of the creditworthiness of the counterparty. Transactions with operating companies and other customers are managed within the framework of comprehensive risk management for fluctuation risks, and measurements of credit valuation adjustment (CVA) are based on accounting standards.

### ***Liquidity Risk Management***

Liquidity risk is the risk of a mismatch occurring in the periods when funds are used and raised or of an unexpected outflow of funds, causing differences in the flow of funds. Such situations can limit flexibility in securing funds and thereby create situations in which interest rates on borrowed funds are substantially higher than usual rates. At other times, because of market complexities, entities in these circumstances may become unable to participate in market transactions, compelling them to conduct transactions under substantially less favourable terms than otherwise would be the case.

To address liquidity risk, in addition to issuing corporate bonds and taking out long-term loans, DBJ relies on the stable procurement of long-term funds from the Japanese Government (through the Fiscal Investment and Loan Program, the program through which the Japanese Government allocates government funds to public institutions and special corporations such as DBJ) and issuances of government-guaranteed bonds, rather than on short-term funds such as commercial paper.

To prepare for unexpected cash flow shortfalls caused by financial market shocks, etc., DBJ maintains sufficient liquidity on hand to cover planned cash outflows even under certain stress assumptions. In addition to classifying cash management modes according to the degree of cash shortfall, contingency plans are established as appropriate to deal with such unexpected shortfalls.

### ***Operational Risk Management***

DBJ defines operational risk as the risk of loss arising from internal processes, people or systems that are inappropriate or not functioning correctly, or from external events. DBJ works to establish a risk management system to minimise risk and prevent potential risks from materialising. DBJ's General Risk Management Committee has been established to oversee topics concerning operational risk management. Within operational risk management, DBJ conducts administrative risk management and systems risk management as described below.

#### *Administrative Risk Management*

Administrative risk refers to the risk of sustaining losses resulting from employees neglecting to perform their duties correctly or from events such as accidents and fraud. To reduce or prevent administrative risk, DBJ prepares manuals, performs checks on administrative procedures, provides education and training and uses systems to reduce the burden of administrative duties.

#### *System Risk Management*

System risk refers to the risk of loss due to a computer system breakdown or malfunction, system defects, or improper computer usage. DBJ has implemented the following internal processes to optimize systems risk management and properly manage systems risk. The Information Resources Department is responsible for managing DBJ's systems risk centrally, based on its systems risk management policies. By determining security standards from a variety of viewpoints—from information system planning and

development to operation and use—the department promotes appropriate system risk management operations across the organisation.

### ***Stress Testing***

In addition to the comprehensive risk management based on risk exposure, DBJ performs stress tests to assess its capital adequacy in order to ensure uninterrupted financial functions, including for its Crisis Response Operations, while maintaining management soundness even under stressed conditions. Stress tests are used to assess the impact on capital adequacy when formulating and reviewing medium-term management plans and business plans, and are also used to examine responses to various management issues.

Based on the latest forecasts for economic conditions, these stress tests involve scenarios that also take into account DBJ's financial position in various scenarios for challenging conditions, such as a major economic recession or strong market stressors. DBJ also evaluates whether financial functions can be smoothly executed and adequate financial health maintained under stressful conditions, by factoring in how risk exposure and risk-weighted assets increase as a result of erosion in its capital and changes in its loan and investment portfolio in each scenario.

## SUPERVISION AND REGULATION

DBJ is subject to extensive oversight, supervision and regulation on an ongoing basis by the Japanese Government, and conducts its lending and investment operations within a regulatory framework modelled on the regulation of deposit-taking commercial banks in Japan. However, in light of its role in Japan as a governmental finance institution, DBJ is formally governed by a set of rules and regulations, principally the DBJ Act, that differs from the regulatory framework for Japanese commercial banks, which are primarily regulated under the Banking Act.

The following discussion describes the key features of DBJ's regulatory and supervisory framework, which is comprised by the express provisions of the DBJ Act, supplemental oversight by multiple Japanese government agencies and regulatory authorities and DBJ's voluntary compliance with key prudential regulatory metrics.

### **Government Control by the Ministry of Finance**

The Japanese Government currently owns 100% of DBJ's issued share capital. As DBJ's sole shareholder, the Minister of Finance controls the outcome of any resolutions requiring a shareholder vote, including election of directors and corporate auditors. In addition, the DBJ Act establishes a layer of government oversight and control over DBJ's operations and governance that is independent from the Japanese Government's ownership of DBJ's common stock.

Under the DBJ Act, the Minister of Finance is designated as the "competent minister" charged with primary responsibility for overseeing DBJ's operations. The Minister of Finance's authority under the DBJ Act consists of two main features: (1) approvals-based regulation, by which DBJ must seek and obtain approval of the Minister of Finance with respect to critical aspects of its operations and organisational direction and (2) direct reporting obligations, by which DBJ is obligated to submit regular reports to the Minister of Finance, in service of the Minister of Finance's obligation to ensure the financial stability of DBJ and to track alignment with DBJ's public mission. For example:

- DBJ must submit, prior to the beginning of each fiscal year, an annual business plan for the new fiscal year and obtain authorisation by the Minister of Finance therefor (and for any subsequent revisions thereto), which plan must include implementation policies with respect to DBJ's Crisis Response Operations and Special Investment Operations;
- DBJ must submit, prior to the beginning of each fiscal year, a proposed funding and bond issuance plan to the Minister of Finance, together with a repayment/redemption plan with respect to outstanding bonds and borrowings, for the new fiscal year and obtain authorisation of the Minister of Finance therefor (and for any subsequent revisions thereto), which plans, in their approved forms, are incorporated into the Japanese Government's annual budget;
- DBJ must submit during each fiscal year (1) financial statements (including a balance sheet and profit and loss statement) as of the end of and for the six-month interim and full fiscal-year periods to the Minister of Finance, and (2) business reports as of the end of and for the six-month interim and full fiscal-year periods to the Minister of Finance, which business reports must include status updates with respect to implementation of DBJ's Crisis Response Operations and Special Investment Operations; and
- DBJ must comply with any business improvement or suspension order received from the Minister of Finance.

In addition to these periodic planning, reporting and supervision requirements, the DBJ Act expressly requires DBJ to seek and obtain approval from the Minister of Finance upon the undertaking of certain corporate actions, including:

- commencement of accepting deposits;
- issuances of new shares;
- appointment and dismissal of representative directors and corporate auditors;

- acceptance of certain director positions by a current director of DBJ;
- amendments to DBJ's Articles of Incorporation;
- dispositions of surplus funds;
- execution of mergers, corporate splits or a dissolution;
- taking ownership positions in certain financial institution entities (including banks, securities companies, insurance companies);
- DBJ's proposed funding plan and bond/borrowing redemption plan (and subsequent revisions to each) discussed above; and
- DBJ's proposed business plans (and subsequent revisions thereto) discussed above.

With respect to the Crisis Response Operations and Special Investment Operations in particular, the DBJ Act grants the Minister of Finance an additional degree of oversight, which reflects the discrete policy aims of these specific programmes. These measures include the following:

- *Reporting Requirements.* The DBJ Act imposes specific reporting requirements, under which DBJ must deliver to the Minister of Finance on an annual basis implementation plans and status updates for the Crisis Response Operations and Special Investment Operations.
- *Special Investment Guidelines.* The supplementary provisions of the DBJ Act direct the Minister of Finance to establish and publish "special investment guidelines" for DBJ's Special Investment Operations. These guidelines set parameters around types of financial support and qualifying projects, and also impose substantive obligations, e.g., requiring DBJ to act in a coordinated manner with other Japanese government initiatives aimed at regional economic revitalisation, such as collaborations with public-private partnerships.
- *Direct Capital Contributions and Establishment of Reserves.* In recognition of the heightened risks associated the Crisis Response Operations and Special Investment Operations, the DBJ Act includes provisions that specifically permit the Japanese Government to make direct capital contributions to DBJ to ensure the successful implementation of these policy programmes. The DBJ Act also prescribes special accounting treatment including requirements to establish segregated reserves for the Crisis Response Operations and Special Investment Operations in equity on the balance sheet.

### ***Supervision and Oversight by Government Agencies and Regulatory Authorities***

#### *Safety and Soundness Regulation*

Under the DBJ Act, responsibility for overseeing and administering the supervision of DBJ rests primarily with the Minister of Finance, as discussed above. However, the Minister of Finance is permitted under the DBJ Act to delegate certain of these supervisory responsibilities to the FSA, and has in fact done so.

#### *Supervisory Inspection Authority*

As permitted under the DBJ Act, the Minister of Finance has delegated to the FSA the authority to conduct examinations of DBJ, at any time and with any frequency, with the goal of ensuring DBJ's sound and appropriate management. This authority parallels the FSA's authority to examine commercial banks to secure their sound and proper management under the Banking Act. As with commercial banks, the FSA's ongoing supervision of DBJ was previously conducted in accordance with the Financial Inspection Manual, a guidance document that set forth principles, checklists and guidelines for FSA bank examiners to follow in examining sources of risk to a bank's operations. The FSA announced the repeal of the Financial Inspection Manual in December 2019 as part of the transformation of its supervisory approaches, which emphasize a more forward-looking, holistic examination style. Notwithstanding the repeal of the Financial Inspection Manual, DBJ believes that it will continue to undergo FSA inspections in a manner similar to Japanese commercial banks.

In conducting examinations of DBJ and other regulated institutions, the FSA adopts a supervisory approach that encourages "self-assessment". For example, the Financial Inspection Manual placed great emphasis on bank self-assessments of loan quality and internal control systems, with the FSA serving as an external check on the validity and effectiveness of these risk management processes. DBJ believes that its approach to risk management, which has been informed by the Financial Inspection Manual and other FSA guidance, is consistent with the risk management practices and policies of similarly sized or larger banking groups in Japan. See "Development Bank of Japan Inc.— Risk Management" for further discussion of DBJ's comprehensive risk management and internal control systems.

Although the on-site inspection authority under the DBJ Act has been delegated to the FSA, the Minister of Finance retains its original mandate to supervise DBJ from a safety and soundness perspective. Under the DBJ Act, when the FSA conducts inspections of DBJ pursuant to its delegated authority, it must promptly report its findings to the Minister of Finance. Such reports would form the basis for any decision by the Minister of Finance to exercise corrective action, as discussed in the next section.

#### *Corrective Action Authority*

Another feature of the supervisory regime common to DBJ and Japanese commercial banks is a framework for corrective action.

Commercial banks are subject to the FSA's prompt corrective action framework, under which the FSA is authorised to take a variety of corrective actions in response to weakness in a bank's capital position. For DBJ, the corrective action authority rests in the Minister of Finance. The DBJ Act explicitly grants the Minister of Finance the authority, in light of DBJ's financial and business condition and in order to secure the sound and appropriate operation of DBJ's business, to require DBJ to submit a business improvement plan or order it to revise an improvement plan that has been submitted, or, may order DBJ to suspend all or part of its business activities for a certain period of time, order DBJ to deposit its assets or otherwise issue orders necessary from a supervisory perspective. This authority closely parallels the FSA's Prompt Corrective Action framework provided under the Banking Act, and DBJ believes that such authority would be exercised with respect to DBJ in a similar manner as it is with respect to Japanese commercial banks, particularly in light of the close coordination between the FSA and the Minister of Finance with respect to monitoring and inspections of DBJ's financial status discussed above in " — Supervisory Inspection Authority".

#### *Central Bank Supervision*

In addition to supervision by the FSA, DBJ is also subject to the supervisory authority of the BOJ, which is Japan's central bank.

DBJ, as a current account holder with the BOJ, is subject to the BOJ's examination framework. As a general rule, eligibility for a current account is conditioned on the account holder contractually agreeing to undergo BOJ inspections, including both on-site examinations and off-site monitoring. Commercial banks and other financial industry actors likewise fall within the BOJ's examination framework insofar as they open (or are required to open) a current account. DBJ believes that it undergoes BOJ inspections and monitoring in a manner typical of commercial banks in Japan, for which examinations are mandatory pursuant to their own contractual agreements with the BOJ.

In addition to providing current account services, the BOJ also offers a variety of other loan and liquidity facilities, which are tailored to different needs and policy purposes. Access to these facilities is contingent on additional terms and conditions. Currently, DBJ participates in the BOJ's Loan Support Program, through which the BOJ provides loans against pooled collateral to support efforts to strengthen the foundations for economic growth and stimulate bank lending. Participation in the Loan Support Program is contingent on maintaining a current account with the BOJ and meeting certain creditworthiness standards in light of DBJ's capital condition and other information obtained through BOJ on-site examinations and off-site monitoring.

#### *Audit and Supervision by the Board of Audit of Japan*

Another aspect of DBJ's overall regulatory and supervisory scheme that is distinct from, and in addition to, the regulation of commercial banks is oversight by Japan's Board of Audit.

The Board of Audit is an organ established under the Japanese Constitution to ensure proper administration of the public finances. In addition to conducting the annual audit of government accounts, the Board of Audit is charged by law with a set of broad oversight duties: to continuously audit and supervise the financial management of the Japanese Government, to ensure the adequacy thereof, and to rectify any defects discovered therein.

As a government-owned financial institution, DBJ is subject to the Board of Audit's annual audit, thereby subjecting its finances to review and oversight by an independent government agency and, ultimately, exposing them to scrutiny by the Cabinet and the Diet.

### ***Restrictions on DBJ's Activities***

#### *Permissible Activities under the DBJ Act*

Similar to commercial banks in Japan, DBJ is subject to constraints on its activities. This type of activities-based regulation provides a structural check on DBJ's capacity for risk-taking. Through a combination of the DBJ Act and voluntary risk management practices, DBJ is subject to constraints on the scope and character of its activities, which ensures that it conducts its operations in a manner similar to, and with risk exposures characteristic of, commercial banks in Japan.

Specifically, under the DBJ Act and its Articles of Incorporation, DBJ is permitted, among other things:

- To accept certain types of deposits;
- To lend money;
- To make capital contributions;
- To guarantee the due performance of debts and obligations;
- To sell and purchase securities (subject to certain exceptions);
- To lend securities;
- To acquire or transfer certain monetary claims;
- To subscribe for specified bonds or preferred investment securities issued by a specified purpose company;
- To acquire or transfer short-term notes;
- To act as an agent or intermediary for execution of agreements which provide for lending money on behalf of certain banks and other entities engaged in the financial institutions business;
- To enter into certain derivatives transactions;
- To conduct certain investment advisory and investment management businesses;
- To provide other entities with consulting services regarding business transfers, mergers, corporate splits, share-for-share exchanges (*kabushiki kokan*) or share transfers (*kabushiki iten*), or to act as a broker for these transactions;
- To provide other entities with consulting services regarding management, and to conduct investigations or provide information as required for the business operations of other entities;
- To conduct investigations, research or training regarding financial and other economic issues; and
- To conduct activities incidental to each of the foregoing items.

### *Equity Investment and Credit Concentration Limits*

While permissible activities for DBJ are substantially similar to those of a Japanese commercial bank, Japanese commercial banks are subject to different limits on equity investments and credit concentration than DBJ.

In terms of equity investments, commercial banks in Japan are generally prohibited from acquiring or holding more than 5% of the voting rights of non-financial domestic companies; however, in recent years the Japanese legislature and FSA have enacted a series of amendments and regulations to relax the 5% rule. Under a separate banking regulation under Japanese law, commercial banks must limit the aggregate market value of their holdings of equity securities to an amount equal to 100% of their consolidated Tier 1 capital, subject to certain exceptions, such as for securities that are not freely marketable. By contrast, the DBJ Act does not impose equivalent limitations on DBJ's ability to make equity investments in individual Japanese companies nor on the aggregate value of its equity holdings. However, as a proportion of DBJ's balance sheet, total equity investment remains relatively small.

With respect to credit concentration limits, the Banking Act restricts the aggregate amount of credit and loans that may be extended to any single customer by a Japanese commercial bank, which is currently equal to 25% of total qualifying capital of the bank (together with its subsidiaries and affiliates). Pursuant to an FSA ordinance, the applicable single customer credit limit for internationally active banks is equal to 25% of total Tier 1 capital. Although DBJ is not subject to single customer or counterparty credit limits under the DBJ Act, DBJ has established policies and procedures that limit individual credit exposures to borrowers, which involve rigorous internal oversight and monitoring as well as exposure management strategies.

For information about DBJ's risk management policies and practices, see "Development Bank of Japan Inc. — Risk Management".

### *Balance Sheet and Leverage Limits*

Under the DBJ Act, DBJ is subject to quantitative limits on total credit and investment, which are not applicable to Japanese commercial banks. Specifically, the DBJ Act establishes a limit on DBJ's total amount of borrowing (i.e., the sum of deposits (if any), borrowings, bonds and economically similar forms of indebtedness) equal to fourteen times its total paid-in capital and reserves, subject to certain adjustments. In addition, DBJ's total amount of loans, capital contributions and securities holdings cannot exceed the sum of (i) total paid-in capital and reserves and (ii) the upper limit on total borrowings set forth above (i.e., fourteen times total paid-in capital and reserves, subject to certain adjustments). These two provisions of the DBJ Act place effective upper bounds on the extent to which DBJ can freely expand its business or assume debt, absent capital support from the Japanese Government. These limits also effectively establish a mandatory capital cushion for DBJ.

### *Depositor Protection*

Japanese commercial banks that accept deposits must participate in a deposit insurance scheme and are subject to various other provisions of the Banking Act explicitly intended for protection of depositors. If DBJ begins to accept deposits it would become subject to these requirements as well. DBJ does not currently accept deposits and thus is not subject to these requirements.

### *Voluntary Compliance with Banking Regulations*

In recognition of the acute public interests at stake in maintaining a healthy financial system and in the protection of depositors, commercial banks in Japan are subject to a robust framework of prudential regulation, principally under the Banking Act and the various rules promulgated thereunder. For example, the Banking Act contains provisions relating to capital adequacy, inspections and reporting, as well as scope of permissible business activities, disclosure requirements, accounting rules and standards, limitations on granting credit and rules addressing conflicts of interest. DBJ, as a public finance institution accountable to the Japanese public, views financial stability and safety and soundness as priorities of the highest degree. Therefore, in addition to complying with mandatory regulation and supervision under the DBJ Act, DBJ conducts its operations in accordance with prudential regulatory standards applicable to commercial banks in Japan.

Specifically, despite not being formally subject to the Banking Act's substantive prudential regulation (until and unless it engages in deposit-taking), DBJ voluntarily controls its balance sheet and risk exposures in light of prudential regulatory financial standards, such as Basel III risk-based capital and leverage ratios, as well as domestic risk management and loan disclosure standards aimed at promoting bank stability. DBJ also discloses Basel III Pillar 3 information substantially consistent with mandatory FSA guidelines for domestic commercial banks in Japan, which comprises a number of qualitative and quantitative disclosures that address key risk categories, including credit risk, counterparty credit risk, securitisation exposures, market risk and interest rate risks. Further, as part of DBJ's risk management protocols, it conducts internal stress testing based on parameters calibrated to DBJ's risk characteristics.

In the area of risk management, DBJ has adopted internal policies and voluntarily complies with certain banking regulations applicable to Japanese commercial banks, with a view towards safety and soundness. Specifically, DBJ voluntarily carries out independent asset assessments pursuant to internal policies for self-assessment of credit quality based on the Financial Inspection Manual (repealed in 2019), and calculates and discloses detailed information about loan portfolio performance, including non-performing loans, which are based on Japanese law requirements under the Banking Act and the Financial Revitalisation Act.

For information on DBJ's regulatory capital ratios and capital adequacy position, see "Operating and Financial Review – Capital Adequacy". For information on DBJ's credit quality disclosures under the Banking Act and Financial Revitalisation Act, see "Operating and Financial Review – Financial Condition – Loans – Non-performing Loans".

## SELECTED HISTORICAL FINANCIAL INFORMATION

The following tables show selected financial information of DBJ as of each of the indicated dates and for each of the indicated periods. The selected annual consolidated financial information as of 31 March 2020, 2021 and 2022 and for each of the three years then ended is derived from DBJ's audited annual financial statements as of and for the years ended 31 March 2021 and 2022 with the corresponding figures shown as comparative information as of and for the year ended 31 March 2020, prepared in accordance with Japanese GAAP. This information is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements, including the notes to the financial statements, that are included elsewhere or incorporated by reference in this Offering Circular.

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

	Year Ended 31 March		
	2020	2021	2022
	(in millions of yen)		
<b>Statement of Income Data:</b>			
Total income.....	¥293,477	¥270,661	¥313,042
Interest income.....	169,456	159,422	170,480
Fees and commissions.....	17,167	20,922	17,338
Other operating income.....	15,165	14,094	14,498
Other income.....	91,688	76,221	110,724
Total expenses.....	210,452	196,859	224,535
Interest expense.....	78,730	55,357	46,049
Fees and commissions.....	326	642	1,287
Other operating expenses.....	12,310	9,223	13,933
General and administrative expenses <sup>(1)</sup> .....	57,161	56,726	58,045
Other expenses <sup>(1)</sup> .....	61,924	74,910	105,219
Income before income taxes.....	83,024	73,802	88,506
Net income attributable to owners of the parent.....	50,456	45,246	57,612
Total comprehensive income.....	23,422	60,323	56,312

Note:

(1) From the year ending 31 March 2021, certain expenses relating to DBJ's investment business were recategorised from "general and administrative expenses" to "other expenses". For comparative purposes, the year ended 31 March 2020 has been restated. See "Operating and Financial Review – Changes in Presentation".

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

	As of 31 March		
	2020	2021	2022
	(in millions of yen)		
<b>Balance Sheet Data:</b>			
Securities.....	¥2,374,268	¥2,535,827	¥ 3,034,488
Loans.....	12,415,985	14,757,131	14,346,188
Total assets.....	17,693,665	21,221,829	21,508,591
Debentures.....	3,314,656	3,483,570	3,339,098
Borrowed money.....	8,070,948	10,664,537	10,573,681
Corporate bonds.....	2,382,226	2,739,904	3,053,262
Total liabilities.....	14,259,611	17,518,413	17,676,529
Total equity.....	3,434,054	3,703,415	3,832,062

## OPERATING AND FINANCIAL REVIEW

*The following operating and financial review is based on information contained in the audited financial statements of DBJ in respect of the years ended 31 March 2021 and 2022, 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 this Offering Circular. The discussion should be read in conjunction with the "Selected Historical Financial Information" and the financial statements of DBJ and the accompanying notes which are incorporated by reference in this Offering Circular.*

*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 this 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 extended a total of ¥2,994.6 billion in loans and made investments in the amount of ¥227.9 billion during the year ended 31 March 2022 (non-consolidated basis). As of 31 March 2022, it had total loans of ¥14,346.1 billion and securities of ¥3,034.4 billion, which comprised 66.7% and 14.1% of its total assets on a consolidated basis. DBJ's net interest income was ¥104,065 million for the year ended 31 March 2021 and ¥124,431 million for the year ended 31 March 2022. Net income attributable to owners of the parent was ¥45,246 million for the year ended 31 March 2021 and ¥57,612 million for the year ended 31 March 2022.

DBJ operates primarily in Japan. As of 31 March 2022, DBJ had 19 domestic offices (including its head office), 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 31 March 2022, DBJ had 45 consolidated subsidiaries, 47 non-consolidated subsidiaries and 151 affiliated companies.

### *Policies of the Japanese Government*

DBJ's business, financial condition and results of operations are significantly affected by the policies of the Japanese Government. In recent years, in addition to its ordinary course financing activities and provision of related consulting and advisory services, DBJ has also been mandated pursuant to amendments to the DBJ Act to undertake certain Japanese Government-sponsored initiatives, namely the Crisis Response Operations and Special Investment Operations.

In the Crisis Response Operations, DBJ has extended finance in response to a variety of crisis events that have had significant impact on Japanese and/or global economic conditions, such as the global financial crisis in 2008, the March 2011 earthquake and the COVID-19 pandemic in 2020. In 2015, DBJ also began financing activities pursuant to the Special Investment Operations, which seek to encourage financing to enhance the competitiveness of enterprises that contribute to improvement of socioeconomic vitality and sustainable development of Japan generally.

Since the start of its Crisis Response Operations in 2008 through the year ended 31 March 2022, DBJ has extended an aggregate amount of ¥8,715.2 billion in loans as part of that initiative, including

¥2,791.9 billion in connection with earthquake recovery efforts. In addition, from the start of its Special Investment Operations in 2015 through the year ended 31 March 2022, DBJ has extended loans to and made investments in qualifying enterprises in the aggregate amount of ¥998.2 billion as part of that investment program. These initiatives, and DBJ's role therein, are expected to continue for the foreseeable future.

In recognition of the heightened risks associated with the Crisis Response Operations and Special Investment Operations, the DBJ Act includes provisions that specifically permit the Japanese Government to make direct capital contributions to DBJ to ensure the successful implementation of these policy programs. The DBJ Act also prescribes special accounting treatment including requirements to establish segregated reserves for the Crisis Response Operations and Special Investment Operations in equity on DBJ's balance sheet.

Although the DBJ Act contemplates a plan to fully privatise DBJ over time, the specific timing and manner of the government's relinquishment of ownership remains to be determined. See "Privatisation of DBJ". In the meantime, DBJ's role in implementing policy finance on behalf of the Japanese Government may continue to evolve in response to changes in political, socioeconomic and financial conditions in Japan. Such changes could further alter DBJ's scope of operations, in turn affecting its risk exposures and the types of businesses in which it can engage.

### ***Economic Environment***

DBJ's results of operations are influenced by developments in the global and Japanese economies.

Prior to the outbreak of COVID-19, the domestic economy in Japan had already been showing signs of a slowdown, partially attributable to the increase in the consumption tax rate from 8% to 10% in October 2019. The Japanese economy contracted in the fourth quarter of 2019, reversing a trend of steady improvement in recent years. In calendar year 2020, the outbreak of the COVID-19 pandemic significantly and adversely affected economic systems, global supply chains, and financial markets worldwide, causing diminished investment sentiment, sporadic volatility in global capital markets and a precipitous decline of value in stock markets around the globe. The significant disruption in economic activity as a result of COVID-19 and the measures taken in response have had a significant negative impact on overall economic conditions in Japan, as reflected in the 4.5% year-over-year decline in real GDP in 2020, according to the Economic and Social Research Institute. In 2021, real GDP increased by 1.7%, as compared to 2020, followed by a quarter-on-quarter decrease of 0.1% for the first quarter of 2022. According to the Monthly Economic Report for July 2022 published by the Cabinet Office on 26 July 2022, the Japanese is "picking up moderately". However, in light of downside risks, including the duration and extent of the economic impact of COVID-19, the status of the Japanese economy in the future remains uncertain.

While the Japanese and global economies have faced and continued to face challenges raised by COVID-19, a variety of other macroeconomic and geopolitical factors could weigh on economic conditions in Japan. Continued uncertainty in geopolitical conditions, including the commencement of military conflict between Russia and Ukraine and related sanctions targeting Russia imposed by the international community, concerns over North Korea's nuclear weapons program and continued instability in the Middle East, material changes in regional economic or political unions or associations between countries, and increased protectionism affecting trade relations globally, could also contribute to economic instability in those and other regions and affect Japanese and global economic conditions. In particular, the conflict in Ukraine and related sanctions targeting Russia have exacerbated ongoing supply chain constraints caused by the COVID-19 pandemic and driven sharp increases in prices of commodities, including oil and natural gas, further contributing to inflationary pressure. Increased energy prices are a strain on the Japanese economy, which has been increasingly dependent on LNG and other energy imports as a result of the nuclear accident at the Fukushima Daiichi Nuclear Plant and suspension of operations at other nuclear power plants.

Domestically, the long term impact of such issues as well as others (including the previous increase in the consumption tax rate) on Japan's economy, trade balance, interest rates and fiscal position (including as a result of the fiscal and monetary stimulus response to COVID-19), remains uncertain.

In recent years, economic conditions in Japan have been significantly influenced by the economic policies of the Japanese Government, collectively known as "Abenomics", as well as the qualitative and quantitative measures implemented by the BOJ. For example, in February 2016, the BOJ began

implementing a negative interest rate policy, applying a rate of negative 0.1% to certain excess reserves that financial institutions hold at the bank. The adoption of the BOJ's negative interest rate policy has negatively impacted domestic interest spread and interest income for Japanese banks and other financial companies. Since 2016, the BOJ has reaffirmed its commitment to the negative interest rate policy and has supplemented it through a variety of other qualitative and quantitative easing programs, while also establishing a 2% price stability target. In response to the COVID-19 pandemic, the BOJ expanded and enhanced its quantitative easing measures in light of the severe negative impact on Japanese economic conditions. In policy statements issued in June and July 2020, the BOJ confirmed its intention to maintain the course of its easing policy and large-scale asset purchases, while continuing to monitor impact of the COVID-19 pandemic, and stated its expectation that short- and long-term policy interest rates would remain at their present or lower levels. On 19 March 2021, the BOJ announced its stance on monetary policy to promote "further effective and sustainable monetary easing", which reinforces existing yield curve control measures while moderating previous statements regarding large-scale asset purchases. It also introduced a new interest rate-based scheme aimed at incentivising lending by financial institutions, in order to ensure its ability to use interest rate cuts respond to changes in economic conditions. In its monetary policy statement of 18 June 2021, the BOJ stated that it would introduce a new fund-provisioning measure, through which it provides funds to financial institutions for investment or loans made to address climate change issues. The BOJ published a preliminary outline of the fund-provisioning measure on 16 July 2021. In the first half of 2022, as other central banks around the world embarked on a path of tightening monetary policy and rate increases to combat rising inflation, the BOJ reinforced its commitment to yield curve control through large-scale asset purchases, even as inflation has risen steadily in Japan. The divergence in monetary policy has contributed to a significant weakening of the yen against other major currencies.

Recent and specific financial indicators affecting the business climate in which DBJ and its borrowers and investees operate include:

- The yield on 10-year JGBs was 0.031% as of 31 March 2020 and increased to 0.104% as of 31 March 2021. It then continued to increase to 0.218% as of 31 March 2022.
- The Nikkei Stock Average was 18,917.01 as of 31 March 2020 and increased to 29,178.80 as of 31 March 2021. It then decreased to 27,821.43 as of 31 March 2022.
- The yield on five-year U.S. Treasury notes was 0.37% as of 31 March 2020 and increased to 0.92% as of 31 March 2021. It then continued to increase to 2.42% as of 31 March 2022.
- The yen to U.S. dollar central spot exchange rate, according to the BOJ, was ¥108.70 to U.S.\$1.00 as of 31 March 2020 and weakened to ¥110.70 to U.S.\$1.00 as of 31 March 2021. It then continued to weaken to ¥122.40 to U.S.\$1.00 as of 31 March 2022.

It is uncertain how governmental policy measures and market and foreign exchange trends in Japan and overseas will affect DBJ's results of operations going forward.

## **Principal Factors Affecting Results of Operations**

### ***Net Interest Income***

Net interest income, or the difference between interest income and interest expense, is determined by:

- the amount of interest-earning assets and interest-bearing liabilities;
- the interest spread;
- the general level of interest rates; and
- the proportion of interest-earning assets to interest-bearing liabilities.

DBJ's principal interest-earning assets are loans and investment securities, and its principal interest-bearing liabilities are borrowed money, debentures and corporate bonds. DBJ controls its exposure to interest rate fluctuations through asset and liability management operations.

As DBJ's lending operations are aimed at the provision of medium- to long-term loans, while its funding sources primarily consist of long-term borrowings and long-term bonds, the ability to earn a spread is dependent on DBJ's ability to procure funds at relatively low interest rates. This distinguishes DBJ's funding structure from that of commercial banks, which rely on short-term funding such as deposits. Japanese Government support, through government lending programs (FILP) and issuing its sovereign guarantee on DBJ bond issuances, is an important factor in keeping DBJ's overall cost of funding low. For details on DBJ's sources of funding, funding plan and borrowing track record, see "—Liquidity and Capital Resources".

In recent years, the BOJ has been actively implementing monetary easing measures as described above in "Overview—Economic Environment". The BOJ's policy has resulted in lower market interest rates and flattened the yield curve for securities denominated in Japanese yen (reflecting a decreased difference in yield between long-term and short-term bonds). Reflecting these macroeconomic developments and the low interest rate environment, profitability in DBJ's loan operations has steadily declined in recent years, both due to the decline in lending yields and contraction in the average loan balance (while DBJ has expanded its investment activities), although DBJ has focused on high value-added lending to achieve higher yields.

### ***Other Income (Expenses)***

Other income and other expenses primarily relate to DBJ's investment operations, which consists of mezzanine and equity financing to unlisted entities such as corporations, funds, infrastructure projects and real estate projects. Specifically:

- *Other income.* Other income primarily includes realised and unrealised gains arising from DBJ's investment activities. Such income may include gains on partnership and fund investments, gains on sales of equities and other securities, rental income on land and buildings and sales of electric power. DBJ also records reversal of allowance for loan losses and collection of written-off claims as other income.

Other income also includes dividend income, such as distributions that DBJ or its consolidated investment funds receive from portfolio companies in which they invest.

- *Other expenses.* Other expenses includes realised and unrealised losses arising from DBJ's investment activities. DBJ also records impairment losses, provision of allowance for loan losses and provision of allowance for investment losses, and the write-off of equities as other expenses. Other expenses also includes depreciation.

Fluctuations in net other income are driven by changes in the financial performance of DBJ's investments between periods, as well as the realisation of gains or losses of investments through exits and dispositions, which can vary from period to period. Net other income is significantly influenced by changes in broader economic and environmental conditions, which impact levels of provisions and reversals and the underlying financial conditions of the entities in which DBJ invests.

### ***Net Fees and Commissions***

Fee and commission income is primarily derived from DBJ's advisory and consulting services, through which it offers services such as M&A advisory, proprietary research and analytics, and its role in arranging high-value-added loan syndications.

Fees and commissions also includes fees derived from DBJ's asset management services, which are focused particularly on the domestic real estate market. The level of fee and commission income from the asset management business is related to the level of assets under management.

### **Critical Accounting Policies and Estimates**

The preparation of DBJ's financial statements in accordance with Japanese GAAP requires it to make estimates and assumptions that affect the application of accounting policies and the reported value of assets and liabilities and of income and expenses. The estimates and associated assumptions are based on past experience, market information and various other factors considered to be reasonable given the circumstances. On an ongoing basis, DBJ management evaluates its estimates and judgments, including

those related to the valuation of assets and liabilities. DBJ considers the following accounting policies to involve critical accounting estimates.

### ***Allowance for Loan Losses***

DBJ records the allowance for loan losses pursuant to internal policies for self-assessment of credit quality and loan losses. 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 the write-off described below, net of amounts expected to be recovered through disposal of collateral or collateral or execution of guarantees. The allowance for claims on borrowers who are not legally bankrupt, but are likely to become bankrupt, and for which future cash flows cannot be reasonably estimated (possibly bankrupt), is provided for at the amount considered to be necessary based on an overall solvency assessment performed on the claims, net of amounts expected to be recovered through disposal of collateral or execution of guarantees. With respect to the claims on 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 based on the expected loss over the remaining life of the loan, which is calculated by adjusting the average historical default rate as necessary in light of recent developments. All claims are assessed initially by the investment and lending departments and then by the Credit Analysis Department, which is independent of the investment and lending departments based on internal policies for self-assessment of credit quality. The allowance is provided for based on the results of the self-assessment. With respect to the claims on borrowers who are legally or substantially bankrupt with collateral or guarantees, the amount of claims exceeding the estimated market values of collateral or guarantees which are deemed uncollectible were written-off, and totalled ¥13,226 million and ¥7,134 million for the years ended 31 March 2021 and 2022, respectively. DBJ's consolidated subsidiaries calculate the general reserve for "normal" categories based on the specific actual historical loss ratio, and the specific reserve for the "possibly bankrupt", "substantially bankrupt" and "legally bankrupt" categories based on estimated losses, considering the recoverable value.

### ***Impact of COVID-19***

As COVID-19 is expected to have an impact on counterparty credit risk, DBJ has recorded an allowance for loan losses by reflecting the expected impact on each category of borrowers as necessary based on information available as of the date of the preparation of the consolidated financial statements for the year ended 31 March 2021. However, due to the ongoing uncertainty about the impact of COVID-19 on economic conditions, DBJ may recognise unexpected losses in future periods. See Note 2 "Summary of Significant Accounting Policies – (t) Significant Accounting Estimates – 1. Allowance for Loan Losses" in the notes to DBJ's consolidated financial statements for the year ended 31 March 2021, which are incorporated by reference in this Offering Circular.

### ***Valuation of Financial Instruments Measured at Fair Value***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, a number of significant judgments, assumptions and estimates may be required. When available, quoted market prices in active markets are generally the most reliable measure of fair value. However, when unavailable, the determination of fair values requires DBJ to make estimates based on certain assumptions. DBJ estimates fair values by relying on the discounted cash flow method and other methods.

For details on the methods used by DBJ to calculate the fair values of financial instruments, see Note 28 "Financial Instruments and Related Disclosures – (b) Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy" in the notes to DBJ's consolidated financial statements for the year ended 31 March 2022, which are incorporated by reference in this Offering Circular.

### ***Impairment of Securities***

Securities available-for-sale (excluding non-marketable equity securities and investments in partnerships), whose fair value significantly declines compared with the acquisition cost, and are considered to be in other than a recoverable decline, are written down to fair value which is recorded as the carrying amount on the consolidated balance sheets. The criteria for determining whether fair value has

"significantly declined" are as follows: (i) fair value declined by 50 per cent. or more of the acquisition cost, (ii) fair value declined by 30 per cent. or more of the acquisition cost, and such decline is not considered recoverable.

Impairment loss on equity securities was ¥110 million for the year ended 31 March 2021, and no impairment loss on other securities was recorded for the year ended 31 March 2022.

For securities other than securities available-for-sale, such as unlisted equities and other securities, DBJ recognises impairment in accordance with its self-assessment guidelines. Impairment charges are required if triggering events occur, such as worsening financial conditions or downgrades in credit ratings and breaches of covenants in the case of debt securities, suggesting the deterioration in an investment's future economic benefit. Judgment plays a significant role in determining the amount of impairment.

Impairment loss on non-marketable equity securities was ¥9,316 million and ¥41,725 million for the years ended 31 March 2021 and 2022, respectively.

The market environment of DBJ's investees is still uncertain due to the impact of COVID-19 and other various factors. If there is a material change in the assumptions used in management's judgement about the investee, such as the rationality of the investee's business plan, DBJ may take an impairment or record an allowance for investment loss in future periods, which could result in recognising unexpected losses.

### ***Defined Benefit Pension Plans***

DBJ has defined benefit pension plans, which consist of a defined benefit corporate pension plan and a lump-sum severance indemnity plan. Reported amounts of DBJ's obligations thereunder are determined based on actuarial valuations. Inherent in these valuations are assumptions, including discount rates and expected return on plan assets. DBJ management must evaluate current market conditions, including the interest rate environment, in selecting these assumptions. Other assumptions include the assumed rate of increase in compensation levels, the mortality rate and the withdrawal rate.

Key assumptions used for the years ended 31 March 2021 and 2022 included a discount rate of 1.1%, an expected salary increase rate of 2.1% to 6.7% and an expected rate of return on plan assets of 0.5%. Changes in these assumptions inherent in the valuation are reasonably likely to occur from period to period.

### **Recent Changes in Accounting Policies**

See "Accounting Standards for Fair Value Measurement" under Note 2 "Summary of Significant Accounting Policies – (u) Changes in Accounting Policies" in the notes to DBJ's consolidated financial statements for the year ended 31 March 2022, which are incorporated by reference in this Offering Circular.

### **Recent Accounting Pronouncements**

See Note 2 "Summary of Significant Accounting Policies – (v) New Accounting Pronouncement" in the notes to DBJ's consolidated financial statements for the year ended 31 March 2022, which are incorporated by reference in this Offering Circular.

### **Changes in Presentation**

From the year ending 31 March 2021, certain expenses relating to DBJ's investment business were recategorised from "general and administrative expenses" to "other expenses". This change in presentation is reflected in DBJ's consolidated financial statements for the year ended 31 March 2021 (and in the corresponding figures for the year ended 31 March 2020 contained therein, which were restated for comparative purposes), which are incorporated by reference in this Offering Circular.

In this Offering Circular, for comparative purposes, financial information for the year ended 31 March 2020 has been revised to reflect the recategorisation of expense items above. As a result of this change in presentation, ¥10,185 million of "general and administrative expenses" were reclassified as "other expenses" in the financial information for the year ended 31 March 2020.

## Results of Operations

The table below sets forth DBJ's results of operations for the years ended 31 March 2020, 2021 and 2022.

	Year Ended 31 March		
	2020	2021 <sup>(1)</sup>	2022
	(in millions of yen)		
Interest income:.....	¥169,456	¥159,422	¥ 170,480
Fees and commissions .....	17,167	20,922	17,338
Other operating income .....	15,165	14,094	14,498
Other income .....	91,688	76,221	110,724
<b>Total income</b> .....	<b>293,477</b>	<b>270,661</b>	<b>313,042</b>
Interest expenses:.....	78,730	55,357	46,049
Fees and commissions .....	326	642	1,287
Other operating expenses .....	12,310	9,223	13,933
General and administrative expenses.....	57,161	56,726	58,045
Other expenses .....	61,924	74,910	105,219
<b>Total expenses</b> .....	<b>210,451</b>	<b>196,859</b>	<b>224,535</b>
<b>Income before income taxes</b> .....	<b>83,024</b>	<b>73,802</b>	<b>88,506</b>
Total Income taxes .....	31,505	26,986	29,407
Net income .....	51,518	46,815	59,098
Net income attributable to non-controlling interests .....	1,062	1,568	1,486
Net income attributable to owners of the parent .....	<u>¥50,456</u>	<u>¥45,246</u>	<u>¥57,612</u>

Note:

- (1) From the year ending 31 March 2021, certain expenses relating to DBJ's investment business were recategorised from "general and administrative expenses" to "other expenses". For comparative purposes, the year ended 31 March 2020 has been restated. See "Changes in Presentation".

### Net Interest Income

#### Year Ended 31 March 2021 Compared to Year Ended 31 March 2022

##### Interest Income

DBJ's total interest income increased by ¥11,058 million, or 6.9%, from ¥159,422 million for the year ended 31 March 2021 to ¥170,480 million for the year ended 31 March 2022. This increase was primarily due to an increase in the average interest rate on securities, offset partially by a decrease in the average interest rate on loans.

##### Interest Expenses

DBJ's total interest expenses decreased by ¥9,308 million, or 16.8%, from ¥55,357 million for the year ended 31 March 2021 to ¥46,049 million for the year ended 31 March 2022. This decrease was primarily due to declines in interest rates payable on debentures and borrowed money, offset partially by an increase in the balance of borrowed money.

##### Net Interest Income

As a result of the foregoing, net interest income increased by ¥20,366 million, or 19.6%, from ¥104,065 million for the year ended 31 March 2021 to ¥124,431 million for the year ended 31 March 2022.

#### Year Ended 31 March 2020 Compared to Year Ended 31 March 2021

##### Interest Income

DBJ's total interest income decreased by ¥10,033 million, or 5.9%, from ¥169,456 million for the year ended 31 March 2020 to ¥159,422 million for the year ended 31 March 2021. This decrease was primarily due to a decline in the average interest rate on loans, offset partially by an increase in the balance of loans.

## Interest Expenses

DBJ's total interest expenses decreased by ¥23,372 million, or 29.7%, from ¥78,730 million for the year ended 31 March 2020 to ¥55,357 million for the year ended 31 March 2021. This decrease was primarily due to declines in the average interest rate payable on debentures and borrowed money, offset partially by an increase in the balance of borrowed money.

## Net Interest Income

As a result of the foregoing, net interest income increased by ¥13,388 million, or 14.7%, from ¥90,726 million for the year ended 31 March 2020 to ¥104,065 million for the year ended 31 March 2021.

## 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 year ended 31 March								
	2020			2021			2022 <sup>(1)</sup>		
	Average balance <sup>(2)</sup>	Interest income	Average rate <sup>(3)</sup>	Average balance <sup>(2)</sup>	Interest income	Average rate <sup>(3)</sup>	Average balance <sup>(2)</sup>	Interest income	Average rate <sup>(3)</sup>
	(in millions of yen/per cent.)								
<b>Interest-earning assets:</b>									
Domestic offices.....	14,497,497	165,235	1.14%	16,699,670	156,092	0.93%	17,197,257	167,548	0.97%
Foreign offices.....	228,988	4,220	1.84%	199,987	3,330	1.67%	193,219	2,932	1.52%
Total <sup>(3)</sup> .....	¥14,726,486	¥169,456	1.15%	¥16,899,658	¥159,422	0.94%	¥17,390,476	¥170,480	0.98%
Of which,									
Loans: <sup>(4)</sup>									
Domestic offices	¥12,398,888	¥136,293	1.10%	¥14,100,173	¥130,559	0.93%	¥14,301,661	¥126,324	0.88%
Foreign offices ...	85,339	2,119	2.48%	77,836	1,539	1.98%	74,952	1,478	1.97%
Total .....	12,484,227	138,413	1.11%	14,178,009	132,099	0.93%	14,376,613	127,803	0.89%
Securities:									
Domestic offices	1,768,568	22,468	1.27%	2,006,033	19,871	0.99%	2,173,938	36,523	1.68%
Foreign offices ...	143,350	2,101	1.47%	121,760	1,791	1.47%	115,388	1,454	1.26%
Total .....	1,911,918	24,569	1.29%	2,127,793	21,663	1.02%	2,289,326	37,978	1.66%
Call loans and bills bought:									
Domestic offices	219,795	31	0.01%	495,597	120	0.02%	621,528	71	0.01%
Foreign offices ...	—	—	—%	—	—	—%	—	—	—%
Total .....	219,795	31	0.01%	495,597	120	0.02%	621,528	71	0.01%
Receivables under resale agreements :									
Domestic offices	—	—	—%	—	—	—%	—	—	—%
Foreign offices ...	—	—	—%	—	—	—%	—	—	—%
Total .....	—	—	—%	—	—	—%	—	—	—%
Due from banks:									
Domestic offices	110,246	109	0.10%	97,867	39	0.04%	100,129	60	0.06%
Foreign offices ...	298	(0)	(0.22)%	390	(1)	(0.26)%	2,877	(0)	(0.03)%
Total .....	110,545	108	0.10%	98,257	38	0.04%	103,007	59	0.06%

### Notes:

- (1) From the fiscal year ended 31 March 2022, the presentation of interest-earning assets has been revised such that securities excludes investments in partnerships. Figures for the fiscal year ended 31 March 2021 have been revised for comparative purposes. As a result, (1) the average balance of securities decreased by ¥411,062 million and average rate for securities increased by 0.16% and (2) the average balance of total interest-earning assets decreased by ¥411,062 million and average rate for total interest-earning assets increased by 0.02%. Figures for the fiscal year ended 31 March 2020 have been revised to reflect the change in presentation.
- (2) 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.
- (3) Calculated as interest income divided by average balance for the relevant item.
- (4) 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.
- (5) 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 year ended 31 March								
	2020			2021			2022 <sup>(1)</sup>		
	Average balance <sup>(1)</sup>	Interest expense	Average rate <sup>(2)</sup>	Average balance <sup>(1)</sup>	Interest expense	Average rate <sup>(2)</sup>	Average balance <sup>(1)</sup>	Interest expense	Average rate <sup>(2)</sup>
	(in millions of yen/per cent.)								
Interest-bearing liabilities:	13,666,108	78,716	0.58%	15,938,807	55,346	0.35%	17,433,434	46,039	0.26%
Domestic offices.....				7					
Foreign offices.....	153	13	8.86%	300	10	3.49%	305	9	3.05%
Total <sup>(3)</sup> .....	¥13,666,262,665,895	¥78,730	0.58%	¥15,939,108	¥55,357	0.35%	¥17,433,739	¥46,049	0.26%
Of which,									
Debtentures:									
Domestic offices .	¥ 3,230,226	¥33,958	1.05%	¥3,451,674	¥21,743	0.63%	¥3,436,968	¥19,401	0.56%
Foreign offices .	—	—	—%	—	—	—%	—	—	—%
Total .....	3,230,226	33,958	1.05%	3,451,674	21,743	0.63%	3,436,968	19,401	0.56%
Call money and bills sold:									
Domestic offices .	166,857	(72)	(0.04)%	201,767	(84)	(0.04)%	471,356	(188)	(0.04)%
Foreign offices .	—	—	—%	—	—	—%	—	—	—%
Total .....	166,857	(72)	(0.04)%	201,767	(84)	(0.04)%	471,356	(188)	(0.04)%
Payables under repurchase agreements:									
Domestic offices .	79,146	(60)	(0.08)%	95,995	(69)	(0.07)%	135,869	(100)	(0.07)%
Foreign offices .	—	—	—%	—	—	—%	—	—	—%
Total .....	79,146	(60)	(0.08)%	95,995	(69)	(0.07)%	135,869	(100)	(0.07)%
Borrowed money:									
Domestic offices .	7,790,678	38,008	0.49%	9,566,733	29,008	0.30%	10,502,342	23,322	0.22%
Foreign offices .	—	0	—%	—	0	—%	—	0	—%
Total .....	7,790,678	38,009	0.49%	9,566,733	29,008	0.30%	10,502,342	23,322	0.22%
Short-term corporate bonds:									
Domestic offices .	44,308	947	2.14%	26,236	62	0.24%	6,785	8	0.12%
Foreign offices .	—	—	—%	—	—	—%	—	—	—%
Total .....	44,308	947	2.14%	26,236	62	0.24%	6,785	8	0.12%
Corporate bonds:									
Domestic offices .	2,354,677	5,730	0.24%	2,596,159	4,504	0.17%	2,879,934	3,418	0.12%
Foreign offices .	—	—	—%	—	—	—%	—	—	—%
Total .....	2,354,677	5,730	0.24%	2,596,159	4,504	0.17%	2,879,934	3,418	0.12%

### Notes:

- (1) From the fiscal year ended 31 March 2022, the presentation of interest-bearing liabilities has been revised such that total interest-bearing liabilities includes lease obligations. Figures for the fiscal year ended 31 March 2021 have been revised for comparative purposes. As a result, the average balance of total interest-bearing liabilities increased by ¥542 million and average rate for total interest-bearing liabilities increased by a *de minimis* amount. Figures for the fiscal year ended 31 March 2020 have been revised to reflect the change in presentation.
- (2) 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 year ended 31 March		
	2020	2021	2022
	(per cent.)		
Average rate on loans <sup>(1)</sup> .....	1.11%	0.93%	0.88%

	<b>For the year ended 31 March</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
Average rate on external liabilities <sup>(1)(2)</sup> .....	0.58	0.36	0.27
Net interest margin .....	0.53	0.57	0.62

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**

#### *Year Ended 31 March 2021 Compared to Year Ended 31 March 2022*

DBJ's net fees and commissions decreased by ¥4,230 million, or 20.9%, from ¥20,280 million for the year ended 31 March 2021 to ¥16,050 million for the year ended 31 March 2022. This decrease was primarily due to a decrease in fees and commissions related to DBJ's investment business.

#### *Year Ended 31 March 2020 Compared to Year Ended 31 March 2021*

DBJ's net fees and commissions increased by ¥3,439 million, or 20.4%, from ¥16,841 million for the year ended 31 March 2020 to ¥20,280 million for the year ended 31 March 2021. This increase was primarily due to fees and commissions related to DBJ's investment business.

### **General & Administrative Expenses**

#### *Year Ended 31 March 2021 Compared to Year Ended 31 March 2022*

DBJ's general and administrative expenses increased by ¥1,319 million, or 2.3%, from ¥56,726 million in the year ended 31 March 2021 to ¥58,045 million in the year ended 31 March 2022.

#### *Year Ended 31 March 2020 Compared to Year Ended 31 March 2021*

DBJ's general and administrative expenses decreased by ¥434 million, or 0.8%, from ¥57,161 million in the year ended 31 March 2020 to ¥56,726 million in the year ended 31 March 2021.

### **Other Income (Expenses)**

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

	<b>Year ended 31 March</b>		
	<b>2020</b>	<b>2021<sup>(1)</sup></b>	<b>2022</b>
	(in millions of yen)		
<b>Other income:</b>			
Reversal of allowance for loan losses .....	¥ —	¥ —	¥ —
Gains on sales of equities and other securities .....	10,494	23,515	8,150
Gains on redemption of securities .....	7,727	359	1,116
Equity in earnings of affiliates .....	4,541	—	2,588
Gains on sales of fixed assets .....	4,333	1,199	2,268
Collection of written-off claims .....	6,255	423	3,052
Gains on investments in limited partnerships and other similar partnerships ..	26,575	21,652	59,265
Rental income on land and buildings .....	12,273	12,520	13,588
Sales of electric power .....	12,747	10,946	12,080
Other .....	6,738	5,605	8,614
Total .....	91,688	76,221	110,724
<b>Other expenses:</b>			
Losses on sales of fixed assets .....	135	169	53
Impairment losses .....	165	324	266
Write-off of equities .....	32,758	9,352	41,760
Equity in losses of affiliates .....	—	6,908	—
Losses on investments in limited partnerships and other similar partnerships ..	5,377	12,762	7,743
Depreciation .....	9,052	8,954	9,091
Provision of allowance for loan losses .....	1,734	23,970	34,794
Other .....	2,521	12,468	11,508
Total .....	61,924	74,910	105,219
Net other income (expenses) .....	¥ 29,763	¥ 1,311	¥ 5,504

Notes:

(1) From the year ended 31 March 2021, certain expenses relating to DBJ's investment business were recategorised from "general and administrative expenses" to "other expenses". For comparative purposes, the year ended 31 March 2020 has been restated. See "Changes in Presentation".

*Year Ended 31 March 2021 Compared to Year Ended 31 March 2022*

DBJ's net other income increased by ¥4,193 million, or 319.8%, from ¥1,311 million in the year ended 31 March 2021 to ¥5,504 million in the year ended 31 March 2022. This increase was primarily due to gains on investments in limited partnerships and other similar partnerships, offset partially by an increase in write-off of equities.

*Year Ended 31 March 2020 Compared to Year Ended 31 March 2021*

DBJ's net other income decreased by ¥28,452 million, or 95.6%, from ¥29,763 million in the year ended 31 March 2020 to ¥1,311 million in the year ended 31 March 2021. This decrease was primarily due to an increase in the provision of allowance for loan losses related to the COVID-19 pandemic as well as a decrease in gains on redemption of securities.

**Income before Income Taxes**

*Year Ended 31 March 2021 Compared to Year Ended 31 March 2022*

DBJ's income before income taxes increased by ¥14,704 million, or 19.9%, from ¥73,802 million in the year ended 31 March 2021 to ¥88,506 million in the year ended 31 March 2022.

*Year Ended 31 March 2020 Compared to Year Ended 31 March 2021*

DBJ's income before income taxes decreased by ¥9,222 million, or 11.1%, from ¥83,024 million in the year ended 31 March 2020 to ¥73,802 million in the year ended 31 March 2021.

**Income Taxes**

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

	For the years ended 31 March		
	2020	2021	2022
	(in millions of yen)		
Income taxes:			
Current .....	¥ 31,637	¥ 32,852	¥ 40,011
Deferred .....	(131)	(5,865)	(10,603)
Total .....	¥ 31,505	¥ 26,986	¥ 29,407
Actual effective tax rate .....	37.94%	36.56%	33.22%

**Net Income Attributable to Owners of the Parent**

*Year Ended 31 March 2021 Compared to Year Ended 31 March 2022*

As a result of the foregoing, DBJ's net income attributable to owners of parent increased by ¥12,366 million, or 27.3%, from ¥45,246 million in the year ended 31 March 2021 to ¥57,612 million in the year ended 31 March 2022.

*Year Ended 31 March 2020 Compared to Year Ended 31 March 2021*

As a result of the foregoing, DBJ's net income attributable to owners of parent decreased by ¥5,209 million, or 10.3%, from ¥50,456 million in the year ended 31 March 2020 to ¥45,246 million in the year ended 31 March 2021.

## Financial Condition

### Assets

	As of 31 March		
	2020	2021	2022
	(in millions of yen)		
Cash and due from banks .....	¥ 1,298,955	¥ 2,187,820	¥ 2,191,525
Call loans and bills bought .....	720,000	684,000	705,000
Money held in trust .....	20,082	17,856	15,021
Securities .....	2,374,268	2,535,827	3,034,488
Loans .....	12,415,985	14,757,131	14,346,188
Other assets .....	162,849	179,445	191,215
Tangible fixed assets .....	423,433	427,467	497,239
Intangible fixed assets .....	42,284	39,400	37,554
Asset for retirement benefits .....	1,263	1,593	2,749
Deferred tax assets .....	2,800	2,572	14,307
Customers' liabilities for acceptances and guarantees .....	267,306	446,616	557,127
Allowance for loan losses .....	(35,528)	(57,869)	(83,792)
Allowance for investment losses .....	(36)	(33)	(33)
Total assets .....	<u>¥17,693,665</u>	<u>¥21,221,829</u>	<u>¥21,508,591</u>

Total assets increased by ¥286,762 million, or 1.4%, from ¥21,221,829 million at 31 March 2021 to ¥21,508,591 million at 31 March 2022. The increase was mainly due to an increase in other securities, partially offset by a decrease in loans reflecting a rebound from the surge in customers' borrowing needs under the COVID-19 situation.

Total assets increased by ¥3,528,163 million, or 19.9%, from ¥17,693,665 million at 31 March 2020 to ¥21,221,829 million at 31 March 2021. The increase was mainly due to increases in cash and due from banks and loans, including as part of DBJ's funding for, and implementation of its COVID-19 Crisis Response Operations, respectively.

### Loans

The following table sets forth, as of the dates indicated, the total amounts of outstanding loans made by DBJ by industry of the borrowers, prepared on a consolidated basis in accordance with Japanese GAAP and Japan Standard Industry Classification:

	As of 31 March		
	2020	2021	2022
	(in millions of yen)		
<b>Domestic offices<sup>(2)</sup>(excluding Japan offshore banking accounts)</b>			
Manufacturing .....	¥ 2,264,658	¥ 3,068,500	¥ 2,827,481
Agriculture and forestry .....	11	8	405
Fisheries .....	35	20	—
Mining and quarrying of stone and gravel .....	48,959	191,113	180,869
Construction .....	41,499	51,652	47,048
Electricity, gas, heat supply and water .....	3,201,517	3,132,796	3,029,859
Information and communications .....	300,776	251,239	208,938
Transport and postal activities .....	2,298,261	3,178,211	3,205,902
Wholesale and retail trade .....	658,046	994,097	997,855
Finance and insurance .....	456,008	474,839	470,821
Real estate and goods rental and leasing .....	2,800,390	3,008,569	2,881,142
Services .....	260,283	318,884	418,830
Local public bodies .....	14,106	13,432	12,769
Others .....	86	122	0
Subtotal (domestic offices) .....	<u>¥ 12,344,641</u>	<u>¥ 14,683,489</u>	<u>¥ 14,281,926</u>
<b>Overseas offices<sup>(3)</sup> and offshore banking accounts</b>			
Governments .....	—	—	—
Financial institutions .....	—	—	—
Others .....	71,343	73,641	64,261
Subtotal (overseas offices) .....	<u>¥ 71,343</u>	<u>¥ 73,641</u>	<u>¥ 64,261</u>
Total .....	<u>¥ 12,415,985</u>	<u>¥ 14,757,131</u>	<u>¥ 14,346,188</u>

#### 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 expected loss over the remaining life of the loan, which is calculated by adjusting the average historical default rate as necessary in light of recent developments.

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 31 March 2021 and 2022, DBJ's consolidated allowance for loan losses totalled ¥57,869 million and ¥83,792 million, respectively.

### *Credit Related Costs (Gains)*

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

	<b>For the year ended 31 March</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>(in 100 millions of yen)</b>		
Amount transferred to (from) the general allowance for loan losses .....	¥ 55	¥ 97	¥ 15
Amount transferred to (from) the specific allowance for loan losses .....	(38)	142	332
Subtotal.....	17	239	347
Write-off of loans .....	2	14	0
Losses (gains) from disposals of loans.....	(2)	(0)	3
Amount transferred to the allowance for contingent losses.....	—	—	0
Subtotal.....	17	253	351
Repayment of loans written off .....	(62)	(4)	(30)
Total sum of credit related costs .....	¥ (45)	¥ 249	¥ 320

### *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 for the periods shown, 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 31 March		
	2020	2021	2022
	(in millions of yen/per cent.)		
Claims under bankruptcy/rehabilitation or similar proceedings <sup>(2)</sup> .....	¥ 412	¥ 34,543	¥ 6,368
Doubtful claims <sup>(3)</sup> .....	29,937	47,047	72,913
Loans past due three months or more <sup>(4)</sup> .....	—	—	—
Restructured loans <sup>(5)</sup> .....	26,914	30,999	25,213
Total non-performing claims .....	¥ 57,264	¥ 112,590	¥ 104,495

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 month or more past due from the contract due date, and which do not fall under the category of claims under bankruptcy/rehabilitation or similar proceeds 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 0.73 per cent. as of 31 March 2022, 0.76 per cent as of 31 March 2021 and 0.46 per cent as of 31 March 2020.

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 31 March		
	2020	2021	2022
	(in 100 millions of yen)		
Manufacturing.....	¥ 35	¥ 92	¥ 462
Agriculture and forestry .....	—	—	—
Fisheries .....	—	—	—
Mining and quarrying of stone and gravel.....	—	—	—
Construction.....	51	42	—
Electricity, gas, heat supply and water.....	61	110	118
Information and communications .....	—	—	0
Transport and postal activities .....	21	18	15
Wholesale and retail trade.....	84	79	78
Finance and insurance .....	—	54	38
Real estate and goods rental and leasing.....	221	627	258
Services .....	96	99	73
Local public bodies.....	—	—	—

	As of 31 March		
	2020	2021	2022
	(in 100 millions of yen)		
Others .....	—	—	—
Total .....	¥ 572	¥ 1,124	¥ 1,044

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 the dates indicated.

### Securities classified as held to maturity

	As of 31 March 2022		
	Carrying amount	Fair value	Difference
	(in millions of yen)		
<b>Held-to-maturity debt securities:</b>			
Fair value exceeds carrying amount:			
Japanese government bonds .....	¥ 40,106	¥ 43,338	¥ 3,232
Japanese local government bonds .....	—	—	—
Short-term corporate bonds .....	—	—	—
Corporate bonds .....	190,468	194,575	4,106
Other .....	82,979	85,958	2,978
Sub-total .....	313,555	323,872	10,317
Fair value does not exceed carrying amount:			
Japanese government bonds .....	40,227	39,814	(413)
Japanese local government bonds .....	—	—	—
Short-term corporate bonds .....	—	—	—
Corporate bonds .....	7,188	7,120	(67)
Other .....	244,753	244,753	—
Sub-total .....	292,169	291,688	(481)
Total .....	¥ 605,724	¥ 615,560	¥ 9,835

	As of 31 March 2021		
	Carrying amount	Fair value	Difference
	(in millions of yen)		
<b>Held-to-maturity debt securities:</b>			
Fair value exceeds carrying amount:			
Japanese government bonds .....	¥ 50,170	¥ 54,510	¥ 4,340
Japanese local government bonds .....	—	—	—
Short-term corporate bonds .....	—	—	—
Corporate bonds .....	165,691	167,913	2,222
Other .....	50,672	51,355	682
Sub-total .....	266,534	273,779	7,245
Fair value does not exceed carrying amount:			
Japanese government bonds .....	30,253	30,141	(112)
Japanese local government bonds .....	—	—	—
Short-term corporate bonds .....	—	—	—
Corporate bonds .....	47,647	47,156	(491)
Other .....	45,541	45,331	(209)
Sub-total .....	123,442	122,628	(813)
Total .....	¥ 389,976	¥ 396,408	¥ 6,431

	As of 31 March 2020		
	Carrying amount	Fair value	Difference
	(in millions of yen)		
<b>Held-to-maturity debt securities:</b>			
Fair value exceeds carrying amount:			
Japanese government bonds .....	¥ 50,241	¥ 55,670	¥ 5,428
Japanese local government bonds .....	—	—	—
Short-term corporate bonds .....	—	—	—

As of 31 March 2020			
	Carrying amount	Fair value	Difference
	(in millions of yen)		
Corporate bonds .....	171,981	174,010	2,029
Other .....	66,739	67,150	410
Sub-total .....	288,963	296,831	7,868
Fair value does not exceed carrying amount:			
Japanese government bonds .....	30,282	30,261	(21)
Japanese local government bonds .....	—	—	—
Short-term corporate bonds .....	—	—	—
Corporate bonds .....	81,439	78,533	(2,905)
Other .....	55,638	53,716	(1,921)
Sub-total .....	167,360	162,511	(4,849)
Total .....	¥ 456,324	¥ 459,343	¥ 3,019

*Securities classified as available-for-sale*

As of 31 March 2022			
	Carrying amount (fair value)	Acquisition cost	Difference
	(in millions of yen)		
<b>Available-for-sale securities:</b>			
Carrying amount exceeds cost:			
Equities .....	¥ 374,597	¥ 323,429	¥ 51,167
Bonds .....	256,161	251,761	4,399
Japanese government bonds .....	28,473	28,136	337
Japanese local government bonds .....	—	—	—
Short-term corporate bonds .....	—	—	—
Corporate bonds .....	227,688	223,625	4,062
Other .....	24,560	18,289	6,271
Sub-total .....	655,319	593,481	61,838
Carrying amount does not exceed cost:			
Equities .....	5,561	6,815	(1,254)
Bonds .....	580,662	586,711	(6,048)
Japanese government bonds .....	186,967	190,540	(3,573)
Japanese local government bonds .....	—	—	—
Short-term corporate bonds .....	—	—	—
Corporate bonds .....	393,695	396,171	(2,475)
Other .....	43,688	43,757	(69)
Sub-total .....	629,912	637,285	(7,372)
Total .....	¥ 1,285,232	¥ 1,230,766	¥ 54,465

As of 31 March 2021			
	Carrying amount (fair value)	Acquisition cost	Difference
	(in millions of yen)		
<b>Available-for-sale securities:</b>			
Carrying amount exceeds cost:			
Equities .....	¥ 373,851	¥ 323,756	¥ 50,095
Bonds .....	360,175	356,126	4,048
Japanese government bonds .....	48,623	48,041	581
Japanese local government bonds .....	—	—	—
Short-term corporate bonds .....	—	—	—
Corporate bonds .....	311,551	308,085	3,466
Other .....	11,639	9,359	2,280
Sub-total .....	745,666	689,242	56,423
Carrying amount does not exceed cost:			
Equities .....	4,067	5,069	(1,002)
Bonds .....	287,622	289,383	(1,761)
Japanese government bonds .....	—	—	—
Japanese local government bonds .....	—	—	—
Short-term corporate bonds .....	—	—	—
Corporate bonds .....	287,622	289,383	(1,761)

	<b>As of 31 March 2021</b>		
	<b>Carrying amount (fair value)</b>	<b>Acquisition cost</b>	<b>Difference</b>
	(in millions of yen)		
Other.....	42,413	42,526	(112)
Sub-total.....	334,103	336,979	(2,876)
Total.....	¥ 1,079,769	¥ 1,026,222	¥ 53,547

	<b>As of 31 March 2020</b>		
	<b>Carrying amount (fair value)</b>	<b>Acquisition cost</b>	<b>Difference</b>
	(in millions of yen)		
<b>Available-for-sale securities:</b>			
Carrying amount exceeds cost:			
Equities .....	¥ 348,451	¥ 320,959	¥ 27,491
Bonds .....	249,726	246,558	3,167
Japanese government bonds .....	54,139	53,246	893
Japanese local government bonds .....	—	—	—
Short-term corporate bonds .....	—	—	—
Corporate bonds.....	195,586	193,312	2,274
Other.....	12,652	8,199	4,453
Sub-total.....	610,830	575,717	35,112
Carrying amount does not exceed cost:			
Equities .....	7,516	8,913	(1,397)
Bonds .....	381,944	386,158	(4,213)
Japanese government bonds .....	—	—	—
Japanese local government bonds .....	—	—	—
Short-term corporate bonds .....	—	—	—
Corporate bonds.....	381,944	386,158	(4,213)
Other.....	61,685	61,754	(69)
Sub-total.....	451,146	456,826	(5,679)
Total.....	¥ 1,061,977	¥ 1,032,544	¥ 29,433

## **Liabilities**

	<b>As of 31 March</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	(in millions of yen)		
Debentures .....	¥ 3,314,656	¥ 3,483,570	¥ 3,339,098
Payables under repurchase agreements .....	—	—	—
Borrowed money .....	8,070,948	10,664,537	10,573,681
Corporate bonds.....	2,382,226	2,739,904	3,053,262
Other liabilities .....	204,265	163,620	132,673
Accrued bonuses to employees.....	5,345	5,186	5,273
Accrued bonuses to directors.....	15	15	23
Liability for retirement benefits.....	8,092	8,195	8,212
Reserve for directors' retirement benefits .....	146	127	141
Reserve for contingent losses .....	—	—	0
Deferred tax liabilities .....	6,608	6,639	7,035
Acceptances and guarantees .....	267,306	446,616	557,127
Total liabilities .....	¥ 14,259,611	¥ 17,518,413	¥ 17,676,529

Total liabilities increased by ¥158,115 million, or 0.9%, from ¥17,518,413 million at 31 March 2021 to ¥17,676,529 million at 31 March 2022.

Total liabilities increased by ¥3,258,801 million, or 22.9%, from ¥14,259,611 million at 31 March 2020 to ¥17,518,413 million at 31 March 2021. The increase was mainly due to an increase in borrowed money, including "Two-step loans" from JFC to finance the expanded COVID-19 Crisis Response Operations.

## Equity

	As of 31 March		
	2020	2021	2022
	(in millions of yen)		
Common stock .....	¥ 1,000,424	¥ 1,000,424	¥ 1,000,424
Crisis response reserve .....	206,529	206,529	206,529
Special investment reserve .....	848,000	1,368,000	1,543,000
Special investment surplus .....	12,436	28,172	22,438
Capital surplus .....	636,466	336,466	242,082
Retained earnings .....	675,842	695,697	750,175
Accumulated other comprehensive income:			
Unrealised gain on available-for-sale securities .....	24,297	40,733	42,298
Deferred gain on derivatives under hedge accounting .....	16,934	13,271	10,798
Foreign currency translation adjustments .....	(1,414)	(936)	(616)
Accumulated adjustments for retirement benefits .....	(958)	(693)	(1,036)
Total .....	3,418,557	3,687,663	3,816,094
Non-controlling interests .....	15,496	15,752	15,968
Total equity .....	¥ 3,434,054	¥ 3,703,415	¥ 3,832,062

Total equity increased by ¥128,646 million, or 3.5%, from ¥3,703,415 million at 31 March 2021 to ¥3,832,062 million at 31 March 2022. The increase was mainly due to a capital contribution from the Japanese Government in relation to the Special Investment Operations.

Total equity increased by ¥269,361 million, or 7.8%, from ¥3,434,054 million at 31 March 2020 to ¥3,703,415 million at 31 March 2021. The increase was mainly due to a capital contribution from the Japanese Government in relation to the Special Investment Operations.

## Liquidity and Capital Resources

### Sources of Funds

DBJ's sources of funds consist of its capital, borrowings from the government and private financial institutions (mainly regional banks), issuance of bonds and internally generated funds such as loan recoveries. Unlike commercial banks, DBJ does not rely on short-term funds such as deposits to fund its operations. Instead, its funding structure is based on the stable procurement of long-term funds such as loans and corporate bonds. In accordance with the DBJ Act, the Japanese Government provides support for DBJ's fundraising activities, and in maintaining a robust level of capital, by:

- lending DBJ long-term funds under the FILP (*zaito* programme) through which the Japanese Government allocates government funds to public institutions and special corporations;
- providing unconditional and irrevocable guarantees to certain of DBJ's domestic and international bonds; and
- making capital contributions to DBJ especially in connection with the Crisis Response Operations and Special Investment Operations.

Since DBJ's establishment in 2008, the Japanese Government has made capital contributions in the aggregate amount of ¥930.9 billion, primarily to fund the Crisis Response Operations and Special Investment Operations.

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	
	2021	2022
	(in 100 millions of yen)	
Long-term borrowings from the Government .....	¥ 54,792	¥ 58,625
Domestic government-guaranteed bonds .....	15,200	13,150

	As of 31 March	
	2021	2022
	(in 100 millions of yen)	
Overseas government-guaranteed bonds.....	16,910	19,522
Sub-total.....	86,903	91,297
Domestic government-guaranteed bonds with maturities of less than 5 years <sup>(1)</sup> .....	2,000	—
Non-guaranteed bonds issued prior to 1 October 2008.....	770	770
Non-guaranteed bonds issued on or after 1 October 2008.....	27,347	30,475
Long-term borrowings from other than the Government <sup>(2)(3)</sup> .....	48,352	44,289
Total.....	¥ 165,373	¥ 166,832

Notes:

- (1) Not included in "Domestic government-guaranteed bonds" above.
- (2) Of this, long-term borrowings from JFC amounted to ¥33,359 hundred million as of 31 March 2021 and ¥30,001 hundred million as of 31 March 2022.
- (3) Excludes current maturities.

DBJ takes measures with regard to its liquidity such as careful management of projected cash flows, careful maintenance of funds it has on hand and overdraft lines of credit that it has established with multiple private financial institutions. Contingency plans are established as appropriate to meet unexpected short-term funding requirements and cash flow shortfalls.

Further, DBJ's reliance on capital markets to fund its business activities makes it susceptible to unfavourable market movements. The COVID-19 pandemic injected significant levels of volatility into the financial system, in some cases causing strain on ordinary market functioning. DBJ believes that its stable fund-procurement structure, supported by its ALM capabilities, positions it to withstand such market volatility.

DBJ believes that its current levels of liquidity and working capital are sufficient for present requirements.

### ***Operational and Funding Plans***

As described in "Supervision and Regulation – Government Control by the Ministry of Finance", DBJ is required under the DBJ Act to seek and obtain authorisation from the Minister of Finance for (i) annual business plans, which include implementation policies with respect to the Crisis Response Operations and Special Investment Operations, (ii) funding and bond issuance plans and (iii) repayment/redemption plans with respect to outstanding bonds and borrowings. Such plans are incorporated into the Japanese Government's annual budget. In developing its funding and bond issuance plans, DBJ seeks to ensure sufficient funding capacity to finance its loan and investment operations, in light of its operational needs and to fulfil its mandate under the DBJ Act.

Following the passage of the Japanese Government's budget on 22 March 2022 and the subsequent amendments thereto, 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 2023 are amended budgeted numbers.

	For the year ended 31 March 2022 (Actual)	For the year ending 31 March 2023 (Budget) <sup>(1)</sup>
	(in 100 millions of yen)	
Long-term borrowings from the Government.....	¥ 7,800	¥ 3,000
Domestic government-guaranteed bonds.....	450	1,300
Overseas government-guaranteed bonds.....	2,145	2,200
Sub-total.....	10,395	6,500
Non-guaranteed bonds issued on or after 1 October 2008.....	6,212	6,300
Long-term borrowings from other than the Government.....	4,837	2,800(1)
Other.....	10,780	9,300
Total.....	¥ 32,226	¥ 25,900

Note:

- (1) The above does not include any amount budgeted in respect of the Crisis Response Operations.

### Credit Ratings

DBJ is a sophisticated and highly active participant in the international debt capital markets. It regularly issues and sells government-guaranteed and non-guaranteed bonds in the international market pursuant to the Programme. In the Japanese domestic market, DBJ issues both guaranteed and non-guaranteed bonds and is a prolific issuer of corporate bonds in Japan.

The credit ratings assigned to DBJ are one factor affecting its borrowing costs and its ability to access funds and liquidity on a stable and flexible basis. Any changes thereto may increase its borrowing costs or limit its opportunities for other fund procurement.

Credit ratings of DBJ's government-guaranteed bonds at 31 March 2022 are as follows:

Rating agency	Long-term	Outlook
Moody's .....	A1	Stable
S&P .....	A+	Stable

Credit ratings of DBJ's non-guaranteed bonds at 31 March 2022 are as follows:

Rating agency	Long-term	Outlook
Moody's .....	A1	Stable
S&P .....	A	Stable
Japan Credit Rating Agency, Ltd.....	AAA	Stable
Rating and Investment Information, Inc.....	AA+	Stable

The credit ratings assigned to DBJ reflect the current opinions of the ratings agencies regarding its overall financial capacity to fulfil its financial obligations. The credit ratings are subject to suspension, reduction or withdrawal at any time by the assigning ratings agencies.

### Cash Flow Analysis

The following tables set out selected cash flow information of DBJ for the years ended 31 March 2020, 2021 and 2022.

	For the year ended 31 March		
	2020	2021	2022
	(in billions of yen)		
Net cash provided by/(used in) operating activities .....	¥ 633.6	¥ 822.9	¥ 448.3
Net cash provided by/(used in) investing activities.....	(408.5)	(123.4)	(517.2)
Net cash provided by/(used in) financing activities .....	104.4	208.7	70.9
Foreign currency translation adjustments on cash and cash equivalents .....	(0.6)	0.5	0.9
Net change in cash and cash equivalents .....	328.8	908.8	2.9
Cash and cash equivalents at beginning of period.....	903.8	1,232.8	2,141.7
Increase in cash and cash equivalents due to new consolidation.....	0.2	—	0.5
Cash and cash equivalents at end of period .....	1,232.8	2,141.7	2,145.2

#### Cash Flow from Operating Activities

DBJ's net cash flow from operating activities was a cash inflow of ¥448.3 billion in the year ended 31 March 2022, compared with a cash inflow of ¥822.9 billion in the year ended 31 March 2021. The change in the year ended 31 March 2022 as compared to the previous year was due primarily to cash outflows from redemptions of debentures and a decline in borrowed money relative to new lending, whereas the change in the year ended 31 March 2021 as compared to the previous year was due primarily to cash inflow from financing through issuance of bonds and other securities.

#### Cash Flow from Investing Activities

DBJ's net cash flow from investing activities was a cash outflow of ¥517.2 billion in the year ended 31 March 2022, compared with a cash outflow of ¥123.4 billion in the year ended 31 March 2021.

The change in the year ended 31 March 2022 as compared to the previous year was due primarily to an increase in cash outflows from purchases of securities], whereas the change in the year ended 31 March 2021 as compared to the previous year was due primarily to a decrease in cash outflows from purchases of securities.

#### *Cash Flow from Financing Activities*

DBJ's net cash flow from financing activities was a cash inflow of ¥70.9 billion in the year ended 31 March 2022, compared with a cash inflow of ¥208.7 billion in the year ended 31 March 2021. The change in the year ended 31 March 2022 as compared to the previous year was due primarily to a decrease in capital contributions by the Japanese Government for the Special Investment Operations, whereas the change in the year ended 31 March 2021 as compared to the previous year was due primarily to an increase in capital contributions by the Japanese Government for the Special Investment Operations, partially offset by outflows from dividend payments.

#### ***Financial Liabilities According to Remaining Contractual Terms to Maturity***

For information on DBJ's financial liabilities according to remaining contractual terms to maturity, see Note 28 "Financial Instruments and Related Disclosures – (Note 5) Maturity analysis for debentures, borrowed money and other interest-bearing liability" in the notes to DBJ's consolidated financial statements for the year ended 31 March 2022, which are incorporated by reference in this Offering Circular.

#### ***Contingent Liabilities***

##### *Guarantees and Acceptances*

As of 31 March 2020, 2021 and 2022, DBJ's guarantee obligations amounted to ¥267,306 million, ¥446,616 million and ¥557,127 million, respectively.

##### *Commitments and Contingencies*

Loan commitment limits are contracts under which DBJ lends to customers up to the prescribed limits in response to customers' applications for loans as long as there is no violation of any terms and conditions in the contracts. As of 31 March 2022 and 2021, the amounts of unused commitments are ¥735,389 million and ¥798,060 million, respectively. As of 31 March 2022 and 2021, the amounts of unused commitments with remaining contract term within one year are ¥570,114 million and ¥568,245 million, respectively.

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

#### **Capital Adequacy**

Based on amended rules with respect to minimum capital requirements by The Bank for International Settlements, new guidelines for capital adequacy were introduced in Japan by the Ministry of Finance and the FSA from 31 March 2013 (referred to as "Basel III" guidelines). Such guidelines apply to financial institutions that handle deposits, including banks, credit associations, credit cooperatives and other institutions, and although DBJ is not directly subject to these requirements, it has elected to comply, with a view to enhancing risk management.

DBJ calculates its capital adequacy ratios using the international standards pursuant to Basel III guidelines. In addition, credit risk assets are calculated using the standardised approach, and the operational risk equivalent amount was calculated using the basic indicator group. DBJ has not introduced procedures in line with the Basel III market risk framework.

Set forth below is a schedule of risk-adjusted assets and details of qualifying capital of DBJ determined on a consolidated basis (as measured pursuant to the Basel III guidelines (international standards)) as of the dates indicated:

	As of 31 March	
	2021	2022
	(in 100 millions of yen/per cent.)	
<b>Tier 1 capital:</b>		
Common equity Tier 1 capital .....	¥ 36,279	¥ 37,547
Additional Tier 1 capital .....	18	17
Tier 1 capital .....	36,298	37,564
Tier 2 capital .....	295	310
Total qualifying capital .....	¥ 36,593	¥ 37,875
<b>Risk-adjusted assets:</b>		
Credit risk assets .....	¥ 215,673	¥ 218,737
Operational risk equivalent amount / 8% .....	2,201	2,389
Total risk-adjusted assets .....	¥ 217,874	¥ 221,127
Total capital ratio .....	16.79%	17.12%
Tier 1 capital ratio .....	16.66%	16.98%
Common equity Tier 1 capital ratio .....	16.65%	16.97%

As part of its implementation of Basel III standards in Japan, the FSA adopted a leverage ratio applicable to internationally active Japanese banks in March 2015. The leverage ratio is intended to ensure broad and adequate capture of both on- and off-balance sheet sources of leverage for covered banks and is expressed as the ratio of Tier 1 capital to total balance sheet assets, adjusted in accordance with FSA guidance.

DBJ voluntarily discloses the leverage ratio and supporting financial disclosures regarding exposures consistent with the Basel III standard. The following table sets forth DBJ's Basel III leverage ratio as of 31 March 2021 and 2022:

	As of 31 March 2021	As of 31 March 2022
	(in 100 millions of yen/per cent.)	
Leverage ratio .....	17.50%	18.02%

## **PRIVATISATION OF DBJ**

In this section "Privatisation of DBJ", the term "DBJ" refers to Development Bank of Japan Inc., or where appropriate, Development Bank of Japan as the predecessor of Development Bank of Japan Inc. Further, the term "Government" refers to the Japanese Government.

### **Proposed Privatisation of DBJ**

On 26 May 2006, the Regulatory Reform Act, described in more detail below, was enacted, and promulgated and put into effect on 2 June 2006. The policy-based finance reform as carried out under the Regulatory Reform Act provided for the reform of various policy-based financial institutions, including the process for the proposed ultimate privatisation of DBJ, beginning in the year ended 31 March 2009.

Under the DBJ Act prior to its amendments, the Japanese Government was to dispose of all of its holdings of the share capital of DBJ within a time period that was targeted to last approximately five to seven years from its establishment. However, pursuant to a number of legislative measures, the targeted timing for such privatisation was postponed a number of times, and most recently under the 2015 Amendment Act, the targeted timing of the Japanese Government's disposal of the shares of DBJ was deleted, and the 2015 Amendment Act instead provides for the Japanese Government to work towards disposition of all such share capital as soon as practicable, but taking into account the effect on the attainment of the objectives of DBJ and the market situation. The 2015 Amendment Act contained further provisions stipulating that the Japanese Government shall hold more than one-third of the total number of the issued shares of DBJ with a view to ensuring a proper conduct of the Crisis Response Operations by DBJ, and one-half or more of the total number of issued shares of DBJ until the completion of its Special Investment Operations.

### **Privatisation Policies**

Set out below are certain descriptions of policies that have been implemented regarding the privatisation of DBJ. However, many of those policies have since been amended and should be read in light of the overall delay in the plans for such full privatisation.

#### ***Basic Policy***

Since the beginning of 2002, an overall review of the area, scope and organisational structure of policy finance has been discussed by the Council on Economic and Fiscal Policy ("**CEFP**"), an advisory body for the Prime Minister. On 29 November 2005, the CEFP completed the Basic Policy based on the Reform of Policy Finance announced on 13 December 2002. In accordance with the Basic Policy, CEFP announced the implementation of the fundamental reform of policy finance and the transfer of the special public institutions into a new framework commencing in the year ended 31 March 2009.

The Basic Policy sets forth four basic principles. First, policy finance would be limited to the following three functions, and all other current functions would be abolished: (1) provision of financing to small and medium-sized enterprises and individuals; (2) financing necessary to secure overseas resources and international competitiveness in line with national policy; and (3) provision of yen loans that have the dual function of policy finance and development assistance. Second, the size of policy finance would be reduced by half in accordance with the realisation of "small and efficient government" through the following steps: (1) reducing by half the ratio of loans outstanding to gross domestic product ("**GDP**") by the year ended 31 March 2009; (2) not incurring any new financial burdens; (3) continually reducing the scale of policy finance after the new framework takes effect through establishing market testing, assessment and monitoring mechanisms; and (4) completing full privatisation of those special public institutions that will be privatised. Third, a crisis response system, which makes use of the resources of private financial institutions, would be established to deal with natural disasters, acts of terrorism and financial crises. Finally, the following actions will be taken in order to achieve the efficient administration of special public institutions: (1) engaging in activities that complement those of private financial institutions, such as partial funding guarantees, securitisations and indirect loans; (2) immediately prohibiting government bureaucrats from obtaining posts in the top management of special public institutions with which they used to do business; and (3) making operations more efficient through streamlining the newly integrated institutions.

The Basic Policy divides the functions of the special public institutions into those from which policy finance will be withdrawn, those which were deemed necessary and would be maintained and those

that were then necessary but could be withdrawn in the future. According to the Basic Policy, DBJ's function of providing loans to large and medium-sized businesses was no longer necessary as a matter of policy finance and was an area from which policy finance should be withdrawn, since unlike during the high-growth period of the Japanese economy when the nation lacked funding, various forms of financing, including not only loans but also the issuance of debt or equity securities, were then available.

The Basic Policy also sets forth the following concerning the most efficient structure to implement the above. First, DBJ should be fully privatised as a single entity so that it can continue to maintain its numerous functions and thus remain capable of developing new financial technologies. In addition, certain minimal transition measures should be taken to ensure that DBJ will be financially self-reliant. The initial plan was that, depending on market conditions, the full privatisation should take place approximately in five to seven years from the establishment of DBJ in October 2008. However, under the 2009 Amendment Act, the targeted timing for the full privatisation of DBJ was extended to approximately five to seven years from 1 April 2012, and then further extended to approximately five to seven years from 1 April 2015 in accordance with the Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake of Japan (Act No. 40 of 2011, as amended) (the "**Extraordinary Expenditure Act**"). Further, the 2009 Amendment Act and the Extraordinary Expenditure Act **provided that** the Japanese Government was to review the organisation of DBJ, including the Japanese Government's holding of DBJ's share capital, by the end of the fiscal year ending 31 March 2012, which was extended to the end of the fiscal year ending 31 March 2015 by the Extraordinary Expenditure Act, and until such time, the Japanese Government would not be disposing of its holding of DBJ's share capital. In order to maximise policy finance functions in a timely manner in the event of a crisis and temporarily expand the safety net for related financial institutions, including privatised enterprises, consideration would be given as soon as possible to establish necessary procedures and standards and create a system whereby decisions made by the Prime Minister could be carried out promptly. Pursuant to the 2015 Amendment Act, the targeted timing of the Japanese Government's disposal of the shares of DBJ was deleted, and the 2015 Amendment Act instead provides for the Japanese Government to work towards disposition of all of its holdings of the share capital of DBJ as soon as practicable, but taking into account the effect on the attainment of the objectives of DBJ and the market situation. The 2015 Amendment Act contained further provisions stipulating that the Japanese Government shall hold more than one-third of the total number of the issued shares of DBJ with a view to ensuring a proper conduct of the Crisis Response Operations by DBJ, and one-half or more of the total number of issued shares of DBJ until the completion of its Special Investment Operations.

In addition, the Basic Policy identifies the following factors that need to be taken into consideration: (1) when an organisation is reorganised or privatised, there shall be due diligence to scrutinise its assets and liabilities, and if there are idle assets, they must be sold or returned to the national treasury; and (2) no inconvenience should be caused to the then current borrowers and holders of outstanding bonds.

### ***The Regulatory Reform Act***

The Regulatory Reform Act outlined that policy finance reform would take place through restructuring the organisation and functions of current policy-based financial institutions, including DBJ, and having the new policy-based financial institution operate as a key entity. The policy finance reform established a crisis response system that enables the new policy finance and other institutions to deal with financing for any damage caused by domestic or international turmoil in the financial system, massive natural disasters, acts of terrorism or epidemic of infectious diseases in a prompt and smooth manner.

The privatisation process relating to DBJ commenced in the year ended 31 March 2009, and the Regulatory Reform Act required that the Government's involvement in the affairs of and financial contributions to DBJ be reduced in order to increase DBJ's independence. The Regulatory Reform Act also required that the Government take measures to ensure the financial foundation necessary for DBJ to operate its business smoothly when ultimately privatised.

In the course of taking such measures, the Government must pay careful attention to the following two points. First, the assets and liabilities of the current policy-based financial institutions must be evaluated strictly and on a case-by-case basis. The assets that are related to the Government's contributions and considered to be unnecessary for the new institutions to carry out the operations smoothly shall be restored to the national treasury. Second, the interests of borrowers of loans and users of other businesses provided by the current policy based financial institutions and holders of bonds issued by the current policy-based financial institutions shall not be unjustly harmed.

Moreover, the House of Representatives and the House of Councillors adopted supplementary resolutions accompanying enactment of the Regulatory Reform Act. Pursuant to a resolution adopted by the special committee for the Lower House Regulatory Reform on 19 April 2006, even after DBJ is fully privatised, it must take measures to contribute to the revitalisation of regional economies by supplying medium and long-term investments and loans and establishing a smooth and diversified foundation for financing during the transformation, utilising its credit status. Also, a crisis response system would be established such that measures can be put in motion promptly that applies a flexible response of the new policy-based financial institutions and functions and know-how of the fully privatised institutions. On 25 May 2006, the special committee for the Upper House Regulatory Reform adopted a resolution that even after DBJ is fully privatised, it must take institutional measures to supply medium and long-term investments and loans in the fields of revitalisation of regional economies, maintain its creditworthiness and utilise its credit status in order to maximise corporate value through having a stable shareholder base and establish a smooth and diversified finance foundation. In addition, the Government must enable the new policy-based financial institution to respond flexibly in financing in the event of domestic and international turmoil in the financial order and of massive natural disasters and take all possible measures to ensure that DBJ and the other fully privatised institutions can play an active role after privatisation.

### ***Institutional Design for Policy Finance Reform***

In accordance with the Regulatory Reform Act, the Institutional Design was adopted by the Headquarters for the Implementation of Policy Finance Reform on 27 June 2006. The Institutional Design contains the following three basic principles: (1) restructuring policy-based financial institutions to limit their functions to only necessary policy finance activities and reducing the GDP ratio of policy financing loans outstanding by half; (2) reorganising the crisis response system by utilising private financial institutions; and (3) pursuing efficient management of policy-based financial institutions.

### ***Full Privatisation of DBJ***

The Institutional Design describes matters related to DBJ. Based on neutrality, credibility, impartiality and qualities which it has developed as an institution dealing with policy finance, DBJ shall become a private financial institution capable of extensively fulfilling needs in financial services which have become sophisticated and diversified in business activities and regional economies. The purpose of privatised DBJ is to provide medium and long-term investments and loans (development of new financial technology combined with investments and loans), by maximising management resources such as an ability to make business assessments and regional alliances. With regard to businesses and organisational structure, DBJ is a joint stock corporation under the Company Act, to which the general laws and regulations related to finance, such as the Banking Act, shall be applied, and conducts its businesses in compliance with such applicable laws and regulations. Special laws related to the transition period shall be abolished. After the shares held by the Government are disposed entirely, the Government shall in compliance with the Regulatory Reform Act immediately implement measures related to such disposal, which must be stipulated in the special laws. With respect to the specific type of businesses and business structure of DBJ, the most suitable type of operations, including group management, have been selected for DBJ as a leading provider of financial services, including both investments and loans, taking into account operations actually conducted during the transition period.

Operations include those that utilise new financial technology, such as regional and business revitalisation. A necessary system enabling provision of medium and long-term investments and loans for infrastructure by establishing a financing foundation has been developed. In terms of fund raising, a medium and long-term fund raising foundation, centred on issuance of bonds, has been established. In addition to borrowing from other financial institutions, with fund-raising through large-lot deposits (such as negotiable certificates of deposit), a stable, efficient and diversified fund raising foundation has been established.

As to the process for the full privatisation, the Government abolished the Development Bank of Japan Act and launched a special corporation whose shares were held solely by the Government in October 2008 pursuant to the DBJ Act. The Government implemented measures in relation to financial foundation and fund raising, in order for the new institution to build the most appropriate business model at the time of the full privatisation and maintain and enhance its credit status, as well as corporate values. Supervision by the Government is limited to only what is necessary, and while taking into account of public interests and maintaining an equal footing as a private financial institution, the involvement of the Government has been reduced. In order for DBJ to establish a business foundation as a financial institution which provides

the function of medium and long-term investments and loans, the Government has explored various venues of disposing its share of privatised DBJ.

During the transition period, in order to maintain the basis of its financial function combining medium and long-term investments and loans, provisions concerning DBJ's businesses have been provided, incorporating short-term loans and investments for financing operations and acceptance of deposits and issuance of financial bonds for raising funds. Upon commencing its deposit businesses, DBJ shall be a member of the Deposit Insurance Corporation of Japan, and DBJ will be subject to inspection and supervision by financial authorities. If truly necessary for national policies, DBJ shall be utilised for such policies taking into consideration the need for it to remain on an equal footing with other private financial institutions.

As a measure for the transformation, adequate equity capital shall be ensured for DBJ to provide continuous and appropriate medium and long-term investments and loans. Furthermore, to achieve a smooth transformation from the current system, which relies on the Government as the main source of fund raising, into a stable and independent financing system, the issuance of government guaranteed bonds and borrowing from the Government shall be approved.

Pursuant to the 2015 Amendment Act, the targeted timing of the Japanese Government's disposal of the shares of DBJ set out in previous laws was deleted, and the 2015 Amendment Act instead provides for the Japanese Government to work towards disposition of all of its holdings of the share capital of DBJ as soon as practicable, but taking into account the effect on the attainment of the objectives of DBJ and the market situation. The process for the full privatisation shall be assessed and inspected by a panel with the task of discussing ways to reduce the central government's payroll. From the perspective of the rational business model of the new institution, the importance of it being on an equal footing with private financial institutions and ensuring public interests in relation to financial measures, a system which enables professional monitoring of its affairs shall be developed. To achieve a smooth transformation, a management system which can apply the know-how of the private sector shall be established. Along with the new policy based financial institution, a right person who holds expertise and abilities regarded necessary shall be elected in place as a chief executive officer, and due consideration shall be given to avoid a person who holds a career record in particular positions in government offices.

The structures for management and finance after the transformation into the new institution shall be further studied, and a system shall be developed. In addition, the Government shall review merchantability of bank bonds and financial bonds.

### ***Crisis Response System***

The Institutional Design also sets forth the following guidelines regarding the crisis response system. The Government shall develop a system to facilitate smooth and effective financing in the wake of crises, such as disaster, terrorism or financial crises. The Government shall also implement measures to ensure that financial institutions including newly privatised institutions such as DBJ may effectively engage in providing financial services such as accommodation of funding through bill discounts, supply of other short-term funding and supply of funding in relation to infrastructure improvement, which may not be adequately addressed by the newly created policy finance organisation. The Government shall ensure transparency in measures implemented in connection with the crisis response system and minimise the costs related to such implementation. When utilising financial institutions including newly privatised institutions such as DBJ, the Government shall ensure that everyone is treated on equal footing and guard against any moral hazard problems.

### ***Roles of Financial Institutions in Crisis Response***

The Government shall in advance designate financial institutions, based on a voluntary application, that are capable of providing necessary financial services in case of crises, which cannot be appropriately handled by the new policy-based financial institution, such as accommodation of funding through bill discounts, supply of other short-term funding and supply of funding in relation to infrastructure improvement. Upon commencement of the crisis response system, the designated financial institutions shall conduct the Crisis Response Operations under the appropriate instruction and supervision by the Government. Upon providing instruction and supervision to the designated financial institutions, the Government shall respect managerial decisions made by the designated financial institutions to the furthest extent possible.

During the transition period, the newly privatised institutions such as DBJ shall be regarded as the designated financial institutions in order to utilise the accumulated managerial resources. After the completion of privatisation, they shall serve in principle as designated financial institutions. In connection with the Crisis Response Operations to be conducted by the designated financial institutions, the Government shall implement necessary measures to ensure necessary risk management and supply of funds to prevent adverse effects on the designated financial institutions. In accordance with the emergency management system, the Government shall determine necessary measures to be implemented by the new policy-based financial institution and the designated financial institutions.

## TAXATION

The tax laws of the investor's state and of DBJ's state of incorporation might have an impact on the income received from the Notes. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.

The information provided in this section entitled "Taxation" is provided for the convenience only of investors, who are advised to consult their own legal, tax, accountancy or other professional advisers in order to ascertain their particular circumstances regarding taxation.

### **Japanese Taxation**

The following description of Japanese taxation (limited to national taxes) applies to interest and the difference between the acquisition price of the Notes and the amount which the holder receives upon redemption of such Notes (the "**profit from redemption**") with respect to the Notes issued by DBJ on or after 1 April 2010 outside Japan and payable outside Japan, as well as to certain aspects of capital gains, inheritance and gift taxes. Prospective investors should note that the following description of Japanese taxation is not exhaustive.

### ***Tax Withholding Rules***

Certain recipients of interest on the Notes are subject to the following Japanese tax withholding rules:

If the recipient of interest on any Notes is:

- a non-resident of Japan with no permanent establishment within Japan;
- a non-Japanese corporation with no permanent establishment within Japan; or
- a non-resident of Japan or non-Japanese corporation with a permanent establishment within Japan, but the receipt of interest on the relevant Notes is not attributable to such permanent establishment,

and the recipient is not a person nor entity controlling, or controlled by, DBJ, or otherwise having a prescribed special relationship with DBJ as described in Article 6 of the Special Taxation Measures Act and Cabinet Order No. 43 of 31 March 1957 promulgated thereunder, as amended (the "**Cabinet Order**") (a "**Related Party**"), then, no Japanese income tax is payable with respect to such interest by way of withholding or otherwise, if such recipient complies with certain requirements. Such requirements include:

- if the relevant Notes are held through a certain participant in an international clearing organisation such as Euroclear, Clearstream, Luxembourg and DTC, or a certain financial intermediary prescribed by the Special Taxation Measures Act and the Cabinet Order and related ministerial ordinances and regulations (collectively, the "**Act**") (each, a "**Participant**"), the requirement to provide, at the time of entrusting a Participant with the custody of the relevant Notes, certain information prescribed by the Act ("**Exemption Information**") to enable the Participant to establish that the recipient is exempt from the requirement for Japanese tax to be withheld or deducted and to advise the Participant if the recipient ceases to be so exempt; and
- if the relevant Notes are not held by a Participant, the requirement to submit to the Fiscal Agent (or a separate paying agent, if one is appointed) a claim for exemption from withholding tax (the "**Claim for Exemption**"), together with certain documentary evidence.

The above-described exemption from withholding tax with respect to interest on the Notes will not be applicable to any Notes on which interest is calculated based on the amount of profits or assets of DBJ or a Related Party or on any of certain other indices relating to DBJ or a Related Party as described in Article 6 of the Special Taxation Measures Act and the Cabinet Order.

Failure to comply with the requirements described above or payment of interest to a recipient who is a non-resident of Japan or a non-Japanese corporation that in either case is a Related Party will result in the withholding by DBJ of income tax at the rate of 15.315 per cent. unless any lower rate or exemption is applicable under the relevant tax treaty between Japan and another country. Non-residents of Japan or non-Japanese corporations that are entitled to a reduced rate of Japanese withholding tax or exemption from Japanese withholding tax on payment of interest by DBJ are required to submit an "Application Form for Income Tax Convention regarding Relief from Japanese Income Tax on Interest" in advance through DBJ to the relevant tax authority before payment of interest. The recipient will not be subject to Japanese corporate tax, unless such recipient is a non-Japanese corporation with a permanent establishment within Japan and the receipt of interest on the relevant Notes is attributable to such permanent establishment.

If the recipient of interest on any Notes is:

- a Japanese bank;
- a Japanese insurance company;
- a Japanese financial instruments firm; or
- any other Japanese financial institution that falls under one of certain categories prescribed by the Cabinet Order under Article 6, Paragraph 11 of the Special Taxation Measures Act,

and such recipient complies with, among others, the requirement to provide the Exemption Information or to submit the Claim for Exemption, as the case may be, no income tax will be imposed by way of withholding. The recipient will, however, be subject to regular corporate tax with respect to such interest.

If the recipient of interest on any Note is:

- a non-resident of Japan with a permanent establishment within Japan; or
- a non-Japanese corporation with a permanent establishment within Japan,

and the receipt of interest is attributable to such permanent establishment, then such interest will not be subject to the withholding by DBJ of income tax at the rate of 15.315 per cent., **provided that** the recipient complies with, among others, the requirement to provide the Exemption Information or to submit the Claim for Exemption, as the case may be, and that the recipient is not a Related Party. The amount of such interest will, however, be included in the recipient's Japanese source income which is subject to Japanese taxation, and will be subject to regular income tax or corporate tax, as the case may be.

The above-described exemption from withholding tax with respect to interest on the Notes will not be applicable to any Notes on which interest is calculated based on the amount of profits or assets of DBJ or a Related Party or on any of certain other indices relating to DBJ or a Related Party as described in Article 6 of the Special Taxation Measures Act and the Cabinet Order.

If the recipient of interest on any Notes is a resident of Japan or a Japanese corporation other than any of the following institutions that complies with the requirement described below:

- Japanese banks;
- Japanese insurance companies;
- Japanese financial instruments firms;
- other Japanese financial institutions that fall under certain categories prescribed by the Cabinet Order under Article 8, Paragraphs 1 and 2 of the Special Taxation Measures Act (together with Japanese banks, insurance companies and financial instruments firms, the "**Specified Financial Institutions**"); or
- Japanese public corporations designated by the relevant law ("**Public Corporations**"),

and such recipient receives payment of interest through certain payment handling agents in Japan ("**Japanese Payment Handling Agents**"), such agents will withhold income tax at the rate of 15.315 per

cent. An individual recipient that receives interest through a Japanese Payment Handling Agent will be subject only to such withholding tax. In all other cases, the recipient must include the amount of interest in the recipient's gross income and will be subject to normal income tax or corporate tax, as the case may be.

If the recipient of interest on any Notes is:

- a Public Corporation that keeps such Notes deposited with, and receives the interest on such Notes through, a Japanese Payment Handling Agent with custody of the Notes (the "**Japanese Custodian**"); or
- a Specified Financial Institution that keeps such Notes deposited with, and receives the interest on such Notes through, the Japanese Custodian,

and such recipient submits through the Japanese Custodian, to the competent tax authority, the report prescribed by the Act, no income tax will be imposed by way of withholding on such portion of interest as is prescribed by the Cabinet Order. Any amount of interest received by such recipient in excess of the non-taxable portion described above will be subject to withholding by the Japanese Custodian of income tax at the rate of 15.315 per cent.

If the recipient of any profit from redemption in respect of any Notes is a non-resident of Japan with no permanent establishment within Japan and is not a Related Party, no income tax is payable with respect to such profit from redemption. If such profit from redemption is received by a non-resident of Japan with a permanent establishment within Japan and is attributable to such permanent establishment, such profit from redemption will be subject to income tax. If the recipient of the profit from redemption of the Notes is a non-Japanese corporation with no permanent establishment within Japan and is not a Related Party, no corporate tax is payable with respect to such profit from redemption. If such profit from redemption is received by a non-Japanese corporation with a permanent establishment within Japan and is attributable to such permanent establishment, such profit from redemption will be subject to corporate tax.

#### ***Capital Gains, Inheritance and Gift Taxes***

Gains derived from the sale outside Japan of Notes by a non-resident of Japan or a non-Japanese corporation with no permanent establishment within Japan are generally not subject to Japanese income or corporate tax. An individual, regardless of his or her residency, who has acquired Notes as legatee, heir or donee from an individual may be required to pay Japanese inheritance or gift tax at progressive rates.

#### **Certain U.S. Federal Income Taxation Considerations**

This discussion applies only to Notes in registered form.

The following is a discussion of certain U.S. federal income tax consequences of the ownership and disposition of Notes to the U.S. Holders described below. This discussion applies only to U.S. Holders that purchase Notes at their original issuance for their "issue price," which will equal the first price to the public (not including bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Notes of the relevant series is sold for money, and hold the Notes as capital assets.

This discussion does not describe all of the tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances, including any special tax accounting rules set forth in Section 451 of the Internal Revenue Code of 1986, as amended (the "Code"), any alternative minimum tax or Medicare contribution tax consequences, as well as differing tax consequences that may apply to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers in securities;
- traders in securities that elect to use a mark-to-market method of tax accounting;
- persons holding the Notes as part of a straddle or integrated transaction;
- persons whose functional currency is not the U.S. dollar;

- tax-exempt entities, individual retirement accounts or "Roth IRAs";
- partnerships or other entities or arrangements classified as partnerships for U.S. federal income tax purposes; or
- persons holding the Notes in connection with a trade or business conducted outside the United States.

If a partnership or other entity or arrangement classified as a partnership owns the Notes, the tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships and their partners should consult their tax advisers regarding the tax consequences of purchasing, owning or disposing of the Notes.

This discussion is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, changes to any of which subsequent to the date of this Offering Circular may affect the tax consequences described herein, possibly with retroactive effect. U.S. persons considering the purchase of Notes are urged to consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

This discussion applies only to Notes that are classified as indebtedness for U.S. federal income tax purposes. Certain types of Notes may be subject to different U.S. federal income tax consequences from those described below. Additional or alternative U.S. federal income tax consequences of owning and disposing of Notes may be addressed in a supplement to this Offering Circular.

As used herein, the term “**U.S. Holder**” means a person that for U.S. federal income tax purposes is a beneficial owner of a Note and:

- a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

### ***Stated Interest***

Stated interest on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes, **provided that** the interest is “qualified stated interest” (as defined below). Special rules governing the treatment of interest paid with respect to OID Notes, certain Variable Rate Notes and Foreign Currency Notes (each as defined below), are described under “— *Original Issue Discount and Short-Term Notes*”, “— *Variable Rate Notes*” and “— *Foreign Currency Notes*” below.

Interest earned by a U.S. Holder with respect to a Note will constitute foreign-source income for U.S. federal income tax purposes. Interest will be taxable as ordinary income and the amount thereof will include amounts, if any, withheld in respect of Japanese taxes and, any additional amounts paid with respect thereto. Subject to applicable limitations, any Japanese income tax withheld from interest payments on a Note may be creditable against a U.S. Holder's U.S. federal income tax liability. However, any such Japanese withholding tax generally will not be creditable if the tax it can be eliminated by providing the Exemption Information or a Claim for Exemption as described in “Taxation — Japanese Taxation — Tax Withholding Rules”. Furthermore, Japanese withholding tax on an interest payment will not be creditable to the extent the tax can be reduced or eliminated under the U.S.-Japan income tax treaty. Because interest income is generally exempt from Japanese tax under the U.S.-Japan income tax treaty, U.S. Holders that are eligible for treaty benefits will generally not be entitled to a foreign tax credit for any Japanese tax withheld from interest payments on the Notes. In addition, recently issued Treasury regulations impose additional requirements for non-U.S. taxes to be eligible for credit in the absence of an election to apply the benefits of an applicable income tax treaty, and we have not determined whether these requirements have been met with respect to Japanese withholding tax, if any. The rules governing foreign tax credits are complex, and U.S. Holders should consult their tax advisers regarding the availability of foreign tax credits

in their particular circumstances. Instead of claiming a credit, subject to applicable limitations, U.S. Holders may elect to deduct any non-U.S. taxes in computing their taxable income. An election to deduct non-U.S. taxes instead of claiming foreign tax credits applies to all creditable non-U.S. taxes paid or accrued in the taxable year.

### ***Pre-acquisition Accrued Interest***

If a portion of the price paid for a Note is allocable to interest that accrued prior to the date the Note is issued ("**pre-acquisition accrued interest**"), on the first interest payment date a U.S. Holder may exclude (and may be required to exclude, in the case of a Note that forms part of a series of Notes already outstanding) from income, as a return on capital, the portion of the interest received in an amount equal to the pre-acquisition accrued interest. The U.S. Holder's tax basis in the Note will not include any pre-acquisition accrued interest excluded from income.

### ***Original Issue Discount and Short-Term Notes***

A Note that is issued at an issue price less than its "stated redemption price at maturity" will be considered to have been issued at an original issue discount for U.S. federal income tax purposes (and will be referred to in this section as an "**OID Note**"), unless the Note satisfies a *de minimis* threshold (as described below) or is a Short-Term Note (as defined below). The "stated redemption price at maturity" of a Note will equal the sum of all payments required to be made under the Note other than payments of "qualified stated interest". "Qualified stated interest" is generally interest unconditionally payable in cash or property (other than in debt instruments of DBJ) at least annually at a single fixed rate for the entire term of the Note.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a prescribed *de minimis* amount (generally 1/4 of one per cent. of the stated redemption price at maturity multiplied by the number of complete years to maturity) then the Note will not be considered to have original issue discount.

U.S. Holders of OID Notes will be required to include any qualified stated interest payments in income in accordance with their method of accounting for U.S. federal income tax purposes as described above under "*Stated Interest*". In addition, U.S. Holders of OID Notes will be required to include original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant-yield method based on a compounding of interest. Under this method, it is expected that U.S. Holders of OID Notes generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder may make an election to include in gross income all interest that accrues on any Note (including, among other things, stated interest, original issue discount or *de minimis* original issue discount as adjusted by any amortisable bond premium) in accordance with a constant-yield method based on the compounding of interest (a "**constant-yield election**").

For purposes of calculating original issue discount, under applicable Treasury regulations, if DBJ or the holder has an unconditional option to redeem a Note prior to its maturity, this option will be presumed to be exercised if, by utilising any date on which the Note may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Note as the stated redemption price at maturity, in the case of DBJ's option, the yield on the Note would be lower than its yield to maturity or, in the case of the holder's option, the yield on the Note would be higher than its yield to maturity. If this option is not in fact exercised, the Note will be treated, solely for purposes of calculating original issue discount, as if it were redeemed and a new note were issued on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date. The adjusted issue price of a note is generally the issue price of such note, increased by the amount of original issue discount includible in gross income and decreased by the amount of any payment previously made, other than a payment of qualified stated interest.

A Note that matures one year or less from its date of issuance, taking into account the last possible date in which the Note could be outstanding in accordance with its terms (a "**Short-Term Note**") will be treated as being issued at a discount and none of the interest paid on the Note will be treated as qualified stated interest. In general, a cash-method U.S. Holder of a Short-Term Note is not required to include this discount in income for U.S. federal income tax purposes as it accrues, unless it elects to do so, but should be required to recognise stated interest, if any, when it is paid. Cash-method U.S. Holders who so elect and

certain other U.S. Holders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless an election is made to accrue the discount according to a constant-yield method based on daily compounding. Any gain realised on the sale, exchange or retirement of the Short-Term Note will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant-yield method based on daily compounding) through the date of sale, exchange or retirement, to the extent not previously included in income. In addition, a U.S. Holder who is not required and who does not elect to include the discount in income as it accrues will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry Short-Term Notes in an amount not exceeding the accrued discount that has not been included in income.

### ***Variable Rate Notes***

All stated interest on a Variable Rate Note (as defined below) will constitute qualified stated interest if it is unconditionally payable at least annually at one of the rates described below in this paragraph throughout the term of the Note in cash or property (other than debt instruments of DBJ). Therefore, such a Variable Rate Note will not be treated as having been issued with original issue discount unless it is issued at a “true” discount (*i.e.*, at a price below the Note's stated redemption price at maturity where the difference equals or exceeds the *de minimis* amount described above). In general, a “Variable Rate Note” is a Note that provides for one or more qualified floating rates of interest, a single fixed rate and one or more qualified floating rates, a single objective rate, or a single fixed rate and a single objective rate that is a qualified inverse floating rate (as such terms are defined in applicable Treasury regulations), **provided that** the issue price of the Note does not exceed the total noncontingent principal payments due under the Note by more than an amount equal to the lesser of (x) 0.015, generally multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date and (y) 15 per cent. of the total noncontingent principal payments. Unless otherwise provided in the applicable supplement to this Offering Circular, it is expected, and this discussion assumes, that a Floating Rate Note should qualify as a Variable Rate Note. If a Floating Rate Note does not qualify as a Variable Rate Note, then the Floating Rate Note will be treated as a “contingent payment debt instrument” and the applicable supplement to this Offering Circular will describe certain U.S. federal income tax consequences to U.S. Holders of owning and disposing of such Notes.

In general, a “qualified floating rate” is any variable rate the variations in the value of which can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Rate Note is denominated. An interest rate that is based on the product of a qualified floating rate and a fixed multiple, or that subjects a qualified floating rate to a cap, floor, governor or similar restriction, may also be treated as a qualified floating rate if certain conditions are satisfied. An “objective rate” is generally a rate that is determined using a single fixed formula and that is based on certain objective financial or economic information. In general, a rate is a “qualified inverse floating rate” if it is equal to a fixed rate minus a qualified floating rate and the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Rate Note provides for two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Note, the qualified floating rates together constitute a single qualified floating rate. If interest on a debt instrument is stated at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and the value of the variable rate on the issue date is intended to approximate the fixed rate, the fixed rate and the variable rate together constitute a single qualified floating rate or objective rate. Two or more qualified floating rates, or an initial fixed rate (as discussed in the prior sentence) and a variable rate, will be conclusively presumed to meet the requirements of the preceding two sentences if the values of the applicable rates on the issue date are within 1/4 of one percentage point of each other. If a Variable Rate Note is issued at a “true” discount (*i.e.*, at a price lower than the Note's stated redemption price at maturity by at least the *de minimis* amount described above), such discount must be allocated to a U.S. Holder's accrual periods using the constant-yield method described below by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate, the value, as of the issue date, of the qualified floating rate, or (ii) in the case of an objective rate, a fixed rate that reflects the yield that is reasonably expected for the Variable Rate Note.

In general, a Variable Rate Note that provides for (i) multiple floating rates or (ii) one or more floating rates in addition to a single fixed rate (in circumstances such that the Note is not treated as having a single qualified floating rate or objective rate as described in the preceding paragraph) will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of

original issue discount and qualified stated interest on the Variable Rate Note. A Variable Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate provided for under the terms of the Variable Rate Note with a fixed rate equal to the value of the qualified floating rate as of the Variable Rate Note's Original Issue Date. In the case of a Variable Rate Note that provides for stated interest at a fixed rate in addition to one or more qualified floating rates, the fixed rate is initially converted into a qualified floating rate. Under such circumstances, the qualified floating rate that replaces the fixed rate must be such that the fair market value of the Variable Rate Note as of the Variable Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for the replaced qualified floating rate rather than the fixed rate. Subsequent to converting the fixed rate into a qualified floating rate, the Variable Rate Note is then converted into an “equivalent” fixed rate debt instrument in the manner described above. Once the Variable Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of original issue discount and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general original issue discount rules described in “—*Original Issue Discount and Short-Term Notes*” above to the “equivalent” fixed rate debt instrument. A U.S. Holder of the Variable Rate Note will account for any such original issue discount and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest (or, in certain circumstances, original issue discount) assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that such amounts differ from the actual amount of interest accrued or paid on the Variable Rate Note during the accrual period.

#### ***Amortisable Bond Premium***

If a U.S. Holder purchases a Note for an amount that is greater than the stated redemption price at maturity (disregarding any pre-acquisition accrued interest), the U.S. Holder will be considered to have purchased the Note with amortisable bond premium. The U.S. Holder may elect to amortise this premium, using a constant-yield method, over the term of the Note. Special rules may limit the amount of bond premium that can be amortised during certain accrual periods in the case of Notes that are subject to unconditional optional redemption. A U.S. Holder may generally use the amortisable bond premium allocable to an accrual period to offset qualified stated interest required to be included in the U.S. Holder's income with respect to the Note in that accrual period. A U.S. Holder who elects to amortise bond premium must reduce the U.S. Holder's tax basis in the Note by the amount of the premium amortised in any year. An election to amortise bond premium applies to all taxable debt obligations owned by the U.S. Holder during the taxable year for which the election is made and all taxable debt obligations thereafter acquired by the U.S. Holder, and may be revoked only with the consent of the Internal Revenue Service (“**IRS**”).

If a U.S. Holder makes a constant-yield election (as described under “—*Original Issue Discount and Short-Term Notes*” above) for a Note with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the U.S. Holder's debt instruments with amortisable bond premium and may be revoked only with the permission of the IRS.

#### ***Substitution for DBJ as Issuer***

The terms of the Notes provide that, in certain circumstances, the obligations of DBJ under the Notes may be assumed by another entity. Depending on the facts at the time of the assumption the assumption may be treated for U.S. federal income tax purposes as a deemed disposition of the Notes in exchange for new notes issued by the new obligor. As a result of this deemed disposition, a U.S. Holder may be required to recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the “new” notes (as determined for U.S. federal income tax purposes), and the U.S. Holder's tax basis in the existing Notes. Any “new” Note deemed to be reissued by a new obligor may have original issue discount, depending on its issue price. If the new obligor determines the issue price of any “new” Note for U.S. federal income tax purposes and makes that determination available to holders in any commercially reasonable fashion (including by way of electronic publication), then that determination generally will be binding on U.S. Holders, unless they disclose on their tax returns for the relevant taxable year that they are taking an inconsistent position. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them in the event that the Notes are assumed by a new obligor.

### ***Sale, Exchange or Retirement of the Notes***

Upon the sale, exchange or retirement of a Note, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's adjusted tax basis in the Note. Gain or loss, if any, will generally be U.S.-source for purposes of computing a U.S. Holder's foreign tax credit limitation. For these purposes, the amount realised does not include any amount attributable to accrued and unpaid stated interest, which will be taxed as described under “—*Stated Interest*” above. A U.S. Holder's adjusted tax basis in a Note generally will equal such U.S. Holder's initial investment in the Note (disregarding any pre-acquisition accrued interest excluded from income), increased by any original issue discount (or discount in the case of Short-Term Notes) included in income and decreased by any bond premium previously amortised and any payments other than qualified stated interest previously received.

Except as described below, gain or loss realised on the sale, exchange or retirement of a Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the Note the U.S. Holder has held the Note for more than one year. Exceptions to this general rule apply in the case of a Short-Term Note. See “—*Original Issue Discount and Short-Term Notes*” above. Other exceptions to this general rule apply in the case of certain Foreign Currency Notes. See “—*Foreign Currency Notes*” below.

### ***Foreign Currency Notes***

The rules applicable to Notes denominated in, or the payments on which are determined by reference to, a single currency other than U.S. dollars (referred to in this section as “**Foreign Currency Notes**”) could require some or all of the gain or loss on the sale, exchange or retirement of a Foreign Currency Note to be recharacterised as ordinary income or loss. The rules applicable to Foreign Currency Notes are complex and their application may depend on the U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a U.S. Holder should make any of these elections may depend on the U.S. Holder's particular U.S. federal income tax situation. U.S. Holders are urged to consult their tax advisers regarding the U.S. federal income tax consequences of the ownership and disposition of Foreign Currency Notes.

A U.S. Holder who uses the cash method of tax accounting and who receives a payment of qualified stated interest (or who receives proceeds from a sale, exchange or retirement attributable to accrued qualified stated interest) in a foreign currency with respect to a Foreign Currency Note will be required to include in income the U.S. dollar value of the foreign currency payment (determined based on a spot rate on the date the payment is received) regardless of whether the payment is in fact converted into U.S. dollars at that time, and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency received.

An accrual-method U.S. Holder will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount, but reduced by amortisable bond premium to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a Foreign Currency Note during an accrual period. Absent a contrary election by the accrual-method U.S. Holder, the U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. An accrual-method U.S. Holder may elect to translate interest income (including original issue discount) into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. An accrual-method U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS. The U.S. Holder may recognise ordinary income or loss (which will not be treated as interest income or expense and generally will be treated as U.S.-source income or loss) with respect to accrued interest income on the date that the interest payment or proceeds from the sale, exchange or retirement attributable to accrued interest is actually received in an amount equal to the difference between the U.S. dollar value of the foreign currency payment received (determined based on a spot rate on the date the payment is received) in respect of the accrual period and the U.S. dollar value of the interest income accrued by the U.S. Holder for the accrual period (as determined above). Similar rules apply with respect to any original issue discount required to be accrued by a cash-method U.S. Holder with respect to a Foreign Currency Note.

Original issue discount and amortisable bond premium on a Foreign Currency Note are determined in the relevant foreign currency.

If an election to amortise bond premium is made, amortisable bond premium taken into account on a current basis will reduce interest income in units of the relevant foreign currency. Gain or loss attributable to fluctuations in exchange rates will be realised on amortised bond premium with respect to any period by treating the bond premium amortised in the period in the same manner as it would have been treated if it were principal received on the sale, exchange or retirement of the Foreign Currency Note as described below. Any exchange gain or loss will be taxed as ordinary income or loss. If a U.S. Holder does not make the election to amortise bond premium, any bond premium will be taken into account in determining the overall gain or loss on the Notes and any loss realised on the sale, exchange or retirement of a Foreign Currency Note with amortisable bond premium will be a capital loss to the extent of the bond premium, subject to the discussion of foreign currency loss below.

A U.S. Holder's tax basis in a Foreign Currency Note, and the amount of any subsequent adjustment to the U.S. Holder's tax basis (including adjustments for original issue discount included as income and any bond premium previously amortised or principal payments received), will generally be the U.S. dollar value of the foreign currency amount paid for such Foreign Currency Note, as discussed below, or of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. The amount realised on a sale, exchange or retirement of a Foreign Currency Note will generally be the U.S. dollar value of the foreign currency received (except to the extent attributable to accrued interest), determined on the date of the sale, exchange or retirement. However, if a Foreign Currency Note is traded on an "established securities market" and the U.S. Holder is a cash-method taxpayer or an electing accrual-method taxpayer, the U.S. dollar value of the foreign currency amount paid for such Note and the amount realised on the disposition of such Note will be determined based on the spot rate on the settlement date of the purchase or disposition. An accrual-method U.S. Holder making the election described in the preceding sentence must apply such election consistently to all debt instruments denominated in foreign currency which are traded on "established securities markets" and cannot change it without the consent of the IRS.

Gain or loss realised upon the sale, exchange or retirement of a Foreign Currency Note that is attributable to fluctuations in currency exchange rates ("**exchange gain or loss**") will be ordinary income or loss, which will not be treated as interest income or expense. Exchange gain or loss will equal the difference between (i) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the payment is received or the Note is disposed of and (ii) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the U.S. Holder acquired the Note. For these purposes, principal amount of the Note means a U.S. Holder's purchase price as denominated in the foreign currency. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on Foreign Currency Notes described above. The exchange gain or loss will be recognised only to the extent of the total gain or loss realised by a U.S. Holder on the sale, exchange or retirement of the Foreign Currency Note. Exchange gain or loss for U.S. Holders will generally be U.S.-source. Any gain or loss realised by a U.S. Holder in excess of the exchange gain or loss will be capital gain or loss (except, in the case of a Short-Term Note, to the extent of any discount not previously included in the U.S. Holder's income). Any gain or loss realised by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase Foreign Currency Notes) will be ordinary income or loss.

A U.S. Holder may be required to file a reportable transaction disclosure statement with the U.S. Holder's U.S. federal income tax return if such U.S. Holder realises a foreign currency loss on a sale or exchange of a Foreign Currency Note or foreign currency and such loss is greater than applicable threshold amounts, which differ depending on the status of the U.S. Holder. A U.S. Holder that claims a foreign currency loss with respect to a Foreign Currency Note should consult its tax adviser regarding the need to file a reportable transaction disclosure statement.

### ***Backup Withholding and Information Reporting***

Information returns may be filed with the IRS in connection with payments on the Notes and the proceeds from a sale or other disposition of the Notes. A U.S. Holder may be subject to U.S. backup withholding on these payments if the U.S. Holder fails to provide its taxpayer identification number to the payor and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a

credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, **provided that** the required information is timely furnished to the IRS.

Certain U.S. Holders who are individuals and certain specified entities may be required to report information relating to debt securities issued by non-U.S. persons, or non-U.S. financial accounts through which they may be held. U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to the Notes.

## CERTAIN ERISA AND OTHER CONSIDERATIONS

A fiduciary of a pension, profit-sharing or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), including entities such as collective investment funds, partnerships and separate accounts whose underlying assets include the assets of such plans (collectively, "**ERISA Plans**") should consider the fiduciary standards of ERISA in the context of the ERISA Plan's particular circumstances before authorising an investment in the Notes. Among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the ERISA Plan.

Section 406 of ERISA and Section 4975 of the Code, prohibit ERISA Plans, as well as plans (including individual retirement accounts and Keogh plans) subject to Section 4975 of the Code (together with ERISA Plans, "**Plans**"), from engaging in certain transactions involving the "plan assets" with persons who are "parties in interest" under Section 3(14) of ERISA or "disqualified persons" under Section 4975 of the Code (in either case, "**Parties in Interest**") with respect to such Plans. As a result of their business, DBJ, the Dealers and their current and future affiliates, may be Parties in Interest with respect to many Plans. Where DBJ or one of the Dealers (or one of their affiliates) is a Party in Interest with respect to a Plan, the purchase and holding of the Notes by or on behalf of the Plan could be a prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless exemptive relief were available under an applicable exemption (as described below).

Certain prohibited transaction class exemptions ("**PTCEs**") issued by the U.S. Department of Labor may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of the Notes. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by independent qualified asset managers). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code may provide a limited exemption for the purchase and sale of the Notes and related lending transactions, **provided that** neither DBJ nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of the Plan involved in the transaction (in other words, not a fiduciary) and **provided further that** the Plan pays no more, and receives no less, than adequate consideration in connection with the transaction (the so-called "**service provider exemption**"). There can be no assurance that any of these statutory or class exemptions will be available with respect to transactions involving the Notes.

Accordingly, the Notes may not be purchased or held by any Plan, any entity whose underlying assets include, or are deemed under the U.S. Department of Labor regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA, or otherwise to include, "plan assets" by reason of any Plan's investment in the entity (such entities together with Plans, "**Plan Asset Entities**") or any person investing "plan assets" of any Plan, unless such purchaser or holder is eligible for the exemptive relief available under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14 or the service-provider exemption or there is some other basis on which the purchase and holding of the Notes will not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code. Except as otherwise set forth in any relevant Final Terms, each purchaser or holder of the Notes or any interest therein will be deemed to have represented by its purchase or holding of the Notes that (a) it is not a Plan Asset Entity and its purchase, holding and subsequent disposition of the Notes is not made on behalf of or with "plan assets" of any Plan or (b) its purchase, holding and subsequent disposition of the Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Certain governmental plans (as defined in Section 3(32) of ERISA), church plans (as defined in Section 3(33) of ERISA) that have made no election under Section 410(d) of the Code and non-U.S. plans (as described in Section 4(b)(4) of ERISA) ("**Non-ERISA Arrangements**") are not subject to the fiduciary responsibility or prohibited transaction rules of ERISA or Section 4975 of the Code, but may be subject to similar rules under any U.S. federal, state, local, non-U.S. or other law or regulation ("**Similar Laws**"). Accordingly, each such purchaser or holder of the Notes shall be required to represent (and deemed to have represented by its purchase or holding of the Notes) that its purchase, holding and subsequent disposition of the Notes will not violate any applicable Similar Laws.

None of DBJ, the agents, the Registrar, the Dealers or any of their respective affiliates (collectively, the "**Transaction Parties**") is undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition of any of the Notes by any Plan Asset Entity.

If the purchaser, holder or transferee of any Note or interest therein is a Plan Asset Entity, it will be required or deemed to represent, warrant and agree that (i) none of the Transaction Parties has provided any investment recommendation or investment advice on which it, or any fiduciary or other person investing on behalf of the Plan Asset Entity or who otherwise has discretion or control over the investment and management of the assets of the Plan Asset Entity (a "**Plan Fiduciary**"), has relied in connection with its decision to purchase, hold or transfer the Notes, and none of them is otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan Asset Entity or the Plan Fiduciary in connection with the Plan Asset Entity's acquisition, holding or disposition of the Notes in connection with the initial offering of the Notes; and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating an investment in the Notes.

This Offering Circular is not directed to any particular investor that is a Plan Asset Entity or Non-ERISA Arrangement, nor does it address the specific needs of any such investor. Due to the complexity of the rules under ERISA, the Code and Similar Laws, it is particularly important that fiduciaries or other persons considering purchasing the Notes on behalf of or with the assets of any Plan Asset Entity or Non-ERISA Arrangement consult with their counsel regarding the relevant provisions of ERISA, the Code or any Similar Laws and the availability of exemptive relief under PTCE 96-23, 95-60, 91-38, 90-1, 84-14, the service provider exemption or some other basis on which the acquisition and holding will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a violation of any applicable Similar Laws.

Each purchaser and holder of the Notes has exclusive responsibility for ensuring that its purchase, holding and subsequent disposition of the Notes does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any applicable Similar Laws. The sale of any Notes to any Plan Asset Entity or Non-ERISA Arrangement is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by Plan Asset Entities or Non-ERISA Arrangements generally or any particular Plan Asset Entity or Non-ERISA Arrangement, or that such an investment is appropriate for Plan Asset Entities or Non-ERISA Arrangements generally or any particular Plan Asset Entity or Non-ERISA Arrangement.

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN ERISA AND OTHER U.S. IMPLICATIONS OF AN INVESTMENT IN THE NOTES AND DOES NOT PURPORT TO BE COMPLETE. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN LEGAL, TAX, FINANCIAL AND OTHER ADVISORS PRIOR TO INVESTING TO REVIEW THESE IMPLICATIONS IN LIGHT OF SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.

## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 17 August 2022 (the "**Dealer Agreement**") between DBJ, the Permanent Dealers and the Arranger, the Notes and the Guarantee, if any, will be offered on a continuous basis by DBJ to the Permanent Dealers. However, DBJ has reserved the right to sell Notes and the Guarantee, if any, directly on its own behalf to Dealers that are not Permanent Dealers. The Notes and the Guarantee, if any, may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes and the Guarantee, if any, may also be sold by DBJ through the Dealers, acting as agents of DBJ. The Dealer Agreement also provides for Notes and the Guarantee, if any, to be issued in syndicated Tranches that are either jointly and severally or severally but not jointly underwritten by two or more Dealers.

DBJ will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. DBJ has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

DBJ has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to DBJ.

### Selling Restrictions

#### *United States*

##### *In relation to Regulation S Only Notes*

The Notes and the Guarantee, if any, have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

1. Each Dealer has represented and agreed and each other Purchaser will be required to represent and agree that it has not offered, sold or delivered the Notes and the Guarantee, if any, and will not offer, sell or deliver the Notes and the Guarantee, if any, (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes and the Guarantee, if any, of the Tranche of which such Notes and the Guarantee, if any, are a part, except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer further represents and agrees that it, its affiliates and any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to the Notes and the Guarantee, if any, and have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has also agreed that, at or prior to confirmation of a sale of the Notes and the Guarantee, if any, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes and the Guarantee, if any, from such Dealer during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of this Tranche of Securities, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

In addition, until 40 days after the completion of the distribution of any identifiable Tranche, an offer or sale of Notes of such Series within the United States by a Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

2. The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in accordance with Regulation S and the rules under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) for the purposes of Section 4701 of the Code (the "**D Rules**"), unless not applicable.

Accordingly, each Dealer has represented and agreed and each other Purchaser will be required to represent and agree, in respect of Notes issued in compliance with the D Rules, that:

- (1) except to the extent permitted under the D Rules, (a) it has not offered or sold, and during the restricted period will not offer or sell, any Bearer Notes to a person who is within the United States or its possessions or to a United States person, and (b) it has not delivered and will not deliver within the United States or its possessions Definitive Notes that are sold during the restricted period;
- (2) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Bearer Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (3) if it is a United States person, it is acquiring the Bearer Notes for purposes of resale in connection with their original issuance and, if it retains the Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6);
- (4) with respect to each affiliate (if any) that acquires Bearer Notes from such Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer either repeats and confirms the representations, undertakings and agreements contained in paragraphs (1), (2) and (3) on such affiliate's behalf or agrees that it will obtain from such affiliates for the benefit of DBJ the representations, undertakings and agreements contained in such paragraphs (1), (2) and (3); and
- (5) it shall obtain for the benefit of DBJ the representations, undertakings and agreements contained in paragraphs (1), (2), (3) and (4) above of this paragraph from any person other than its affiliate with whom it enters into a written contract (a "distributor" as defined in United States Treasury Regulation §1.163-5(c)(2)(i)(D)(4)), for the offer or sale during the restricted period of the Bearer Notes.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

3. Each Dealer has represented and agreed that it has not entered and will not enter into any contractual arrangement with any distributor (as that term is defined for the purposes of Regulation S and the D Rules, respectively) with respect to the distribution or delivery of the Notes, except with its affiliates or unless such contractual arrangement has imposed or will impose the same restrictions on such distributor as those set out in the subsections 1 and 2 above.

*In relation to Rule 144A and Regulation S Notes*

The Notes and, where applicable, the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold except (i) outside the United States in an offshore transaction to non-U.S. persons in accordance with Regulation S under the Securities Act or (ii) within the United States to QIBs in reliance on Rule 144A. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has represented and agreed and each other Purchaser will be required to represent and agree that it has either (a) complied with the restrictions set forth in paragraph 1 under "—In relation to Notes other than Registered Notes sold pursuant to Rule 144A" or (b)(i) offered, sold or transferred the Notes and, where applicable, the Guarantee in the United States only in private transactions to institutional investors that are reasonably believed to qualify as QIBs, (ii) offered the Notes and, where applicable, the Guarantee in the United States only by approaching prospective purchasers on an individual basis, and no general solicitation or general advertising

within the meaning of Rule 502(c) under the Securities Act was used in connection with the offering of the Notes and, where applicable, the Guarantee in the United States, (iii) did not sell the Notes and, where applicable, the Guarantee in the United States to any one purchaser for less than U.S.\$200,000 (or its foreign currency equivalent) principal amount, and no Note or Guarantee was issued in connection with such a sale in a smaller principal amount and (iv) ensured that each Note and, where applicable, Guarantee sold as a part of a private placement in the United States will contain a legend stating that such Note and, where applicable, Guarantee have not been, and will not be, registered under the Securities Act, that any resale or other transfer of such Note or any interest therein may be made only: (A) to DBJ or the Guarantor; (B) to a QIB in a transaction which meets the requirements of Rule 144A; (C) outside the United States pursuant to Regulation S under the Securities Act; (D) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available); or (E) pursuant to an effective registration statement under the Securities Act.

This Offering Circular has been prepared by DBJ for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States in reliance on Rule 144A. DBJ and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. person, other than any QIB within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate.

***Prohibition of Sales to EEA Retail Investors and Public Offer Selling Restriction Under the EU Prospectus Regulation***

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area . For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive (EU) 2014/65 (as amended, "**EU MiFID II**"); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area (a "**Member State**"), each Dealer has represented and agreed, each Purchaser will be required to represent and agree, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to the public in that Member State except that it may make an offer of Notes to the public in that Member State:

- (i) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the EU Prospectus Regulation in that Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, **provided that** any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the EU Prospectus Regulation, in the period beginning and ending on the dates specified

in such prospectus or Final Terms, if applicable and DBJ has consented in writing to its use for the purpose of that Non-exempt Offer;

- (ii) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by DBJ for any such offer; or
- (iv) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

**provided that** no such offer of Notes referred to in (ii) to (iv) above shall require DBJ or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, the expression "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129.

#### ***United Kingdom Securities Laws***

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (i) at any time to any legal entity which is a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA;
- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by DBJ for any such offer; or
- (iii) at any time in any other circumstances falling within section 86 of the FSMA,

**provided that** no such offer of Notes referred to in (i) to (i) above shall require DBJ or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

***Other UK regulatory restrictions***

Each Dealer has represented, warranted and agreed, and each other Purchaser will be required to represent, warrant and agree that:

- (i) in relation to any Notes which have a maturity of less than one year from the date of issue:
  - (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (b) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (1) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (2) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by DBJ;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to DBJ; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

***Selling Restrictions Addressing Additional Netherlands Securities Laws***

Each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that it will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular, as completed by the Final Terms in relation thereto, to the public in The Netherlands, unless such offer is made exclusively to persons or legal entities which are qualified investors as defined in the EU Prospectus Regulation, and **provided that** no such offer of Notes shall require DBJ or any Dealer or Purchaser to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of the above provision, the expressions (i) an "**offer of Notes to the public**" in relation to any Notes in The Netherlands; and (ii) "**EU Prospectus Regulation**", have the meaning given to them above in the paragraph headed with "Prohibition of Sales to EEA and UK Retail Investors and Public Offer Selling Restriction Under the EU Prospectus Regulation".

Notwithstanding the above, Zero Coupon Notes may not, directly or indirectly, as part of their initial distribution (or immediately thereafter) or as part of any re-offering be offered, sold, transferred or delivered in The Netherlands. For purposes of this paragraph "Zero Coupon Notes" are Notes that are in bearer form (whether in definitive or in global form) and that constitute a claim for a fixed sum against DBJ and on which interest does not become due during their tenor or on which no interest is due whatsoever.

## ***Singapore***

Each Dealer has acknowledged, and each further Purchaser will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Purchaser will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with, the conditions of, any other applicable provision of the SFA.

## ***Republic of Italy***

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation. Each Dealer has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Any such offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time) and any other applicable laws and regulations;
- (ii) in compliance with Article 129 of Legislative Decree No. 385 of 1 September 1993, as amended, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended on 10 August 2016 and on 2 November 2020); and
- (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

## ***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act and will be subject to the Special Taxation Measures Act. Accordingly, each Dealer has represented and agreed and each other Purchaser will be required to represent and agree that (i) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used in this item (i) means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and governmental guidelines of Japan; and (ii) it has not, directly or indirectly, offered or sold and will not, as part of its initial distribution, directly or indirectly, offer or sell any Notes to, or for the benefit of, any person other than, or to others for re-offering or re-sale, directly or indirectly to, or for the benefit of, any person other than, (i) a beneficial owner that is, for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a person or

entity controlling, or controlled by, DBJ, or otherwise having a prescribed special relationship with DBJ as described in Article 6 of the Special Taxation Measures Act and Cabinet Order No. 43 of 31 March 1957 promulgated thereunder, as amended (the "**Cabinet Order**") (a "**Related Party**"), (ii) a Japanese financial institution, designated in Article 3-2-2 paragraph (29) of the Cabinet Order that will hold the Notes for its own proprietary account or (iii) any other excluded category of persons, corporations or other entities under the Special Taxation Measures Act.

### ***Hong Kong***

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme be required to represent, warrant and agree, that:

- (a) it has not offered or sold, and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the "**SFO**") other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued, or had in its possession for the purpose of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made under the SFO.

### ***PRC (excluding Hong Kong, Macau and Taiwan)***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be offered or sold directly or indirectly in the People's Republic of China (the "**PRC**") (which, for the sole purpose herein, does not include Hong Kong, Macau or Taiwan). This Offering Circular, the Notes and any material or information contained or incorporated by reference herein relating to the Notes have not been, and will not be, submitted to or approved/verified by or registered with the China Securities Regulatory Commission ("**CSRC**") or other relevant governmental and regulatory authorities in the PRC pursuant to relevant laws and regulations and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. Neither this Offering Circular nor any material or information contained or incorporated by reference herein relating to the Notes constitutes an offer to sell or the solicitation of an offer to buy any securities in the PRC.

The Notes may only be invested by PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. PRC investors are responsible for informing themselves about and observing all legal and regulatory restrictions, obtaining all relevant government regulatory approvals/licenses, verification and/or registrations themselves, including, but not limited to, any which may be required from the People's Bank of China, the State Administration of Foreign Exchange, CSRC, the China Banking and Insurance Regulatory Commission and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or overseas investment regulations.

### ***Canada***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Non-guaranteed Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Non-guaranteed Notes must be made in accordance with

an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment or supplement hereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with Rule 144A and Regulation S Non-guaranteed Note Offerings.

### ***General***

These selling restrictions may be modified by the agreement of DBJ and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed and each other Purchaser will be required to agree that it will, to the best of its knowledge, comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither DBJ, nor any other Dealer shall have responsibility therefor.

Neither DBJ nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Purchaser will be required to comply with such other additional restrictions as DBJ and the relevant Purchaser shall agree and as shall be set out in the applicable Final Terms or in a supplement to this Offering Circular.

### ***Stabilisation***

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by DBJ. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Any stabilisation will be conducted in accordance with all applicable regulations. Under laws and regulations of the United Kingdom stabilising activities may only be carried on by the stabilising manager in respect of the relevant Tranche and must be discontinued no later than the earlier of 30 days after the Issue Date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

## TRANSFER RESTRICTIONS

This section only applies to Rule 144A and Regulation S Notes. This section does not apply to Regulation S Only Notes.

### Restricted Registered Notes

Each Purchaser of Restricted Registered Notes in reliance on Rule 144A, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) a QIB, (b) acquiring such Notes and, where applicable, the Guarantee for its own account, or for the account of one or more QIBs and (c) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes and, where applicable, the Guarantee to it is being made in reliance on Rule 144A.
2. The Restricted Registered Notes and, where applicable, the Guarantee have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of one or more QIBs or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.
3. The Restricted Registered Notes, unless DBJ determines otherwise in compliance with applicable law, will bear a legend substantially to the following effect:

THIS NOTE [AND THE GUARANTEE] RELATING TO THIS NOTE] HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT, WITHIN THE TIME PERIOD REFERRED TO IN RULE 144(d) UNDER THE SECURITIES ACT AS IN EFFECT WITH RESPECT TO SUCH TRANSFER, RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO DBJ[, THE GUARANTOR] OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

EXCEPT AS OTHERWISE SET FORTH IN ANY RELEVANT FINAL TERMS, THE PURCHASER OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT, EITHER (I) IT IS NOT AND FOR AS LONG AS IT HOLDS THIS NOTE (OR ANY INTEREST HEREIN) IT WILL NOT BE, AND IS NOT AND WILL NOT BE ACTING ON BEHALF OF, AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), AND SUBJECT TO TITLE I OF ERISA, A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED UNDER THE U.S.

DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE TO INCLUDE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**PLAN ASSET ENTITY**"), OR ANY GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN THAT IS NOT A PLAN ASSET ENTITY BUT IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT CONTAINS ONE OR MORE PROVISIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("**SIMILAR LAW**"), OR (II) (A) ITS PURCHASE, HOLDING AND DISPOSITION OF SUCH NOTE (OR ANY INTEREST HEREIN) DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF ANOTHER EMPLOYEE BENEFIT PLAN SUBJECT TO SIMILAR LAW, IS NOT IN VIOLATION OF ANY SIMILAR LAW) AND (B) THE ISSUER OF THIS NOTE, THE AGENTS, THE REGISTRAR, THE DEALERS AND EACH OF THEIR RESPECTIVE AFFILIATES (COLLECTIVELY, THE "**TRANSACTION PARTIES**") HAVE NOT (1) PROVIDED ANY ADVICE OR RECOMMENDATION WITH RESPECT TO THE MANAGEMENT OF ANY INTEREST IN THIS NOTE OR THE ADVISABILITY OF ACQUIRING, HOLDING, DISPOSING OR EXCHANGING ANY INTEREST IN THIS NOTE, OR (2) DIRECTED ANY SUCH ADVICE SPECIFICALLY TO, OR RENDERED ANY SUCH ADVICE BASED ON, THE PARTICULAR NEEDS OF THE PURCHASER.

EACH PURCHASER OF THIS NOTE THAT IS A PLAN ASSET ENTITY, OR THE FIDUCIARY PURCHASING THIS NOTE ON BEHALF OF SUCH PLAN ASSET ENTITY OR WHO REPRESENTS THE PLAN ASSET ENTITY WITH RESPECT TO SUCH PURCHASE, WILL BE DEEMED TO HAVE REPRESENTED BY ITS PURCHASE OF THIS NOTE THAT (1) NONE OF THE TRANSACTION PARTIES HAS PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE ON WHICH IT, OR ANY FIDUCIARY OR OTHER PERSON INVESTING ON BEHALF OF THE PLAN ASSET ENTITY, OR WHO OTHERWISE HAS DISCRETION OR CONTROL OVER THE INVESTMENT AND MANAGEMENT OF THE ASSETS OF THE PLAN ASSET ENTITY (A "**PLAN FIDUCIARY**"), HAS RELIED IN CONNECTION WITH ITS DECISION TO PURCHASE, HOLD OR TRANSFER THIS NOTE, AND NONE OF THEM IS OTHERWISE ACTING AS A FIDUCIARY, AS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(E)(3) OF THE CODE, TO THE PLAN ASSET ENTITY OR THE PLAN FIDUCIARY IN CONNECTION WITH THE PLAN ASSET ENTITY'S ACQUISITION, HOLDING OR DISPOSITION OF THIS NOTE IN CONNECTION WITH THE INITIAL OFFERING OF THIS NOTE, AND (2) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING AN INVESTMENT IN THIS NOTE.

ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE (OR AN INTEREST HEREIN) THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

4. It understands that DBJ, the Registrar, the Transfer Agent, the relevant Dealer(s) and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes and, where applicable, the Guarantee for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.
5. It understands that the Restricted Registered Notes will be evidenced by a Restricted Global Certificate. Before any interest in the Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
6. Except as otherwise set forth in any relevant Final Terms, it will be deemed to have represented and agreed that, either (i) it is not and for as long as it holds the Notes (or any interest therein) it will not be, and is not and will not be acting on behalf of, an "employee benefit plan" as described in Section 3(3) of ERISA and subject to Title I of ERISA, a "plan" as defined in and subject to Section 4975 of the Code, an entity whose underlying assets include, or are deemed under the Plan

Asset Regulation or otherwise to include, "plan assets" by reason of such employee benefit plan's or plan's investment in the entity (any of the foregoing, a "**Plan Asset Entity**"), or any governmental, church, non-U.S. or other employee benefit plan that is not a Plan Asset Entity but is subject to any U.S. federal, state, local or non-U.S. law or regulation that contains one or more provisions that are similar to such provisions of ERISA or the Code ("**Similar Law**"), or (ii) (A) its purchase, holding and disposition of such Notes (or any interest therein) does not and will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code (or, in the case of another employee benefit plan subject to Similar Law, is not in violation of any Similar Law) and (B) DBJ, the Agents, the Registrar, the Dealers and each of their respective affiliates (collectively, the "**Transaction Parties**") have not (1) provided any advice or recommendation with respect to the management of any interest in such Notes or the advisability of acquiring, holding, disposing or exchanging any interest in such Notes, or (2) directed any such advice specifically to, or rendered any such advice based on, the particular needs of the Purchaser. Any purported purchase or transfer of the Notes (or any interest therein) that does not comply with the foregoing shall be null and void *ab initio*.

7. Each purchaser of the Notes that is a Plan Asset Entity, or the fiduciary purchasing the Notes on behalf of such Plan Asset Entity or who represents the Plan Asset Entity with respect to such purchase, will be deemed to have represented by its purchase of the Notes that (1) none of the Transaction Parties has provided any investment recommendation or investment advice on which it, or any fiduciary or other person investing on behalf of the Plan Asset Entity, or who otherwise has discretion or control over the investment and management of the assets of the Plan Asset Entity (a "**Plan Fiduciary**"), has relied in connection with its decision to purchase, hold or transfer the Notes, and none of them is otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan Asset Entity or the Plan Fiduciary in connection with the Plan Asset Entity's acquisition, holding or disposition of the Notes in connection with the initial offering of the Notes, and (2) the Plan Fiduciary is exercising its own independent judgment in evaluating an investment in the Notes. Any purported purchase or transfer of the Notes (or any interest therein) that does not comply with the foregoing shall be null and void *ab initio*.

**Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

#### **Unrestricted Registered Notes**

Each Purchaser of Notes and, where applicable, the Guarantee outside the United States pursuant to Regulation S and each subsequent Purchaser of such Notes pursuant to resales prior to the expiration of the distribution compliance period, by accepting delivery of this Offering Circular and the Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and is purchasing the Notes in an offshore transaction pursuant to Regulation S.
2. It understands that such Notes and, where applicable, the Guarantee have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.
3. It understands that such Notes, unless otherwise determined by DBJ in compliance with applicable law, will bear a legend substantially to the following effect:

THIS NOTE [AND THE GUARANTEE] RELATING TO THIS NOTE] HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (I) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (II) OTHERWISE UNTIL 40 DAYS AFTER COMPLETION OF THE DISTRIBUTION OF THE SERIES OF WHICH SUCH NOTES [AND THE GUARANTEE] ARE A PART

EXCEPT IN EITHER CASE IN ACCORDANCE WITH RULE 903 OF REGULATION S. TERMS USED ABOVE WHICH ARE NOT OTHERWISE DEFINED HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S.

EXCEPT AS OTHERWISE SET FORTH IN ANY RELEVANT FINAL TERMS, THE PURCHASER OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT, EITHER (I) IT IS NOT AND FOR AS LONG AS IT HOLDS THIS NOTE (OR ANY INTEREST HEREIN) IT WILL NOT BE, AND IS NOT AND WILL NOT BE ACTING ON BEHALF OF, AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), AND SUBJECT TO TITLE I OF ERISA, A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE TO INCLUDE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**PLAN ASSET ENTITY**"), OR ANY GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN THAT IS NOT A PLAN ASSET ENTITY BUT IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT CONTAINS ONE OR MORE PROVISIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("**SIMILAR LAW**"), OR (II) (A) ITS PURCHASE, HOLDING AND DISPOSITION OF SUCH NOTE (OR ANY INTEREST HEREIN) DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF ANOTHER EMPLOYEE BENEFIT PLAN SUBJECT TO SIMILAR LAW, IS NOT IN VIOLATION OF ANY SIMILAR LAW) AND (B) THE ISSUER OF THIS NOTE, THE AGENTS, THE REGISTRAR, THE DEALERS AND EACH OF THEIR RESPECTIVE AFFILIATES (COLLECTIVELY, THE "**TRANSACTION PARTIES**") HAVE NOT (1) PROVIDED ANY ADVICE OR RECOMMENDATION WITH RESPECT TO THE MANAGEMENT OF ANY INTEREST IN THIS NOTE OR THE ADVISABILITY OF ACQUIRING, HOLDING, DISPOSING OR EXCHANGING ANY INTEREST IN THIS NOTE, OR (2) DIRECTED ANY SUCH ADVICE SPECIFICALLY TO, OR RENDERED ANY SUCH ADVICE BASED ON, THE PARTICULAR NEEDS OF THE PURCHASER.

EACH PURCHASER OF THIS NOTE THAT IS A PLAN ASSET ENTITY, OR THE FIDUCIARY PURCHASING THIS NOTE ON BEHALF OF SUCH PLAN ASSET ENTITY OR WHO REPRESENTS THE PLAN ASSET ENTITY WITH RESPECT TO SUCH PURCHASE, WILL BE DEEMED TO HAVE REPRESENTED BY ITS PURCHASE OF THIS NOTE THAT (1) NONE OF THE TRANSACTION PARTIES HAS PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE ON WHICH IT, OR ANY FIDUCIARY OR OTHER PERSON INVESTING ON BEHALF OF THE PLAN ASSET ENTITY, OR WHO OTHERWISE HAS DISCRETION OR CONTROL OVER THE INVESTMENT AND MANAGEMENT OF THE ASSETS OF THE PLAN ASSET ENTITY (A "**PLAN FIDUCIARY**"), HAS RELIED IN CONNECTION WITH ITS DECISION TO PURCHASE, HOLD OR TRANSFER THIS NOTE, AND NONE OF THEM IS OTHERWISE ACTING AS A FIDUCIARY, AS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(E)(3) OF THE CODE, TO THE PLAN ASSET ENTITY OR THE PLAN FIDUCIARY IN CONNECTION WITH THE PLAN ASSET ENTITY'S ACQUISITION, HOLDING OR DISPOSITION OF THIS NOTE IN CONNECTION WITH THE INITIAL OFFERING OF THIS NOTE, AND (2) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING AN INVESTMENT IN THIS NOTE.

ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE (OR AN INTEREST HEREIN) THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

4. It understands that DBJ, the Registrar, the Transfer Agent, the Dealers and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
5. It understands that the Notes offered in reliance on Regulation S will be evidenced by the Unrestricted Global Certificate. Prior to the expiration of the distribution compliance period, before any interest in the Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
6. Except as otherwise set forth in any relevant Final Terms, it will be deemed to have represented and agreed that, either (i) it is not and for as long as it holds the Notes (or any interest therein) it will not be, and is not and will not be acting on behalf of, an "employee benefit plan" as described in Section 3(3) of ERISA and subject to Title I of ERISA, a "plan" as defined in and subject to Section 4975 of the Code, an entity whose underlying assets include, or are deemed under the Plan Asset Regulation or otherwise to include, "plan assets" by reason of such employee benefit plan's or plan's investment in the entity (any of the foregoing, a "**Plan Asset Entity**"), or any governmental, church, non-U.S. or other employee benefit plan that is not a Plan Asset Entity but is subject to any U.S. federal, state, local or non-U.S. law or regulation that contains one or more provisions that are similar to such provisions of ERISA or the Code ("**Similar Law**"), or (ii) (A) its purchase, holding and disposition of such Notes (or any interest therein) does not and will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code (or, in the case of another employee benefit plan subject to Similar Law, is not in violation of any Similar Law) and (B) DBJ, the Agents, the Registrar, the Dealers and each of their respective affiliates (collectively, the "**Transaction Parties**") have not (1) provided any advice or recommendation with respect to the management of any interest in such Notes or the advisability of acquiring, holding, disposing or exchanging any interest in such Notes, or (2) directed any such advice specifically to, or rendered any such advice based on, the particular needs of the Purchaser. Any purported purchase or transfer of the Notes (or any interest therein) that does not comply with the foregoing shall be null and void *ab initio*.
7. Each purchaser of the Notes that is a Plan Asset Entity, or the fiduciary purchasing the Notes on behalf of such Plan Asset Entity or who represents the Plan Asset Entity with respect to such purchase, will be deemed to have represented by its purchase of the Notes that (1) none of the Transaction Parties has provided any investment recommendation or investment advice on which it, or any fiduciary or other person investing on behalf of the Plan Asset Entity, or who otherwise has discretion or control over the investment and management of the assets of the Plan Asset Entity (a "**Plan Fiduciary**"), has relied in connection with its decision to purchase, hold or transfer the Notes, and none of them is otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan Asset Entity or the Plan Fiduciary in connection with the Plan Asset Entity's acquisition, holding or disposition of the Notes in connection with the initial offering of the Notes, and (2) the Plan Fiduciary is exercising its own independent judgment in evaluating an investment in the Notes. Any purported purchase or transfer of the Notes (or any interest therein) that does not comply with the foregoing shall be null and void *ab initio*.

## FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "EU MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]]<sup>10</sup>

**[EU MiFID II product governance / Professional investors and eligible counterparties (ECPs) only target market:** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "EU MiFID II")][EU MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[DBJ to consider any negative target market]* Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer[s/s'] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers[s/s'] target market assessment) and determining appropriate distribution channels.]

**[UK MiFIR product governance / Professional investors and ECPs only target market:** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA") ("UK MiFIR"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[DBJ to consider any negative target market]*. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer[s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[s/s'] target market assessment) and determining appropriate distribution channels.]

---

<sup>10</sup> Include where Part B item 7(vi) or 7(vii) of the Final Terms specifies "Applicable".

**[SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION:** Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (as amended or modified from time to time, the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

**Final Terms dated [•]**

**DEVELOPMENT BANK OF JAPAN INC.**  
**Issue of**  
**[Title of Notes]**  
**[Guaranteed by JAPAN]**  
**under the Global Medium Term Note Programme**

**PART A — CONTRACTUAL TERMS**

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to the Prospectus Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**") or the Prospectus Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Prospectus Regulation**") or supplement a prospectus pursuant to the EU Prospectus Regulation or the UK Prospectus Regulation, in each case, in relation to such offer.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the Offering Circular dated [•] [and the supplementary Offering Circular dated [•]]. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with such Offering Circular [as so supplemented]. [The Offering Circular [and the supplementary Offering Circular] [is] [are] available for viewing at [address] during normal business hours [and] [website] and copies may be obtained from [address].]

*The following alternative language applies if the first Tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the Offering Circular dated [original date] [and the supplementary Offering Circular dated [•]]. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Offering Circular dated [current date] [and the supplementary Offering Circular dated [•]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] [and the supplementary Offering Circular dated [•]] and are attached hereto. [The Offering Circular [and the supplementary Offering Circular] are available for viewing at [address] during normal business hours [and] [website] and copies may be obtained from [address].]

- |    |         |  |   |
|----|---------|--|---|
| 1. | [(i)]   | Issuer:                                  | Development Bank of Japan Inc.  |
|    | [(ii)]  | Guarantor:                               | Japan]  |
| 2. | [(i)]   | Series Number:                           | [•]   |
|    | [(ii)]  | Tranche Number:                          | [•]   |
|    | [(iii)] | Date on which the Notes become fungible: | [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with [•] on [[•]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below [which is expected to occur on or about [•]].] |
| 3. |         | Specified Currency or Currencies:        | [•]   |

4. Aggregate Nominal Amount: [•]  
 [(i) Series: [•]  
 [(ii) Tranche: [•]
5. Issue Price: [•] per cent. of the Aggregate Nominal Amount  
 [plus accrued interest from [•]]
6. (i) Specified Denominations: [•]  
 (ii) Calculation Amount: [•]
7. (i) Issue Date: [•]  
 (ii) Interest Commencement Date: [[•]/Issue Date/Not Applicable]
8. Maturity Date: [•]<sup>11</sup>
9. Interest Basis: [[•] per cent. Fixed Rate]  
 [[•] +/- [•] per cent. Floating Rate]  
 [Zero Coupon]  
 (further particulars specified below)
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.
11. Change of Interest Basis: [Applicable/Not Applicable]
12. Put/Call Options: [Investor Put]  
 [Issuer Call]
13. (i) Status of the Notes: Senior  
 (ii) Date of [Board] approval for issuance of Notes obtained: [•]  
 [(iii) Details of approval in relation to the Guarantee:] [•]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [•] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [•] with Business Centre(s) being [•] / not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount<sup>12</sup>
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]

<sup>11</sup> For Renminbi Fixed Rate Notes where Interest Payment Dates are subject to modification, it will be necessary to use "Interest Payment Date falling on or nearest to [•]".

<sup>12</sup> For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification, the following alternative wording is appropriate: Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest RMB0.01, RMB0.005 being rounded upwards.

- (v) Day Count Fraction: [30/360 / Actual/Actual ([ICMA/ISDA])/ Actual/360/ Actual/365(Fixed)]<sup>13</sup>
- (vi) [Determination Dates: [•] [and [•]] in each year]
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Interest Period(s): [•]
- (ii) Specified Interest Payment Dates: [[•] [and [•]] in each year, subject to adjustment in accordance with the Business Day Convention set out in (iv) below] [for accrual purposes only] *(Include this wording for Payment Delay only)*
- (iii) First Interest Payment Date: [•] [for accrual purposes only] *(Include this wording for Payment Delay only)*
- (iv) Effective Interest Payment Date: [The date falling [•] Local Business Days following each Interest Payment Date, **provided that** the Effective Interest Payment Date with respect to the last Interest Period will be the Maturity Date or, if the Issuer elects to redeem the Notes before the Maturity Date, the date fixed for redemption *(include for Payment Delay only)*]/[Not Applicable]
- (Effective Interest Payment Dates should be at least 5 Local Business Days after the Interest Payment Dates, unless otherwise agreed with the Agent.)*
- (v) Initial Rate of Interest: [•]
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
- (vii) Business Centre(s): [•]
- (viii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination / ISDA Determination]
- (ix) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [•]
- (x) Screen Rate Determination: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- Index Determination: [Applicable/Not Applicable]
- (Insert the following only if Index Determination is not applicable)*
- Reference Rate: [•]
  - Interest Determination Date(s): [•]
  - Relevant Screen Page: [•]

<sup>13</sup> Applicable to Renminbi denominated Fixed Rate Notes.

- Calculation Method: [Weighted Average/Compounded Daily/Not Applicable]
- Observation Method: [Lag/Lock-out/Observation Shift/Payment Delay/Not Applicable]
- Observation Look-back Period: [[•]/Not Applicable]  
*(The Observation Look-back Period should be at least as many Local Business Days before the Interest Payment Date as the Interest Determination Date. "Observation Look-back Period" is only applicable where "Lag" or "Observation Shift" is selected as the Observation Method; otherwise, select "Not Applicable".)*
- D: [365/360/[•]/Not Applicable]
- Rate Cut-off Date: [The date falling [•] Local Business Days prior to the Maturity Date or the date fixed for redemption, as applicable (*used for Payment Delay only*)/Not Applicable]  
*(The Rate Cut-off Date should be at least 5 Local Business Days before the Maturity Date or the date fixed for redemption, unless otherwise agreed with the Agent.)*
- Specified Time: [•]
- [p] [•] (*Only included if required. p is expected to be zero where Observation Shift is used.*)

*(Insert the following only if Index Determination is applicable)*

- SONIA Compounded Index: [Applicable/Not Applicable]
- SOFR Compounded Index: [Applicable/Not Applicable]
- Interest Determination Date: [•]/[The day falling the Relevant Number of Index Days prior to the relevant Interest Payment Date, or such other date on which the relevant payment of interest falls due]
- Relevant Decimal Place: [•]/[As per the Conditions] (*This should be a number that is five or greater where Compounded Daily SONIA is applicable and seven or greater where Compounded Daily SOFR is applicable*)
- Relevant Number: [•]/[As per the Conditions]
- Numerator: [•]/[As per the Conditions]

(xi) ISDA Determination:

- ISDA Definitions: [2006 ISDA Definitions / 2021 ISDA Definitions]
- Floating Rate Option: [•]

- Designated Maturity: [•]
  - Reset Date: [•]
  - Compounding: [Applicable/Not Applicable]
    - Compounding Method: [Compounding with Look-back
      - Look-back: [•] Applicable Business Days
    - [Compounding with Observation Period Shift
      - Observation Period Shift: [•] Observation Period Shift Business Days
      - Observation Period Shift Additional Business Days: [[•] / Not Applicable]
    - [Compounding with Lockout
      - Lockout: [•] Lockout Period Business Days
      - Lockout Period Business Days: [•] Applicable Business Days
  - Averaging [Applicable/Not Applicable]
    - Averaging Method: [Averaging with Look-back
      - Look-back: [•] Applicable Business Days
    - [Averaging with Observation Period Shift
      - Observation Period Shift: [•] Observation Period Shift Business days
      - Observation Period Shift Additional Business Days: [[•]/Not Applicable]]
    - [Averaging with Lockout
      - Lockout: [•] Lockout Period Business Days
      - Lockout Period Business Days: [•] Applicable Business Days
  - Index Provisions: [Applicable/Not Applicable]
    - Index Method: Compounded Index Method with Observation Period Shift
      - Observation Period Shift: [•] Observation Period Shift Business Days
      - Observation Period Shift Additional Business Days: [[•]/Not Applicable]
- (xii) Margin(s): [+/-][•] per cent. per annum
- (xiii) Minimum Rate of Interest: [•/0.00] per cent. per annum
- (xiv) Maximum Rate of Interest: [•] per cent. per annum

- (xv) Day Count Fraction: [•]
- (xvi) Issue Date Reference Rate: [•] per cent. per annum
- 16. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
  - (i) Amortisation Yield: [•] per cent. per annum

**PROVISIONS RELATING TO REDEMPTION**

- 17. **Call Option** [Applicable/Not Applicable]
  - (i) Optional Redemption Date(s): [•]
  - (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [•] per Calculation Amount
    - (b) Maximum Redemption Amount: [•] per Calculation Amount
  - (iv) Notice period: [•]
- 18. **Put Option** [Applicable/Not Applicable]
  - (i) Optional Redemption Date(s): [•]
  - (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
  - (iii) Notice period: [•]
- 19. Final Redemption Amount of each Note: [•] per Calculation Amount
- 20. Early Redemption Amount
 

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [[Par] per Calculation Amount]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 21. **Form of Notes:**
  - Bearer Notes:**
    - [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
    - [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]
    - [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

*(Bearer Notes issued under the D Rules must initially be represented by a Temporary Global Note, exchangeable for a Permanent Global Note or Definitive Notes upon certification of non-U.S. beneficial ownership.)*

**Registered Notes:**

*[For Notes offered under Regulation S: Regulation S Global Certificate registered in the name of a nominee for [a common depositary/a common safekeeper] for Euroclear and Clearstream, Luxembourg]*

*[For Notes offered under Rule 144A and Regulation S: Unrestricted Global Certificate registered in the name of a nominee for [a common depositary/a common safekeeper] for Euroclear and Clearstream, Luxembourg] and Restricted Global Certificate registered in the name of a nominee for the custodian for DTC]*

- 22. New Global Note: [Yes] [No]
- 23. Financial Centre(s): [Not Applicable/[•]]
- 24. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [No/Yes; as the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/Not Applicable]

**[LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to have the Notes admitted to the Official List of the Luxembourg Stock Exchange and admitted to trading to the Euro MTF Market of the Luxembourg Stock Exchange pursuant to DBJ's Global Medium Term Note Programme.]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of  
**Development Bank of Japan Inc.:**

By:

.....  
Duly authorised

## PART B — OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

[Application has been made for the Notes to be admitted to listing on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange] [Application has been made for the Notes to be admitted to listing on [specify – note that this must not be an EEA or UK regulated market]] [Not Applicable]

[Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.]
2. **RATINGS**

Ratings: [[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:

[Moody's: [•]]  
[S&P: [•]]  
[Rating and Investment Information, Inc.: [•]]  
[Other: [•]]

[A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.]
3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

[Save for any fees payable to the [Managers/Dealers], so far as DBJ is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/ Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, DBJ [and Japan] and [its/their] affiliates in the ordinary course of business. [Amend as appropriate if there are other interests]]
4. **USE OF PROCEEDS, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Use of proceeds: [•]]

[(ii) Estimated net proceeds: [•]]

[(iii) Estimated total expenses related to the admission to trading: [•]]
5. **[Fixed Rate Notes only — YIELD]**

Indication of yield: [•]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

## 6. OPERATIONAL INFORMATION

- (i) ISIN Code: [•]
- (ii) Common Code: [•]
- (iii) [CUSIP: [•]]
- (iv) [FISN: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
- (v) [CFI code: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
- (If the FISN and/or CFI is not required or requested, it/they should be specified to be "Not Applicable".)*
- (vi) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and/or DTC and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (vii) Legal Entity Identifier: 5493001HGBABMWFZUI25
- (viii) Delivery: Delivery [against/free of] payment
- (ix) Names and addresses of additional Paying Agent(s) (if any): [•]
- (x) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes.[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] *[include this text for registered notes]* and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]] /
- [No. [Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] *[include this text for registered notes]*. Note that this does not necessarily mean that the Notes will then be

recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 7. DISTRIBUTION

- |        |  |   |
|--------|--|---|
| (i)    | Method of distribution:  | [Syndicated/Non-syndicated]   |
| (ii)   | If syndicated:   |   |
| (a)    | Names of Managers:   | [Not Applicable/[•]]  |
| (b)    | Stabilising Manager(s) (if any):   | [Not Applicable/[•]]  |
| (iii)  | If non-syndicated, name of Dealer:   | [Not Applicable/[•]]  |
| (iv)   | Indication of the overall amount of the underwriting commission and of the placing commission: | [•] per cent. of the Aggregate Nominal Amount   |
| (v)    | US Selling Restrictions (Categories of potential investors to which the Notes are offered):    | [Rule 144A; Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA not applicable]   |
| (vi)   | Amendment to ERISA Transfer Restrictions set out in Offering Circular:                         | [None]/[set out amendments]   |
| (vii)  | Prohibition of Sales to EEA Retail Investors:  | [Applicable]/[Not Applicable]<br><br><i>(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)</i> |
| (viii) | Prohibition of Sales to UK Retail Investors:   | [Applicable]/[Not Applicable]<br><br><i>(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)</i> |

## GENERAL INFORMATION

- (1) Application has been made to list the Notes issued under the Programme on the Official List and for such Notes to be admitted to trading on the Euro MTF Market.
- (2) DBJ has obtained all necessary consents, approvals and authorisations in Japan in connection with the update of the Programme including in relation to issues of Notes from 1 April 2022 to 31 March 2023.
- (3) Issuance of Notes will be subject to the maximum amount resolved by DBJ's board of directors from time to time. In addition, each particular issue of Guaranteed Notes will, on a case-by-case basis, necessitate the obtaining of authorisation by Japan of any such Guarantee, and issues of Guaranteed Notes are subject to limits imposed by annual budgetary authorisations set by the Japanese Diet for each fiscal year ending at the end of March.
- (4) There has been no material change in the prospects and financial position of DBJ or of the Group since 31 March 2022.
- (5) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which DBJ is aware) during the period of the 12 months prior to the date of this Offering Circular which may have, or have had in the recent past, significant effects on DBJ's financial position.
- (6) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which Japan is aware) during the period of the 12 months prior to the date of this Offering Circular which may have, or have had in the recent past, significant effects on Japan's financial position.
- (7) There has been no material change in the public finance and trading position of Japan since 31 March 2022.
- (8) As of the date of this Offering Circular the contact address and telephone number for DBJ for the purposes of this Offering Circular is Division of Financing, Treasury Department, Development Bank of Japan Inc., 9-6, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8178, Japan, telephone: 81-3-3244-1820.
- (9) In respect of Guaranteed Notes only, the contact address and telephone number for Japan for the purposes of this Offering Circular is Market Finance Division, Financial Bureau, Ministry of Finance, 3-1-1 Kasumigaseki, Chiyoda-ku, Tokyo 100-8940, Japan, telephone: 81-3-3581-4111.
- (10) Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE".
- (11) Each Note, Certificate, Receipt, Coupon and Talon will bear the following legend:

"INTEREST PAYMENTS ON THE NOTES WILL BE SUBJECT TO JAPANESE WITHHOLDING TAX UNLESS THE HOLDER ESTABLISHES THAT NOTES ARE HELD BY OR FOR THE ACCOUNT OF A HOLDER THAT IS (A) FOR JAPANESE TAX PURPOSES, NEITHER (X) AN INDIVIDUAL RESIDENT OF JAPAN OR A JAPANESE CORPORATION, NOR (Y) AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IN EITHER CASE IS A RELATED PARTY OF DBJ AS DESCRIBED IN ARTICLE 6 OF THE SPECIAL TAXATION MEASURES ACT OF JAPAN, (B) A DESIGNATED JAPANESE FINANCIAL INSTITUTION DESCRIBED IN ARTICLE 6 OF THE SPECIAL TAXATION MEASURES ACT OF JAPAN WHICH COMPLIES WITH THE JAPANESE TAX EXEMPTION REQUIREMENTS, OR (C) A PUBLIC CORPORATION, A FINANCIAL INSTITUTION, A REGISTERED FINANCIAL INSTRUMENTS FIRM OR CERTAIN OTHER ENTITY (WHICH HAS COMPLIED WITH THE JAPANESE TAX

EXEMPTION REQUIREMENTS) WHICH HAS RECEIVED SUCH PAYMENTS THROUGH ITS PAYMENT HANDLING AGENT IN JAPAN AS PROVIDED IN ARTICLE 3-3 PARAGRAPH (6) OF THE SPECIAL TAXATION MEASURES ACT OF JAPAN.

INTEREST PAYMENTS ON THE NOTES PAID TO AN INDIVIDUAL RESIDENT OF JAPAN, TO A JAPANESE CORPORATION, OR TO AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IS A RELATED PARTY OF DBJ AS DESCRIBED IN THE PRECEDING PARAGRAPH (EXCEPT FOR THE DESIGNATED JAPANESE FINANCIAL INSTITUTION AND THE PUBLIC CORPORATION, THE FINANCIAL INSTITUTION, THE REGISTERED FINANCIAL INSTRUMENTS FIRM AND CERTAIN OTHER ENTITY DESCRIBED IN THE PRECEDING PARAGRAPH) WILL BE SUBJECT TO DEDUCTION IN RESPECT OF JAPANESE INCOME TAX AT A RATE OF 15.315 PER CENT. OF THE AMOUNT OF SUCH INTEREST."

- (12) Notes have been accepted for clearance through the Euroclear, Clearstream, Luxembourg and/or DTC systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN), the CUSIP and (where applicable) the FISN, the CFI code and the identification number for any other Alternative Clearing System for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, NY 20041. The address of any alternative clearing system will be specified in the applicable Final Terms.

- (13) For the period of 12 months from the date of this Offering Circular and for so long as Notes issued pursuant to this Offering Circular remain listed on the Luxembourg Stock Exchange, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), at the offices of the Fiscal Agent and the Luxembourg Listing Agent:

- (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
- (ii) the Deed of Covenant;
- (iii) the DBJ Act and the Articles of Incorporation and Rules and Regulations of the Board of Directors of DBJ;
- (iv) the most recent publicly available audited consolidated financial statements of DBJ (beginning with such financial statements for the fiscal years ended 31 March 2021 and 31 March 2022), together in each case with the respective audit report thereon, and the most recent publicly available semi-annual unaudited consolidated financial statements of DBJ;
- (v) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area or the United Kingdom nor offered in the European Economic Area or the United Kingdom in circumstances where a prospectus is required to be published under the EU Prospectus Regulation or the UK Prospectus Regulation will only be available to a holder of such Note and such holder must produce evidence satisfactory to DBJ and the Fiscal Agent as to its holding of Notes and identity); and
- (vi) a copy of this Offering Circular together with any Supplement to this Offering Circular or further Offering Circular.

For so long as Guaranteed Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), at the offices of the Fiscal Agent and the Luxembourg Listing Agent:

- (i) the 2022 Japan 18-K, containing Japan's financial information for the fiscal years ended 31 March 2021 and 31 March 2022 and Japan's budget for the fiscal year ending 31 March

2023, and any Annual Report of Japan on Form 18-K published subsequent to the 2022 Japan 18-K; and

- (ii) each executed deed of guarantee relating to the Notes (save that a deed of guarantee relating to a Guaranteed Note which is neither admitted to trading on a regulated market within the European Economic Area or the United Kingdom nor offered in the European Economic Area or in the United Kingdom in circumstances where a prospectus is required to be published under the EU Prospectus Regulation or the UK Prospectus Regulation will only be available to a holder of such Guaranteed Note and such holder must produce evidence satisfactory to DBJ and the Fiscal Agent as to its holding of Guaranteed Notes and identity).

The Offering Circular, the Final Terms for Notes that are listed on the Official List and admitted to trading on the Euro MTF Market will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and made available, free of charge, at the registered office of DBJ and at the office of the Fiscal Agent.

- (14) Copies of the latest annual report and consolidated accounts of DBJ and the latest semi-annual consolidated accounts of DBJ may be obtained, and copies of the Agency Agreement and the Deed of Covenant will be available, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
- (15) Although Japan is subject to the jurisdiction of the Tokyo District Court generally, it has not consented to the jurisdiction of any court outside Japan in connection with actions brought against it for any purpose in any way relating to the Notes or its guarantee of any Guaranteed Notes, has not appointed an agent for service of process in connection with any such action and has not agreed to waive any degree of sovereign immunity to which it may be entitled in any such action.
- (16) Deloitte Touche Tohmatsu LLC (a Japanese member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee), an independent auditor to DBJ registered by the Japanese Institute of Certified Public Accountants, has audited the consolidated financial statements of DBJ as of and for the years ended 31 March 2021 and 31 March 2022, and issued an unqualified opinion in respect of each of them.
- (17) Certain of the Dealers from time to time have performed various investment and commercial banking services for DBJ and the Guarantor in the ordinary course of its business. DBJ and the Guarantor may engage in a currency hedging transaction directly or indirectly with one or more of the Dealers in connection with the issue and offering of any of the Notes.
- (18) Some of the Dealers and their respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with DBJ or the Guarantor. They have received, or may in the future receive, customary fees and commissions for these transactions.

In connection with each Tranche of Notes issued under the Programme, certain Dealers or certain of their respective affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, certain Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of DBJ, the Guarantor or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Final Terms relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

In addition, in the ordinary course of their business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of DBJ or the Guarantor. Certain of the Dealers

or their respective affiliates that have a lending relationship with DBJ and the Guarantor routinely hedge their credit exposure to DBJ and the Guarantor consistent with their customary risk management policies. Typically, such Dealers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in DBJ's or the Guarantor's securities, including potentially the Notes offered under the Programme. Any such short positions could adversely affect future trading prices of the Notes offered under the Programme. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

- (19) The Legal Entity Identifier (LEI) code of DBJ is: 5493001HGBABMWFZUI25.

**REGISTERED OFFICE OF DBJ**

**Development Bank of Japan Inc.**

9-6, Otemachi 1-chome  
Chiyoda-ku, Tokyo 100-8178  
Japan

**ARRANGER**

**Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**DEALERS**

**Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**BNP Paribas**

16, boulevard des Italiens  
75009 Paris  
France

**BofA Securities, Inc.**

114 West 47th Street  
New York, NY 10036

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**Crédit Agricole Corporate and Investment  
Bank**

30/F Two Pacific Place  
88 Queensway  
Hong Kong

**Daiwa Capital Markets Europe Limited**

5 King William Street  
London EC4N 7AX  
United Kingdom

**Goldman Sachs International**

Plumtree Court  
25 Shoe Lane  
London EC4A 4AU  
United Kingdom

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

**HSBC Continental Europe**

38, avenue Kléber 75116 Paris  
France

**J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Mizuho International plc**

30 Old Bailey  
London EC4M 7AU  
United Kingdom

**Mizuho Securities USA LLC**

1271 Avenue of the Americas  
New York, New York 10020  
United States of America

**Morgan Stanley & Co. International plc**

25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**Nomura International plc**  
1 Angel Lane  
London EC4R 3AB  
United Kingdom

**FISCAL AGENT, PAYING AGENT, REGISTRAR, TRANSFER AGENT, CALCULATION  
AGENT AND EXCHANGE AGENT**

**MUFG Bank, Ltd., London Branch**  
Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9AN  
United Kingdom

**U.S. REPRESENTATIVE OF THE FISCAL AGENT, PAYING AGENT, REGISTRAR AND  
TRANSFER AGENT**

**U.S. Bank National Association**  
100 Wall St STE 600  
New York, NY 10005  
United States of America

**LEGAL ADVISERS**

*To DBJ as to Japanese law*

**Anderson Mori & Tomotsune**  
Otemachi Park Building  
1-1, Otemachi 1-chome  
Chiyoda-ku, Tokyo 100-8136  
Japan

*To DBJ as to U.S. law*

**Davis Polk & Wardwell LLP**  
Izumi Garden Tower 33F  
1-6-1 Roppongi  
Minato-ku, Tokyo 106-6033

*To the Dealers as to English law*

**Clifford Chance**  
**(Gaikokuho Kyodo Jigyo)**  
Palace Building, 3rd floor  
1-1, Marunouchi 1-chome  
Chiyoda-ku, Tokyo 100-0005  
Japan

*To the Dealers as to U.S. law*

**Clifford Chance**  
27th Floor  
Jardine House  
One Connaught Place  
Hong Kong

**LUXEMBOURG LISTING AGENT**

**Clifford Chance**  
**société en commandite simple, inscrite au barreau de Luxembourg**  
10 Boulevard G.D. Charlotte  
B.P. 1147  
L-1011 Luxembourg  
Grand-Duché de Luxembourg

**INDEPENDENT AUDITOR TO DBJ**

**Deloitte Touche Tohmatsu LLC**  
Marunouchi Nijubashi Building  
2-3, Marunouchi 3-chome  
Chiyoda-ku, Tokyo 100-8360  
Japan



Development Bank of Japan Inc.