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1 Overview

1 Commitments

A. Commitments by Purpose of Financing

(Unit: billions of yen, %)

	FY2013			FY2014			FY2015			FY2016			FY2017		
	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share
Loans															
Export Loans	33	126.2	6	49	406.4	13	22	141.0	6	20	175.0	8	14	34.7	3
Shipping	15	34.7	2	24	24.3	1	9	33.6	1	3	10.5	0	4	5.1	0
Plant	18	91.5	4	24	381.8	12	13	107.3	4	17	164.5	7	10	29.6	2
Technical Services	—	—	—	1	0.2	0	—	—	—	—	—	—	—	—	—
Import Loans	5	56.2	3	—	—	—	1	252.3	11	—	—	—	1	238.0	20
Natural Resources	5	56.2	3	—	—	—	1	252.3	11	—	—	—	1	238.0	20
Overseas Investment Loans	167	1,671.0	76	197	2,451.0	75	260	1,858.1	78	222	1,721.0	77	101	764.4	64
Natural Resources	18	594.7	27	20	1,059.1	33	11	236.9	10	4	250.5	11	8	256.5	21
Others	149	1,076.2	49	177	1,391.9	43	249	1,621.1	68	218	1,470.5	66	93	507.9	43
Untied Loans	7	46.0	2	5	46.7	1	4	24.8	1	4	33.7	2	1	30.0	3
Sub Total	212	1,899.6	86	251	2,904.2	89	287	2,276.3	95	246	1,929.9	86	117	1,067.3	89
Guarantees	20	209.1	9	15	312.3	10	7	106.6	4	8	293.5	13	8	48.1	4
Equity Participations	7	97.4	4	5	32.8	1	4	14.3	1	3	16.2	1	5	77.7	7
Total	239	2,206.1	100	271	3,249.3	100	298	2,397.4	100	257	2,239.7	100	130	1,193.2	100

B. Commitments by Region (Loans, Equity Participations and Guarantees)

(Unit: billions of yen, %)

	FY2013			FY2014			FY2015			FY2016			FY2017		
	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share
Asia	108	472.7	21	162	610.5	19	150	332.9	14	125	843.2	38	87	174.3	15
Oceania	12	292.9	13	6	173.8	5	2	6.9	0	4	11.1	1	4	18.2	2
Europe	21	350.3	16	17	228.8	7	57	598.3	25	56	525.7	23	3	60.0	5
The Middle East	9	104.8	5	14	493.6	15	9	427.6	18	8	134.2	6	6	404.0	34
Africa	5	81.1	4	7	195.6	6	2	14.9	1	—	—	—	5	138.4	12
North America	43	654.0	30	45	1,389.3	43	38	493.6	21	48	605.8	27	11	180.6	15
Latin America and the Caribbean	36	209.1	9	18	136.1	4	37	507.3	21	11	89.0	4	13	201.2	17
International Organizations, etc.	—	—	—	—	—	—	—	—	—	3	14.9	1	—	—	—
Others	5	40.8	2	2	21.2	1	3	15.5	1	2	15.4	1	1	16.1	1
Total	239	2,206.1	100	271	3,249.3	100	298	2,397.4	100	257	2,239.7	100	130	1,193.2	100

2 Disbursements

(Unit: billions of yen, %)

	FY2013		FY2014		FY2015		FY2016		FY2017	
	Total	Share	Total	Share	Total	Share	Total	Share	Total	Share
Loans										
Export Loans	112.5	4	112.0	4	148.8	7	227.2	10	279.4	15
Import Loans	234.5	9	21.8	1	27.6	1	230.9	10	0.7	0
Overseas Investment Loans	1,928.0	73	2,049.4	79	1,840.3	82	1,691.5	72	1,356.4	75
Untied Loans	88.5	3	64.3	2	44.5	2	32.2	1	50.3	3
Sub Total	2,363.6	90	2,247.6	87	2,061.3	92	2,181.9	93	1,687.1	93
Guarantees	178.7	7	303.2	12	134.3	6	152.6	6	78.5	4
Equity Participations	85.4	3	30.9	1	42.4	2	18.5	1	39.8	2
Total	2,627.8	100	2,581.8	100	2,238.2	100	2,353.1	100	1,805.4	100

3 Repayments

(Unit: billions of yen, %)

	FY2013		FY2014		FY2015		FY2016		FY2017	
	Total	Share	Total	Share	Total	Share	Total	Share	Total	Share
Loans										
Export Loans	106.3	8	104.8	4	95.5	4	97.1	6	104.3	5
Import Loans	170.1	13	138.4	6	154.3	6	151.6	9	178.8	9
Overseas Investment Loans	668.1	50	1,795.6	73	1,760.7	72	961.6	59	1,413.2	69
Untied Loans	173.5	13	158.2	6	151.7	6	186.3	11	140.3	7
Governmental Loans	2.9	0	2.6	0	2.5	0	2.4	0	3.2	0
Sub Total	1,121.1	84	2,199.8	90	2,164.9	89	1,399.1	86	1,839.9	90
Guarantees	204.9	15	238.2	10	205.5	8	228.2	14	183.4	9
Equity Participations	5.0	0	12.4	1	64.5	3	4.5	0	17.9	1
Total	1,331.1	100	2,450.6	100	2,435.0	100	1,631.9	100	2,041.3	100

(Note) Prepayments in FY2016 and 2017 amounted to ¥174.9 billion and ¥329.9 billion, respectively.

4 Outstandings

(Unit: billions of yen, %)

	FY2013		FY2014		FY2015		FY2016		FY2017	
	Total	Share	Total	Share	Total	Share	Total	Share	Total	Share
Loans										
Export Loans	740.6	5	812.4	5	844.7	5	976.7	6	1,111.1	7
Import Loans	731.6	5	661.6	4	525.7	3	609.7	4	421.1	3
Overseas Investment Loans	10,183.9	67	11,970.5	69	11,342.0	70	12,080.8	71	11,463.0	71
Untied Loans	998.8	7	988.8	6	901.8	6	741.9	4	632.2	4
Governmental Loans	39.7	0	37.1	0	34.6	0	32.2	0	28.9	0
Sub Total	12,694.9	83	14,470.6	84	13,649.0	84	14,441.5	85	13,656.7	84
Guarantees	2,422.6	16	2,572.3	15	2,464.7	15	2,385.0	14	2,260.2	14
Equity Participations	187.0	1	222.3	1	194.9	1	215.8	1	262.7	2
Total	15,304.6	100	17,265.3	100	16,308.6	100	17,042.4	100	16,179.6	100

2 Commitments

1 Export Loans by Industry

(Unit: billions of yen, %)

	FY2016			FY2017		
	Number	Total	Share	Number	Total	Share
Shipping	3	10.5	6	4	5.1	15
Road Vehicles and Other Transport Equipment	—	—	—	1	3.4	10
Electrical Machinery	9	71.7	41	2	16.1	46
Other Industrial Machinery and Equipment, etc.	7	88.6	51	7	10.0	29
Precision Machinery	1	0.0	0	1	0.4	1
Mining Equipment	—	—	—	1	0.4	1
Civil Engineering and Contractors	1	3.4	2	—	—	—
Loading Machinery	1	4.0	2	—	—	—
Iron and Non-ferrous Metals Manufacturing Facilities	1	0.4	0	5	9.2	27
Oil and Natural Gas Facilities	3	80.7	46	—	—	—
Others	1	4.2	2	—	—	—
Total	20	175.0	100	14	34.7	100

2 Natural Resource Loans by Item

(Unit: billions of yen, %)

	FY2016			FY2017		
	Number	Total	Share	Number	Total	Share
Energy Resources	3	173.8	69	7	445.7	90
Petroleum	1	39.6	16	3	328.8	66
Natural Gas	1	131.4	52	—	—	—
Coal	1	2.7	1	4	116.9	24
Other Resources	1	76.6	31	2	48.8	10
Copper Ore and Concentrate	1	76.6	31	1	33.5	7
Lead and Zinc	—	—	—	1	15.3	3
Total	4	250.5	100	9	494.6	100

3 Overseas Investment Loans by Industry (Excluding Natural Resource Loans)

(Unit: billions of yen, %)

	FY2016			FY2017		
	Number	Total	Share	Number	Total	Share
Manufacturing Industry	92	33.7	2	60	15.1	3
Food	1	0.0	0	2	0.4	0
Textiles	4	0.9	0	—	—	—
Lumber and Pulp	1	0.1	0	—	—	—
Printing	3	0.5	0	—	—	—
Chemicals	6	1.0	0	6	0.8	0
Petroleum and Coal Products	1	0.2	0	—	—	—
Ceramics, Stone and Clay	2	5.5	0	2	0.4	0
Iron and Non-ferrous Metal Products	7	4.7	0	6	0.4	0
Machinery	1	0.0	0	—	—	—
Electrical Machinery	8	12.5	1	3	1.1	0
Transport Equipment	35	4.4	0	23	5.2	1
Other Manufacturing Industries	23	3.3	0	18	6.5	1
Electric, Gas and Heat Supply and Water Service	4	438.9	30	4	145.8	29
Transport and Postal Services	2	1.5	0	1	0.5	0
Commerce	2	0.6	0	1	0.3	0
Service Industry	2	1.1	0	1	0.0	0
Others (Note)	116	994.5	68	26	346.0	68
Total	218	1,470.5	100	93	507.9	100

(Note) "Others" includes two-step loans to regional financial institutions in Japan. JBIC supports the overseas operations of Japanese enterprises (especially SMEs) engaged in a diverse range of manufacturing and services, such as motor vehicles and parts, electrical and electronic equipment, machinery and metals, chemicals, and wholesale and retail businesses.

4 Commitments to Mid-tier Enterprises and SMEs to Support their Overseas Business Activities

(Unit: billions of yen)

	FY2016		FY2017	
	Number of Projects	Amount	Number of Projects	Amount
Loans to Mid-tier Enterprises and SMEs	113	80.9	69	15.4

(Notes) 1. In making loans to mid-tier enterprises and SMEs, JBIC applies favorable loan terms, such as interest rates.
2. In this table, an SMEs is defined to be, in principle, an incorporated firm or individual with capital of ¥300 million or less, or having permanent employees of 300 or less. A mid-tier enterprise is defined to be an incorporated firm with capital of less than ¥1 billion (and excludes an SMEs).

5 Guarantee Commitments by Purpose

(Unit: billions of yen, %)

	FY2016			FY2017		
	Number	Total	Share	Number	Total	Share
Guarantee for Samurai Bonds	1	80.0	27	—	—	—
Guarantee for Import of Aircrafts	3	55.6	19	2	30.8	64
Guarantee for Others	4	157.8	54	6	17.2	36
Total	8	293.5	100	8	48.1	100

6 Loan and Guarantee Commitments by Region

A. Export Loan Commitments by Region

(Unit: billions of yen, %)

	FY2016			FY2017		
	Number	Total	Share	Number	Total	Share
Asia	9	43.5	25	11	27.7	80
East Asia	1	0.0	0	2	0.8	2
Southeast Asia	7	43.0	25	4	17.7	51
South Asia	1	0.4	0	5	9.2	27
Oceania	—	—	—	1	1.4	4
Europe	3	34.7	20	—	—	—
Central and Eastern Europe and Russia	2	28.0	16	—	—	—
Western Europe	1	6.7	4	—	—	—
The Middle East	4	92.4	53	—	—	—
Latin America and the Caribbean	3	0.1	0	2	5.5	16
International Organizations, etc.	1	4.2	2	—	—	—
Total	20	175.0	100	14	34.7	100

B. Import Loan Commitments by Region

(Unit: billions of yen, %)

	FY2016			FY2017		
	Number	Total	Share	Number	Total	Share
The Middle East	—	—	—	1	238.0	100
Total	—	—	—	1	238.0	100

C. Overseas Investment Loan Commitments by Region

(Unit: billions of yen, %)

	FY2016			FY2017		
	Number	Total	Share	Number	Total	Share
Asia	111	623.5	36	70	145.5	19
East Asia	5	2.6	0	3	1.9	0
Southeast Asia	102	619.4	36	63	114.7	15
South Asia	4	1.4	0	4	28.7	4
Oceania	4	11.1	1	3	16.7	2
Europe	53	490.9	29	1	3.5	0
Central and Eastern Europe and Russia	2	4.6	0	1	3.5	0
Western Europe	51	486.3	28	—	—	—
The Middle East	4	41.8	2	3	119.4	16
Africa	—	—	—	5	138.4	18
Northern Africa	—	—	—	1	21.4	3
Sub-Saharan Africa	—	—	—	4	116.9	15
North America	45	550.2	32	8	144.9	19
Latin America and the Caribbean	5	3.3	0	11	195.7	26
Total	222	1,721.0	100	101	764.4	100

D. Untied Loan Commitments by Region

(Unit: billions of yen, %)

	FY2016			FY2017		
	Number	Total	Share	Number	Total	Share
Asia	2	25.3	75	—	—	—
Southeast Asia	2	25.3	75	—	—	—
The Middle East	—	—	—	1	30.0	100
Latin America and the Caribbean	1	2.8	8	—	—	—
International Organizations, etc.	1	5.6	17	—	—	—
Total	4	33.7	100	1	30.0	100

E. Guarantee Commitments by Region

(Unit: billions of yen, %)

	FY2016			FY2017		
	Number	Total	Share	Number	Total	Share
Asia	2	149.9	51	5	0.8	2
Southeast Asia	2	149.9	51	5	0.8	2
The Middle East	—	—	—	1	16.4	34
North America	3	55.6	19	2	30.8	64
Latin America and the Caribbean	2	82.8	28	—	—	—
International Organizations, etc.	1	5.0	2	—	—	—
Total	8	293.5	100	8	48.1	100

F. Equity Participations by Region

(Unit: billions of yen, %)

	FY2016			FY2017		
	Number	Total	Share	Number	Total	Share
Asia	1	0.8	5	1	0.2	0
East Asia	—	—	—	1	0.2	0
South Asia	1	0.8	5	—	—	—
Europe	—	—	—	2	56.5	73
Central and Eastern Europe and Russia	—	—	—	2	56.5	73
North America	—	—	—	1	4.8	6
Others	2	15.4	95	1	16.1	21
Total	3	16.2	100	5	77.7	100

7 Geographical Distribution of Loan and Equity Participation Commitments

(Unit: billions of yen)

Region / Country			FY2016		FY2017		Accumulated	
			Number	Total	Number	Total	Number	Total
Asia	**East Asia**	China	3	0.9	3	1.9	1,556	3,904.0
		Hong Kong					295	318.1
		Japan			1	0.2	1	0.2
		Republic of Korea	1	0.7			700	1,286.2
		Mongolia	2	0.9	2	0.8	6	6.2
		Others					1,029	516.4
		Sub Total	**6**	**2.6**	**6**	**3.0**	**3,587**	**6,031.3**
	Southeast Asia	Brunei Darussalam					4	45.1
		Cambodia			2	0.2	4	0.4
		Indonesia	22	633.0	13	119.4	1,588	6,466.6
		Laos			3	0.4	8	24.8
		Malaysia	1	1.2	3	0.1	602	1,319.4
		Myanmar	4	1.7	5	1.0	69	188.6
		the Philippines	5	0.4	5	2.1	831	1,757.9
		Singapore	5	10.5	3	1.8	489	869.1
		Thailand	45	19.7	18	2.2	2,605	2,781.0
		Vietnam	29	21.0	15	4.8	222	496.5
		Others					36	213.9
		Sub Total	**111**	**687.8**	**67**	**132.5**	**6,458**	**14,163.7**
	South Asia	Bangladesh	1	0.2			9	41.8
		India	5	2.5	9	38.0	870	1,332.2
		Pakistan					290	298.3
		Sri Lanka					61	67.9
		Others					17	3.6
		Sub Total	**6**	**2.7**	**9**	**38.0**	**1,247**	**1,743.9**
	Central Asia and the Caucasus	Kazakhstan					25	301.8
		Turkmenistan					13	284.9
		Uzbekistan					14	106.6
		Others					8	195.0
		Sub Total					**60**	**888.4**
		Total	**123**	**693.2**	**82**	**173.5**	**11,352**	**22,827.5**
Oceania		Australia	4	11.1	3	16.7	878	3,232.0
		Marshall Islands			1	1.4	1	1.4
		New Zealand					147	176.8
		Papua New Guinea					56	267.2
		Others					52	27.0
		Total	**4**	**11.1**	**4**	**18.2**	**1,134**	**3,704.6**

(Unit: billions of yen)

Region / Country			FY2016		FY2017		Accumulated	
			Number	Total	Number	Total	Number	Total
Europe	**Central and Eastern Europe and Russia**	Bulgaria					117	134.4
		Moldova					1	5.3
		Russia	4	32.6	3	60.0	125	1,695.0
		Others					1,035	2,277.2
		Sub Total	**4**	**32.6**	**3**	**60.0**	**1,278**	**4,111.9**
	Western Europe	Belgium	1	0.2			29	159.9
		Cyprus					18	17.4
		Denmark					57	78.9
		Finland					22	24.2
		France	1	6.0			311	648.3
		Germany	12	93.9			295	461.4
		United Kingdom	23	64.7			566	2,083.3
		Iceland					5	8.2
		Ireland					47	338.6
		Italy	4	77.7			52	252.1
		Luxembourg					9	120.5
		Malta	1	6.7			4	18.7
		Netherlands	7	180.4			107	618.5
		Norway	1	6.2			249	462.4
		Spain					66	129.0
		Sweden					58	144.8
		Isle of Man					9	9.6
		Switzerland	2	56.9			88	161.9
		Others					625	535.4
		Sub Total	**52**	**493.1**			**2,617**	**6,274.2**
		Total	**56**	**525.7**	**3**	**60.0**	**3,895**	**10,386.1**
The Middle East		Bahrain					6	110.4
		Iran					199	1,026.8
		Iraq	2	32.3			23	252.2
		Jordan					29	89.1
		Kuwait	1	56.6			24	260.6
		Oman					28	296.4
		Qatar					37	891.1
		Saudi Arabia					81	1,001.8
		Turkey	4	5.5	3	111.5	201	817.7
		United Arab Emirates	1	39.6	2	276.0	71	2,042.4
		Yemen					11	35.8
		Others					106	212.0
		Total	**8**	**134.2**	**5**	**387.5**	**816**	**7,036.9**

(Unit: billions of yen)

Region / Country			FY2016		FY2017		Accumulated	
			Number	Total	Number	Total	Number	Total
Africa	**Northern Africa**	Algeria					345	971.8
		Egypt			1	21.4	184	261.9
		Morocco					10	145.0
		Others					22	108.1
		Sub Total			**1**	**21.4**	**561**	**1,486.9**
	Sub-Saharan Africa	Angola					30	100.8
		Equatorial Guinea					2	17.1
		Gabon					20	33.5
		Ghana					25	59.7
		Kenya					30	19.3
		Madagascar					9	102.5
		Malawi			2	37.9	6	40.2
		Mozambique			2	79.0	19	104.3
		Nigeria					51	266.5
		Seychelles					2	1.2
		South Africa					115	328.5
		Tanzania					21	32.2
		Uganda					7	8.7
		Others					1,473	1,680.6
		Sub Total			**4**	**116.9**	**1,810**	**2,795.8**
		Total			**5**	**138.4**	**2,371**	**4,282.8**
North America		Canada	2	0.8			329	764.1
		United States	43	549.3	9	149.7	2,715	8,961.1
		Total	**45**	**550.2**	**9**	**149.7**	**3,044**	**9,725.2**
Latin America and the Caribbean		the Bahamas					22	67.7
		Bermuda Islands			2	91.5	26	142.2
		Bolivia					32	65.9
		Brazil	2	2.6	1	52.7	1,958	3,320.6
		British Virgin Islands					4	345.0
		Chile			1	33.5	161	1,368.2
		Colombia					122	276.2
		Ecuador	1	2.8			33	81.9
		Panama			1	2.1	285	417.3
		Paraguay					16	12.8
		Peru					113	487.5
		Trinidad and Tobago					8	83.9
		Mexico	6	0.8	7	17.8	849	2,250.6
		Venezuela					81	661.8
		Others			1	3.4	472	844.6
		Total	**9**	**6.2**	**13**	**201.2**	**4,182**	**10,426.9**
International Organizations, etc.		**Total**	**2**	**9.8**			**58**	**1,217.9**
Others(Note)		**Total**	**2**	**15.4**	**1**	**16.1**	**114**	**1,983.5**
		Grand Total	**249**	**1,946.2**	**122**	**1,145.1**	**26,966**	**71,591.8**

(Note) Others: Two-step loans to regional financial institutions in Japan and loans for crossborder projects, etc.

3 Outstandings

1 Outstandings by Purpose of Financing

(Unit: billions of yen, %)

	FY2016		FY2017	
	Total	Share	Total	Share
Loans				
Export Loans	976.7	6	1,111.1	7
Shipping	184.2	1	204.7	1
Plant	792.2	5	906.2	6
Technical Service	0.2	0	0.2	0
Import Loans	609.7	4	421.1	3
Natural Resources	607.6	4	420.6	3
Manufactured Goods & Technologies	2.1	0	0.5	0
Overseas Investment Loans	12,080.8	71	11,463.0	71
Natural Resources	5,290.5	31	5,069.7	31
Others	6,790.3	40	6,393.3	40
Untied Loans	741.9	4	632.2	4
Governmental Loans	32.2	0	28.9	0
Sub Total	14,441.5	85	13,656.7	84
Guarantees	2,385.0	14	2,260.2	14
Equity Participations	215.8	1	262.7	2
Total	17,042.4	100	16,179.6	100

2 Guarantee Outstandings by Purpose

(Unit: billions of yen, %)

	FY2016		FY2017	
	Total	Share	Total	Share
Guarantee for Samurai Bonds	1,438.9	60	1,438.9	64
Guarantee for Import of Aircrafts	426.0	18	399.9	18
Guarantee for Others	520.1	22	421.4	19
Total	2,385.0	100	2,260.2	100

3 Geographical Distribution of Loan and Equity Participation Outstandings

(As of March 31, 2018; billions of yen)

Region / Country			Number	Total
Asia	**East Asia**	China	68	71.3
		Hong Kong	31	24.3
		Japan	1	0.2
		Republic of Korea	8	21.0
		Mongolia	5	1.8
		Others	9	41.9
		Sub Total	**122**	**160.7**
	Southeast Asia	Brunei Darussalam	1	9.3
		Cambodia	4	0.2
		Indonesia	140	571.4
		Laos	8	24.2
		Malaysia	17	25.6
		Myanmar	11	35.5
		the Philippines	22	176.0
		Singapore	44	163.7
		Thailand	170	133.4
		Vietnam	114	260.1
		Sub Total	**531**	**1,400.0**
	South Asia	Bangladesh	2	10.5
		India	71	184.3
		Pakistan	3	49.7
		Sri Lanka	3	3.3
		Sub Total	**79**	**248.1**
	Central Asia and the Caucasus	Kazakhstan	8	149.1
		Turkmenistan	7	181.0
		Uzbekistan	2	15.2
		Sub Total	**17**	**345.4**
		Total	**749**	**2,154.3**
Oceania		Australia	58	1,700.2
		Marshall Islands	1	0.3
		New Zealand	4	32.0
		Papua New Guinea	6	225.3
		Total	**69**	**1,958.0**
Europe	**Central and Eastern Europe and Russia**	Bulgaria	4	2.0
		Serbia	2	2.7
		Moldova	1	0.8
		Russia	23	351.4
		Sub Total	**30**	**357.0**
	Western Europe	Belgium	1	0.2
		Cyprus	4	4.8
		Denmark	1	16.1
		Finland	7	5.1
		France	7	115.2
		Germany	36	164.5
		United Kingdom	54	535.8
		Iceland	1	2.7
		Ireland	10	267.0
		Italy	10	209.3
		Luxembourg	8	99.8
		Malta	4	21.0
		Netherlands	13	234.3
		Norway	3	11.8
		Spain	6	17.7
		Sweden	2	12.4
		Isle of Man	9	9.0
		Switzerland	3	55.8
		Sub Total	**179**	**1,783.3**
		Total	**209**	**2,140.4**

(As of March 31, 2018; billions of yen)

Region / Country			Number	Total
The Middle East		Bahrain	1	37.4
		Iran	4	23.1
		Iraq	3	12.1
		Jordan	2	14.9
		Kuwait	2	115.9
		Oman	7	98.3
		Qatar	5	416.6
		Saudi Arabia	7	413.3
		Turkey	29	130.2
		United Arab Emirates	10	508.3
		Yemen	2	13.2
		Total	**72**	**1,783.8**
Africa	**Northern Africa**	Algeria	4	8.1
		Egypt	2	58.8
		Morocco	3	92.9
		Sub Total	**9**	**159.9**
	Sub-Saharan Africa	Angola	6	60.0
		Equatorial Guinea	2	2.3
		Gabon	2	0.1
		Ghana	1	50.5
		Kenya	2	0.1
		Madagascar	2	82.1
		Malawi	2	35.5
		Mozambique	2	73.9
		Nigeria	1	7.6
		Seychelles	3	0.4
		South Africa	6	13.7
		Tanzania	1	16.4
		Uganda	1	7.2
		Sub Total	**31**	**350.3**
		Total	**40**	**510.3**
North America		Canada	12	210.4
		United States	177	2,384.3
		Total	**189**	**2,594.7**
Latin America and the Caribbean		Argentina	2	92.5
		the Bahamas	6	31.8
		Bermuda Islands	2	78.2
		Bolivia	1	12.8
		Brazil	43	520.6
		British Virgin Islands	1	311.8
		Chile	22	731.7
		Colombia	2	36.4
		Ecuador	8	3.1
		Panama	10	56.5
		Paraguay	1	2.1
		Peru	4	54.0
		Trinidad and Tobago	1	31.0
		Mexico	64	166.5
		Venezuela	6	182.6
		Total	**173**	**2,312.1**
International Organizations, etc.		**Total**	**5**	**20.0**
Others(Note)		**Total**	**33**	**445.4**
		Grand Total	**1,539**	**13,919.4**

(Note) Others: Two-step loans to regional financial institutions in Japan and loans for crossborder projects, etc.

4 Others

1 Major Buyer's Credit and Bank-to-bank Loan Commitments (FY2017)

Region / Country	Project / Transaction	Borrower	Amount
Indonesia	Export of facilities for coal-fired power plant	PT PLN (Persero)	¥ 10.1 billion
Indonesia	Export of facilities for coal-fired power plant	PT PLN (Persero)	US$ 53 million

(Note) A buyer's credit and a bank loan are loan facilities directly extending to a foreign importer (buyer) or a financial institution to finance imports of equipment and technologies from Japan. A buyer's credit is extended to an importer, while a bank loan is extended to a financial institution.

2 Untied Loan Commitments (FY2017)

Region / Country	Project / Transaction	Borrower	Amount
Turkey	Partial acquisition of privately placed Samurai bonds (GATE)	Government of Turkey	—

(Note) GATE refers to the "Guarantee and Acquisition toward Tokyo market Enhancement" facility launched in April 2010. It will enable JBIC to acquire Samurai bonds where appropriate, in addition to providing partial guarantees for Samurai bond issues. The GATE facility will thereby support foreign governments and government agencies to raise funds in the Tokyo market.

3 Special Operations (FY2017)

Region / Country	Purpose of Financing	Project / Transaction	Borrower	Amount
Argentina	Export	Export of automatic train stop system	Government of the Argentine Republic	—

(Note) The Act for Partial Amendment of the Japan Bank for International Cooperation Act was enacted on May 11, 2016, enhancing JBIC's functions in order to provide further support toward Japanese companies' overseas businesses, in accordance with the Japanese Government's policy to promote investment in quality infrastructure, such as the "Partnership for Quality Infrastructure." In October 2016, as part of the enhancement of functions, JBIC launched the Special Operations, which enables financing for a wider range of countries and infrastructure projects.

5 Standard Loan Conditions

Standard loan conditions are shown below. Loan Interest rates are linked to the funding cost of JBIC, including the rate on borrowings from the Fiscal Loan Fund Special Account, and thus they are subject to changes in conditions of the financial market. A loan applicant should make an inquiry at the relevant loan department for specific loan conditions.(1)

1— Standard Interest Rates

(As of August 15, 2018)

Type of Loans	Standard Interest Rate(2)	Percentage of Loan Provided by JBIC
Export Loans	■ Fixed at commitment (Yen CIRR) (3) • 0.88% (Repayment period 5 yrs or less) • 0.90% (Repayment period over 5 yrs to 8.5 yrs) • 0.95% (Repayment period over 8.5 yrs) ■ Fixed at tenders (3) (8) • above rate + 0.2%	60% limit
Import Loans / Overseas Investment Loans / Untied Loans / (Natural Resources / International Competitiveness) (1)	■ Japanese yen (4) • 0.2075%(6) (7) ■ Foreign Currency(5) •LIBOR+0.5875%(6) (7)	60% limit (7)

(Notes) 1. SMEs are eligible for preferential interest rates and other favorable loan conditions.
2. Premium is added based on the type of financing such as collateral/guarantee and loan schemes.
3. Synthetic rate based on interest rates charged by JBIC and cofinancing institutions.
4. Interest rates on loans in Japanese yen are determined based on specific loan periods and the amortization schedule.
The interest rate shown in the table is a reference rate for a 10-year loan with lump-sum repayment upon maturity. Please make an inquiry at the relevant department for interest rate on specific conditions.
5. Interest rates on loans in foreign currencies are linked to 6-month LIBOR for US dollars.
6. Special interest rates will be applied based on policy implication such as contribution to "Promoting overseas development and acquisition of strategically important natural resources to Japan" or "Maintaining and improving the International competitiveness of Japanese industries."
7. Risk premium is added based on the OECD Arrangement.
8. 70% limit for resource-related (import and overseas investment) loans.

2— Loan Maturity

The loan maturity for each loan will be determined by taking account of cash flows generated by each project.

3— Collateral, Guarantee

Collaterals and guarantees are determined in consultation with the clients.

6 Breakdown of Countries and Regions

(As of July 1, 2018)

Regions		Countries
Asia	**East Asia**	China, Hong Kong, Democratic People's Republic of Korea, Republic of Korea, Macao, Mongolia, Taiwan
	Southeast Asia	Brunei Darussalam, Cambodia, East Timor, Indonesia, Laos, Malaysia, Myanmar, The Philippines, Singapore, Thailand, Vietnam
	South Asia	Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka
	Central Asia and the Caucasus	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz, Tajikistan, Turkmenistan, Uzbekistan
Oceania		Australia, Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, New Caledonia, New Zealand, North Mariana Islands, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu, Niue
Europe	**Central and Eastern Europe and Russia**	Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Serbia, Montenegro, Moldova, Poland, Romania, Russia, Slovakia, Slovenia, Ukraine, Kosovo
	Western Europe	Andorra, Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, United Kingdom (U.K.), Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta, Monaco, Netherlands, Norway, Portugal, San Marino, Spain, Sweden, Switzerland, Vatican, Guernsey, Jersey
The Middle East		Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, West Bank and Gaza Strip, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates (UAE), Yemen
Africa	**Northern Africa**	Algeria, Egypt, Libya, Morocco, Tunisia
	Sub-Saharan Africa	Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Congo, Cote d'Ivoire, Djibouti, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, Zimbabwe, Eritrea, South Sudan
North America		Canada, United States (U.S.)
Latin America and the Caribbean		Antigua and Barbuda, Argentina, The Bahamas, Barbados, Belize, Bermuda Islands, Bolivia, Brazil, British Virgin Islands, Cayman Islands, Chile, Colombia, Costa Rica, Cuba, Commonwealth of Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Saint Christopher and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Mexico, United States Virgin Islands, Uruguay, Venezuela, Curacao
International Organizations, etc.		International Monetary Fund (IMF), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Asian Development Bank (ADB), Inter-American Development Bank (IDB), African Development Bank (AfDB), European Bank for Reconstruction and Development (EBRD), Banco Centroamericano de Integración Económica (BCIE), Corporación Andina de Fomento (CAF), East African Development Bank (EADB), Eastern and Southern African Trade and Development Bank (TDB), African Export-Import Bank (Afreximbank), Islamic Development Bank (IsDB), European Investment Bank (EIB), Caribbean Development Bank (CDB), etc.
Others		Two-step loans to regional financial institutions in Japan and loans for crossborder projects, etc.

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1 Statutory Financial Statements

Overview of Accounting

1. The consolidated financial statements of the Bank are prepared based on the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976). Moreover, its assets and liabilities are classified, also on a consolidated basis, pursuant to the Ordinance on the Accounting Practices to Be Observed by Japan Bank for International Cooperation (Ordinance of the Ministry of Finance No. 15 of 2012), while revenues and expenditures are reported on the same basis, in compliance with the latter Ordinance.

2. The non-consolidated financial statements of the Bank are prepared based on the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 59 of 1963). Furthermore, its assets and liabilities basis are classified, on a stand-alone basis, pursuant to the Ordinance on the Accounting Practices to Be Observed by Japan Bank for International Cooperation (Ordinance of the Ministry of Finance No. 15 of 2012) while non-consolidated revenues and expenditures are reported in compliance with the latter Ordinance.

3. As the fiscal year under review (from April 1, 2017, to March 31, 2018) is the first year for which consolidated financial statements are prepared, comparative information is not provided.

4. Pursuant to provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act, audit certification has been made by Ernst & Young ShinNihon LLC for the Bank's consolidated financial statements for the fiscal year under review (from April 1, 2017, to March 31, 2018) as well as non-consolidated financial statements for the business year under review (from April 1, 2017, to March 31, 2018).

1. Consolidated Financial Statements

■ Consolidated Balance Sheet

		March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Assets:			
Cash and due from banks		**¥ 1,751,287**	**$ 16,484**
Securities	Note 6	**351,605**	**3,310**
Loans and bills discounted	Note 7	**13,513,680**	**127,200**
Other assets	Note 8	**377,809**	**3,555**
Property, plant and equipment	Note 9	**28,401**	**267**
Buildings		2,865	27
Land		24,311	229
Construction in progress		79	1
Other		1,145	10
Intangible assets		**3,472**	**33**
Software		3,472	33
Customers' liabilities for acceptances and guarantees		**2,259,369**	**21,267**
Allowance for loan losses		**(273,564)**	**(2,575)**
Total assets		**¥ 18,012,060**	**$ 169,541**

		March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Liabilities:			
Borrowed money		¥ 8,370,758	$ 78,791
Bonds payable	Note 8	4,392,597	41,346
Other liabilities		435,498	4,099
Provision for bonuses		546	5
Provision for directors' bonuses		9	0
Net defined benefit liability		6,785	64
Provision for directors' retirement benefits		25	0
Acceptances and guarantees		2,259,369	21,267
Total liabilities		¥ 15,465,589	$ 145,572
Net assets:			
Capital stock		¥ 1,765,200	$ 16,615
Retained earnings		883,601	8,317
Total shareholders' equity		2,648,801	24,932
Valuation difference on available-for-sale securities		(1,209)	(11)
Deferred gains or losses on hedges		(114,658)	(1,079)
Foreign currency translation adjustment		13,309	125
Total accumulated other comprehensive income (loss)		(102,558)	(965)
Non-controlling interests		227	2
Total net assets		¥ 2,546,471	$ 23,969
Total liabilities and net assets		¥ 18,012,060	$ 169,541

■ Consolidated Statement of Operations

		March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Ordinary income:		**¥ 390,060**	**$ 3,671**
Interest income		336,768	3,170
Interest on loans and discounts		323,960	3,049
Interest and dividends on securities		1,846	17
Interest on deposits with banks		10,948	103
Other interest income		12	1
Fees and commissions		23,914	225
Other ordinary income		128	1
Other income		29,248	275
Recoveries of written-off claims		0	0
Other	Note 11	29,248	275
Ordinary expenses:		**327,996**	**3,087**
Interest expense		249,256	2,346
Interest on borrowed money and rediscounts		115,370	1,086
Interest on bonds		90,627	853
Interest on interest swaps		43,192	407
Other interest expense		65	0
Fees and commissions payments		2,043	19
Other ordinary expenses		5,363	51
General and administrative expenses		19,660	185
Other expenses		51,672	486
Provision of allowance for loan losses		51,528	485
Other	Note 12	144	1
Ordinary profit		**62,063**	**584**
Extraordinary income		**9**	**0**
Gain on disposal of noncurrent assets		9	0
Extraordinary loss		**8**	**0**
Loss on disposal of noncurrent assets		8	0
Net income before income taxes		**62,065**	**584**
Income taxes – current		**0**	**0**
Total income taxes		**0**	**0**
Net income		**62,064**	**584**
Loss attributable to non-controlling interests		**(17)**	**(0)**
Net income attributable to owners of parent		**¥ 62,081**	**$ 584**

■ Consolidated Statement of Comprehensive Income

		March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Net income		**¥ 62,064**	**$ 584**
Other comprehensive income (loss)	Note 13	**(102,771)**	**(967)**
Valuation difference on available-for-sale securities		(3,677)	(35)
Deferred gains or losses on hedges		(94,435)	(889)
Foreign currency translation adjustment		168	2
Share of other comprehensive income of equity method investments		(4,826)	(45)
Comprehensive income (loss)		**¥ (40,706)**	**$ (383)**
(Comprehensive income (loss) attributable to)			
Owners of parent		(40,689)	(383)
Non-controlling interests		(17)	(0)

■ Consolidated Statement of Changes in Net Assets

From April 1, 2017 to March 31, 2018

(In millions of yen)

	Shareholders' equity		
	Capital stock	Retained earnings	Total shareholders' equity
Balance at the beginning of current period	¥ 1,683,000	¥ 842,366	¥ 2,525,366
Changes of items during the period			
Issuance of new shares	82,200	—	82,200
Payment to national treasury	—	(20,846)	(20,846)
Profit attributable to owners of parent	—	62,081	62,081
Net changes of items other than shareholders' equity	—	—	—
Total changes of items during the period	82,200	41,234	123,434
Balance at the end of current period	¥ 1,765,200	¥ 883,601	¥ 2,648,801

(In millions of yen)

	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	¥ 2,468	¥ (20,223)	¥ 17,968	¥ 213	¥ —	¥ 2,525,580
Changes of items during the period						
Issuance of new shares	—	—	—	—	—	82,200
Payment to national treasury	—	—	—	—	—	(20,846)
Profit attributable to owners of parent	—	—	—	—	—	62,081
Net changes of items other than shareholders' equity	(3,677)	(94,435)	(4,658)	(102,771)	227	(102,543)
Total changes of items during the period	(3,677)	(94,435)	(4,658)	(102,771)	227	20,891
Balance at the end of current period	¥ (1,209)	¥ (114,658)	¥ 13,309	¥ (102,558)	¥ 227	¥ 2,546,471

From April 1, 2017 to March 31, 2018

(In millions of U.S. dollars)

	Shareholders' equity		
	Capital stock	Retained earnings	Total shareholders' equity
Balance at the beginning of current period	$ 15,841	$ 7,929	$ 23,770
Changes of items during the period			
Issuance of new shares	774	—	774
Payment to national treasury	—	(196)	(196)
Profit attributable to owners of parent	—	584	584
Net changes of items other than shareholders' equity	—	—	—
Total changes of items during the period	774	388	1,162
Balance at the end of current period	$ 16,615	$ 8,317	$ 24,932

(In millions of U.S. dollars)

	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	$ 23	$ (190)	$ 169	$ 2	$ —	$ 23,772
Changes of items during the period						
Issuance of new shares	—	—	—	—	—	774
Payment to national treasury	—	—	—	—	—	(196)
Profit attributable to owners of parent	—	—	—	—	—	584
Net changes of items other than shareholders' equity	(34)	(889)	(44)	(967)	2	(965)
Total changes of items during the period	(34)	(889)	(44)	(967)	2	197
Balance at the end of current period	$ (11)	$ (1,079)	$ 125	$ (965)	$ 2	$ 23,969

■ Consolidated Statement of Cash Flows

	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Cash flow from operating activities		
Net income before income taxes	¥ 62,065	$ 584
Depreciation and amortization	1,460	14
Losses (profits) of equity method investments	(22,207)	(209)
Increase (decrease) in allowance for loan losses	51,528	485
Increase (decrease) in provision for bonuses	26	0
Increase (decrease) in provision for directors' bonuses	2	0
Increase (decrease) in net defined benefit liability	(21)	(0)
Increase (decrease) in provision for directors' retirement benefits	8	0
Interest income	(336,768)	(3,170)
Interest expense	249,256	2,346
Loss (gain) related to securities	(6,925)	(65)
Foreign exchange losses (gains)	(1,747)	(16)
Loss (gain) on disposal of noncurrent assets	(1)	(0)
Net decrease (increase) in loans and bills discounted	795,457	7,487
Net increase (decrease) in borrowed money	(1,537,947)	(14,476)
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	120,028	1,130
Increase (decrease) in straight bonds-issuance and redemption	1,088,786	10,248
Interest received	321,636	3,027
Interest paid	(236,406)	(2,225)
Other	(231,464)	(2,178)
Subtotal	316,767	2,982
Net cash provided by (used in) operating activities	316,767	2,982
Cash flows from investing activities		
Purchase of securities	(69,024)	(650)
Proceeds from sales of securities	25,866	243
Proceeds from redemption of securities	12,900	121
Purchase of property, plant and equipment	(1,214)	(11)
Proceeds from sales of property, plant and equipment	15	0
Purchase of intangible assets	(1,806)	(17)
Net cash provided by (used in) investing activities	(33,263)	(314)
Cash flows from financing activities		
Proceeds from issuance of new shares	82,200	774
Repayments of lease obligations	(6)	0
Payment to national treasury	(20,846)	(196)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	245	2
Net cash provided by (used in) financing activities	61,591	580
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	**345,094**	**3,248**
Cash and cash equivalents at beginning of period	**884,516**	**8,326**
Cash and cash equivalents at end of period Note 15	**¥ 1,229,610**	**$ 11,574**

■ Notes to Consolidated Financial Statements

1. Basis of presentation

The accompanying consolidated financial statements have been prepared from the accounting records maintained by Japan Bank for International Cooperation ("JBIC") and its subsidiaries (the "JBIC Group") in accordance with the accounting principles and practices generally accepted in Japan, which are different in certain aspects from the application and disclosure requirements of International Financial Reporting Standards ("IFRS").

The comparative information is not presented in the consolidated financial statements as the current fiscal year (the fiscal year ended March 31, 2018) is the initial year for which JBIC has prepared its consolidated financial statements.

The amounts indicated in millions of yen are rounded down by omitting figures less than one million. Totals may therefore not add up exactly because of this rounding.

Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥ 106.24=$1.00, the foreign exchange rate on March 31, 2018, has been used in translations. The presentation of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized, or settled in U.S. dollars at the aforementioned rate or any other rates.

2. Scope of consolidation

(a) Consolidated subsidiaries

The number of consolidated subsidiaries is two.

Company name: JBIC IG Partners
Russia-Japan Investment Fund, L.P.

JBIC IG Partners and Russia-Japan Investment Fund, L.P. are newly established and included in the scope of consolidation from the current fiscal year.

(b) Unconsolidated subsidiaries

There are no applicable subsidiaries.

(c) Other company whose majority of voting rights are owned by JBIC on its own account but which is not determined to be its subsidiary

Company name: RJIF Management Limited

(Reason for determining not to be a subsidiary)

JBIC has determined that RJIF Management Limited is not its subsidiary because, while JBIC indirectly owns a majority of voting rights of RJIF Management Limited through JBIC IG Partners, which is its consolidated subsidiary, JBIC needs to obtain agreement from other JV companies for making decisions on significant financial and business policies.

3. Application of the equity method

(a) Unconsolidated subsidiaries accounted for using the equity method

There are no applicable subsidiaries.

(b) Affiliates accounted for using the equity method

The number of affiliates accounted for using the equity method is two.

Company name: IFC Capitalization (Equity) Fund, L.P.
IFC Capitalization (Subordinated Debt) Fund, L.P.

(c) Unconsolidated subsidiaries that are not accounted for using the equity method

There are no applicable subsidiaries.

(d) Affiliates that are not accounted for using the equity method

The number of affiliates that are not accounted for using the equity method is six.

Company name: Credit Guarantee and Investment Facility
Delhi Mumbai Industrial Corridor Development Corporation Limited
Japan-China Eco Fund Pte. Ltd
Dawei SEZ Development Company Limited
JAPAN ASEAN Women Empowerment Fund
RJIF Management Limited

These companies were not included in the scope of the equity method because they do not have significant impacts

on the consolidated financial statements in any of the following items: Net income (the amount proportionate to the share of net income of such companies), Retained earnings (the amount proportionate to the share of retained earnings of such companies) and Accumulated other comprehensive income (the amount proportionate to the share of other comprehensive income of such companies).

4. Balance sheet dates of consolidated subsidiaries

The balance sheet dates of the consolidated subsidiaries are as follows:

March 31	2018
December 31	1
March 31	1

Appropriate adjustments are made to significant transactions occurred during the period between the consolidated closing date and the balance sheet dates above.

5. Significant accounting policies

(a) Securities

Held-to-maturity securities are carried at amortized cost based on the moving average method. Investments in affiliates that are not accounted for by the equity method are carried at cost based on the moving average method. Available-for-sale securities are in principle stated at fair value with changes in net unrealized gains or losses included directly in Net assets. However, available-for-sale securities whose fair value cannot be readily determined are carried at cost based on the moving average method. Securities held by the consolidated foreign subsidiary are classified as a financial asset designated as fair value through profit or loss at initial recognition based on the IFRS. These securities are recognized as trading securities in JBIC's consolidated financial statements and are measured at fair value.

Investments in partnerships for investment, which are regarded as securities under Article 2, Paragraph 2 of the Japanese Financial Instruments and Exchange Act (Act No. 25 of 1948), are recognized at an amount equivalent to JBIC's percentage share of the net assets of such partnerships, based upon the most recent financial statements available depending on the reporting date stipulated in the partnership agreement.

(b) Valuation method for derivative financial instruments

Derivative financial instruments are carried at fair value.

(c) Depreciation basis for fixed assets

(i) Property, plant and equipment (except for lease assets)

Property, plant and equipment of JBIC are depreciated by the declining balance method over their useful economic lives except for buildings excluding installed facilities as well as installed facilities and structures acquired on or after April 1, 2016, which are depreciated by the straight-line method.

Depreciation is based on the following range of estimated useful lives:

Buildings: 3 years to 50 years
Other: 2 years to 35 years

Property, plant and equipment of consolidated subsidiaries are depreciated primarily by the straight-line method based on the estimated useful lives of the assets.

(ii) Intangible assets (except for lease assets)

Depreciation of intangible fixed assets is computed by the straight-line method. Software used by JBIC and its consolidated subsidiaries is depreciated over its useful life (5 years or less) at JBIC and its consolidated subsidiaries.

(iii) Lease assets

Lease assets in "property, plant and equipment" or "intangible assets," under finance leases that do not involve transfer of ownership to the lessee are depreciated by the straight-line method over the lease term. Depreciation for lease assets is calculated with zero residual value being assigned to the asset.

(d) Allowance for loan losses

Allowance for loan losses is recognized in accordance with internally established standards.

The allowance for claims on debtors who are legally bankrupt ("Bankrupt borrowers") or substantially bankrupt ("Substantially bankrupt borrowers") is provided based on the outstanding balance after the write-offs described as below and the deductions of the amount expected to be collected through the disposal of collateral and the execution of guarantees. The allowance for claims on debtors who are not legally bankrupt but are likely to become bankrupt ("Potentially bankrupt borrowers") is provided based on an assessment of the overall solvency of the debtors after deducting the amount expected to be collected through the disposal of collateral and the execution of guarantees.

The allowance for claims on debtors other than Bankrupt borrowers, Substantially bankrupt borrowers and Potentially

bankrupt borrowers is provided primarily based on the default rate, which is calculated based on the actual defaults during a certain period in the past. The allowance for possible losses on specific overseas loans is provided based on the expected loss amount taking into consideration the political and economic situations of these countries.

All claims are assessed initially by the operational departments and subsequently by risk evaluation departments based on internal rules for self-assessment of asset quality. The risk evaluation departments, which is independent from the operational departments, review these self-assessments, and the allowance is provided based on the results of the assessments.

With respect to claims with collateral or guarantees on debtors who are legally or substantially bankrupt ("Bankrupt borrowers and substantially bankrupt borrowers"), the residual booked amount of the claims after deduction of the amount which is deemed collectable through the disposal of collateral or the execution of guarantees is written off. There are no accumulated write-offs as of March 31, 2018.

(e) Provision for bonuses

The "provision for bonuses" is calculated and provided for based on the estimated amounts of future payments attributable to the services that have been rendered by employees to the date of the consolidated balance sheet.

(f) Provision for directors' bonuses

The "provision for directors' bonuses" is calculated and provided for based on the estimated amounts of future payments attributable to the services that have been rendered by directors to the date of the consolidated balance sheet.

(g) Provision for directors' retirement benefits

The "provision for directors' retirement benefits," which provides for future retirement pension payments to directors, is recognized at the amount accrued at the end of the current fiscal year.

(h) Accounting for retirement benefits

(i) Method of attributing the projected benefits to periods of services

In calculating the projected benefit obligation, the estimated amount of retirement benefit payments is attributed to the period up to the end of the fiscal year based on the benefit formula.

(ii) Accounting for actuarial gains or losses and prior service costs

Actuarial gains or losses and prior service costs are expensed as they are incurred.

(Additional information)

Effective April 1, 2013, JBIC has been authorized by the Minister of Health, Labor and Welfare to be exempt from the obligations to pay future amounts in respect of the portion of the welfare pension fund it manages for the government. Subsequently on October 1, 2014, JBIC has been authorized to transfer to the government the past substitutional portion of the aforesaid fund. On September 22, 2017, *Kouko Kigyou Nenkin Kikin* (*Kouko* corporate pension fund) which JBIC participates in paid to the government ¥52,817 million ($497 million) of the transfer amount of the substitutional portion (i.e., minimum reserve). Its impact on profits or losses in the current fiscal year amounted to ¥3 million ($0 million) which was recognized in Other of Other expenses.

(i) Foreign currency translation and revaluation method

JBIC maintains its accounting records in Japanese yen. Assets and liabilities denominated in foreign currencies and held by JBIC are mostly translated into Japanese yen at the market exchange rate prevailing at the fiscal year end.

Assets and liabilities denominated in foreign currencies and held by consolidated subsidiaries are translated at the market exchange rate prevailing at respective balance sheet dates and other base date.

(j) Accounting for hedges of interest rate risk

(i) Hedge accounting

The deferral method is applied to derivatives used for interest risk hedging purposes.

(ii) Hedging instruments and hedged items

Hedging instruments: interest rate swaps

Hedged items: loans, borrowed money, bonds and notes

(iii) Hedging policy

JBIC enters into hedging transactions up to the amount of the underlying hedged assets and liabilities.

(iv) Assessment of hedge effectiveness

JBIC assesses the effectiveness of designated hedges by measuring and comparing the change in fair value or cumulative change of cash flows of both hedging instruments and corresponding hedged items from the date of inception of the hedges to the assessment date.

(k) Accounting for hedges of foreign exchange risks

Hedging instruments used to hedge foreign exchange risks associated with foreign currency denominated monetary assets and liabilities are accounted for primarily using the deferral method, in accordance with the standard treatment of The Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 25 of July 29, 2002.

The effectiveness of the hedges described above is assessed by comparing the foreign currency position of the hedged loans and bills discounted and bonds payable denominated in foreign currencies with that of the hedging instruments, such as currency swaps and forward foreign exchange contracts which are used for hedging the foreign exchange risks of loans and bills discounted and bonds payable denominated in foreign currencies.

Furthermore, the deferred hedge is applied to some of the foreign exchange risk arising from investments in affiliates denominated in foreign currencies that are individually hedged using forward foreign exchange contracts as hedging instruments.

(l) Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents as stated in the consolidated statement of cash flows consists of cash on hand and Deposit with the Bank of Japan in "Cash and due from banks" in the consolidated balance sheet.

(m) Consumption and other taxes

Consumption taxes and local consumption taxes ("consumption taxes") of JBIC and its domestic consolidated subsidiaries are excluded from transaction amounts. Non-deductible consumption taxes related to property, plant and equipment are expensed as incurred.

6. Equity securities of or investments in unconsolidated subsidiaries and affiliates

	March 31, 2018 (In millions of yen)		March 31, 2018 (In millions of U.S. dollars)	
Equity securities	¥	5,439	$	51
Investments		133,783		1,259

7. Loans

(a) Bankrupt loans and non-accrual loans included in loans and bills discounted:

	March 31, 2018 (In millions of yen)		March 31, 2018 (In millions of U.S. dollars)	
Bankrupt loans	¥	—	$	—
Non-accrual loans		188,842		1,778

"Bankrupt loans" are loans, defined in Article 96, Paragraph 1, Item (iii), a. through e. and Item (iv) of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965), on which accrued interest income is not recognized as there is substantial uncertainty over the ultimate collectability of either principal or interest because they have been in arrears for a considerable period of time or for other reasons.

"Non-accrual loans" are loans on which accrued interest income is not recognized, although this excludes Bankrupt loans and the loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.

(b) Loans with interest or principal repayments three months or more in arrears included in loans and bills discounted:

There are no applicable loans.

"Loans with interest or principal repayments three months or more in arrears" are loans whose principal or interest payment is three months or more in arrears, and which do not fall under the category of "Bankrupt loans" and "Non-accrual loans."

(c) Restructured loans included in loans and bills discounted:

	March 31, 2018 (In millions of yen)		March 31, 2018 (In millions of U.S. dollars)	
Restructured loans	¥	225,846	$	2,126

"Restructured loans" are loans whose repayment terms and conditions have been amended in favor of the borrowers (e.g. reduction of or exemption from the stated interest rate, the deferral of interest payments, the extension of principal repayments or waiver of claims) in order to support the borrowers' recovery from financial difficulties, and which do not fall under the category of "Bankrupt loans," "Non-accrual loans," or "Loans with interest or principal repayments three months or more in arrears."

(d) The total amount of bankrupt loans, non-accrual loans, loans with interest or principal repayments three months or more in arrears, and restructured loans:

	March 31, 2018 (In millions of yen)		March 31, 2018 (In millions of U.S. dollars)	
Total amount	¥	414,688	$	3,903

The amounts of loans indicated in table (a) through (d) above are the gross amounts before the deduction of allowance for loan losses.

(e) JBIC, as a policy, does not extend loans to borrowers in part or in full immediately after the execution of the loan agreements, but instead execute loans, in accordance with the progress of the underlying projects. These undrawn amounts are not included in the loans on deed in the consolidated balance sheet. The balance of undrawn amounts is as follows:

	March 31, 2018 (In millions of yen)		March 31, 2018 (In millions of U.S. dollars)	
Balance of undrawn loans	¥	1,665,471	$	15,676

8. Assets pledged as collateral

Pursuant to Article 34 of the Japan Bank for International Cooperation Act ("JBIC Act"), all JBIC assets are pledged as general collateral for bonds:

	March 31, 2018 (In millions of yen)		March 31, 2018 (In millions of U.S. dollars)	
Bonds payable	¥	4,392,597	$	41,346

Other assets include Cash collateral paid for financial instruments as follows:

	March 31, 2018 (In millions of yen)		March 31, 2018 (In millions of U.S. dollars)	
Cash collateral paid for financial instruments	¥	141,180	$	1,329

9. Accumulated depreciation of property, plant and equipment

	March 31, 2018 (In millions of yen)		March 31, 2018 (In millions of U.S. dollars)	
Accumulated depreciation	¥	2,104	$	20

10. Contingent liabilities

Japan Finance Corporation ("JFC") assumed the obligations of the JFC bonds on April 1, 2012, and JBIC is jointly responsible for the obligations of these bonds. In accordance with Article 17 (2) of the Supplementary Provisions of the JBIC Act, all of JBIC's assets are pledged as general collateral for these joint obligations as follows.

	March 31, 2018 (In millions of yen)		March 31, 2018 (In millions of U.S. dollars)	
	¥	140,000	$	1,318

11. Items included in Other under Other income

Other under Other income includes the following:

	March 31, 2018 (In millions of yen)		March 31, 2018 (In millions of U.S. dollars)	
Profits of equity method investments	¥	22,207	$	209
Gain on investments in partnerships	¥	6,884	$	65

12. Items included in Other under Other expenses

Other under Other expenses includes the following:

	March 31, 2018 (In millions of yen)		March 31, 2018 (In millions of U.S. dollars)	
Loss on sales of stocks and other securities	¥	88	$	1

13. Reclassification adjustments and tax effect of other comprehensive income

	March 31, 2018 (In millions of yen)		March 31, 2018 (In millions of U.S. dollars)	
Valuation difference on available-for-sale securities:				
Amount recognized in the current fiscal year	¥	(3,586)	$	(34)
Reclassification adjustments		(91)		(1)
Before tax effect adjustment		(3,677)		(35)
Tax effect		—		—
Valuation difference on available-for-sale securities		(3,677)		(35)
Deferred gains or losses on hedges:				
Amount recognized in the current fiscal year		(138,278)		(1,302)
Reclassification adjustments		43,843		413
Before tax effect adjustment		(94,435)		(889)
Tax effect		—		—
Deferred gains or losses on hedges		(94,435)		(889)
Foreign currency translation adjustment:				
Amount recognized in the current fiscal year		167		2
Reclassification adjustments		0		0
Before tax effect adjustment		168		2
Tax effect		—		—
Foreign currency translation adjustment		168		2
Share of other comprehensive income of equity method investments:				
Amount recognized in the current fiscal year		(3,087)		(29)
Reclassification adjustments		(1,739)		(16)
Before tax effect adjustment		(4,826)		(45)
Tax effect		—		—
Share of other comprehensive income of equity method investments		(4,826)		(45)
Total other comprehensive income	¥	(102,771)	$	(967)

14. Changes in net assets

(a) Issued shares and treasury stocks

For the fiscal year ended March 31, 2018, the type and the number of issued shares and treasury stocks are as follows;

(unit: thousands of shares)

Types	The number of shares at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	The number of shares at the end of the fiscal year	Remarks
Issued shares					
Common stocks	1,533,000,000	82,200,000	—	1,615,200,000	Note
Classified stock	—	—	—	—	
Total	1,533,000,000	82,200,000	—	1,615,200,000	Note
Treasury stock					
Common stocks	—	—	—	—	
Classified stock	—	—	—	—	
Total	—	—	—	—	

(Note) The reason for an increase in shares is the issuance of 82,200,000 thousand new shares.

15. Cash flows

"Cash and cash equivalents" in the consolidated statement of cash flows as of March 31, 2018 reconciles to cash and due from banks in the consolidated balance sheet as follows:

	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Cash and due from banks	¥ 1,751,287	$ 16,484
Time deposits and others	(521,676)	(4,910)
Cash and cash equivalents	¥ 1,229,610	$ 11,574

16. Financial instruments and related disclosure

(a) Status of financial instruments

(i) Initiatives for financial instruments

Based on the JBIC Act, JBIC is a policy-based financial institution wholly owned by the Japanese government, which has the purpose of contributing to the sound development of Japan and the international economy and society while supplementing the financial transactions implemented by private-sector financial institutions, by performing the financial function to promote the overseas development and securement of resources which are important for Japan; maintaining and improving the international competitiveness of Japanese industries; promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming, as well as preventing disruptions to international financial order or taking appropriate measures with respect to damages caused by such disruption.

JBIC's principal operations consist of providing export loans, import loans, investment financing, financing for business development (including guarantees) and capital investment. To conduct these operations, funds are raised through borrowings from the fiscal investment and loans and the foreign exchange fund special account, and the issuing of bonds. An ALM (asset and liability management) function has been established in respect of our financial assets and liabilities that are subject to interest rate and currency fluctuations to assist in ensuring that such fluctuations do not have an adverse effect on our operations. In addition, derivative transactions are entered into for the purpose of mitigating risk inherent in foreign currency denominated transactions. Financial instruments that can be used for the management of surplus funds are limited to safe instruments such as Japanese government bonds, etc., as stipulated in the JBIC Act.

The budget required for governmental financial operations is decided upon by the Diet of Japan, and business plans and financial plans (borrowings from fiscal investment and loans, bonds, general accounting investment, and loans, etc.) are appended to the budget and submitted to the Diet of Japan.

Certain subsidiaries of JBIC engage in investments and other related activities as their principal operation.

(ii) Types of financial instruments and risks

The assets that JBIC holds mainly include loans to borrowers in Japan and overseas, and securities and liabilities mainly include borrowed money and bonds. A subsidiary of JBIC holds securities with price fluctuations.

The associated risks of financial assets and financial liabilities held by JBIC are described below.

① Credit risk

Credit risk is the risk that JBIC will suffer losses if the financial conditions of the borrower deteriorate and the value of assets (including off-balance sheet assets) declines or is impaired.

The credit risks associated with JBIC include sovereign risk, country risk, corporate risk, and project risk. JBIC engages in significant financing activities with overseas governments, governmental institutions, and overseas corporations as part of its support to overseas economic transactions. Because of the characteristics of these activities, sovereign or country risk is a significant part of the credit risk. JBIC is exposed to in connection with these activities.

As a result, if the financial conditions of the individual borrower significantly deteriorate due to political and economic trends in the borrower's country or region, JBIC's performance and financial conditions can be adversely affected.

(Note) Sovereign risk refers to risk associated with credit extended to foreign governments, country risk refers to risk associated with the country in which the corporation or project is located (risk, in addition to corporate risk or project risk, associated with the country in which the corporation or the project is located) and corporate risk refers to the risk associated with credit to corporations and project risk refers to the risk that the cash flows generated from the project fail to generate the planned cash flows, in the case of project finance, where the repayment of the borrowing is primarily secured by the cash flow of the project to which credit is extended.

② Market risk

Market risk is the risk that the value of assets and liabilities (including off-balance sheet items) will fluctuate

and losses will be incurred, or profits derived from assets and liabilities (including off-balance sheet items) will fluctuate and losses will be incurred due to changes in various market risk factors, such as interest rates and exchange rates.

The market risk borne by JBIC mainly consists of foreign exchange risk and interest rate risk, and JBIC may suffer losses from these risks due to fluctuations in the markets such as market turmoil. However, in principle, these risks are hedged through interest rate swaps, currency swaps, and forward foreign exchange contracts.

JBIC uses hedge accounting for interest rate hedges, where the hedging instrument is interest rate swaps to hedge the risk of changes in interest rates associated with loans, borrowed money and bonds. The effectiveness of the hedges is assessed by measuring and comparing the change in fair value or cumulative change in cash flows of both hedging instruments and corresponding hedged items from the date of inception of the hedges to the assessment date.

JBIC uses hedge accounting for foreign exchange hedges, where currency swaps and forward foreign exchange contracts are used to hedge items such as loans and bonds, etc. for foreign exchange risk. The effectiveness of the hedging with currency swaps and forward foreign exchange contracts is assessed by comparing the foreign currency position of the hedged financial assets and liabilities with that of the hedging instruments.

Furthermore, some of the foreign exchange risk arising from investments in affiliates denominated in foreign currencies are individually hedged by forward foreign exchange contracts as hedging instruments.

③ Liquidity risk

Liquidity risk is the risk that losses will be incurred as a result of difficulties in obtaining the funds necessary due to a maturity mismatch between financing and funding or unexpected outflow of funds, or being forced to fund at an interest rate significantly higher than that under normal circumstances (funding risk). It is also the risk that losses will be incurred from being unable to conduct market transactions due to market turmoil or being forced to transact at far more unfavorable prices than those under normal circumstances (market liquidity risk).

Long-term and stable funds, such as fiscal loan funds, government-guaranteed bonds and FILP agency bonds, are secured to finance JBIC and deposits are not accepted. Therefore, JBIC considers liquidity risk to be limited. However, financing costs could increase due to market turmoil and unexpected events.

(iii) Risk management structure for financial instruments

The risk management structure of JBIC is described below.

① Credit risk management

The cornerstone of credit risk management at JBIC is the evaluation of an individual borrower's creditworthiness in advance of credit approval.

When a new credit application is processed, the relevant finance departments (sales promotion departments) and credit departments collect and analyze information on the borrower. JBIC's overseas representative offices also play a part in collecting information on foreign governments and companies. Credit appraisal takes place based on the information that has been gathered and analyzed with the different departments ensuring appropriate checks throughout the process, leading to the final decision by management.

In providing credit to foreign governments and companies, JBIC takes maximum advantage of its unique position as a public financial institution. This includes exchanging views and information with governments and relevant authorities in the recipient countries, multilateral international institutions such as the International Monetary Fund (IMF) and the World Bank, other regional development banks such as export credit agencies, and private financial institutions in developed countries. Using all these channels to exchange views and information, JBIC evaluates sovereign and country risks (risk in addition to corporate risk associated with the country in which the corporation is located) based on the broad range of information collected on the borrowing governments, the government agencies and the political and economic conditions in their countries.

The relevant finance departments and credit departments conduct proper credit risk management based on the credit risk rating system for segmented risk categories and the asset self assessment system based on the Financial Inspection Manual of the Japanese Financial Services Agency. In addition, an Integrated Risk Management Committee is held regularly to report the status of credit management to the management. In addition, an Integrated Risk Management Committee is held regularly to report the status of credit management to the management. The credit management is also checked by an independent auditing department.

In addition, a claims protection mechanism exists based on an international framework unique to official creditors, that is not applied to private sector financial institutions, for public claims on foreign governments. This mechanism consists of international financial assistance upon international approval by the Paris Club, an international group focusing on debt, to allow the debtor country to continue debt repayment when the debtor country becomes temporarily unable to service its debt due to economic conditions. As part of this international financial assistance, the debtor country conducts an economic reform program agreed by the IMF in order to secure the ability to sustainably service its debt. In view of JBIC's position as a public financial institution, it will

use the framework of the Paris Club to preserve its public claims on foreign governments.

In addition to the above credit risk management related to individual borrowers, JBIC quantifies credit risk with a view to evaluating the risk of the overall loan portfolio. To quantify credit risks, it is important to take into account the characteristics of JBIC's loan portfolio, which are not typically seen in other private financial institutions, namely that JBIC holds a significant proportion of long-term loans that entail sovereign and country risks. Also to be taken into account are mechanisms for securing assets under an international supporting framework, such as the Paris Club, which is unique to official creditors. JBIC uses a unique model to quantify the credit risk taking account of the above factors and measures amount of credit risk, which are utilized for credit risk management.

② Market risk management

JBIC manages foreign exchange risk and interest rate risk through its ALM. Market risk management protocols contain detailed stipulations in respect of risk management methods and procedures, and JBIC established an ALM Committee to assess and confirm the execution of ALM, and to discuss future responses to market risk. In addition, JBIC assesses and monitors the interest rate and terms of financial assets and liabilities in detail through a gap analysis and an interest rate sensitivity analysis as well as Value at Risk ("VaR"). The results are reported to the ALM Committee on a regular basis.

The basic policy for managing foreign exchange risk and interest rate risk at JBIC is described below.

1) Foreign exchange risk

Foreign currency-denominated loans conducted in JBIC involve risks related to exchange rate fluctuations. We have a consistent policy of managing this risk by fully hedging this risk exposure through the use of currency swaps and forward foreign exchange contracts. Furthermore, some of the foreign exchange risk arising from investments in affiliates denominated in foreign currencies are individually hedged using forward foreign exchange contracts as hedging instruments.

2) Interest rate risk

Interest rate risk arises from exposure to market interest rate fluctuations for yen-denominated loan and foreign currency-denominated loan operations and the policy for managing interest rate risk is described below.

a. Yen-denominated loan operations

Yen-denominated loan operations are mainly managed by using fixed-rate loans. However, swaps are used to hedge interest rate risk for the portion of loans that are deemed to have high exposures to interest rate fluctuations and therefore interest rate risk is limited.

b. Foreign currency-denominated loan operations

For foreign currency-denominated loan operations, interest rate risk is hedged through the application of a consistent policy of using interest rate swaps and managing the funds with floating interest rates for both loans and related funding arrangements.

3) Status of market risk

JBIC only maintains a banking book and does not have financial instruments in a trading book. While in principle JBIC holds derivatives only for hedging purposes, as stated previously, market risk (VaR) is measured in order to assess potential risk exposures. The following represents the market risk (VaR) exposure in the current fiscal year. JBIC measures market risk (VaR) by taking into account the degree of correlation between interest rate risk and foreign exchange risk.

a. Market risk (VaR)

March 31, 2018 (In billions of yen)		March 31, 2018 (In billions of U.S. dollars)	
¥	159.4	$	1.5

b. Market risk (VaR) measurement model

Historical model (Confidence Interval: 99%, Holding period: 1 year, Observation period: 5 years)

c. Risk management using VaR

VaR is a market risk measure that assesses the maximum possible fluctuation of gains or losses in fair values that could be incurred after a certain period of time ("holding period") based on historical market movements of interest rates or exchange rates, etc., over a specific period in the past (or observation period) within a given probability (confidence interval), that is derived statistically by employing the theory of possibility distribution.

The measurement assumes historical market trends and the theory of probability distribution. Based on the possibility that future market trends could deviate from these assumptions, a back-test is performed to cross-check the model-measured VaR with actual profits or losses, in order to confirm the effectiveness of market risk measurements using VaR. In addition, a stress test, which goes beyond

the probability distribution of historical market movements, is carried out in order to capture risks from various perspectives.

The following points should generally be noted in measuring VaR:

- VaR will differ depending on the choice of confidence interval, holding period or observation period;
- VaR indicates the maximum fluctuation of gains or losses in fair values at the time of measurement. In practice, the actual results at a point in the future may differ from the VaR calculation due to changes in the assumptions caused by market movements during the holding period; and
- VaR indicates the maximum value based on specific assumption. As such, when utilizing VaR as a risk management measure, it is imperative to keep in mind that VaR may underestimate the potential losses.

③ Liquidity risk management related to funding

Long-term and stable funds, such as fiscal loan funds, government-guaranteed bonds and FILP agency bonds, are used to finance these operations and deposits are not accepted.

Cash flows are assessed and proper measures, including establishing overdraft facility accounts with multiple private sector financial institutions, are taken to maintain daily cash flows for proper risk management.

④ Derivative transactions

For derivatives transactions, the internal checks and balances is established by assigning the execution of transactions, the assessment of hedge effectiveness and the management of administrative work to separate divisions. In addition, derivative transactions are carried out in accordance with the derivatives related protocol.

(iv) Supplementary explanation concerning fair value of financial instruments

Fair values of financial instruments are based on their market prices or, in cases where market prices are not available, on reasonably calculated prices. These prices have been calculated using certain assumptions, and may differ depending on the assumptions.

(b) Fair value of financial instruments

The carrying amount on the consolidated balance sheet as of March 31, 2018 and the related fair value, and difference are as follows. Note that unlisted securities whose fair value is extremely difficult to be determined are not included in the following chart (refer to Note 2).

As of March 31, 2018 (In millions of yen)

	Amount on consolidated balance sheet	Fair value	Difference
(1) Cash and due from banks	¥ 1,751,287	¥ 1,751,287	¥ —
(2) Securities			
Trading securities	9,837	9,837	—
Available-for-sale securities	76,197	76,197	—
(3) Loans and bills discounted	13,513,680		
Allowance for loan losses (*1)	(265,189)		
	13,248,491	13,342,813	94,322
(4) Other assets (*2)	141,180	141,180	—
Total assets	15,226,993	15,321,316	94,322
(1) Borrowed money	8,370,758	8,425,665	54,906
(2) Bonds payable	4,392,597	4,315,172	(77,424)
(3) Other liabilities (*2)	56,280	56,280	—
Total liabilities	12,819,635	12,797,117	(22,518)
Derivative transactions (*3)			
Derivative transactions not qualifying for hedge accounting	—	—	—
Derivative transactions qualifying for hedge accounting	(137,746)	(137,746)	—
Total derivative transactions	¥ (137,746)	¥ (137,746)	¥ —

As of March 31, 2018 (In millions of U.S. dollars)

	Amount on consolidated balance sheet	Fair value	Difference
(1) Cash and due from banks	$ 16,484	$ 16,484	$ —
(2) Securities			
Trading securities	93	93	—
Available-for-sale securities	717	717	—
(3) Loans and bills discounted	127,200		
Allowance for loan losses (*1)	(2,497)		
	124,703	125,591	888
(4) Other assets (*2)	1,329	1,329	—
Total assets	143,326	144,214	888
(1) Borrowed money	78,791	79,308	517
(2) Bonds payable	41,346	40,617	(729)
(3) Other liabilities (*2)	530	530	—
Total liabilities	120,667	120,455	(212)
Derivative transactions (*3)			
Derivative transactions not qualifying for hedge accounting	—	—	—
Derivative transactions qualifying for hedge accounting	(1,297)	(1,297)	—
Total derivative transactions	$ (1,297)	$ (1,297)	$ —

(*1) General allowance for loan losses and specific allowance for loan losses, and the allowance for possible loan losses on specific overseas loans have been deducted from loans.
(*2) This does not include derivative transactions, but presents Other assets and Other liabilities that are financial instruments subject to fair value disclosure.
(*3) Derivatives recorded in "other assets" and "other liabilities" are collectively presented. Assets and liabilities arising from derivative transactions are presented on a net basis. The figures in parenthesis indicate net liabilities.

(Note 1) Valuation methodologies used for estimating fair values for financial instruments

Assets

(1) Cash and due from banks

For Due from banks that have no specific maturity or have a maturity under 3 months, the carrying amounts are used as fair value because the carrying amount approximates the fair value.

(2) Securities

Trading securities are held by the consolidated foreign subsidiary and are measured at fair value through profit or loss based on the IFRS.

The fair value of "Available-for-sale securities" is based upon the prices that are indicated from the financial institutions that JBIC transacts with.

(3) Loans and bills discounted

For loans with variable interest rates, since such loans reflect market interest rates, an amount calculated by the floating rate note method over the short term is used for fair value.

For loans with fixed interest, the total principal and interest is discounted by a risk free rate that incorporates the default ratio and coverage ratio to calculate fair value.

However for claims on bankrupt borrowers, substantially bankrupt borrowers, and potentially bankrupt borrowers, expected credit losses on such claims are calculated based on the expected collectable amount from the collateral or guarantee. Since fair value approximates the amount on the consolidated balance sheet at the fiscal year end after the deduction of the allowance for loan losses, this amount is used for fair value.

(4) Other assets

Of Other assets, for cash collateral paid for financial instruments, the carrying amount is used as fair value because the carrying amount approximates the fair value.

Liabilities

(1) Borrowed money

Borrowed money with variable interest rates reflect short-term market interest rates and the credit conditions of JBIC and its consolidated subsidiaries have not changed significantly since the execution of borrowings. Therefore, the carrying amount is used as fair value because it is considered that the carrying amount approximates the fair value. For borrowed money with a fixed interest rate, in principle, fair value is calculated by discounting the principal and interest of the borrowings by the risk free rate (the standard Japanese government bond rate).

(2) Bonds payable

Market value is used as fair value of bonds.

(3) Other liabilities

Of Other liabilities, for cash collateral received for financial instruments, the carrying amount is used as fair value because the carrying amount approximates the fair value.

Derivative transactions

Derivative transactions are discussed under "Derivative transactions."

(Note 2) Financial instruments whose fair values are considered to be extremely difficult to be determined are as follows. They are not included in "Assets, (2) Securities."

Classification

	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
1) Unlisted stocks (unconsolidated subsidiaries and affiliates) (*1)	¥ 5,439	$ 51
2) Unlisted stocks (other than unconsolidated subsidiaries and affiliates) (*1)	75,393	710
3) Partnership investments (unconsolidated subsidiaries and affiliates) (*2)	133,783	1,259
4) Partnership investments (other than unconsolidated subsidiaries and affiliates) (*2)	50,952	480
Total	¥ 265,569	$ 2,500

(*1) Since unlisted stocks do not have quoted market prices available and their fair value is extremely difficult to be determined, fair values are not stated.
(*2) For partnership investments composed of unlisted stocks that do not have quoted market prices available and for which fair value is extremely difficult to be determined, fair values are not stated.

(Note 3) Redemption schedule for receivables and redeemable securities with future redemption dates

March 31, 2018 (In millions of yen)

	Due within one year	Due after one year but within three years	Due after three years but within five years	Due after five years but within seven years	Due after seven years but within ten years	Due after ten years
Due from banks (*1)	¥ 1,751,287	¥ —	¥ —	¥ —	¥ —	¥ —
Securities						
Available-for-sale securities	12,500	53,500	9,802	—	—	—
Loans and bills discounted (*2)	1,431,414	3,067,267	2,569,023	2,327,348	2,234,766	1,695,017
Total	¥3,195,201	¥3,120,767	¥2,578,826	¥2,327,348	¥2,234,766	¥1,695,017

March 31, 2018 (In millions of U.S. dollars)

	Due within one year	Due after one year but within three years	Due after three years but within five years	Due after five years but within seven years	Due after seven years but within ten years	Due after ten years
Due from banks (*1)	$ 16,484	$ —	$ —	$ —	$ —	$ —
Securities						
Available-for-sale securities	118	504	93	—	—	—
Loans and bills discounted (*2)	13,473	28,871	24,181	21,907	21,035	15,955
Total	$ 30,075	$ 29,375	$ 24,274	$ 21,907	$ 21,035	$ 15,955

(*1) Demand deposits contained within due from banks are stated as "Due within one year."
(*2) ¥188,842 million ($1,778 million) of Loans and bills discounted whose redemption is not estimable, such as claims against bankrupt borrowers, substantially bankrupt borrowers, and potentially bankrupt borrowers, is not included in the tables above.
(*3) Of Other assets, the information about cash collateral paid for financial instruments is omitted since there is no fixed maturity date for repayments.

(Note 4) Redemption schedule for borrowed money and bonds payable with future redemption dates

March 31, 2018 (In millions of yen)

	Due within one year	Due after one year but within three years	Due after three years but within five years	Due after five years but within seven years	Due after seven years but within ten years	Due after ten years
Borrowed money	¥ 809,379	¥ 2,189,642	¥ 3,985,736	¥ 585,900	¥ 631,100	¥ 169,000
Bonds payable	684,000	1,288,777	863,360	318,720	1,247,072	—
Total	¥ 1,493,379	¥ 3,478,419	¥ 4,849,096	¥ 904,620	¥ 1,878,172	¥ 169,000

March 31, 2018 (In millions of U.S. dollars)

	Due within one year	Due after one year but within three years	Due after three years but within five years	Due after five years but within seven years	Due after seven years but within ten years	Due after ten years
Borrowed money	$ 7,618	$ 20,610	$ 37,516	$ 5,515	$ 5,941	$ 1,591
Bonds payable	6,439	12,131	8,127	3,000	11,738	—
Total	$ 14,057	$ 32,741	$ 45,643	$ 8,515	$ 17,679	$ 1,591

(*1) Of Other liabilities, the information about cash collateral received for financial instruments is omitted since there is no fixed maturity date for repayments.

17. Market value of securities

The following tables contain information relating to negotiable certificates included in "Cash and due from banks" as well as "Securities" that are presented in the consolidated balance sheet.

Information relating to "equity securities of and other investments in subsidiaries and affiliates" is presented in the notes to the consolidated financial statements.

(a) Trading securities

	March 31, 2018 (In millions of yen)		March 31, 2018 (In millions of U.S. dollars)	
Unrealized gains (losses) included in profits or losses in the current fiscal year	¥	(31)	$	(0)

(b) Held-to-maturity debt securities

Not applicable

(c) Available-for-sale securities

March 31, 2018 (In millions of yen)

	Type	Carrying Amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	Stocks	¥ —	¥ —	¥ —
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	46,203	45,800	403
Subtotal		46,203	45,800	403
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	69,994	70,000	(6)
Subtotal		69,994	70,000	(6)
Total		¥ 116,197	¥ 115,800	¥ 397

March 31, 2018 (In millions of U.S. dollars)

	Type	Carrying Amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	Stocks	$ —	$ —	$ —
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	435	431	4
Subtotal		435	431	4
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	659	659	(0)
Subtotal		659	659	(0)
Total		$ 1,094	$ 1,090	$ 4

(d) Held-to-maturity debt securities sold during the fiscal year ended March 31, 2018

Not applicable

(e) Available-for-sale securities sold

Fiscal year ended March 31, 2018 (In millions of yen)

	Amount of sales	Total gain on sales	Total loss on sales
Stocks	¥ —	¥ —	¥ —
Debt securities	—	—	—
Japanese government bonds	—	—	—
Corporate bonds	—	—	—
Other	¥ 8,886	¥ 128	¥ 57
Total	¥ 8,886	¥ 128	¥ 57

Fiscal year ended March 31, 2018 (In millions of U.S. dollars)

	Amount of sales	Total gain on sales	Total loss on sales
Stocks	$ —	$ —	$ —
Debt securities	—	—	—
Japanese government bonds	—	—	—
Corporate bonds	—	—	—
Other	$ 84	$ 1	$ 1
Total	$ 84	$ 1	$ 1

(f) Change in classification of securities

Not applicable

(g) Impairment of securities

Not applicable

(h) Money held in trust

(i) Money held in trust for trading purposes

Not applicable

(ii) Money held in trust for holding-to-maturity purposes

Not applicable

(iii) Other money held in trust (other than investment and holding-to-maturity purposes)

Not applicable

(i) Net unrealized gains (losses) on available-for-sale securities are as follows;

Fiscal year ended March 31, 2018 (In millions of yen)

Valuation difference	¥	(1,209)
Available-for-sale securities (*)		(1,209)
Other money held in trust		—
(+) Deferred tax assets (or (-) Deferred tax liabilities)		—
Valuation difference on available-for-sale securities (before following adjustments)	¥	(1,209)
(-) Non-controlling interests		—
(+) JBIC's interest in valuation difference on available-for-sale securities held by affiliates accounted for using the equity method		—
Valuation difference on available-for-sale securities	¥	(1,209)

Fiscal year ended March 31, 2018 (In millions of U.S. dollars)

Valuation difference	$	(11)
Available-for-sale securities (*)		(11)
Other money held in trust		—
(+) Deferred tax assets (or (-) Deferred tax liabilities)		—
Valuation difference on available-for-sale securities (before following adjustments)	$	(11)
(-) Non-controlling interests		—
(+) JBIC's interest in valuation difference on available-for-sale securities held by affiliates accounted for using the equity method		—
Valuation difference on available-for-sale securities	$	(11)

(*) "Available-for-sale securities" includes foreign exchange translation differences in respect of available-for-sale securities whose fair value cannot be readily determined.

18. Derivative transactions

Notes to derivative transactions in the fiscal year ended March 31, 2018 are as follows;

(a) Derivative transactions not qualifying for hedge accounting

(i) Interest rate-related transactions

Not applicable

(ii) Currency-related transactions

Not applicable

(iii) Equity-related transactions

Not applicable

(iv) Bond-related transactions

Not applicable

(v) Commodity-related transactions
Not applicable

(vi) Credit derivative transactions
Not applicable

(b) Derivative transactions qualifying for hedge accounting

For derivative transactions qualifying for hedge accounting, contract value at the fiscal year end or notional amount defined in agreements, and fair value and its calculation method, by hedged item and by hedge accounting method, are as follows. Contract value does not indicate the market risk of the derivative transactions.

(i) Interest rate-related transactions

Fiscal year ended March 31, 2018 (In millions of yen)

Hedge accounting	Type	Major hedged items	Contract value	Contract value (Maturing after one year)	Fair value
Basic accounting method	Interest rate swap	Loans and bills discounted Borrowed money Bonds payable			
	Receive/fixed and pay/floating		¥ 3,985,081	¥ 3,374,201	¥ (115,742)
	Receive/floating and pay/fixed		717,401	704,092	(4,117)
	Receive/floating and pay/floating		212,480	212,480	(105)
	Total		¥ —	¥ —	¥ (119,965)

Fiscal year ended March 31, 2018 (In millions of U.S. dollars)

Hedge accounting	Type	Major hedged items	Contract value	Contract value (Maturing after one year)	Fair value
Basic accounting method	Interest rate swap	Loans and bills discounted Borrowed money Bonds payable			
	Receive/fixed and pay/floating		$ 37,510	$ 31,760	$ (1,089)
	Receive/floating and pay/fixed		6,753	6,627	(39)
	Receive/floating and pay/floating		2,000	2,000	(1)
	Total		$ —	$ —	$ (1,129)

(Note) Calculation of fair value is based on the discounted cash flows.

(ii) Currency-related transactions

Fiscal year ended March 31, 2018 (In millions of yen)

Hedge accounting	Type	Major hedged items	Contract value	Contract value (Maturing after one year)	Fair value
Basic accounting method	Currency swap	Loans and bills discounted Bonds payable	¥ 3,274,459	¥ 2,761,005	¥ (17,161)
	Forward foreign exchange contracts	Loans and bills discounted			
	Sell	Investments in capital and other items	87,304	—	(602)
	Buy		7,527	—	(16)
	Total		¥ —	¥ —	¥ (17,780)

Fiscal year ended March 31, 2018 (In millions of U.S. dollars)

Hedge accounting	Type	Major hedged items	Contract value	Contract value (Maturing after one year)	Fair value
Basic accounting method	Currency swap	Loans and bills discounted Bonds payable	$ 30,821	$ 25,988	$ (162)
	Forward foreign exchange contracts	Loans and bills discounted			
	Sell	Investments in capital and other items	822	—	(5)
	Buy		71	—	0
	Total		$ —	$ —	$ (167)

Note 1. These are mainly accounted for using the deferred method of hedge accounting under "Accounting and Auditing Treatment Relating to Adoption of Accounting Standard for Foreign Currency Transactions for Banks" (JICPA Industry Audit Committee Report No. 25 of July 29, 2002).
Note 2. Calculation of fair value is based on the discounted cash flows.

(iii) Equity-related transactions
Not applicable

(iv) Bond-related transactions
Not applicable

19. Retirement benefits

(a) Overview of retirement benefit plans

JBIC abolished the welfare pension fund plan effective October 1, 2014 and has established a defined benefit corporate pension plan and a defined contribution pension plan.

JBIC has a defined benefit pension plan comprised of a corporate pension plan (transferred from a welfare pension fund plan effective October 1, 2014) and a lump-sum severance indemnity plan. Although JBIC's corporate pension plan is a multi-employer plan, the amount of the pension assets corresponding to its own contribution can be reasonably calculated based on the ratio of the projected benefit obligations, and the related notes are included in the following notes related to the defined benefit pension plan.

Under the corporate pension plan (funded type), pension or lump-sum payments are provided based on salary and service period. Under the lump-sum severance indemnity plan (unfunded type), lump-sum payments are provided as retirement benefits based on salary and service period. In addition, JBIC has established a defined contribution-type retirement benefit plan effective October 1, 2014.

Effective April 1, 2013, JBIC has been authorized by the Minister of Health, Labor and Welfare to be exempt from the obligations to pay future amounts in respect of the portion of the welfare pension fund it manages for the government. Subsequently on October 1, 2014, JBIC has been authorized to transfer to the government the past substitutional portion of the aforesaid fund. On September 22, 2017, *Kouko Kigyou Nenkin Kikin* (*Kouko* corporate pension fund) which JBIC participates in paid to the government ¥52,817 million ($497 million) of the transfer amount of the substitutional portion (i.e., minimum reserve). Its impact on profits or losses in the current fiscal year amounted to ¥3 million ($0 million) which was recognized in Other of Other expenses.

(b) Defined benefit pension plan

(i) The changes in the projected benefit obligation are as follows:

	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Projected benefit obligation at the beginning of the fiscal year	¥ 13,772	$ 130
Service cost	445	4
Interest cost	35	0
Actuarial losses	383	3
Retirement benefit paid	(733)	(7)
Decrease due to the transfer of the substitutional portion of the welfare pension fund	(2,706)	(25)
Projected benefit obligation at the end of the fiscal year	¥ 11,197	$ 105

(ii) The changes in the plan assets are as follows:

	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Pension assets at the beginning of the fiscal year	¥ 6,964	$ 66
Expected return on plans assets	106	0
Actuarial gains	156	1
Contributions by the employer	122	1
Retirement benefit paid	(229)	(2)
Decrease due to the transfer of the substitutional portion of the welfare pension fund	(2,709)	(25)
Pension assets at the end of the fiscal year	¥ 4,411	$ 41

(iii) Reconciliation of the projected benefit obligation and plan assets and net defined benefit liability and net defined benefit asset in the consolidated balance sheet

	March 31, 2018 (In millions of yen)		March 31, 2018 (In millions of U.S. dollars)	
Funded projected obligation	¥	6,090	$	57
Fair value of plans assets		(4,411)		(41)
		1,679		16
Unfunded projected benefit obligation		5,106		48
Net amount of assets and liabilities in the consolidated balance sheet	¥	6,785	$	64
Defined benefit liability		6,785		64
Defined benefit asset		—		—
Net amount of assets and liabilities in the consolidated balance sheet	¥	6,785	$	64

(iv) Component of retirement benefit expense

	March 31, 2018 (In millions of yen)		March 31, 2018 (In millions of U.S. dollars)	
Service cost	¥	445	$	4
Interest cost		35		0
Expected return on plans assets		(106)		(0)
Realized actuarial loss		226		2
Retirement benefit expense	¥	601	$	6

(Note) In addition to the above, ¥3 million ($0 million) was recognized in Other of Other expenses in the current fiscal year as a result of the transfer of the substitutional portion of the welfare pension fund.

(v) Plan assets

① Major components of plan assets

Percentages of components to the total are as follows;

	March 31, 2018
Debt securities	61%
Stocks	24%
General account of life insurance company	14%
Cash and due from banks	1%
Total	100%

② Method of determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined based on the current and projected pension asset allocations as well as on the current and future rates of return expected from various assets that are components of plan assets.

(vi) Principal assumptions used

Principal assumptions used in actuarial calculations

	March 31, 2018
Discount rate	0.24%
Expected rate of return on plan assets	2.50%
Expected rate of increase in salary	4.35%

(c) Defined contribution plan

The amount of contribution required to be made to the defined contribution plan was ¥25 million ($0 million) for the fiscal year ended March 31, 2018.

20. Deferred tax accounting

(a) Breakdown of deferred tax assets and deferred tax liabilities

	March 31, 2018 (In millions of yen)		March 31, 2018 (In millions of U.S. dollars)	
Deferred tax assets				
Tax loss carryforward	¥	8	$	0
Other		1		0
Sub total		9		0
Valuation allowance		(9)		(0)
Total deferred tax assets	¥	—	$	—

(b) Where there is a significant difference between the effective statutory tax rate and the rate of income tax and other taxes after applying deferred tax accounting, breakdown of major items attributable to the difference

This information is omitted since JBIC is a nontaxable entity defined in the Article 2, Paragraph 5 of the Corporation Tax Act (Act No. 34 of 1965) and therefore there is no significant difference between the effective statutory tax rate and the rate of income tax and other taxes after applying deferred tax accounting.

21. Segment information

(a) Segment summary

The JBIC Group's operating segments are those for which discrete financial information is available, and whose operating results are regularly reviewed by JBIC's management.

The JBIC Group is a policy-based financial institution wholly owned by the Japanese government, which has the purpose of contributing to the sound development of Japan and the international economy and society, while supplementing the financial transactions implemented by private-sector financial institutions by performing financial operations from four viewpoints: i.e. "promotion of the overseas development and securement of resources which are important for Japan"; "maintenance and improvement of the international competitiveness of Japanese industries"; "promotion of the overseas business having the purpose of preserving the global environment, such as preventing global warming"; and "prevention of disruptions to international financial order or implementation of appropriate measures with respect to damages caused by such disruption." To achieve these purposes, for business operations defined under the Act on Japan Bank for International Cooperation and other acts, JBIC has two reporting segments: "Ordinary Operations" account and "Special Operations" account. Accounting operations are separately carried out for respective accounts.

The "Ordinary Operations" account covers the businesses which are not included in the "Special Operations" account of the JBIC Group. The Ordinary Operations account also includes the investment business of the consolidated subsidiaries.

The "Special Operations" account includes the businesses that offer financing services such as lending to overseas infrastructure business projects that generate a higher expected return in exchange for higher risk.

(b) Method of calculating ordinary income, profit or loss, assets, liabilities and other items by reportable segment

Accounting treatment applied to business segments reported is the same as that disclosed in "Notes to Consolidated Financial Statements." The amount of profit (or loss) of reportable segments is based on Net income attributable to owners of parent.

(c) Information about the amount of ordinary income, profit or loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2018

(In millions of yen)

	"Ordinary Operations"	"Special Operations"	Sub-total for reportable segments	Adjustments	Amount reported in the consolidated financial statements
Ordinary income					
(1) Ordinary income from customers	¥ 390,057	¥ 2	¥ 390,060	¥ —	¥ 390,060
(2) Intersegment ordinary income	12	0	12	(12)	—
Total	¥ 390,070	¥ 2	¥ 390,073	¥ (12)	¥ 390,060
Segment profit (loss)	62,286	(204)	62,081	—	62,081
Segment assets	17,760,961	251,110	18,012,072	(11)	18,012,060
Segment liabilities	15,465,378	222	15,465,600	(11)	15,465,589
Other items					
Depreciation and amortization	1,460	—	1,460	—	1,460
Interest income	336,767	1	336,768	—	336,768
Interest expense	249,256	0	249,256	—	249,256
Profits of equity method investments	22,207	—	22,207	—	22,207
Extraordinary income	9	—	9	—	9
Gain on disposal of noncurrent assets	9	—	9	—	9
Extraordinary loss	8	—	8	—	8
Loss on disposal of noncurrent assets	8	—	8	—	8
Income tax expenses	0	—	0	—	0
Equity method investments	100,453	—	100,453	—	100,453
Increase in Property, plant and equipment and Intangible assets	3,024	—	3,024	—	3,024
Provision of allowance for loan losses	51,505	22	51,528	—	51,528

(In millions of U.S. dollars)

	"Ordinary Operations"	"Special Operations"	Sub-total for reportable segments	Adjustments	Amount reported in the consolidated financial statements
Ordinary income					
(1) Ordinary income from customers	$ 3,671	$ 0	$ 3,671	$ —	$ 3,671
(2) Intersegment ordinary income	0	0	0	(0)	—
Total	$ 3,671	$ 0	$ 3,671	$ (0)	$ 3,671
Segment profit (loss)	586	(2)	584	—	584
Segment assets	167,178	2,363	169,541	(0)	169,541
Segment liabilities	145,570	2	145,572	(0)	145,572
Other items					
Depreciation and amortization	14	—	14	—	14
Interest income	3,170	0	3,170	—	3,170
Interest expense	2,346	0	2,346	—	2,346
Profits of equity method investments	209	—	209	—	209
Extraordinary income	0	—	0	—	0
Gain on disposal of noncurrent assets	0	—	0	—	0
Extraordinary loss	0	—	0	—	0
Loss on disposal of noncurrent assets	0	—	0	—	0
Income tax expenses	0	—	0	—	0
Equity method investments	946	—	946	—	946
Increase in Property, plant and equipment and Intangible assets	28	—	28	—	28
Provision of allowance for loan losses	485	0	485	—	485

Notes 1. Ordinary income is disclosed in place of Sales for non-financial companies. Adjustments for the difference represent adjustments related to the difference between ordinary income and Ordinary income disclosed in the consolidated statement of operations.
2. The "Adjustments" above represents elimination of intersegment transactions.

(d) Related information

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(i) Information about services

The information about services is omitted since ordinary income from outside customers in relation to the loan, guarantee and equity participation operations is more than 90% of ordinary income on the consolidated statement of operations.

(ii) Information about geographical areas

① Ordinary income

(In millions of yen)

Japan	Asia/Oceania	Europe/Middle East/ Africa	United States	North America/ Latin America (excluding U.S.)	Total
¥ 91,138	¥ 102,256	¥ 91,918	¥ 40,948	¥ 63,798	¥ 390,060

(In millions of U.S. dollars)

Japan	Asia/Oceania	Europe/Middle East/ Africa	United States	North America/ Latin America (excluding U.S.)	Total
$ 858	$ 963	$ 865	$ 384	$ 601	$ 3,671

Notes 1. Ordinary income is disclosed in place of Sales for non-financial companies.
2. Ordinary income is disclosed based on the location of the customers and is classified by country or region.

② Property, plant and equipment

The information about property, plant and equipment is omitted since more than 90% of property, plant equipment on the consolidated balance sheet are located in Japan.

(iii) Information about major customers

The information about major customers is omitted since there are no transactions with a certain customer which result in more than 10% of ordinary income on the consolidated statement of operations.

(e) Information about impairment losses of property, plant and equipment in reportable segments

Not applicable

(f) Information about the amortization and balance of goodwill in reportable segments

Not applicable

(g) Information about gains from the recognition of negative goodwill in reportable segments

Not applicable

22. Related-party information

1. Related party transactions

(1) Related party transactions with JBIC

(a) Transactions with parent company and major shareholder companies

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(In millions of yen)

	Related Party Name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relation with related parties	Transactions	Amounts of transactions (Note 4)	Items	Balance as of March 31, 2018 (Note 4)
Principal shareholder	Ministry of Finance (Minister of Finance)	Chiyoda-ku, Tokyo	—	Administration for policy based financing	100 (Direct)	Receipt of funds, etc.	Capital subscription (Note 1)	¥ 82,200	—	¥ —
							Receipt of funds (Note 2)	4,808,429	Borrowings	8,370,758
							Repayment of borrowings	6,004,411		
							Payment of interest on borrowings	115,370	Accrued expense	27,232
							Guarantee for corporate bonds (Note 3)	4,202,610	—	—

(In millions of U.S. dollars)

	Related Party Name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relation with related parties	Transactions	Amounts of transactions (Note 4)	Items	Balance as of March 31, 2018 (Note 4)
Principal shareholder	Ministry of Finance (Minister of Finance)	Chiyoda-ku, Tokyo	—	Administration for policy based financing	100 (Direct)	Receipt of funds, etc.	Capital subscription (Note 1)	$ 774	—	$ —
							Receipt of funds (Note 2)	45,260	Borrowings	78,791
							Repayment of borrowings	56,517		
							Payment of interest on borrowings	1,086	Accrued expense	256
							Guarantee for corporate bonds (Note 3)	39,558	—	—

Notes 1. Ministry of Finance subscribed new shares issued by JBIC through allotment to shareholders for ¥1 ($0) per share.
2. Receipt of funds represents borrowings from the FILP special account and foreign exchange funds special account. FILP interest rates are applied in accordance with the FILP agreement, while the interest rates under the respective agreements related to foreign exchange funds special account are applied to borrowings from foreign exchange funds.
3. No guarantee fee has been paid for the guarantee of bonds
4. Figures in the table above do not include consumption taxes.

(b) Transactions with fellow subsidiaries and subsidiaries of any other associated company

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(In millions of yen)

	Corporate name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relation with related parties	Transactions	Amounts of transactions	Items	Balance as of March 31, 2018
Companies that had the majority of their voting rights held by principal shareholders	Japan International Cooperation Agency	Chiyoda-ku, Tokyo	¥8,099,860	Official development assistance	None	Joint obligor	Joint obligations	¥ 100,000 (Notes 1, 4)	—	¥ —
	Japan Finance Corporation	Chiyoda-ku, Tokyo	4,124,921	Finance	None	Joint obligor	Joint obligations	152,800 (Notes 2, 4)	—	—
								140,000 (Notes 3, 4)	—	—

(In millions of U.S. dollars)

	Corporate name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relation with related parties	Transactions	Amounts of transactions	Items	Balance as of March 31, 2018
Companies that had the majority of their voting rights held by principal shareholders	Japan International Cooperation Agency	Chiyoda-ku, Tokyo	$ 76,241	Official development assistance	None	Joint obligor	Joint obligations	$ 941 (Notes 1, 4)	—	$ —
	Japan Finance Corporation	Chiyoda-ku, Tokyo	38,826	Finance	None	Joint obligor	Joint obligations	1,438 (Notes 2, 4)	—	—
								1,318 (Notes 3, 4)	—	—

Notes 1. JBIC assumed the obligations of the JBIC bonds in accordance with Article 12 (1) of the Supplementary Provisions of the JBIC Act, and the Japan International Cooperation Agency ("JICA") is jointly responsible for the obligations of these bonds in accordance with the provision of Article 4 (1) of Supplementary Provisions of the Japan International Cooperation Agency Act (Act No. 136 of 2002). Pursuant to Article 4 (2) hereof, all of JICA assets are pledged as general collateral for these joint obligations.
2. JBIC assumed the obligations of the JFC bonds in accordance with Article 12 (1) of Supplementary Provisions of the JBIC Act, and JFC is jointly responsible for the obligations of these bonds in accordance with Article 46-2 (1) of Supplementary Provisions of the JFC Act (Act No. 57 of 2007). Pursuant to Article 46-2 (2) hereof, all of JFC's assets are pledged as general collateral for these joint obligations.
3. JBIC is jointly responsible for the obligations of JFC bonds in accordance with Article 17 (1) (ii) of Supplementary Provisions of the JBIC Act. In accordance with Article 17 (2) hereof, all of JBIC's assets are all pledged as general collateral for these joint obligations.
4. In relation to these joint obligations, no transactions are recognized in the consolidated statement of operations.

(2) Transactions between consolidated subsidiaries and related parties

Not applicable.

2. Notes to the parent company or significant affiliates

(1) Parent company information

Not applicable.

(2) Condensed financial information of significant affiliates

Significant affiliates of JBIC are IFC Capitalization (Subordinated Debt) Fund, L.P. and IFC Capitalization (Equity) Fund, L.P in the current fiscal year. Their condensed financial information is as shown below:

	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Total assets	¥ 286,987	$ 2,701
Total liabilities	119,422	1,124
Total net assets	167,564	1,577
Gain on investment	14,967	141
Net income before income taxes	38,117	359
Net income	38,117	359

Note: IFC Capitalization (Subordinated Debt) Fund, L.P. and IFC Capitalization (Equity) Fund, L.P. are deemed as a significant affiliate from the current fiscal year as their materiality has increased.

23. Amounts per share

Amounts per share as of the fiscal year ended March 31, 2018 are calculated as follows:

	March 31, 2018 (In yen)	March 31, 2018 (In U.S. dollars)
Net assets per share of common stock	¥ 1.57	$ 0.01
Net income per share of common stock	0.04	0.00

Note 1. Net income per share of common stock is based on the following information.
Diluted net profit per share of common stock is not presented since there are no diluted stocks.

	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Net income attributable to owners of parent	¥ 62,081	$ 584
Amount not attribute to common stock	—	—
Net income attributable to owners of parent related to common stock	62,081	584
Average outstanding shares of common stock (during the period)	1,533,900,821 thousands of shares	

Note 2. Net assets per share of common stock is based on the following information.

	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Net assets	¥ 2,546,471	$ 23,969
Deductions from net assets	227	2
(Non-controlling interests)	227	2
Net assets related to common stock	2,546,243	23,967
Year-end outstanding shares of common stock on which the calculation of net assets per share was calculated	1,615,200,000 thousands of shares	

24. Bonds payable

Major components of bonds payable as of March 31, 2018 are as follows:

(In millions of yen)

Name of company	Description of bonds payable	Date of issuance	Balance at the beginning of current period	Balance at the end of current period	Interest rate (%)	Collateral	Maturity date	Remarks
JBIC	Government guaranteed JFC (JBIC) foreign bonds 9th	February 7, 2012	¥ 140,134 (USD 1,249,078,000)	¥ 132,754 [132,754] (USD1,249,574,000) [USD1,249,574,000]	2.125	General collateral	February 7, 2019	*2
	Government guaranteed JBIC foreign bonds 1st-32nd	July 19, 2012 – November 16, 2017	2,931,452 (USD 25,225,067,000) (GBP 424,263,000) (CAD 499,959,000)	4,069,855 [531,014] (USD 37,713,465,000) [USD 4,998,255,000] (GBP 424,461,000)	1.125~ 3.375	General collateral	July 19, 2017 – November 16, 2027	
	JBIC bonds 13th,16th,19th, 22nd, 23rd, 29th, 30th	May 28, 2004 – May 29, 2008	199,982	99,989 [19,998]	1.670~ 2.090	General collateral	September 20, 2017 – December 19, 2025	*1
	JFC corporate bonds 3rd	October 29, 2009	19,996	19,997	1.430	General collateral	September 20, 2019	*2
	Non-guaranteed JBIC domestic bond 1st-3rd	January 27, 2015 – August 10, 2017	10,000	70,000	0.001~ 0.120	General collateral	December 20, 2019 – June 20, 2022	
	Total	—	¥ 3,301,565	¥ 4,392,597	—	—	—	—

(In millions of U.S. dollars)

Name of company	Description of bonds payable	Date of issuance	Balance at the beginning of current period	Balance at the end of current period	Interest rate (%)	Collateral	Maturity date	Remarks
JBIC	Government guaranteed JFC (JBIC) foreign bonds 9th	February 7, 2012	$ 1,319 (USD 1,249,078,000)	$ 1,250 [1,250] (USD1,249,574,000) [USD1,249,574,000]	2.125	General collateral	February 7, 2019	*2
	Government guaranteed JBIC foreign bonds 1st-32nd	July 19, 2012 – November 16, 2017	27,593 (USD 25,225,067,000) (GBP 424,263,000) (CAD 499,959,000)	38,308 [4,998] (USD 37,713,465,000) [USD 4,998,255,000] (GBP 424,461,000)	1.125~ 3.375	General collateral	July 19, 2017 – November 16, 2027	
	JBIC bonds 13th,16th,19th, 22nd, 23rd, 29th, 30th	May 28, 2004 – May 29, 2008	1,882	941 [188]	1.670~ 2.090	General collateral	September 20, 2017 – December 19, 2025	*1
	JFC corporate bonds 3rd	October 29, 2009	188	188	1.430	General collateral	September 20, 2019	*2
	Non-guaranteed JBIC domestic bond 1st-3rd	January 27, 2015 – August 10, 2017	94	659	0.001~ 0.120	General collateral	December 20, 2019 – June 20, 2022	
	Total	—	$ 31,076	$ 41,346	—	—	—	—

Notes 1. The amounts of foreign currency-denominated bonds are shown in original currencies in parentheses ( ).
2. Figures indicated in brackets [ ] represent the amounts to be redeemed within one year.
3. (*1) JBIC assumed the obligations in respect of the JBIC bonds which had been issued by JBIC before JFC was established, and JBIC and JICA are jointly responsible for these obligations in accordance with the JBIC Act.
(*2) JBIC also assumed from JFC the obligations concerning the government guaranteed JFC (JBIC) foreign bonds and the JFC corporate bonds, and JBIC and JFC are now jointly responsible for these obligations pursuant to the JBIC Act.
4. The redemption schedule of bonds payable for each of the next five years as of March 31, 2018 is as follows:

(In millions of yen)

	Within 1 year	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 4 years	After 4 years but within 5 years
Amount	¥ 684,000	¥ 441,840	¥ 846,937	¥ 371,840	¥ 491,520

(In millions of U.S. dollars)

	Within 1 year	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 4 years	After 4 years but within 5 years
Amount	$ 6,438	$ 4,159	$ 7,972	$ 3,500	$ 4,627

25. Borrowings

Borrowings as of March 31, 2018 are as follows;

	Balance at the beginning of current period (In millions of yen)	Balance at the beginning of current period (In millions of U.S. dollars)	Balance at the end of current period (In millions of yen)	Balance at the end of current period (In millions of U.S. dollars)	Average interest rate (%)	Due date of payment
Borrowed money	¥ 9,908,705	$ 93,267	¥ 8,370,758	$ 78,791	1.52	—
Borrowings	9,908,705	93,267	8,370,758	78,791	1.52	April 2018 – November 2037
Lease obligation (Due within one year)	3	0	—	—	—	—
Other interest-bearing liabilities	18,880	178	56,280	530	(0.06)	—
Cash collateral received for financial instruments	18,880	178	56,280	530	(0.06)	—

Notes 1. Average interest rates represent the weighted-average interest rates of debts calculated from the interest rates and balances of debt outstanding as at the end of the current period.
2. As for the lease obligation, there is no average lease rate since the short-cut method is applied for these transactions.
3. There is no fixed maturity date for the repayment of cash collateral received for financial instruments.
4. Borrowings maturities for the next five years as of March 31, 2018 are as follows;

(In millions of yen)

	Within 1 year	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 4 years	After 4 years but within 5 years
Borrowings	¥ 809,379	¥ 573,287	¥ 1,616,354	¥ 191,800	¥ 3,793,936

(In millions of U.S. dollars)

	Within 1 year	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 4 years	After 4 years but within 5 years
Borrowings	$ 7,618	$ 5,396	$ 15,214	$ 1,805	$ 35,711

26. Asset retirement obligation

This information is omitted because the amount of asset retirement obligation as of the beginning and end of the current fiscal year is equal to, or less than, one hundredth of the aggregated amount of liabilities and Net assets as of the beginning and end of the current fiscal year.

27. Other

Not applicable.

2. Financial Statements

■ Non-Consolidated Balance Sheets

		March 31, 2017 (In millions of yen)	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Assets:				
Cash and due from banks		**¥ 1,526,209**	**¥ 1,750,821**	**$ 16,480**
Cash		0	0	0
Due from banks		1,526,208	1,750,821	16,480
Securities	Note 3	**281,249**	**338,928**	**3,190**
Equity securities		—	255	2
Other securities		281,249	338,673	3,188
Loans and bills discounted	Note 4	**14,309,138**	**13,513,680**	**127,200**
Loans on deeds		14,309,138	13,513,680	127,200
Other assets		**261,790**	**377,370**	**3,551**
Prepaid expenses		653	630	6
Accrued income		68,861	84,663	797
Derivatives other than for trading-assets		1,972	43,355	408
Cash collateral paid for financial instruments		189,920	141,180	1,329
Other		382	107,539	1,011
Property, plant and equipment		**27,613**	**28,355**	**267**
Buildings		2,916	2,841	27
Land		24,311	24,311	229
Lease assets		5	—	—
Construction in progress		—	79	1
Other		380	1,122	10
Intangible assets		**2,711**	**3,464**	**33**
Software		2,711	3,464	33
Customers' liabilities for acceptances and guarantees		**2,384,997**	**2,259,369**	**21,267**
Allowance for loan losses		**(222,036)**	**(273,564)**	**(2,575)**
Total assets		**¥ 18,571,673**	**¥ 17,998,424**	**$ 169,413**

		March 31, 2017 (In millions of yen)	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Liabilities:				
Borrowed money		**¥ 9,908,705**	**¥ 8,370,758**	**$ 78,791**
Borrowings		9,908,705	8,370,758	78,791
Bonds payable	Note 5	**3,301,565**	**4,392,597**	**41,346**
Other liabilities		**461,442**	**435,385**	**4,098**
Accrued expenses		43,592	54,097	509
Unearned revenue		65,572	54,322	511
Derivatives other than for trading-assets		332,906	181,102	1,705
Cash collateral received for financial instruments		18,880	56,280	530
Lease obligations		3	—	—
Other		487	89,582	843
Provision for bonuses		**519**	**546**	**5**
Provision for directors' bonuses		**6**	**9**	**0**
Provision for retirement benefits		**6,807**	**6,785**	**64**
Provision for directors' retirement benefits		**16**	**25**	**0**
Acceptances and guarantees		**2,384,997**	**2,259,369**	**21,267**
Total liabilities		**¥ 16,064,061**	**¥ 15,465,477**	**$ 145,571**
Net assets:				
Capital stock		**¥ 1,683,000**	**¥ 1,765,200**	**$ 16,615**
Retained earnings		**842,366**	**883,615**	**8,317**
Legal retained earnings		800,754	821,601	7,733
Other retained earnings		41,612	62,014	584
Retained earnings brought forward		41,612	62,014	584
Total shareholders' equity		**2,525,366**	**2,648,815**	**24,932**
Valuation difference on available-for-sale securities		**2,468**	**(1,209)**	**(11)**
Deferred gains or losses on hedges		**(20,223)**	**(114,658)**	**(1,079)**
Total valuation and translation adjustments		**(17,755)**	**(115,868)**	**(1,090)**
Total net assets		**¥ 2,507,611**	**¥ 2,532,947**	**$ 23,842**
Total liabilities and net assets		**¥ 18,571,673**	**¥ 17,998,424**	**$ 169,413**

■ Non-Consolidated Statements of Operations

		March 31, 2017 (In millions of yen)	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Ordinary income:		**¥ 294,656**	**¥ 389,589**	**$ 3,667**
Interest income		259,250	336,748	3,170
Interest on loans and discounts		253,672	323,960	3,049
Interest and dividends on securities		755	1,829	17
Interest on deposits with banks		4,822	10,946	103
Other interest income		0	12	1
Fees and commissions		26,836	23,722	223
Other fees and commissions		26,836	23,722	223
Other ordinary income		—	128	1
Gain on sales of bonds		—	128	1
Other income		8,570	28,989	273
Recoveries of written-off claims		0	0	0
Gain on investments in partnerships	Note 8	8,421	28,832	271
Other		148	157	2
Ordinary expenses:		**253,118**	**327,495**	**3,083**
Interest expense		177,433	249,256	2,346
Interest on borrowed money and rediscounts		91,175	115,370	1,086
Interest on bonds		59,420	90,627	853
Interest on interest swaps		26,836	43,192	407
Other interest expense		—	65	0
Fees and commissions payments		1,919	1,807	17
Other fees and commissions		1,919	1,807	17
Other ordinary expenses		3,136	5,410	51
Loss on foreign exchange transactions		482	138	1
Amortization of bond issuance cost		1,662	2,309	22
Expenses on derivatives other than for trading or hedging		422	2,218	21
Other		569	743	7
General and administrative expenses		16,726	19,429	183
Other expenses		53,902	51,592	486
Provision of allowance for loan losses		53,855	51,528	485
Loss on sales of stocks and other securities		—	57	1
Other		46	6	0
Ordinary profit		**41,537**	**62,094**	**584**
Extraordinary income		**75**	**9**	**0**
Gain on disposal of noncurrent assets		75	9	0
Extraordinary loss		**—**	**8**	**0**
Loss on disposal of noncurrent assets		—	8	0
Net income		**¥ 41,612**	**¥ 62,095**	**$ 584**

■ Non-Consolidated Statements of Changes in Net Assets

From April 1, 2016 to March 31, 2017

(In millions of yen)

	Shareholders' equity				
		Retained earnings			
			Other retained earnings		
	Capital stock	Legal retained earnings	Retained earnings brought forward	Total retained earnings	Total shareholders' equity
Balance at the beginning of current period	¥ 1,391,000	¥ 929,368	¥ 42,772	¥ 972,140	¥ 2,363,140
Changes of items during the period					
Transfer to capital stock based on Article 3 (3) of the Supplementary Provisions of the Act for Partial Revision of the JBIC Act	150,000	(150,000)	—	(150,000)	—
Issuance of new shares	142,000	—	—	—	142,000
Provision of legal retained earnings	—	21,386	(21,386)	—	—
Payment to national treasury	—	—	(21,386)	(21,386)	(21,386)
Net income	—	—	41,612	41,612	41,612
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	292,000	(128,613)	(1,159)	(129,773)	162,226
Balance at the end of current period	¥ 1,683,000	¥ 800,754	¥ 41,612	¥ 842,366	¥ 2,525,366

(In millions of yen)

	Valuation and translation adjustments			
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
Balance at the beginning of current period	¥ 4,303	¥ 104,923	¥ 109,226	¥ 2,472,367
Changes of items during the period				
Transfer to capital stock based on Article 3 (3) of the Supplementary Provisions of the Act for Partial Revision of the JBIC Act	—	—	—	—
Issuance of new shares	—	—	—	142,000
Provision of legal retained earnings	—	—	—	—
Payment to national treasury	—	—	—	(21,386)
Net income	—	—	—	41,612
Net changes of items other than shareholders' equity	(1,835)	(125,146)	(126,982)	(126,982)
Total changes of items during the period	(1,835)	(125,146)	(126,982)	35,244
Balance at the end of current period	¥ 2,468	¥ (20,223)	¥ (17,755)	¥ 2,507,611

Note: In accordance with a plan under Article 3 of the Supplementary Provisions of the Act for Partial Revision of the Japan Bank for International Cooperation Act (Act No. 41 of 2016) (the "Supplementary Provisions of the Act"), Due from banks and ¥150,000 million of Legal retained earnings were transferred from the "Ordinary Operations" account to the "Special Operations" account. ¥150,000 million of Legal retained earnings transferred to the "Special Operations" account was reclassified as Capital stock in the "Special Operations" account based on Article 3 Paragraph (3) of the Supplementary Provisions of the Act.

From April 1, 2017 to March 31, 2018

(In millions of yen)

	Shareholders' equity				
		Retained earnings			
	Capital stock	Legal retained earnings	Other retained earnings: Retained earnings brought forward	Total retained earnings	Total shareholders' equity
Balance at the beginning of current period	¥ 1,683,000	¥ 800,754	¥ 41,612	¥ 842,366	¥ 2,525,366
Changes of items during the period					
Issuance of new shares	82,200	—	—	—	82,200
Provision of legal retained earnings	—	20,846	(20,846)	—	—
Payment to national treasury	—	—	(20,846)	(20,846)	(20,846)
Net income	—	—	62,095	62,095	62,095
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	82,200	20,846	20,401	41,248	123,448
Balance at the end of current period	¥ 1,765,200	¥ 821,601	¥ 62,014	¥ 883,615	¥ 2,648,815

(In millions of yen)

	Valuation and translation adjustments			
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
Balance at the beginning of current period	¥ 2,468	¥ (20,223)	¥ (17,755)	¥ 2,507,611
Changes of items during the period				
Issuance of new shares	—	—	—	82,200
Provision of legal retained earnings	—	—	—	—
Payment to national treasury	—	—	—	(20,846)
Net income	—	—	—	62,095
Net changes of items other than shareholders' equity	(3,677)	(94,435)	(98,113)	(98,113)
Total changes of items during the period	(3,677)	(94,435)	(98,113)	25,335
Balance at the end of current period	¥ (1,209)	¥ (114,658)	¥ (115,868)	¥ 2,532,947

From April 1, 2017 to March 31, 2018

(In millions of U.S. dollars)

	Shareholders' equity				
		Retained earnings			
	Capital stock	Legal retained earnings	Other retained earnings: Retained earnings brought forward	Total retained earnings	Total shareholders' equity
Balance at the beginning of current period	$ 15,841	$ 7,537	$ 392	$ 7,929	$ 23,770
Changes of items during the period					
Issuance of new shares	774	—	—	—	774
Provision of legal retained earnings	—	196	(196)	—	—
Payment to national treasury	—	—	(196)	(196)	(196)
Net income	—	—	584	584	584
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	774	196	192	388	1,162
Balance at the end of current period	$ 16,615	$ 7,733	$ 584	$ 8,317	$ 24,932

(In millions of U.S. dollars))

	Valuation and translation adjustments			
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
Balance at the beginning of current period	$ 23	$ (190)	$ (167)	$ 23,603
Changes of items during the period				
Issuance of new shares	—	—	—	774
Provision of legal retained earnings	—	—	—	—
Payment to national treasury	—	—	—	(196)
Net income	—	—	—	584
Net changes of items other than shareholders' equity	(34)	(889)	(923)	(923)
Total changes of items during the period	(34)	(889)	(923)	239
Balance at the end of current period	$ (11)	$ (1,079)	$ (1,090)	$ 23,842

■ Notes to Non-consolidated Financial Statements

1. Basis of presentation

The accompanying non-consolidated financial statements have been prepared from the accounting records maintained by Japan Bank for International Cooperation ("JBIC") in accordance with the accounting principles and practices generally accepted in Japan, which are different in certain aspects from the application and disclosure requirements of International Financial Reporting Standards.

The amounts indicated in millions of yen are rounded down by omitting figures less than one million. Totals may therefore not add up exactly because of this rounding.

Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥106.24=$1.00, the foreign exchange rate on March 31, 2018, has been used in translations. The presentation of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized, or settled in U.S. dollars at the aforementioned rate or any other rates.

2. Significant accounting policies

(a) Securities

Held-to-maturity securities are carried at amortized cost based on the moving average method. Investments in subsidiaries and affiliates are carried at cost based on the moving average method. Available-for-sale securities are in principle stated at fair value with changes in net unrealized gains or losses included directly in Net assets. However, available-for-sale securities whose fair value cannot be readily determined are carried at cost based on the moving average method.

Investments in partnerships for investment, which are regarded as securities under Article 2, Paragraph 2 of the Japanese Financial Instruments and Exchange Act (Act No. 25 of 1948), are recognized at an amount equivalent to JBIC's percentage share of the net assets of such partnerships, based upon the most recent financial statements available depending on the reporting date stipulated in the partnership agreement.

(b) Valuation method for derivative financial instruments

Derivative financial instruments are carried at fair value.

(c) Depreciation basis for fixed assets

(i) Property, plant and equipment (except for lease assets)

Tangible fixed assets are depreciated by the declining balance method over their useful economic lives except for buildings excluding installed facilities as well as installed facilities and structures acquired on or after April 1, 2016, which are depreciated by the straight-line method.

Depreciation is based on the following range of estimated useful lives:

Buildings: 3 years to 50 years
Other: 2 years to 35 years

(ii) Intangible assets (except for lease assets)

Depreciation of intangible fixed assets is computed by the straight-line method. Software used by JBIC is depreciated over its useful life (5 years or less) at JBIC.

(iii) Lease assets

Lease assets in "property, plant and equipment" or "intangible assets," under finance leases that do not involve transfer of ownership to the lessee are depreciated by the straight-line method over the lease term. Depreciation for lease assets is calculated with zero residual value being assigned to the asset.

(d) Method of amortization for deferred charges

Bond issuance cost is expensed as incurred.

(e) Foreign currency translation and revaluation method

JBIC maintains its accounting records in Japanese yen. Assets and liabilities denominated in foreign currencies are mostly translated into Japanese yen at the market exchange rate prevailing at the fiscal year end.

(f) Allowance for loan losses

Allowance for loan losses is recognized in accordance with internally established standards.

The allowance for claims on debtors who are legally bankrupt ("Bankrupt borrowers") or substantially bankrupt ("Substantially bankrupt borrowers") is provided based on the outstanding balance after the write-offs described *as below* and the deductions of the amount expected to be collected through the disposal of collateral and the execution of guarantees. The allowance for claims on debtors who are not legally bankrupt but are likely to become bankrupt

("Potentially bankrupt borrowers") is provided based on an assessment of the overall solvency of the debtors after deducting the amount expected to be collected through the disposal of collateral and the execution of guarantees.

The allowance for claims on debtors other than Bankrupt borrowers, Substantially bankrupt borrowers and Potentially bankrupt borrowers is provided primarily based on the default rate, which is calculated based on the actual defaults during a certain period in the past. The allowance for possible losses on specific overseas loans is provided based on the expected loss amount taking into consideration the political and economic situations of these countries.

All claims are assessed initially by the operational departments and subsequently by risk evaluation departments based on internal rules for self-assessment of asset quality. The risk evaluation departments, which is independent from the operational departments, review these self-assessments, and the allowance is provided based on the results of the assessments.

With respect to claims with collateral or guarantees on debtors who are legally or substantially bankrupt ("Bankrupt borrowers and substantially bankrupt borrowers"), the residual booked amount of the claims after deduction of the amount which is deemed collectable through the disposal of collateral or the execution of guarantees is written off. There are no accumulated write-offs as of March 31, 2017. (There were no accumulated write-offs as of March 31, 2016.)

(g) Provision for bonuses

The "provision for bonuses" is calculated and provided for based on the estimated amounts of future payments attributable to the services that have been rendered by employees to the date of the non-consolidated balance sheets.

(h) Provision for directors' bonuses

The "provision for directors' bonuses" is calculated and provided for based on the estimated amounts of future payments attributable to the services that have been rendered by directors to the date of the non-consolidated balance sheets.

(i) Provision for retirement benefits

The "provision for retirement benefits" represents the future payment for pension and retirement benefits to employees, and is accrued based on the projected benefit obligations and the estimated pension plan assets at the fiscal year end.

(i) Method of attributing the projected benefits to periods of services
In calculating the projected benefit obligation, the estimated amount of retirement benefit payments is attributed to the period up to the end of the fiscal year based on the benefit formula.

(ii) Accounting for actuarial gains or losses and prior service costs
Actuarial gains or losses and prior service costs are expensed as they are incurred.
(Additional information)
Effective April 1, 2013, JBIC has been authorized by the Minister of Health, Labor and Welfare to be exempt from the obligations to pay future amounts in respect of the portion of the welfare pension fund it manages for the government.

Subsequently on October 1, 2014, JBIC has been authorized to transfer to the government the past substitutional portion of the aforesaid fund. On September 22, 2017, *Kouko Kigyou Nenkin Kikin* (*Kouko* corporate pension fund) which JBIC participates in paid to the government ¥52,817 million ($497 million) of the transfer amount of the substitutional portion (i.e., minimum reserve). Its impact on profits or losses in the current fiscal year amounted to ¥3 million ($0 million) which was recognized in Other of Other expenses.

(j) Provision for directors' retirement benefits

The "provision for directors' retirement benefits," which provides for future retirement pension payment to directors, corporate auditors and executive officers, is recognized at the amount accrued at the end of the respective fiscal year.

(k) Accounting for hedges of interest rate risk

(i) Hedge accounting
The deferral method is applied to derivatives used for interest risk hedging purposes.

(ii) Hedging instruments and hedged items
Hedging instruments: interest rate swaps
Hedged items: loans, borrowed money, bonds and notes

(iii) Hedging policy
JBIC enters into hedging transactions up to the amount of the underlying hedged assets and liabilities.

(iv) Assessment of hedge effectiveness
JBIC assesses the effectiveness of designated hedges by measuring and comparing the change in fair value or cumulative change of cash flows of both hedging instruments and corresponding hedged items from the date of inception of the hedges to the assessment date.

(l) Accounting for hedges of foreign exchange risks

Hedging instruments used to hedge foreign exchange risks associated with foreign currency denominated monetary assets and liabilities are accounted for primarily using the deferral method, in accordance with the standard treatment of The Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 25 of July 29, 2002.

The effectiveness of the hedges described above is assessed by comparing the foreign currency position of the hedged loans and bills discounted and bonds payable denominated in foreign currencies with that of the hedging instruments, such as currency swaps and forward foreign exchange contracts which are used for hedging the foreign exchange risks of loans and bills discounted and bonds payable denominated in foreign currencies.

Furthermore, the deferred hedge is applied to some of the foreign exchange risk arising from investments in affiliates denominated in foreign currencies that are individually hedged using forward foreign exchange contracts as hedging instruments.

(m) Consumption and other taxes

Consumption taxes and local consumption taxes ("consumption taxes") are excluded from transaction amounts. Non-deductible consumption taxes related to property, plant and equipment are expensed as incurred.

3. Equity securities of or investments in subsidiaries and affiliates

	March 31, 2017 (In millions of yen)	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Equity securities	¥ 4,010	¥ 5,694	$ 54
Investments	89,721	130,689	1,230

4. Loans

(a) Bankrupt loans and non-accrual loans included in loans and bills discounted:

"Ordinary Operations" account

	March 31, 2017 (In millions of yen)	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Bankrupt loans	¥ —	¥ —	$ —
Non-accrual loans	3,748	188,842	1,778

"Special Operations" account

There are no applicable loans in the "Special Operations" account.

"Bankrupt loans" are loans, defined in Article 96, Paragraph 1, Item (iii), a. through e. and Item (iv) of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965), on which accrued interest income is not recognized as there is substantial uncertainty over the ultimate collectability of either principal or interest because they have been in arrears for a considerable period of time or for other reasons.

"Non-accrual loans" are loans on which accrued interest income is not recognized, although this excludes Bankrupt loans and the loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.

(b) Loans with interest or principal repayments three months or more in arrears included in loans and bills discounted:

"Ordinary Operations" account

	March 31, 2017 (In millions of yen)	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Loans with interest or principal repayments three months or more in arrears	¥ 53,399	¥ —	$ —

"Special Operations" account

There are no applicable loans in the "Special Operations" account.

"Loans with interest or principal repayments three months or more in arrears" are loans whose principal or interest payment is three months or more in arrears, and which do not fall under the category of "Bankrupt loans" and "Non-accrual loans."

(c) Restructured loans included in loans and bills discounted:

"Ordinary Operations" account

	March 31, 2017 (In millions of yen)	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Restructured loans	¥ 182,434	¥ 225,846	$ 2,126

"Special Operations" account

There are no applicable loans in the "Special Operations" account.

"Restructured loans" are loans whose repayment terms and conditions have been amended in favor of the borrowers (e.g. reduction of or exemption from the stated interest rate, the deferral of interest payments, the extension of principal repayments or waiver of claims) in order to support the borrowers' recovery from financial difficulties, and which do not fall under the category of "Bankrupt loans," "Non-accrual loans," or "Loans with interest or principal repayments three months or more in arrears."

(d) The total amount of bankrupt loans, non-accrual loans, loans with interest or principal repayments three months or more in arrears, and restructured loans:

"Ordinary Operations" account

	March 31, 2017 (In millions of yen)	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Total amount	¥ 239,582	¥ 414,688	$ 3,903

"Special Operations" account

There are no applicable loans in the "Special Operations" account.

The amounts of loans indicated in table (a) through (d) above are the gross amounts before the deduction of allowance for loan losses.

(e) JBIC, as a policy, does not extend loans to borrowers in part or in full immediately after the execution of the loan agreements, but instead execute loans, in accordance with the progress of the underlying projects. These undrawn amounts are not included in the loans on deed in the non-consolidated balance sheets. The balance of undrawn amounts is as follows:

	March 31, 2017 (In millions of yen)	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Balance of undrawn loans	¥ 2,447,815	¥ 1,665,471	$ 15,676

5. Assets pledged as collateral

Pursuant to Article 34 of the Japan Bank for International Cooperation Act ("JBIC Act"), all JBIC assets are pledged as general collateral for bonds:

	March 31, 2017 (In millions of yen)	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Bonds payable	¥ 3,301,565	¥ 4,392,597	$ 41,346

6. Contingent liabilities

Japan Finance Corporation ("JFC") assumed the obligations of the JFC bonds on April 1, 2012, and JBIC is jointly responsible for the obligations of these bonds. In accordance with Article 17 (2) of the Supplementary Provisions of the JBIC Act, all of JBIC's assets are pledged as general collateral for these joint obligations as follows.

March 31, 2017 (In millions of yen)	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
¥ 210,000	¥ 140,000	$ 1,318

7. Appropriation of retained earnings

JBIC is restricted in its ability to appropriate retained earnings in accordance with Article 31 of the JBIC Act.

Where the amount of retained earnings exceeds zero in respective accounts for operations defined in each item of Article 26-2 of the JBIC Act, JBIC accumulates, as a reserve, an amount calculated in accordance with the standards prescribed by the Cabinet Order until it reaches a certain amount stipulated by the Cabinet Order; and if there still is a surplus, JBIC pays such surplus into the national treasury within 3 months after the fiscal year end.

In the event that the amount of retained earnings falls below zero in respective accounts for operations defined in each item of Article 26-2 of the JBIC Act, a reserve shall be transferred to the retained earnings to the extent that the amount of retained earnings becomes zero.

8. Income on transactions with affiliates

Income on transactions with affiliates is as follows:

	March 31, 2017 (In millions of yen)	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Gain on investments in partnerships	¥ 8,151	¥ 22,221	$ 209

9. Marketable equity securities of and investments in subsidiaries and affiliates

Equity securities of and investments in subsidiaries and affiliates

Fiscal year ended March 31, 2017

There were no marketable equity securities of and investments in subsidiaries and affiliates

Fiscal year ended March 31, 2018

There were no marketable equity securities of and investments in subsidiaries and affiliates

Note: Balance sheet amount of equity securities of and investments in subsidiaries and affiliates whose fair value cannot be readily determined

	March 31, 2017 (In millions of yen)	March 31, 2018 (In millions of yen)	March 31, 2018 (In millions of U.S. dollars)
Equity securities of and investments in subsidiaries	¥ —	¥ 10,302	$ 97
Equity securities of and investments in affiliates	93,732	126,081	1,187
Total	¥ 93,732	¥ 136,384	$ 1,284

(*) The items above are not included in "marketable equity securities of and investments in subsidiaries and affiliates" because these items do not have market price and are extremely difficult to determine their fair value.

10. Deferred tax accounting

JBIC does not apply deferred tax accounting since JBIC is a nontaxable entity defined in the Article 2, Paragraph 5 of the Corporation Tax Act (Act No.34 of 1965).

11. Fixed assets

Fixed assets as of March 31, 2018 are as follows:

(In millions of yen)

Class of asset	Balance at the beginning of current year	Increase during the current year	Decrease during the current year	Balance at the end of current year	Accumulated depreciation	Depreciation	Net fixed assets
Property, plant and equipment							
Buildings	¥ 3,792	¥ 97	¥ 2	¥ 3,887	¥ 1,045	¥ 171	¥ 2,841
Land	24,311	—	—	24,311	—	—	24,311
Lease assets	44	—	44	—	—	5	—
Construction in progress	—	400	320	79	—	—	79
Other	1,241	988	55	2,174	1,051	232	1,122
Total property, plant and equipment	¥ 29,390	¥ 1,485	¥ 423	¥ 30,453	¥ 2,097	¥ 408	¥ 28,355
Intangible assets							
Software	¥ 6,284	¥ 1,796	¥ —	¥ 8,081	¥ 4,617	¥ 1,044	¥ 3,464
Total intangible assets	¥ 6,284	¥ 1,796	¥ —	¥ 8,081	¥ 4,617	¥ 1,044	¥ 3,464

(In millions of U.S. dollars)

Class of asset	Balance at the beginning of current year	Increase during the current year	Decrease during the current year	Balance at the end of current year	Accumulated depreciation	Depreciation	Net fixed assets
Property, plant and equipment							
Buildings	$ 36	$ 1	$ 0	$ 37	$ 10	$ 2	$ 27
Land	229	—	—	229	—	—	229
Lease assets	0	—	0	—	—	0	—
Construction in progress	—	4	3	1	—	—	1
Other	12	9	1	20	10	2	10
Total property, plant and equipment	$ 277	$ 14	$ 4	$ 287	$ 20	$ 4	$ 267
Intangible assets							
Software	$ 59	$ 17	$ —	$ 76	$ 43	$ 10	$ 33
Total intangible assets	$ 59	$ 17	$ —	$ 76	$ 43	$ 10	$ 33

12. Reserves

Reserves as of March 31, 2018 are as follows:

(In millions of yen)

	Balance at the beginning of current year	Increase during the fiscal year	Decrease during the fiscal year (use for purpose)	Decrease during the fiscal year (others)	Balance at the end of current year
Allowance for loan losses	¥ 222,036	¥ 273,512	¥ —	¥ 221,984	¥ 273,564
General allowance for loan losses	216,584	126,364	—	216,584	126,364
Specific allowance for loan losses	52	114,373	—	—	114,425
Allowance for possible losses on specific overseas loans	5,399	32,775	—	5,399	32,775
Provision for bonuses	519	546	519	—	546
Provision for directors' bonuses	6	9	6	—	9
Provision for directors' retirement benefits	16	11	3	—	25
Total	¥ 222,578	¥ 274,079	¥ 528	¥ 221,984	¥ 274,145

(In millions of U.S. dollars)

	Balance at the beginning of current year	Increase during the fiscal year	Decrease during the fiscal year (use for purpose)	Decrease during the fiscal year (others)	Balance at the end of current year
Allowance for loan losses	$ 2,090	$ 2,575	$ —	$ 2,090	$ 2,575
General allowance for loan losses	2,039	1,189	—	2,039	1,189
Specific allowance for loan losses	0	1,077	—	—	1,077
Allowance for possible losses on specific overseas loans	51	309	—	51	309
Provision for bonuses	5	5	5	—	5
Provision for directors' bonuses	0	0	0	—	0
Provision for directors' retirement benefits	0	0	0	—	0
Total	$ 2,095	$ 2,580	$ 5	$ 2,090	$ 2,580

Note. The main factors in the decrease during the fiscal year in each of the following reserves are as follows:
General allowance for loan losses: Decrease is due to reversal
Allowance for possible losses on specific overseas loans: Decrease is due to reversal

13. Components of major assets and liabilities

This information is omitted as consolidated financial statements are prepared.

14. Other

Not applicable.

(Supplementary Information) Financial Statements for Each Operation

JBIC is required to maintain separate accounts for the Ordinary Operations and the Special Operations in accordance with Article 26-2 of the Japan Bank for International Cooperation Act (JBIC Act). The separate financial statements for those operations that are prepared pursuant to Article 26-3 of the JBIC Act and Article 435-2 of the Companies Act of Japan have been subject to audit by Ernst & Young ShinNihon LLC according to Article 26-3 of the JBIC Act and Article 436-2(i) of the Companies Act. Although the balance sheets and statement of operations for each operation, as provided below, have been prepared based on the above-mentioned audited financial statements, the statements of cash flows have not been audited.

■ Balance Sheets

[Ordinary Operations Account]

As of March 31, 2018

(In millions of yen)

Accounts	Amounts	Accounts	Amounts
Assets:		**Liabilities:**	
Cash and due from banks	**1,500,902**	**Borrowed money**	**8,370,758**
Cash	0	Borrowings	8,370,758
Due from banks	1,500,902	**Bonds payable**	**4,392,597**
Securities	**338,928**	**Other liabilities**	**435,186**
Equity securities	255	Accrued expenses	54,095
Other securities	338,673	Unearned revenue	54,322
Loans and bills discounted	**13,512,657**	Derivatives other than for trading-assets	181,102
Loans on deeds	13,512,657	Cash collateral received for financial instruments	56,080
Other assets	**377,190**	Other	89,585
Prepaid expenses	625	**Provision for bonuses**	**541**
Accrued income	84,657	**Provision for directors' bonuses**	**9**
Derivatives other than for trading-assets	43,181	**Provision for retirement benefits**	**6,779**
Cash collateral paid for financial instruments	141,180	**Provision for directors' retirement benefits**	**25**
Other	107,546	**Acceptances and guarantees**	**2,259,369**
Property, plant and equipment	**28,355**	**Total liabilities**	**15,465,266**
Buildings	2,841	**Net assets:**	
Land	24,311	**Capital stock**	**1,514,200**
Construction in progress	79	**Retained earnings**	**883,901**
Other	1,122	Legal retained earnings	821,601
Intangible assets	**3,464**	Other retained earnings	62,300
Software	3,464	Retained earnings brought forward	62,300
Customers' liabilities for acceptances and guarantees	**2,259,369**	**Total shareholders' equity**	**2,398,101**
Allowance for loan losses	**(273,542)**	**Valuation difference on available-for-sale securities**	**(1,209)**
		Deferred gains or losses on hedges	**(114,833)**
		Total valuation and translation adjustments	**(116,042)**
		Total net assets	**2,282,059**
Total assets	**17,747,325**	**Total liabilities and net assets**	**17,747,325**

[Special Operations Account]

As of March 31, 2018

(In millions of yen)

Accounts	Amounts	Accounts	Amounts
Assets:		**Liabilities:**	
Cash and due from banks	**249,919**	**Other liabilities**	**210**
Due from banks	249,919	Accrued expenses	2
Loans and bills discounted	**1,023**	Unearned revenue	0
Loans on deeds	1,023	Derivatives other than for trading-assets	0
Other assets	**190**	Cash collateral received for financial instruments	200
Prepaid expenses	5	Other	7
Accrued income	6	**Provision for bonuses**	**4**
Derivatives other than for trading-assets	174	**Provision for directors' bonuses**	**0**
Other	4	**Provision for retirement benefits**	**6**
Allowance for loan losses	**(22)**	**Provision for directors' retirement benefits**	**0**
		Total liabilities	**222**
		Net assets:	
		Capital stock	**251,000**
		Retained earnings	**(286)**
		Other retained earnings	(286)
		Retained earnings brought forward	(286)
		Total shareholders' equity	**250,713**
		Deferred gains or losses on hedges	**174**
		Total valuation and translation adjustments	**174**
		Total net assets	**250,888**
Total assets	**251,110**	**Total liabilities and net assets**	**251,110**

■ Statement of Operations

[Ordinary Operations Account]

April 1, 2017–March 31, 2018 (In millions of yen)

Accounts	Amounts
Ordinary income:	**389,599**
Interest income	336,747
Interest on loans and discounts	323,959
Interest and dividends on securities	1,829
Interest on deposits with banks	10,946
Other interest income	12
Fees and commissions	23,722
Other fees and commissions	23,722
Other ordinary income	128
Gain on sales of bonds	128
Other income	29,000
Recoveries of written-off claims	0
Gain on investments in partnerships	28,832
Other	168
Ordinary expenses:	**327,300**
Interest expense	249,256
Interest on borrowed money and rediscounts	115,370
Interest on bonds	90,627
Interest on interest swaps	43,191
Other interest expense	65
Fees and commissions payments	1,792
Other fees and commissions	1,792
Other ordinary expenses	5,410
Loss on foreign exchange transactions	138
Amortization of bond issuance cost	2,309
Expenses on derivatives other than for trading or hedging	2,218
Other	743
General and administrative expenses	19,272
Other expenses	51,569
Provision of allowance for loan losses	51,505
Loss on sales of stocks and other securities	57
Other	6
Ordinary profit	**62,298**
Extraordinary income	**9**
Gain on disposal of noncurrent assets	9
Extraordinary loss	**8**
Loss on disposal of noncurrent assets	8
Net income	**62,300**

[Special Operations Account]

April 1, 2017–March 31, 2018 (In millions of yen)

Accounts	Amounts
Ordinary income:	**2**
Interest income	1
Interest on loans and discounts	1
Interest on deposits with banks	0
Other interest income	0
Other income	1
Other	1
Ordinary expenses:	**207**
Interest expense	0
Interest on interest swaps	0
Other interest expense	0
Fees and commissions payments	14
Other fees and commissions	14
General and administrative expenses	169
Other expenses	22
Provision of allowance for loan losses	22
Ordinary loss	**204**
Net loss	**204**

■ Statements of Cash Flows

[Ordinary Operations Account]

April 1, 2017–March 31, 2018 (In millions of yen)

Accounts	Amounts
Cash flow from operating activities	
Net income	62,300
Depreciation and amortization	1,452
Increase (decrease) in allowance for loan losses	51,505
Increase (decrease) in provision for bonuses	26
Increase (decrease) in provision for directors' bonuses	2
Increase (decrease) in provision for retirement benefits	(27)
Increase (decrease) in provision for directors' retirement benefits	8
Interest income	(336,747)
Interest expense	249,256
Loss (gain) related to securities	(28,904)
Foreign exchange losses (gains)	(1,748)
Loss (gain) on disposal of noncurrent assets	(1)
Net decrease (increase) in loans and bills discounted	796,480
Net increase (decrease) in borrowed money	(1,537,947)
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	120,480
Increase (decrease) in straight bonds-issuance and redemption	1,088,786
Interest received	321,618
Interest paid	(236,405)
Other	(231,345)
Subtotal	318,791
Net cash provided by (used in) operating activities	318,791
Cash flow from investing activities	
Purchase of securities	(69,885)
Proceeds from sales of securities	25,883
Proceeds from redemption of securities	12,900
Purchase of property, plant and equipment	(1,161)
Proceeds from sales of property, plant and equipment	15
Purchase of intangible assets	(1,796)
Net cash provided by (used in) investing activities	(34,045)
Cash flow from financing activities	
Proceeds from issuance of new shares	33,700
Repayments of lease obligations	(6)
Payment to national treasury	(20,846)
Net cash provided by (used in) financing activities	12,846
Effect of exchange rate change on cash and cash equivalents	—
Net increase (decrease) in cash and cash equivalents	**297,592**
Cash and cash equivalents at beginning of period	**682,106**
Cash and cash equivalents at end of period	**979,699**

[Special Operations Account]

April 1, 2017–March 31, 2018 (In millions of yen)

Accounts	Amounts
Cash flow from operating activities	
Net loss	(204)
Increase (decrease) in allowance for loan losses	22
Increase (decrease) in provision for bonuses	0
Increase (decrease) in provision for directors' bonuses	0
Increase (decrease) in provision for retirement benefits	5
Increase (decrease) in provision for directors' retirement benefits	0
Interest income	(1)
Interest expense	0
Net decrease (increase) in loans and bills discounted	(1,023)
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	2
Interest received	0
Interest paid	(0)
Other	200
Subtotal	(998)
Net cash provided by (used in) operating activities	(998)
Cash flow from investing activities	
Net cash provided by (used in) investing activities	—
Cash flow from financing activities	
Proceeds from issuance of new shares	48,500
Net cash provided by (used in) financing activities	48,500
Effect of exchange rate change on cash and cash equivalents	—
Net increase (decrease) in cash and cash equivalents	**47,501**
Cash and cash equivalents at beginning of period	**202,409**
Cash and cash equivalents at end of period	**249,911**

2 Composition of Liabilities and Net Assets

[The Bank]

(Unit: millions of yen, %)

	March 31, 2017		March 31, 2018	
	Amount	%(Note)	Amount	%(Note)
Liabilities	16,064,061	86.5	15,465,477	85.9
Borrowed Money	9,908,705	53.4	8,370,758	46.5
Bonds Payable	3,301,565	17.8	4,392,597	24.4
Acceptances and Guarantees	2,384,997	12.8	2,259,369	12.6
Other	468,792	2.5	442,752	2.5
Net Assets	2,507,611	13.5	2,532,947	14.1
Capital Stock	1,683,000	9.1	1,765,200	9.8
Retained Earnings	842,366	4.5	883,615	4.9
Valuation Difference on Available-for-sale Securities	2,468	0.0	(1,209)	(0.0)
Deferred Gains or Losses on Hedges	(20,223)	(0.1)	(114,658)	(0.6)
Total Liabilities and Net Assets	**18,571,673**	**100**	**17,998,424**	**100**

(Note) Ratio to Liabilities and Net Assets added.

(Information on the Capital Adequacy Ratios)

Although JBIC is not subject to Article 14-2 of the Banking Act of Japan, capital adequacy ratios have been calculated in accordance with "Standards for Determining Capital Adequacy of a Financial Institution in Light of Assets Held, etc. under the Provision of Article 14-2 of the Banking Act" (2006, Financial Services Agency Notification No. 19). JBIC applies uniform international standards and calculate credit risk-weighted assets using the standardized approach.

(Unit: %, billions of yen)

Total risk-weighted capital ratio	19.18
Tier 1 risk-weighted capital ratio	18.29
Common Equity Tier 1 risk-weighted capital ratio	18.29
Total capital (Common Equity Tier 1 capital + Additional Tier 1 capital + Tier 2 capital)	2,739.3
Tier 1 capital (Common Equity Tier 1 capital + Additional Tier 1 capital)	2,612.9
Common Equity Tier 1 capital	2,612.9
Risk-weighted assets	14,282.2
The amount of minimum capital requirements	1,142.5

[Ordinary Operations Account]

(Unit: millions of yen, %)

	March 31, 2017		March 31, 2018	
	Amount	%(Note)	Amount	%(Note)
Liabilities	16,063,972	87.5	15,465,266	87.1
Borrowed Money	9,908,705	53.9	8,370,758	47.2
Bonds Payable	3,301,565	18.0	4,392,597	24.8
Acceptances and Guarantees	2,384,997	13.0	2,259,369	12.7
Other	468,703	2.6	442,541	2.5
Net Assets	2,305,278	12.5	2,282,059	12.9
Capital Stock	1,480,500	8.1	1,514,200	8.5
Retained Earnings	842,448	4.6	883,901	5.0
Valuation Difference on Available-for-sale Securities	2,468	0.0	(1,209)	(0.0)
Deferred Gains or Losses on Hedges	(20,137)	(0.1)	(114,833)	(0.6)
Total Liabilities and Net Assets	**18,369,251**	**100**	**17,747,325**	**100**

(Note) Ratio to Liabilities and Net Assets added.

[Special Operations Account]

(Unit: millions of yen, %)

	March 31, 2017		March 31, 2018	
	Amount	%(Note)	Amount	%(Note)
Liabilities	99	0.0	222	0.1
Borrowed Money	—	—	—	—
Bonds Payable	—	—	—	—
Acceptances and Guarantees	—	—	—	—
Other	99	0.0	222	0.1
Net Assets	202,333	100.0	250,888	99.9
Capital Stock	202,500	100.0	251,000	100.0
Retained Earnings	(81)	(0.0)	(286)	(0.1)
Valuation Difference on Available-for-sale Securities	—	—	—	—
Deferred Gains or Losses on Hedges	(85)	(0.0)	174	0.1
Total Liabilities and Net Assets	**202,432**	**100**	**251,110**	**100**

(Note) Ratio to Liabilities and Net Assets added.

3 The Average Balance of Interest-earning Assets and Interest-bearing Liabilities, Interest and Earning Yields

[The Bank]

(Unit: millions of yen, %)

	Fiscal Year Ended March 31, 2017			Fiscal Year Ended March 31, 2018		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-earning Assets	14,734,753	259,249	1.76	15,561,461	336,671	2.16
Loans and Bills Discounted	13,705,266	253,672	1.85	14,210,257	323,960	2.28
Due from Banks	636,916	4,822	0.76	863,557	10,946	1.27
Interest-bearing Liabilities	12,798,740	177,433	1.39	13,651,238	249,179	1.83
Borrowed Money	9,854,878	91,175	0.93	9,457,769	115,370	1.22
Bonds Payable	2,863,393	59,420	2.08	4,168,081	90,627	2.17

[Ordinary Operations Account]

(Unit: millions of yen, %)

	Fiscal Year Ended March 31, 2017			Fiscal Year Ended March 31, 2018		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-earning Assets	14,734,753	259,249	1.76	15,561,298	336,669	2.16
Loans and Bills Discounted	13,705,266	253,672	1.85	14,210,231	323,959	2.28
Due from Banks	636,916	4,822	0.76	863,550	10,946	1.27
Interest-bearing Liabilities	12,798,740	177,433	1.39	13,651,195	249,178	1.83
Borrowed Money	9,854,878	91,175	0.93	9,457,769	115,370	1.22
Bonds Payable	2,863,393	59,420	2.08	4,168,081	90,627	2.17

[Special Operations Account]

(Unit: millions of yen, %)

	Fiscal Year Ended March 31, 2017			Fiscal Year Ended March 31, 2018		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-earning Assets	—	—	—	163	1	0.83
Loans and Bills Discounted	—	—	—	25	1	5.57
Due from Banks	—	—	—	6	0	0.20
Interest-bearing Liabilities	—	—	—	42	0	1.26
Borrowed Money	—	—	—	—	—	—
Bonds Payable	—	—	—	—	—	—

4 Breakdown of Operating Expenses

[The Bank]

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
Salaries and Other Compensations	5,332	5,559
Expenses for Retirement Benefits	253	626
Welfare Benefits	726	769
Depreciation of Property, Plant and Equipment	1,209	1,452
Leasing on Land, Buildings and Machinery	175	215
Building Maintenance	242	305
Supplies	153	282
Utilities	81	81
Traveling Expenses	1,377	1,477
Communications	130	181
Advertising Expenses	2	3
Fees, Donations and Social Expenses	21	21
Taxes	373	452
Other	6,646	7,999
Total	**16,726**	**19,429**

[Ordinary Operations Account]

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
Salaries and Other Compensations	5,309	5,511
Expenses for Retirement Benefits	250	620
Welfare Benefits	722	762
Depreciation of Property, Plant and Equipment	1,209	1,452
Leasing on Land, Buildings and Machinery	174	213
Building Maintenance	240	303
Supplies	153	279
Utilities	80	80
Traveling Expenses	1,371	1,465
Communications	129	180
Advertising Expenses	2	3
Fees, Donations and Social Expenses	21	20
Taxes	372	448
Other	6,617	7,929
Total	**16,657**	**19,272**

[Special Operations Account]

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
Salaries and Other Compensations	23	47
Expenses for Retirement Benefits	2	6
Welfare Benefits	4	6
Leasing on Land, Buildings and Machinery	6	14
Building Maintenance	1	2
Supplies	0	2
Utilities	0	0
Traveling Expenses	6	12
Communications	0	1
Advertising Expenses	0	0
Fees, Donations and Social Expenses	0	0
Taxes	0	3
Other	29	69
Total	**74**	**169**

5 Balance of Due from Banks, Receivables under Resale Agreements and Securities—Application of Surplus Funds

[The Bank]

(Unit: millions of yen)

	March 31, 2017	March 31, 2018
Due from Banks in Japanese Yen	90,000	90,000
Due from Banks in Foreign Currencies	522,113	423,756
Receivables under Resale Agreements	—	—
Securities	—	—

[Ordinary Operations Account]

(Unit: millions of yen)

	March 31, 2017	March 31, 2018
Due from Banks in Japanese Yen	90,000	90,000
Due from Banks in Foreign Currencies	522,113	423,756
Receivables under Resale Agreements	—	—
Securities	—	—

[Special Operations Account]

(Unit: millions of yen)

	March 31, 2017	March 31, 2018
Due from Banks in Japanese Yen	—	—
Due from Banks in Foreign Currencies	—	—
Receivables under Resale Agreements	—	—
Securities	—	—

6 Information on Derivatives Transactions

(1) Basic Policy for Derivatives Transactions

JBIC engages in derivatives transactions exclusively for the purpose of hedging exchange rate and interest rate risks.

(2) Transactions

Derivatives transactions of JBIC include interest rate and currency swaps and forward exchange contracts. The following table gives a summary of these transactions.

(3) Risks Involved in Derivatives Transactions

Derivatives transactions involve the following risks.

Counterparty Credit Risk

The potential loss from the failure of a counterparty to perform its obligations in accordance with the terms and conditions of the contract governing transactions due to bankruptcy or its deteriorating business performance.

Market Risk

The potential loss from changes in the market value of financial products due to fluctuations in interest rates or exchange rates in the market.

(4) Measures to Address These Risks

Counterparty Credit Risk

JBIC constantly monitors the fair value of a derivative in conducting transaction with each counterparty, credit risk exposure to it and its creditworthiness. Such information is then used to assess the eligibility of the counterparty.

Market Risk

JBIC utilizes derivatives transactions exclusively for the purpose of hedging. Therefore, the market risk on derivatives transactions and the risk on hedged (lending or funding) transactions, in principle, offset each other.

(As of March 31, 2018; 100 millions of yen)

	Contract Amounts / Notional Amounts	Credit Risk Amounts	Market Value
Interest Rate Swaps	50,074	586	(1,199)
Currency Swaps	32,744	3,349	(171)
Forward Exchange Contracts	948	8	(6)
Other Derivatives	—	—	—
Credit Risk Mitigation through Netting		(2,359)	
Total	**83,767**	**1,585**	**(1,377)**

(Note) "The credit risk amounts" are calculated under Uniform International Standards in accordance with the Banking Act of Japan and the related regulations.

7 Yield / Interest Rate

[The Bank]

(Unit: %)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
(A) – (B)	0.22	0.17
Yields on Interest-earning Assets (A)	1.76	2.16
Costs of Interest-bearing Liabilities (B)	1.53	1.99

(Note) Yields on Interest-earning Assets = Interest / Average Balance of Interest-earning Assets
Costs of Interest-bearing Liabilities = (Interest Expenses + Bonds Payable + Expenses) / Average Balance of Interest-bearing Liabilities
Cf. Interest = Interest on Loans and Discounts + Interest and Dividends on Securities + Interest on Receivables under Resale Agreements + Interest on Deposits with Banks + Interest on interest swaps + Other interest income
Average Balance of Interest-earning Assets = Loans and Bills Discounted + Securities + Receivables under Resale Agreements + Cash Equivalents (excluding current account deposit and others) + Cash collateral paid for financial instruments
Interest Expenses = Interest on Borrowings and Rediscounts + Interest on Bonds + Interest on interest swaps + Other interest expenses
Average Balance of Interest-bearing Liabilities = Borrowed Money + Bonds Payable + Cash collateral received for financial instruments

[Ordinary Operations Account]

(Unit: %)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
(A) – (B)	0.23	0.17
Yields on Interest-earning Assets (A)	1.76	2.16
Costs of Interest-bearing Liabilities (B)	1.53	1.99

(Note) Yields on Interest-earning Assets = Interest / Average Balance of Interest-earning Assets
Costs of Interest-bearing Liabilities = (Interest Expenses + Bonds Payable + Expenses) / Average Balance of Interest-bearing Liabilities
Cf. Interest = Interest on Loans and Discounts + Interest and Dividends on Securities + Interest on Receivables under Resale Agreements + Interest on Deposits with Banks + Interest on interest swaps + Other interest income
Average Balance of Interest-earning Assets = Loans and Bills Discounted + Securities + Receivables under Resale Agreements + Cash Equivalents (excluding current account deposit and others) + Cash collateral paid for financial instruments
Interest Expenses = Interest on Borrowings and Rediscounts + Interest on Bonds + Interest on interest swaps + Other interest expenses
Average Balance of Interest-bearing Liabilities = Borrowed Money + Bonds Payable + Cash collateral received for financial instruments

[Special Operations Account]

(Unit: %)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
(A) – (B)	—	(395.43)
Yields on Interest-earning Assets (A)	—	0.83
Costs of Interest-bearing Liabilities (B)	—	396.26

(Note) Yields on Interest-earning Assets = Interest / Average Balance of Interest-earning Assets
Costs of Interest-bearing Liabilities = (Interest Expenses + Bonds Payable + Expenses) / Average Balance of Interest-bearing Liabilities
Cf. Interest = Interest on Loans and Discounts + Interest and Dividends on Securities + Interest on Receivables under Resale Agreements + Interest on Deposits with Banks + Interest on interest swaps + Other interest income
Average Balance of Interest-earning Assets = Loans and Bills Discounted + Securities + Receivables under Resale Agreements + Cash Equivalents (excluding current account deposit) + Cash collateral paid for financial instruments
Interest Expenses = Interest on Borrowings and Rediscounts + Interest on Bonds + Interest on interest swaps + Other interest expenses
Average Balance of Interest-bearing Liabilities = Borrowed Money + Bonds Payable + Cash collateral received for financial instruments

8 Loans Outstanding per Employee

(Unit: millions of yen)

March 31, 2017	March 31, 2018
25,689	23,502

9 Loans Outstanding by Industry

(Unit: millions of yen)

Industry	March 31, 2017		March 31, 2018	
	Number of Loans	Balance	Number of Loans	Balance
Manufacturing	118	449,982	114	413,682
Mining and Quarrying of Stone and Gravel	7	292,205	7	301,241
Electricity, Gas, Heat Supply, and Water	6	283,157	5	227,705
Information and Communications	1	164,409	—	—
Transport and Postal Services	4	11,710	4	10,447
Wholesale Trade	22	731,958	23	597,248
Retail Trade	—	—	1	318
Finance and Insurance	20	2,817,416	21	2,848,383
Real Estate	—	—	1	361
Goods Rental and Leasing	3	146,959	3	128,400
Scientific Research, Professional and Technical Service	1	857	1	642
Accommodations	1	458	1	388
Overseas Yen Loan and Domestic Loans Transferred Overseas	530	9,477,243	519	9,052,082
Total, Including Others	**713**	**14,376,360**	**700**	**13,580,902**
Loans Outstanding to Small and Medium-sized Enterprises	247	55,077	264	55,660
Loans Outstanding to Mid-tier Enterprises	200	148,907	216	133,770

(Note) In this table, small and medium-sized enterprises are defined as domestic corporations with the capital of ¥300 million or less or corporations and individuals having 300 or less employees on the regular pay roll.
Mid-tier enterprises are defined as domestic corporations with the capital of ¥1 billion or less (excluding small and medium-sized enterprises).

10 Write-off of Loans

[Ordinary Operations Account]

(Unit: millions of yen)

Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
—	—

[Special Operations Account]

(Unit: millions of yen)

Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
—	—

11 Assets in Foreign Currencies (Loans and Equity Participation)

[The Bank]

(Unit: millions of yen)

	March 31, 2017	March 31, 2018
Investments in Foreign Currency (USD)	134,854	171,073
Investments in Foreign Currency (RUB)	—	10,047
Equity Investments in Foreign Currency (USD)	49,402	47,577
Equity Investments in Foreign Currency (EUR)	14,379	16,185
Equity Investments in Foreign Currency (THB)	19	19
Equity Investments in Foreign Currency (CNY)	1,816	1,727
Equity Investments in Foreign Currency (INR)	1,544	1,875
Equity Investments in Foreign Currency (SGD)	13,324	13,449
Loans in Foreign Currency (USD)	12,419,208	11,887,060
Loans in Foreign Currency (GBP)	37,814	105,646
Loans in Foreign Currency (EUR)	219,330	247,736
Loans in Foreign Currency (ZAR)	5,734	1,490
Loans in Foreign Currency (AUD)	267,186	242,320
Loans in Foreign Currency (THB)	24,779	21,484
Loans in Foreign Currency (SDR)	17,861	10,085
Loans in Foreign Currency (CAD)	83,941	80,955
Loans in Foreign Currency (CNY)	1,710	1,458
Loans in Foreign Currency (INR)	1,045	1,140
Loans in Foreign Currency (MXN)	4,886	5,300
Loans in Foreign Currency (IDR)	1,439	419
Loans in Foreign Currency (RUB)	3,600	6,660

[Ordinary Operations Account]

(Unit: millions of yen)

	March 31, 2017	March 31, 2018
Investments in Foreign Currency (USD)	134,854	171,073
Investments in Foreign Currency (RUB)	—	10,047
Equity Investments in Foreign Currency (USD)	49,402	47,577
Equity Investments in Foreign Currency (EUR)	14,379	16,185
Equity Investments in Foreign Currency (THB)	19	19
Equity Investments in Foreign Currency (CNY)	1,816	1,727
Equity Investments in Foreign Currency (INR)	1,544	1,875
Equity Investments in Foreign Currency (SGD)	13,324	13,449
Loans in Foreign Currency (USD)	12,419,208	11,886,491
Loans in Foreign Currency (GBP)	37,814	105,646
Loans in Foreign Currency (EUR)	219,330	247,736
Loans in Foreign Currency (ZAR)	5,734	1,490
Loans in Foreign Currency (AUD)	267,186	242,320
Loans in Foreign Currency (THB)	24,779	21,484
Loans in Foreign Currency (SDR)	17,861	10,085
Loans in Foreign Currency (CAD)	83,941	80,955
Loans in Foreign Currency (CNY)	1,710	1,458
Loans in Foreign Currency (INR)	1,045	1,140
Loans in Foreign Currency (MXN)	4,886	5,300
Loans in Foreign Currency (IDR)	1,439	419
Loans in Foreign Currency (RUB)	3,600	6,660

[Special Operations Account]

(Unit: millions of yen)

	March 31, 2017	March 31, 2018
Investments in Foreign Currency (USD)	—	—
Investments in Foreign Currency (RUB)	—	—
Equity Investments in Foreign Currency (USD)	—	—
Equity Investments in Foreign Currency (EUR)	—	—
Equity Investments in Foreign Currency (THB)	—	—
Equity Investments in Foreign Currency (CNY)	—	—
Equity Investments in Foreign Currency (INR)	—	—
Equity Investments in Foreign Currency (SGD)	—	—
Loans in Foreign Currency (USD)	—	568
Loans in Foreign Currency (GBP)	—	—
Loans in Foreign Currency (EUR)	—	—
Loans in Foreign Currency (ZAR)	—	—
Loans in Foreign Currency (AUD)	—	—
Loans in Foreign Currency (THB)	—	—
Loans in Foreign Currency (SDR)	—	—
Loans in Foreign Currency (CAD)	—	—
Loans in Foreign Currency (CNY)	—	—
Loans in Foreign Currency (INR)	—	—
Loans in Foreign Currency (MXN)	—	—
Loans in Foreign Currency (IDR)	—	—
Loans in Foreign Currency (RUB)	—	—

12 Administrative Expense Ratio

[The Bank]

(Units: %)

Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
0.10	0.12

(Note) Administrative Expense Ratio = General and Administrative Expenses / (Average Balance of Loans and Bills Discounted + Average Balance of Securities + Average Balance of Customers' Liabilities for Acceptances and Guarantees)

[Ordinary Operations Account]

(Units: %)

Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
0.10	0.11

(Note) Administrative Expense Ratio = General and Administrative Expenses / (Average Balance of Loans and Bills Discounted + Average Balance of Securities + Average Balance of Customers' Liabilities for Acceptances and Guarantees)

[Special Operations Account]

(Units: %)

Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
(Note2)	670.50

(Note) 1. Administrative Expense Ratio = General and Administrative Expenses / (Average Balance of Loans and Bills Discounted + Average Balance of Securities + Average Balance of Customers' Liabilities for Acceptances and Guarantees)
2. Administrative Expense Ratio is not calculated. Because there is no applicable loans and bills discounted, securities and customers' liabilities for acceptances and guarantees in the Special Operation Account as of March 31, 2017.

13 Balance of Loans / Borrowings, Bonds and Notes by Maturity

Maturity Structure of Loans as of March 31, 2018

(Unit: 100 millions of yen)

Maturity	Collection from Loans
1 Year or Less	14,314
1–2 Years	14,592
2–3 Years	16,080
3–4 Years	12,668
4–5 Years	13,021
5–6 Years	10,964
6–7 Years	12,309
7–8 Years	9,011
8–9 Years	6,361
9–10 Years	6,975
11-15 Years	13,927
16-20 Years	2,095
21-25 Years	894
26-30 Years	32
31-35 Years	—
36-40 Years	—
Over 40 Years	—
Total	**133,248**

(Note) The figures exclude: ¥188,842 million, the amount of loans and other credits to debtors who are legally or substantially bankrupt, as well as those who are likely to become bankrupt, since they have no prospect for redemption.

Maturity Structure of Borrowings from FILP Fiscal Loan and Foreign Exchange Fund Special Account in total as of March 31, 2018

(Unit: 100 millions of yen)

Maturity	Repayment of Borrowings
1 Year or Less	8,093
1–2 Years	5,732
2–3 Years	16,163
3–4 Years	1,918
4–5 Years	37,939
5–6 Years	4,751
6–7 Years	1,108
7–8 Years	1,230
8–9 Years	3,871
9–10 Years	1,210
Over 10 Years	1,690
Total	**83,707**

Maturity Structure of Bonds and Notes as of March 31, 2018

(Unit: 100 millions of yen)

Maturity	Redemption of Bonds and Notes
1 Year or Less	6,840
1–2 Years	4,418
2–3 Years	8,469
3–4 Years	3,718
4–5 Years	4,915
5–6 Years	1,062
6–7 Years	2,124
7–8 Years	2,856
8–9 Years	5,099
9–10 Years	4,515
Over 10 Years	—
Total	**44,019**

14 Information on the Quality of Assets

Although the Banking Act and Act on Emergency Measures for the Revitalization of the Financial Functions of 1998 (the "Financial Revitalization Act") do not apply to JBIC, JBIC has made a self-assessment of the quality of its assets since the fiscal year ended March 31, 2001, in accordance with the standards set forth in the *Inspection Manual for Deposit-Taking Institutions* of the Financial Services Agency of Japan. This was aimed at increasing disclosure on its asset quality and improving the internal management of credit risks.

One characteristic of JBIC's operations is that a considerable portion of its loans is official credit for the governments of developing countries. Thus, when an indebted country is temporarily unable to service debt due to economic difficulties, debt rescheduling will sometimes take place—based on an international agreement among the creditor countries in the Paris Club—in order to ensure sustainable debt service. A debtor country receiving such temporary support for overcoming the liquidity problem will implement economic restructuring programs agreed upon with the International Monetary Fund (IMF) to acquire sustainable debt service capacity.

The loans rescheduled under the agreement in the Paris Club have a high probability of repayment, because, unlike loans provided by private financial institutions, their nature as official credit provides an asset-securing mechanism under the above international framework. Nonetheless, to facilitate comparison with private financial institutions, JBIC, in principle, discloses the loans rescheduled in the Paris Club and whose debtor countries are categorized as "Needs Attention" in its self-assessment of asset quality, as loan assets required to be disclosed classifying them either as restructured loans (under the Banking Act) or substandard loans (under the Financial Revitalization Act).

ERNST & YOUNG SHINNIHON LLC audited JBIC's self-assessment regarding the quality of its assets, including the following risk-monitored loans, loans to be disclosed under the Financial Revitalization Act and reserves for possible loan losses, in accordance with the *Practical Guidelines for Evaluation of Internal Control over Valuation of Assets and Audits for Write-Offs and Reserve for Possible Loan Losses of Banks and Similar Institutions* (Report No. 4 of the Ad Hoc Committee for Audits of Banks, the Japanese Institute of Certified Public Accountants (JICPA)).

1. Risk-Monitored Loans

The following table shows the classification of risk-monitored loans based on the self-assessment of asset quality in accordance with the disclosure standard of risk-monitored loans applied to commercial financial institutions (under the Banking Act).

Each category of risk-monitored loans is defined as follows:

i. Bankrupt Loans

Among loans that are placed in non-accrual status (except the portion deduced as allowance for loan losses), when collection of either principal or interest becomes doubtful for the reason that principal or interest is past due for a considerable period of time or for other reasons, those loans for which there is filing of reorganization procedures under the Corporate Reorganization Act rehabilitation procedures under the Civil Rehabilitation Act, bankruptcy procedures under the Bankruptcy Act, special liquidation procedures under the Companies Act or other relevant laws, or there is suspension of transactions in promissory notes issued by the debtors in the clearing house.

ii. Non-accrual Loans

Loans that are placed in non-accrual status except those classified as "Bankrupt Loans" or those whose interest payments are deferred in order to expedite the debtors' business restructuring or support their business operations.

iii. Past Due Loans (3 months or more)

Loans whose principal or interest is past due 3 months or more from the date following the contractually scheduled payment date and not classified as "Bankrupt Loans" or "Non-accrual Loans".

iv. Restructured Loans

Loans whose terms and conditions are modified in favor of the debtors in order to expedite the debtors' business restructuring or support their business operations by, among others, reducing the stated interest rate, deferring interest payments or write-downs, and that are not classified as "Bankrupt Loans", "Non-accrual Loans" and "Past Due Loans (3 months or more)".(Note)

[Ordinary Operations Account] (Unit: millions of yen)

	Fiscal Year Ended March 31,2017	Fiscal Year Ended March 31,2018
Bankrupt Loans	—	—
Non-accrual Loans	3,748	188,842
Past Due Loans (3 months or more)	53,399	—
Restructured Loans	182,434	225,846
Total (1)	239,582	414,688
Total Amounts of Loans (2)	14,309,138	13,512,657
(1) / (2) (%)	1.67	3.07

[Special Operations Account]

Not applicable

2. Loan Assets to Be Disclosed under the Financial Revitalization Act

The following table shows the classification of loans based on the self-assessment of asset quality in accordance with the disclosure standard of the Financial Revitalization Act.

i. Bankrupt and Quasi-bankrupt Assets

"Bankrupt and Quasi-bankrupt Assets" are loans and other credits to debtors who have begun proceedings under the Bankruptcy Act, the Corporate Reorganization Act, the Civil Rehabilitation Act and other similar laws of Japan and have financially failed. In the asset quality self-assessment, these loans are loans to debtors who are legally or substantially bankrupt.

ii. Doubtful Assets

"Doubtful Assets" are loans and other credits to debtors whose financial and operational conditions have deteriorated and who have a possibility that payment of principal and / or interest will not be made on a contractual basis. In the asset quality self-assessment, these loans are loans to the debtors who are likely to become bankrupt.

iii. Substandard Loans

"Substandard Loans" are loans to debtors who are categorized as "Needs Attention Debtor" in the asset quality self-assessment, and

A. loans whose principal and / or interest is overdue 3 months or more from the date following the scheduled payment date but which are not categorized as "Bankrupt and Quasi-bankrupt Assets" and "Doubtful Assets" ("Past Due Loans (3 months or more)").
B. restructured loans on which the Bank granted concessions to debtors in financial difficulties through amending terms and conditions of the loans to assist them to recover and eventually be able to pay to creditors, but which are not categorized as "Bankrupt and Quasi-bankrupt Assets", "Doubtful Assets" or "Overdue Loans (3 months or more)".(Note)

iv. Normal Assets

"Normal Assets" are loans to debtors with no particular problem in their financial conditions, categorized in the asset quality self-assessment either as "Loans to Normal Debtors" or "Loans to Needs Attention Debtors (excluding substandard loans)", but which are not categorized as "Bankrupt and Quasi-bankrupt Assets", "Doubtful Assets" and "Substandard Loans".

[Ordinary Operations Account]

(Unit: millions of yen)

		Fiscal Year Ended March 31,2017	Fiscal Year Ended March 31,2018
Loans	Bankrupt and Quasi-bankrupt Assets	—	—
	Doubtful Assets	3,748	188,842
	Substandard Loans	235,834	225,846
	Subtotal (1)	239,582	414,688
	Normal Assets	16,522,319	15,440,235
	Total (2)	16,761,902	15,854,923
	(1) / (2) (%)	1.43	2.62

[Special Operations Account]

Not applicable

Note

In the event that a debtor country encounters temporary repayment difficulties in respect of external public debt (sovereign debt, trade insurance institutions and export credit institutions, etc.) due to the deteriorating balance of payments, meetings of creditor countries (the "Paris Club") will be held to mutually agree on debt relief measures (rescheduling), and implementing of temporary support for overcoming the liquidity problem (balance of payment support under an international cooperative framework). With this temporary liquidity support, debtors carry out IMF-agreed economic restructuring programs and continue to make debt repayments. The principal amount of loans for which JBIC has agreed to provide debt relief pursuant to the Paris Club agreements is ¥129,376 million as of the end of the fiscal year ended March 31, 2018.

Loans to debtors classified under the self-assessment as "Needs Attention" (but not "Past Due Loans (3 months or more)") that were rescheduled under the Paris Club as "Restructured Loans". The amount of such loans, included in "Restructured Loans" in the above table is ¥87,193 million.

Consolidated Financial Statements in Accordance with International Financial Reporting Standards (IFRS) for Reference Only

1. Excerpt from the consolidated financial statements in accordance with IFRS

The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) as of March 31, 2018. The consolidated financial statements are presented in yen. Unless otherwise stated, all amounts are rounded down and stated in millions of yen.

Ernst & Young ShinNihon LLC has audited the consolidated financial statements of JBIC and its subsidiaries (the "JBIC Group"), which comprise the consolidated statements of financial position as of March 31, 2018 and 2017, and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information, in accordance with International Standards on Auditing.

This document is an excerpt of the JBIC Group's consolidated financial statements prepared in accordance with IFRS as issued by the IASB that are included in JBIC's annual report on Form 18-K filed with the U.S. Securities and Exchange Commission. This document does not contain all of the information in the Form 18-K that is important to you. You should read the Form 18-K carefully to obtain a comprehensive understanding of the JBIC Group's consolidated financial statements under IFRS and related information.

Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2018	March 31, 2017
Assets		
Cash and due from banks	1,751,287	1,526,209
Derivative financial instrument assets	149,506	167,277
Financial assets designated as fair value through profit or loss	9,204	—
Securities	208,385	190,155
Loans and other receivables	13,452,950	14,352,720
Equity method investments	137,078	114,204
Property and equipment	28,401	27,613
Other assets	255,046	194,762
Total assets	**15,991,860**	**16,572,942**
Liabilities		
Derivative financial instrument liabilities	287,429	498,928
Borrowings	8,370,758	9,908,705
Bonds payable	4,388,754	3,299,498
Financial guarantee contracts	72,285	84,912
Other liabilities	227,980	98,486
Total liabilities	**13,347,209**	**13,890,532**
Equity		
Capital stock	1,765,200	1,683,000
Retained earnings	856,640	969,264
Other reserves	22,582	30,145
Non-controlling interests	227	—
Total equity	**2,644,651**	**2,682,409**
Total liabilities and equity	**15,991,860**	**16,572,942**

Consolidated Income Statement

(Millions of yen)

	March 31, 2018	March 31, 2017
Interest income	344,801	261,372
Interest expense	206,624	150,223
Net interest income	138,177	111,148
Fee and commission income	15,018	15,542
Fee and commission expense	2,043	1,919
Net expense from derivative financial instruments	138,389	149,316
Net loss from financial assets designated as fair value through profit or loss	146	—
Net investment income	88	—
Other income	3,552	223
Expense other than interest income	121,921	135,470
Total operating income (loss)*1	**16,256**	**(24,322)**
Impairment losses (reversals) on financial assets	109,978	(108,639)
Net operating income (loss)*2	**(93,722)**	**84,317**
Operating expenses	19,545	17,017
Other expenses	822	1,508
Total operating expenses	20,367	18,525
Profits of equity method investments	22,480	8,151
Profit (loss) before income tax	**(91,609)**	**73,944**
Income tax expense	0	—
Net profit (loss)	**(91,609)**	**73,944**
Attributable to:		
Shareholder of JBIC	(91,592)	73,944
Non-controlling interests	(17)	—

*1 Aggregate of "Net interest income" and "Expense other than interest income"
*2 "Total operating income (loss)" less "Impairment losses (reversals) on financial assets"

Consolidated Statement of Comprehensive Income

(Millions of yen)

	March 31, 2018	March 31, 2017
Net profit (loss)	**(91,609)**	**73,944**
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans:		
Remeasurement arising during the year	(184)	173
Total of items that will not be reclassified to profit or loss	(184)	173
Items that may be reclassified to profit or loss:		
Available-for-sale financial assets:		
Net gains arising during the year	4,759	1,070
Reclassification adjustments	(171)	(553)
Deferred gains (losses) on hedges:		
Reclassification adjustments	(2,342)	(2,842)
Exchange differences on translation of foreign operations:		
Net losses arising during the year	(8,052)	(1,645)
Reclassification adjustments	(1,754)	—
Total of items that may be reclassified to profit or loss	(7,562)	(3,971)
Other comprehensive loss	**(7,747)**	**(3,797)**
Total comprehensive income (loss)	**(99,356)**	**70,146**
Attributable to:		
Shareholder of JBIC	(99,339)	70,146
Non-controlling interests	(17)	—

Consolidated Statement of Changes in Equity

(Millions of yen)

	Attributable to shareholder of Japan Bank for International Cooperation							
			Other reserves					
	Capital stock	Retained earnings	Remeasurement of defined benefit plans	Available-for-sale financial assets	Deferred gains (losses) on hedges	Exchange differences on translation of foreign operations	Other reserves, Total	Sub Total
April 1, 2016	**1,391,000**	**1,066,533**	**—**	**2,787**	**9,210**	**22,117**	**34,116**	**2,491,649**
Net profit	—	73,944	—	—	—	—	—	73,944
Other comprehensive income (loss)	—	—	173	516	(2,842)	(1,645)	(3,797)	(3,797)
Total comprehensive income (loss)	—	73,944	173	516	(2,842)	(1,645)	(3,797)	70,146
Transfer to capital stock based on Article 3 (3) of the Supplementary Provisions of the Act for Partial Revision of the Japan Bank for International Cooperation Act	150,000	(150,000)	—	—	—	—	—	—
Issuance of new shares	142,000	—	—	—	—	—	—	142,000
Payment to national treasury	—	(21,386)	—	—	—	—	—	(21,386)
Other	—	173	(173)	—	—	—	(173)	—
March 31, 2017	**1,683,000**	**969,264**	**—**	**3,304**	**6,368**	**20,471**	**30,145**	**2,682,409**
Net loss	—	(91,592)	—	—	—	—	—	(91,592)
Other comprehensive income (loss)	—	—	(184)	4,587	(2,342)	(9,807)	(7,747)	(7,747)
Total comprehensive income (loss)	—	(91,592)	(184)	4,587	(2,342)	(9,807)	(7,747)	(99,339)
Issuance of new shares	82,200	—	—	—	—	—	—	82,200
Payment to national treasury	—	(20,846)	—	—	—	—	—	(20,846)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	—	—	—	—	—	—	—	—
Other	—	(184)	184	—	—	—	184	—
March 31, 2018	**1,765,200**	**856,640**	**—**	**7,892**	**4,025**	**10,664**	**22,582**	**2,644,423**

(Millions of yen)

	Non-controlling interests	Total equity
April 1, 2016	**—**	**2,491,649**
Net profit	—	73,944
Other comprehensive income (loss)	—	(3,797)
Total comprehensive income (loss)	—	70,146
Transfer to capital stock based on Article 3 (3) of the Supplementary Provisions of the Act for Partial Revision of the Japan Bank for International Cooperation Act	—	—
Issuance of new shares	—	142,000
Payment to national treasury	—	(21,386)
Other	—	—
March 31, 2017	**—**	**2,682,409**
Net loss	(17)	(91,609)
Other comprehensive income (loss)	—	(7,747)
Total comprehensive income (loss)	(17)	(99,356)
Issuance of new shares	—	82,200
Payment to national treasury	—	(20,846)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	245	245
Other	—	—
March 31, 2018	**227**	**2,644,651**

Consolidated Statement of Cash Flows

(Millions of yen)

	March 31, 2018	March 31, 2017
Cash flows from operating activities		
Profit (loss) before income tax	(91,609)	73,944
Depreciation and amortization	1,460	1,209
Increase (decrease) in liability for retirement benefits	53	(188)
Net loss from financial assets designated as fair value through profit or loss	146	—
Profits from equity method investments	(22,480)	(8,151)
Net decrease (increase) in loans and other receivables	899,770	(892,373)
Net increase (decrease) in borrowings	(1,537,947)	470,255
Net decrease (increase) in deposits (excluding demand deposits)	191,404	(336,276)
Net change in derivative financial instrument assets and liabilities	(193,728)	(1,319)
Net increase (decrease) in financial guarantee contracts	(12,627)	8,201
Net increase (decrease) in bonds payable	1,089,256	630,625
Other	71,413	(48,695)
Net cash provided by (used in) operating activities	**395,112**	**(102,768)**
Cash flows from investing activities		
Purchase of financial assets designated as fair value through profit or loss	(9,717)	—
Purchase of securities	(41,155)	(41,726)
Proceeds from sales or redemption of securities	29,126	4,975
Purchase of equity method investments	(18,151)	(2,101)
Proceeds from return of equity method investments	9,640	1,210
Other	(3,005)	(917)
Net cash provided by (used in) investing activities	**(33,263)**	**(38,559)**
Cash flows from financing activities		
Proceeds from issuance of new shares	82,200	142,000
Payment to national treasury	(20,846)	(21,386)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	245	—
Other	(6)	(12)
Net cash provided by (used in) financing activities	**61,591**	**120,601**
Exchange difference on cash and cash equivalents	**(6,957)**	**(9,528)**
Net increase (decrease) in cash and cash equivalents	**416,482**	**(30,254)**
Cash and cash equivalents at the beginning of the year	**1,082,325**	**1,112,579**
Cash and cash equivalents at the end of the year	**1,498,807**	**1,082,325**
Net cash provided by (used in) operating activities includes the following:		
Interest received	322,349	240,874
Interest paid	(193,214)	(137,157)

2. Reconciliation between Japanese GAAP and IFRS

Reconciliation of assets, liabilities, and equity of the JBIC Group as of March 31, 2018 and 2017, and reconciliation of net profit or loss of the JBIC Group for the fiscal years ended March 31, 2018 and 2017, between accounting principles generally accepted in Japan ("Japanese GAAP") and IFRS as issued by the IASB, and non-GAAP financial information calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles (the "Reconciliation").*

The Reconciliation was prepared on a non-consolidated basis for the fiscal year ended March 31, 2017 because JBIC had no subsidiaries for the fiscal year ended March 31, 2017. On the other hand, the Reconciliation for the fiscal year ended March 31, 2018 has been prepared on a consolidated basis because subsidiaries of JBIC were established in the fiscal year ended March 31, 2018.

* JBIC has adopted Japanese GAAP for reporting purposes. Audited consolidated financial statements of the JBIC Group for the fiscal years ended March 31, 2018 and 2017 prepared in accordance with IFRS as issued by the IASB are disclosed for reference purposes in order to improve comparability with other issuers outside of Japan.

Reconciliation of assets, liabilities, and equity as of March 31, 2018

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Accounts under IFRS
Assets					**Assets**
Cash and due from banks	1,751,287	—	—	1,751,287	Cash and due from banks
	—	149,706	(200)	149,506	Derivative financial instrument assets
	—	9,838	(633)	9,204	Financial assets designated as fair value through profit or loss
Securities	351,605	(135,919)	(7,299)	208,385	Securities
Loans and bills discounted	13,513,680	(190,684)	129,954	13,452,950	Loans and other receivables
	—	126,081	10,996	137,078	Equity method investments
Property, plant and equipment	28,401	—	—	28,401	Property and equipment
Intangible assets	3,472	(3,472)	—	—	
Other assets	377,809	(122,763)	—	255,046	Other assets
Customers' liabilities for acceptances and guarantees	2,259,369	—	(2,259,369)	—	
Allowance for loan losses	(273,564)	273,564	—	—	
Total assets	**18,012,060**	**106,350**	**(2,126,551)**	**15,991,860**	**Total assets**
Liabilities					**Liabilities**
	—	287,453	(23)	287,429	Derivative financial instrument liabilities
Borrowed money	8,370,758	—	—	8,370,758	Borrowings
Bonds payable	4,392,597	—	(3,842)	4,388,754	Bonds payable
	—	—	72,285	72,285	Financial guarantee contracts
Net defined benefit liability	6,785	(6,785)	—	—	
Provision for directors' retirement benefits	25	(25)	—	—	
Other liabilities	435,498	(173,736)	(33,781)	227,980	Other liabilities
Provision for bonuses	546	(546)	—	—	
Provision for directors' bonuses	9	(9)	—	—	
Acceptances and guarantees	2,259,369	—	(2,259,369)	—	
Total liabilities	**15,465,589**	**106,350**	**(2,224,731)**	**13,347,209**	**Total liabilities**
Net assets					**Equity**
Capital stock	1,765,200	—	—	1,765,200	Capital stock
Retained earnings	883,601	—	(26,961)	856,640	Retained earnings
	—	(102,558)	125,140	22,582	Other reserves
Valuation difference on available-for-sale securities	(1,209)	1,209	—	—	
Deferred gains or losses on hedges	(114,658)	114,658	—	—	
Foreign currency translation adjustment	13,309	(13,309)	—	—	
Non-controlling interests	227	—	—	227	Non-controlling interests
Total net assets	**2,546,471**	**—**	**98,179**	**2,644,651**	**Total equity**
Total liabilities and net assets	**18,012,060**	**106,350**	**(2,126,551)**	**15,991,860**	**Total liabilities and equity**

Reconciliation of assets, liabilities, and equity as of March 31, 2017

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Accounts under IFRS
Assets					**Assets**
Cash and due from banks	1,526,209	—	—	1,526,209	Cash and due from banks
	—	167,277	—	167,277	Derivative financial instrument assets
Securities	281,249	(93,732)	2,638	190,155	Securities
Loans and bills discounted	14,309,138	(154,268)	197,851	14,352,720	Loans and other receivables
	—	93,732	20,471	114,204	Equity method investments
Property, plant and equipment	27,613	—	—	27,613	Property and equipment
Intangible assets	2,711	(2,711)	—	—	
Other assets	261,790	(67,028)	—	194,762	Other assets
Customers' liabilities for acceptances and guarantees	2,384,997	—	(2,384,997)	—	
Allowance for loan losses	(222,036)	222,036	—	—	
Total assets	**18,571,673**	**165,304**	**(2,164,035)**	**16,572,942**	**Total assets**
Liabilities					**Liabilities**
	—	498,211	717	498,928	Derivative financial instrument liabilities
Borrowed money	9,908,705	—	—	9,908,705	Borrowings
Bonds payable	3,301,565	—	(2,067)	3,299,498	Bonds payable
	—	—	84,912	84,912	Financial guarantee contracts
Provision for retirement benefits	6,807	(6,807)	—	—	
Provision for directors' retirement benefits	16	(16)	—	—	
Other liabilities	461,442	(325,556)	(37,399)	98,486	Other liabilities
Provision for bonuses	519	(519)	—	—	
Provision for directors' bonuses	6	(6)	—	—	
Acceptances and guarantees	2,384,997	—	(2,384,997)	—	
Total liabilities	**16,064,061**	**165,304**	**(2,338,833)**	**13,890,532**	**Total liabilities**
Net assets					**Equity**
Capital stock	1,683,000	—	—	1,683,000	Capital stock
Retained earnings	842,366	—	126,897	969,264	Retained earnings
	—	(17,755)	47,900	30,145	Other reserves
Valuation difference on available-for-sale securities	2,468	(2,468)	—	—	
Deferred gains or losses on hedges	(20,223)	20,223	—	—	
Total net assets	**2,507,611**	—	**174,798**	**2,682,409**	**Total equity**
Total liabilities and net assets	**18,571,673**	**165,304**	**(2,164,035)**	**16,572,942**	**Total liabilities and equity**

Reconciliation of net loss for the year ended March 31, 2018

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Accounts under IFRS
Interest income	336,768	(17)	8,050	344,801	Interest income
Interest expense	249,256	(43,192)	559	206,624	Interest expense
				138,177	Net interest income
Fees and commissions	23,914	—	(8,896)	15,018	Fee and commission income
Fees and commissions payments	2,043	—	—	2,043	Fee and commission expense
	—	45,410	92,979	138,389	Net expense from derivative financial instruments
	—	13	133	146	Net loss from financial assets designated as fair value through profit or loss
	—	71	16	88	Net investment income
	—	7,234	(3,682)	3,552	Other income
Other ordinary income	128	(128)	—	—	
Other income*1	156	(156)	—	—	
Extraordinary income	9	(9)	—	—	
				121,921	Expense other than interest income
				16,256	**Total operating income**
	—	51,528	58,449	109,978	Impairment losses on financial assets
Recoveries of written-off claims*1	0	(0)	—	—	
Provision of allowance for loan losses*2	51,528	(51,528)	—	—	
				93,722	**Net operating loss**
General and administrative expenses	19,660	—	(114)	19,545	Operating expenses
	—	3,667	(2,844)	822	Other expenses
Other ordinary expenses	5,363	(5,363)	—	—	
Other*2	144	(144)	—	—	
Extraordinary loss	8	(8)	—	—	
				20,367	Total operating expenses
Profits of equity method investments*1	22,207	273	—	22,480	Profits of equity method investments
Gain on investments in partnerships*1	6,884	(6,884)	—	—	
				91,609	**Loss before income tax**
Income tax expense	0	—	—	0	Income tax expense
Net income	**62,064**	—	**(153,674)**	**91,609**	**Net loss**

*1 The sum of these amounts is included in "Other income" in the income statement prepared under Japanese GAAP.
*2 The sum of these amounts is included in "Other expenses" in the income statement prepared under Japanese GAAP.

Reconciliation of net profit for the year ended March 31, 2017

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Accounts under IFRS
Interest income	259,250	0	2,121	261,372	Interest income
Interest expense	177,433	(26,836)	(372)	150,223	Interest expense
				111,148	Net interest income
Fees and commissions	26,836	—	(11,293)	15,542	Fee and commission income
Fees and commissions payments	1,919	—	—	1,919	Fee and commission expense
	—	27,259	122,057	149,316	Net expense from derivative financial instruments
	—	493	(269)	223	Other income
Other income*1	148	(148)	—	—	
Extraordinary income	75	(75)	—	—	
				135,470	Expense other than interest income
				24,322	**Total operating loss**
	—	(53,855)	162,495	108,639	Reversal of impairment losses on financial assets
Recoveries of written-off claims*1	0	(0)	—	—	
Provision of allowance for loan losses*2	53,855	(53,855)	—	—	
				84,317	**Net operating income**
General and administrative expenses	16,726	—	290	17,017	Operating expenses
	—	2,760	(1,252)	1,508	Other expenses
Other ordinary expenses	3,136	(3,136)	—	—	
Other*2	46	(46)	—	—	
				18,525	Total operating expenses
	—	8,151	—	8,151	Profits of equity method investments
Gain on investments in partnerships*1	8,421	(8,421)	—	—	
Net income	**41,612**	—	**32,331**	**73,944**	**Net profit**

*1 The sum of these amounts is included in "Other income" in the income statement prepared under Japanese GAAP.
*2 The sum of these amounts is included in "Other expenses" in the income statement prepared under Japanese GAAP.

Notes to the reconciliation of assets, liabilities, and equity as of March 31, 2018 and 2017, and the reconciliation of net profit or loss for the fiscal years ended March 31, 2018 and 2017

A. Derivative financial instrument assets and liabilities

Under Japanese GAAP, derivative financial instrument assets and derivative financial instrument liabilities which qualify for offsetting criteria are presented on a net basis by counterparty and included in "Other assets" or "Other liabilities." Under IFRS, however, such assets and liabilities do not qualify for offsetting criteria and are presented on a gross basis as "Derivative financial instrument assets" and "Derivative financial instrument liabilities."

Under IFRS, the JBIC Group determines fair values of derivative financial instrument assets and liabilities by considering the counterparty credit risk or own credit risk derived from observable market data.

The JBIC Group does not apply hedge accounting under IFRS, which is applied under Japanese GAAP. At the date of transition, the JBIC Group applied International Accounting Standard (IAS) 39 *Financial Instruments: Recognition and Measurement* to the hedges to which hedge accounting was applied under Japanese GAAP. The JBIC Group reclassified deferred gains or losses on hedges whose hedging relationships did not qualify for IAS 39 to retained earnings. For the hedges which did not meet the conditions for hedge accounting under IAS 39, the JBIC Group discontinued hedge accounting by the types of hedges according to IFRS 1 *First-time Adoption of International Financial Reporting Standards* as follows:

i. Cash flow hedges

The JBIC Group reclassifies deferred gains or losses on hedges from equity to profit or loss according to cash flows from the hedged transactions.

ii. Fair value hedges

The JBIC Group reclassified deferred gains or losses on hedges under Japanese GAAP to retained earnings at the date of transition and adjusted carrying amounts of the hedged items at the lower of the following (a) and (b). The JBIC Group amortizes the adjusted amounts of the hedged items using the effective interest method and recognizes them in profit or loss.

a. cumulative changes in fair values of the hedged items attributable to designated hedged risks and not recognized under Japanese GAAP; and
b. cumulative changes in fair values of the hedging instruments attributable to designated hedged risks and either not recognized or deferred in equity in the balance sheet under Japanese GAAP.

B. Financial assets designated as fair value through profit or loss

Under IFRS, there is an option, on initial recognition, to designate financial assets as fair value through profit or loss for financial assets for which a measurement or recognition inconsistency is eliminated or significantly reduced by the designation, or which are managed and their performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy. However, under Japanese GAAP, such an option is not available.

From the fiscal year ended March 31, 2018, the JBIC Group has elected to present financial assets designated as fair value through profit or loss held by an investment entity subsidiary as "Financial assets designated as fair value through profit or loss" under IFRS, whereas they are presented as "Securities" under Japanese GAAP.

Under IFRS, the JBIC Group presents gains and losses arising from the changes in fair value and sales of such assets together with interest income and dividend income in "Net gain (loss) from financial assets designated as fair value through profit or loss." Under Japanese GAAP, the JBIC Group presents the interest income and dividend income as "Interest income" and the gains and losses arising from the changes in fair value and sales of such assets as "Other income"(when it is a gain) or "Other"(when it is a loss).

C. Securities

The JBIC Group presents investments in associates as "Equity method investments" under IFRS, whereas they are presented as "Securities" under Japanese GAAP. For the differences in the measurement method between the accounting standards, see "E. Equity method investments."

Under Japanese GAAP, the JBIC Group measures unlisted stocks included in securities at cost. Under IFRS, the JBIC Group classifies them as available-for-sale financial assets and measures principally at fair value. The JBIC Group recognizes changes in fair values in "Other reserves" and impairment losses as necessary.

Under Japanese GAAP, the JBIC Group measures investments in partnerships included in securities at net amounts equivalent to its interest in their most recent financial statements available at the reporting date defined in the partnership agreement. Under IFRS, the JBIC Group measures them at fair value in principle and recognizes changes in fair values in "Other reserves" and impairment losses as necessary.

D. Loans and other receivables

The JBIC Group includes accrued interest income on loans included in "Other assets" under Japanese GAAP and financial assets associated with financial guarantee contracts described in "G. Financial guarantee contracts" in "Loans and other receivables" under IFRS.

Under IFRS, the JBIC Group measures loans and other receivables at fair value plus direct transaction costs at initial recognition and subsequently at amortized cost using the effective interest method. The JBIC Group amortizes loan origination fees which are considered indispensable to the origination using the effective interest method. As described in "A. ii. Fair value hedges," the JBIC Group adjusts the carrying amounts of loans for which hedge accounting was discontinued at the date of transition and amortizes them accordingly.

Under Japanese GAAP, the JBIC Group recognizes general allowance as well as specific allowance for loan losses.

In accordance with the incurred loss model under IFRS, the JBIC Group recognizes impairment losses when it concludes that there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated cash flows of the financial asset or a group of financial assets that can be reliably measured after its assessment at the reporting date. The JBIC Group recognizes collectively evaluated impairment losses such as incurred but not reported losses by applying historical loss experience to a group of loans and other receivables with similar credit risk characteristics. The carrying amount of loans and other receivables is reduced by the amount of impairment losses through allowance for loan losses.

E. Equity method investments

The JBIC Group's investments in associates and joint ventures are comprised mainly of investments in partnerships. Under Japanese GAAP, the JBIC Group did not prepare consolidated financial statements before the fiscal year ended March 31, 2018. Accordingly, the JBIC Group did not apply the equity method for its investments in associates and joint ventures before. Until then, the JBIC Group measured those investments at net amounts

equivalent to its share of profits or losses reported in their most recent financial statements available at the reporting date defined in the partnership agreement. From the fiscal year ended March 31, 2018, the JBIC Group prepares consolidated financial statements under Japanese GAAP and applies the equity method to certain investments in partnerships. Under IFRS, the JBIC Group adopts the equity method to all of its investments in partnerships that are determined as an investment in associates and joint ventures. Gains or losses on investments in partnerships to which the equity method is not applied under Japanese GAAP but is applied under IFRS are recognized as "Profits of equity method investments" under IFRS.

The JBIC Group presents exchange differences on translation of foreign operations from applying the equity method as "Other reserves" under IFRS, whereas, from the fiscal year ended March 31, 2018, they are presented as "Foreign currency translation adjustment" under Japanese GAAP.

F. Bonds payable

Under Japanese GAAP, the JBIC Group expenses bond issuance costs as incurred. Under IFRS, the JBIC Group measures bonds payable initially at fair value less transaction costs directly attributable to bond issuance, such as fees paid to underwriters and discounts at issuance, and subsequently at amortized cost using the effective interest method. As described in "A. ii. Fair value hedges," the JBIC Group adjusts the carrying amounts of bonds payable for which hedge accounting was discontinued at the date of transition and amortizes them accordingly.

G. Financial guarantee contracts

Under Japanese GAAP, the JBIC Group records the same contractual amounts of financial guarantee obligations in both "Customers' liabilities for acceptances and guarantees" as assets and in "Acceptances and guarantees" as liabilities. Under IFRS, the JBIC Group initially measures financial liabilities associated with financial guarantee contracts at fair value as well as financial assets associated with financial guarantee contracts, and subsequently measures financial liabilities associated with financial guarantee contracts at the higher of (a) the amount initially recognized less cumulative amortization recognized and (b) the amount of estimated expenditure required to settle the guarantee obligation at the reporting date.

H. Liability for retirement benefits

Under Japanese GAAP, the JBIC Group expenses actuarial gains or losses on defined benefit plans in profit or loss as incurred.

Under IFRS, the JBIC Group recognizes directly remeasurement of defined benefit plans in "Other reserves" as incurred and reclassifies immediately to retained earnings. The JBIC Group remeasures retirement benefit obligations according to applicable IFRS and recognizes the remeasurement difference due to such as the period allocation method as "Operating expenses." The JBIC Group includes a liability for retirement benefits in "Other liabilities."

I. Difference between the date of consolidated financial statements and the reporting date of subsidiaries

Under Japanese GAAP, if the difference in the reporting date of a subsidiary and the date of consolidated financial statements does not exceed three months, only significant inter-company transactions are reflected in the financial statements of the subsidiary. Therefore, the JBIC Group makes adjustments for only significant inter-company transactions for Japanese GAAP consolidation purposes. On the other hand, under IFRS, the financial statements of consolidated subsidiaries need to be prepared, unless it is impracticable, to the reporting date of the parent company. Accordingly, the JBIC Group prepares the financial statements of the subsidiaries whose reporting dates are different from JBIC to conform to the reporting date of JBIC.

Adjusted net profit in accordance with IFRS before IFRS adjustments for hedge accounting (Non-GAAP information calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles)

The JBIC Group uses derivatives exclusively to hedge interest rate risk and foreign exchange risk. Under Japanese GAAP, the JBIC Group applies hedge accounting in order not to recognize net gains (losses) from the valuation of derivatives deferred by hedge accounting in net profit. As the JBIC Group discloses its financial statements under IFRS for reference purposes and does not apply hedge accounting under IAS 39, "Net gains (losses) from the valuation of derivative financial instruments" and "Net gains from hedge accounting discontinued at the date of transition" are recognized in net profit (loss) in accordance with IFRS*.

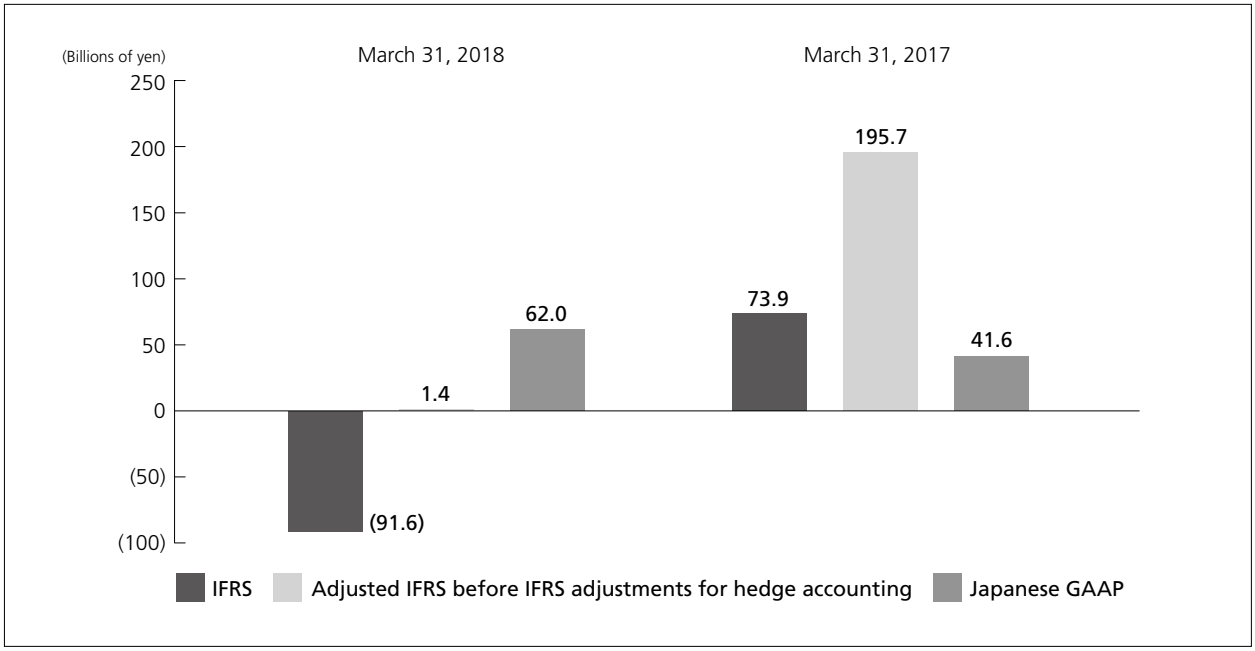
As the JBIC Group uses these derivatives for hedging purposes, these derivatives will not be canceled for realizing temporal net gains (losses) from valuation before their maturity dates. However, depending on market conditions, these net gains (losses) from valuation might have a substantial impact on net profit (loss) in accordance with IFRS. Therefore, "Adjusted net profit in accordance with IFRS before IFRS adjustments for hedge accounting" calculated by excluding temporal net gains (losses) from valuation from net profit in accordance with IFRS is useful for the users of the JBIC Group's financial statements under IFRS to understand its financial performance and disclosed as a supplementary explanation for the reconciliation between Japanese GAAP and IFRS.

Adjusted net profit in accordance with IFRS before IFRS adjustments for hedge accounting is reconciled from net profit (loss) in accordance with IFRS by excluding the temporary gains or losses from the valuation of derivatives as follows:

(Billions of yen)

	March 31, 2018	March 31, 2017
Net profit (loss) in accordance with IFRS (A)	(91.6)	73.9
Net losses from the valuation of derivative financial instruments	(93.8)	(124.6)
Net gains from hedge accounting discontinued at the date of transition	0.8	2.8
Sub-total (B)	(93.0)	(121.8)
Adjusted net profit in accordance with IFRS before IFRS adjustments for hedge accounting (A)-(B)	1.4	195.7

Net profit (loss) in accordance with IFRS, adjusted net profit in accordance with IFRS before IFRS adjustments for hedge accounting and net profit in accordance with Japanese GAAP for the fiscal years ended March 31, 2018 and 2017



* See "A. Derivative financial instrument assets and liabilities" for the difference between Japanese GAAP and IFRS regarding the accounting policies for derivative financial instruments.

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1 Organizational Chart (As of September 1, 2018)

JBIC is constituted by four mission/sector-specific finance groups (Energy and Natural Resources Finance Group; Infrastructure and Environment Finance Group; Industry Finance Group; and Equity Finance Group) and the Corporate Planning Group, the Credit, Assessment and Risk Management Group and the Treasury and Systems Group which support these finance groups.

This organizational structure was intended to strengthen the capacity to formulate projects by bringing together know-how and expertise in each sector and area, thereby creating an institution that can execute the functions in its mission more flexibly and strategically: the mission directly linked to Japan's economic policy. In the network of overseas representative offices, Singapore, London and New York are assigned as core regional headquarters to supervise business and administrative activities as well as support project formulation in Asia and Pacific; Europe, the Middle East and Africa, and the Americas respectively.

Corporate Planning Group (Managing Executive Officer Global Head of Corporate Planning Group: Shigeto Hashiyama)	Corporate Planning Department (Executive Officer, Director General: Makoto Uchida)
	Legal Affairs and Compliance Office (Director General: Susumu Ushida)
	Policy and Strategy Office for Financial Operations (Executive Officer, Director General: Yosuke Watanabe)
	Human Resources Management Office (Executive Officer, Director General: Koichi Isobe)
	Strategic Research Department (Director General: Yo Kikuchi)
Credit, Assessment and Risk Management Group (Managing Executive Officer Global Head of Credit, Assessment and Risk Management Group: Yutaka Funada)	Credit Department (Director General: Noriyasu Matsuda)
	Environmental Assessment Office (Director General: Hirofumi Oishi)
	Country Credit Department (Director General: Kenji Hosono)
	Risk Management Department (Director General: Toshiaki Kitajima)
Treasury and Systems Group (Managing Executive Officer Global Head of Treasury and Systems Group: Tsuyoshi Nishitani)	Treasury Department (Executive Officer, Director General: Kazunori Ogawa)
	Administration and General Services Department (Director General: Nagayoshi Motokawa)
	IT Planning and Operations Administration Department (Executive Officer, Director General: Noriko Nasu)
Energy and Natural Resources Finance Group (Managing Executive Officer Global Head of Energy and Natural Resources Finance Group: Masaaki Yamada)	Oil and Gas Finance Department (Director General: Masayuki Hamamatsu)
	Mining and Metals Finance Department (Director General: Kazuko Sakuma)
Infrastructure and Environment Finance Group (Managing Executive Officer Global Head of Infrastructure and Environment Finance Group: Kazuhisa Yumikura)	New Energy and Power Finance Department I (Director General: Yutaka Inaba)
	New Energy and Power Finance Department II (Director General: Fumio Suzuki)
	Social Infrastructure Finance Department (Director General: Yusuke Iseki)
Industry Finance Group (Managing Executive Officer Global Head of Industry Finance Group: Kazuhiko Tanaka)	Corporate Finance Department (Director General: Satoshi Sasaki)
	Finance Office for SMEs (Director General: Toshiyuki Suzuki)
	Marine and Aerospace Finance Department (Director General: Hiroko Yano)
	West Japan Office (Executive Officer for West Japan: Hideto Usuyama)
Equity Finance Group (Managing Executive Officer Global Head of Equity Finance Group: Shinji Fujino)	Equity Investment Department (Director General: Hiroyuki Nakashima)
	Internal Audit Department (Director General: Zenko Shinoyama)
	Office of Corporate Auditor

Overseas Representative Offices

(Resident Executive Officer, Regional Head for Asia and Pacific: Kenichi Aso)	Singapore* (Regional Headquarters for Asia and Pacific), Beijing, Bangkok, Hanoi, Jakarta, Manila, New Delhi
(Resident Executive Officer, Regional Head for Europe, the Middle East and Africa: Masayuki Tanimoto)	London* (Regional Headquarters for Europe, the Middle East and Africa), Moscow, Paris, Dubai
(Resident Executive Officer, Regional Head for the Americas: Shinya Miyake)	New York* (Regional Headquarters for the Americas), Washington, D.C., Buenos Aires, Mexico City, Rio de Janeiro

* Singapore, London and New York are assigned as core regional headquarters to supervise business and administrative activities and support project formulation in Asia and Pacific; Europe, the Middle East and Africa; and the Americas, respectively.

2 Overseas Network (As of September 1, 2018)



★ **REPRESENTATIVE OFFICE IN SINGAPORE**
(Regional Headquarters for Asia and Pacific)
9 Raffles Place, #51-02 Republic Plaza,
Singapore 048619
Tel. 65-6557-2806
Fax. 65-6557-2807

● **REPRESENTATIVE OFFICE IN BEIJING**
2102, Tower C Office Building,
YINTAI Center, No.2 Jianguomenwai
Avenue, Chaoyang District,
Beijing 100022, P.R.C.
Tel. 86-10-6505-8989
Fax. 86-10-6505-3829

● **REPRESENTATIVE OFFICE IN BANGKOK**
14th Floor, Nantawan Bldg.,
161 Rajdamri Road, Bangkok, 10330,
Thailand
Tel. 66-2-252-5050
Fax. 66-2-252-5514

● **REPRESENTATIVE OFFICE IN HANOI**
Unit 6.02, 6th Floor, CornerStone
Building, 16 Phan Chu Trinh Street,
Hoan Kiem District, Hanoi, Vietnam
Tel. 84-24-3824-8934, 8935, 8936
Fax. 84-24-3824-8937

● **REPRESENTATIVE OFFICE IN JAKARTA**
Summitmas II 5th Floor,
Jl. Jenderal Sudirman, Kav. 61-62,
Jakarta Selatan, Indonesia
Tel. 62-21-5220693
Fax. 62-21-5200975

● **REPRESENTATIVE OFFICE IN MANILA**
11/F, Tower 1, The Enterprise Center,
6766 Ayala Avenue corner Paseo de
Roxas, Makati City, Philippines
Tel. 63-2-856-7711, 7712, 7713, 7714
Fax. 63-2-856-7715, 7716

● **REPRESENTATIVE OFFICE IN NEW DELHI**
306, 3rd Floor, World Mark2, Asset
No. 8, Hospitality District, Aerocity,
New Delhi-110037, India
Tel. 91-11-4352-2900
Fax. 91-11-4352-2950

★ **REPRESENTATIVE OFFICE IN LONDON**
(Regional Headquarters for Europe, the Middle East and Africa)
7th Floor, 80 Cheapside,
London, EC2V 6EE, U.K.
Tel. 44-20-7489-4350
Fax. 44-20-7489-4351

● **REPRESENTATIVE OFFICE IN MOSCOW**
123610 Moscow,
Krasnopresnenskaya Nab.12,
World Trade Center, Office No.905,
Russian Federation
Tel. 7-495-258-1832, 1835, 1836
Fax. 7-495-258-1858

● **REPRESENTATIVE OFFICE IN PARIS**
21, Boulevard de la Madeleine,
75038 Paris Cedex 01, France
Tel. 33-1-4703-6190
Fax. 33-1-4703-3236

● **REPRESENTATIVE OFFICE IN DUBAI**
9th floor, West, The Gate Dubai
International Financial Centre,
P.O. Box 121300, Dubai, U.A.E.
Tel. 971-4-363-7091
Fax. 971-4-363-7090

★ **REPRESENTATIVE OFFICE IN NEW YORK**
(Regional Headquarters for the Americas)
712 Fifth Avenue 26th Floor,
New York, NY 10019 U.S.A.
Tel. 1-212-888-9500
Fax. 1-212-888-9503

● **REPRESENTATIVE OFFICE IN WASHINGTON, D.C.**
1627 Eye Street, N.W., Suite 500,
Washington, D.C., 20006, U.S.A.
Tel. 1-202-785-1785
Fax. 1-202-785-1787

● **REPRESENTATIVE OFFICE IN BUENOS AIRES**
Av. del Libertador No.498, Piso19,
1001 Capital Federal,
Buenos Aires, Argentina
Tel. 54-11-4394-1379, 1803
Fax. 54-11-4394-1763

● **REPRESENTATIVE OFFICE IN MEXICO CITY**
Paseo de la Reforma 222-900B,
Col. Juárez, Del. Cuauhtémoc,
México D.F., C.P. 06600, México
Tel. 52-55-5525-6790
Fax. 52-55-5525-3473

● **REPRESENTATIVE OFFICE IN RIO DE JANEIRO**
Praia de Botafogo, 228, Sala 801B,
Setor A, Botafogo, Rio de Janeiro, RJ,
CEP 22250-906, Brazil
Tel. 55-21-2554-2305
Fax. 55-21-2554-8798

3 History

	Events related to The Export-Import Bank of Japan (JEXIM)
December 1950	The Japan Export Bank Act promulgated and enforced; The Japan Export Bank established
April 1952	The Japan Export Bank changed its name to The Export-Import Bank of Japan

	Events related to the Japan Bank for International Cooperation (former JBIC)
April 1999	The Japan Bank for International Cooperation Act promulgated and enforced
September 1999	Order for the Japan Bank for International Cooperation Act promulgated and enforced
October 1999	The Japan Bank for International Cooperation (former JBIC) established (taking over operations of the Export-Import Bank of Japan and those of the Overseas Economic Cooperation Fund)

	Events related to the Japan Finance Corporation
June 2006	The Act on Promotion of Administrative Reform for Realization of Small and Efficient Government promulgated and enforced
May 2007	The Japan Finance Corporation Act promulgated and enforced
April 2008	Order for the Japan Finance Cooperation Act promulgated and enforced
October 2008	The Japan Finance Corporation established
March 2010	The Revision of Japan Finance Corporation Act enforced (Promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming was added to JBIC mission)
April 2010	The Account for Facilitating Realignment of United States Forces in Japan created

	Events related to the Japan Bank for International Cooperation (JBIC)
May 2011	The Japan Bank for International Cooperation Act promulgated and partially enforced
July 2011	Order for Enforcement of the Japan Bank for International Corporation Act and Cabinet Order for Revising Part of the Japan Finance Corporation Act promulgated and enforced (The scope of operations was expanded, including the rule on export financing to developed countries)
April 2012	The Japan Bank for International Cooperation (JBIC) established
November 2012	The Account for Facilitating Realignment of United States Forces in Japan closed
May 2016	The Act for Partial Amendment of the Japan Bank for International Cooperation Act promulgated and partially enforced The Cabinet Order for Revising Part of the Order for Enforcement of the JBIC Act promulgated and enforced
October 2016	The account for the Special Operations created

4 Japan Bank for International Cooperation Act

Excerpt of the Japan Bank for International Cooperation Act (Act No. 39 of 2011)

Article 1: Purpose
Japan Bank for International Cooperation shall be a *Kabushiki-Kaisha*, which has the purpose of contributing to the sound development of Japan and the international economy and society, by taking responsibility for the financial function to promote the overseas development and securement of resources which are important for Japan, to maintain and improve the international competitiveness of Japanese industries and to promote the overseas business having the purpose of preserving the global environment, such as preventing global warming, also providing the financial services that are necessary to prevent disruptions to international financial order or to take appropriate measures with respect to damages caused by such disruption, while having the objective of supplementing the financial transactions implemented by ordinary financial institutions.

Article 3: Holding of Shares by Government
The Government shall, at all times, hold the total number of outstanding shares of JBIC.

Article 4: Government's Contribution
1. The Government may, when it finds it to be necessary, make contributions to JBIC within the amount appropriated in the budget.
2. When a contribution is made by the Government pursuant to the provisions of the preceding Paragraph, JBIC shall, notwithstanding the provisions of Paragraph 2 of Article 445 of the Companies Act (Act No. 86 of 2005), be allowed not to record the amount exceeding half of such contribution amount as the capital. In this case, "this Act" referenced in Paragraph 1 of the same Article shall be deemed to be replaced with "this Act or Japan Bank for International Cooperation Act (Act No. 39 of 2011)."
3. When a contribution is made by the Government pursuant to the provisions of Paragraph 1, JBIC shall allocate the capital and reserves increased thereby, to the accounts related to the operations listed in each Item of Article 26-2, in accordance with the separation of accounting set forth in Article 26-2.

Article 5: Limitation, etc. on Use of Name
1. No person other than JBIC shall use the words "Japan Bank for International Cooperation" in its name.
2. The provisions of Paragraph 2 of Article 6 of the Banking Act shall not be applied to JBIC.

Article 6: Resolution for Appointment and Removal, etc. of Officers, etc.
1. The resolution for the appointment and removal of the Officers, etc. (meaning Directors, Executive Officers and Auditor(s); the same shall apply hereinafter) of JBIC shall not take effect unless the authorization of the Minister of Finance is granted.
2. The resolution for selection and displacement of a Representative Director or Representative Executive Officer of JBIC shall not take effect unless the authorization of the Minister of Finance is granted.

Article 11: Scope of Operations
JBIC shall, for attaining its purpose, engage in the operations listed below:

(1) The loan of funds necessary for the Export of Equipment, etc., the acquisition by assignment of loan receivables related to such funds, the Guarantee, etc. of Liabilities related to such funds, in the case where the Foreign Financial Institutions, etc. or the Foreign Governments, etc. provide the Guarantee, etc. of Liabilities with respect to such funds, the Guarantee, etc. of Liabilities related to such Guarantee, etc. of Liabilities, or the acquisition of the Public/Corporate Bonds, etc. issued in order to procure such funds by certain measures, such as acquisition through subscription;
(2) The loan of funds necessary to ensure the reliable and timely Import of Important Goods, etc., the acquisition by assignment of loan receivables related to such funds, the Guarantee, etc. of Liabilities related to such funds or the acquisition of the Public/Corporate Bonds, etc. to be issued in order to procure such funds by certain measures, such as acquisition through subscription;
(3) The loan of funds to be used directly or indirectly for the business which the Juridical Persons, etc. of Japan, Foreign Governments, etc. or Foreign Juridical Persons, etc. Invested in conduct outside Japan, the acquisition by assignment of loan receivables related to such funds, the Guarantee, etc. of Liabilities related to such funds, in the case where the Juridical Persons, etc. of Japan, Foreign Juridical Persons, etc. Invested in, Foreign Financial Institutions, etc. or Foreign Governments, etc. provide the Guarantee, etc. of Liabilities to the Juridical Persons, etc. of foreign countries with respect to such funds, the Guarantee, etc. of Liabilities related to such Guarantee, etc. of Liabilities, or the acquisition of the Public/Corporate Bonds, etc. to be issued in order to procure such funds by certain measures, such as acquisition through subscription;
(4) (i) The loan to the Foreign Governments, etc., Foreign Financial Institutions, etc. or international organizations, such as the International Monetary Fund, of long-term funds (meaning the funds required to be provided for more than one (1) year) required for their overseas business or the import of goods or introduction of technologies by the foreign country concerned, or funds required to attain the international balance of payments or achieve the stability of the currency of the foreign country concerned, (ii) the acquisition by assignment of loan receivables related to such funds or the Guarantee, etc. of Liabilities related to such funds or (iii) the acquisition of the Public/Corporate Bonds, etc. issued in order to procure such funds by certain measures, such as acquisition through subscription;
(5) When it is found remarkably difficult for a foreign government or foreign resident to conduct overseas transactions, such as import by reason of the international balance of payments of the foreign country concerned, and it is found urgently necessary, the loan to the governments, governmental agencies or banks of the foreign country concerned, of the short-term funds (meaning the funds required necessary to be provided for one (1) year or less than one (1) year; the same shall apply hereinafter) necessary to facilitate overseas transactions, such as import, until the International Monetary Fund, etc. (meaning international organizations, such as the International

Monetary Fund, or governments, governmental agencies or banks of more than two (2) countries other than that foreign country concerned; the same shall apply hereinafter) provides funds to assist the development of the economy of the foreign country concerned (hereinafter referred to as the "Funds for Economic Assistance");

(6) The provision of contributions to persons who are carrying on business outside Japan (including those Juridical Persons, etc. of Japan whose sole purpose is to make overseas investments and who make contributions to those carrying on the aforesaid business) to contribute funds required for their business;

(7) The carrying out of the necessary studies related to the operations listed in each of the preceding Items;

(8) The provision of information to the users of operations provided by JBIC that pertains to such operations; and

(9) Any other operations incidental to those listed in each of the preceding Items (excluding those listed in Item (7)).

Article 12:

1. Among the operations listed in Item (1) of the preceding Article, those which are related to the Export of Equipment, etc. destined for any area other than developing overseas areas (hereinafter referred to as the "Developing Areas") may be conducted only in the cases listed below:
   (1) when necessary countermeasures are taken in accordance with multilateral arrangements in the case where the Foreign Governments, etc., in which exporters conduct the export destined for the said area, grant credit, underwrite insurance or provide an interest (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to an interest; the same shall apply hereinafter in Paragraph 2 of Article 16) support with more favorable conditions than usual in order to promote the export from such foreign countries; or
   (2) when it is prescribed by a Cabinet Order as being a case recognized especially necessary in order to promote the policies of the Government concerning the maintenance or improvement of the international competitiveness of Japanese industries.
2. Among the operations listed in Item (1) of the preceding Article, those relating to the funds provided to the Juridical Persons, etc. of Japan may be conducted only in the cases listed below:
   (1) where Banks, etc. provide Foreign Juridical Persons, etc. with the loan of funds with respect to the Export of Equipment, etc. necessary for the business with respect to the development of infrastructure and other foundation for socioeconomic activities overseas, and JBIC provides the loan of necessary funds for such loan to the Banks, etc.; or
   (2) where the execution of the export by the Juridical Persons, etc. of Japan has become remarkably difficult due to disruptions to international financial order and the Minister of Finance determines that the exceptions of operations of JBIC are necessary in order to deal therewith.
3. Among the operations listed in Item (2) of the preceding Article, other than those conducted in order to promote overseas development and securement of resources important for Japan, only those relating to the funds listed below that are the Guarantee, etc. of Liabilities may be conducted:
   (1) funds necessary to import the products, such as aircraft, specified by the Minister of Finance, with respect to which the products made in Japan are not sufficient to replace and the import to Japan is essential; or
   (2) funds necessary to introduce such technologies specified by the Minister of Finance, with respect to which the technologies of Japan are not sufficient to replace and the introduction to Japan is essential.
4. Among the operations listed in Item (3) of the preceding Article, those relating to the short-term loans may be conducted only in the case where JBIC has agreed to make loan of funds (excluding short-term funds) set forth in the same Item for the execution of business conducted by the Juridical Persons, etc. of Japan and the Foreign Juridical Persons, etc. Invested in and such loan of funds is recognized especially necessary in order to execute such business.
5. Among the operations listed in Item (3) of the preceding Article, the loan of funds necessary for the overseas business to be conducted by the Juridical Persons, etc. of Japan, other than those listed in Item (2) of the following Paragraph, may be conducted only if such loan is provided directly to such Juridical Persons, etc.
6. Among the operations listed in Item (3) of the preceding Article (excluding those conducted in order to promote overseas development and securement of resources important for Japan), loans to the Juridical Persons, etc. of Japan, other than the loans to the Small and Medium Enterprises, etc. (meaning the Small and Medium Enterprises or medium enterprises specified by the Minister of Finance; hereinafter the same shall apply) may be conducted only in the cases listed below.
   (1) When the Juridical Persons, etc. of Japan begin or expand overseas business, or improve the efficiency thereof by contributing to the foreign juridical persons or accepting the assignment of all or part of the business of the foreign juridical persons (hereinafter referred to as "Contributions, etc." in this Item), in the case where the loan of funds necessary for such Contributions, etc. is provided (only when it is prescribed by a Cabinet Order as being a case recognized especially necessary in order to promote the policies of the Government concerning the maintenance or improvement of the international competitiveness of Japanese industries).
   (2) When the Banks, etc. provide the loan of funds listed below, in the case where the loan of funds necessary for such loan by such Banks, etc. is provided to such Banks, etc.:
      a. loan of funds set forth in Item (3) of the preceding Article to the Small and Medium Enterprises, etc. or the Foreign Juridical Persons, etc. Invested in related to the contribution of the Small and Medium Enterprises, etc.;
      b. loan of funds set forth in the preceding Item to the Juridical Persons, etc. of Japan (limited to those prescribed by the Cabinet Order set forth in the same Item); or
      c. loan of funds set forth in Item (3) of the preceding Article to the Juridical Persons, etc. of Japan, Foreign Governments, etc., or Foreign Juridical Persons, etc. Invested in (limited to those related to the business with respect to the development of infrastructure and other foundation for socioeconomic activities overseas).
   (3) When the loan of necessary funds is provided to the Juridical Persons, etc. of Japan for such Juridical Persons, etc. to conduct a business of leasing equipment made in Japan to overseas market (limited to those prescribed

by a Cabinet Order as being a case recognized especially necessary in order to promote the policies of the Government concerning the maintenance or improvement of the international competitiveness of Japanese industries).

(4) When the execution of overseas business of the Juridical Persons, etc. of Japan has become remarkably difficult due to disruptions to international financial order, in the case where the Minister of Finance determines that the exceptions of operations of JBIC are necessary in order to deal therewith.

7. Among the operations listed in Item (3) of the preceding Article (excluding those conducted in order to promote overseas development and securement of resources important for Japan), with respect to the business in any area other than the Developing Areas may be conducted only when it is prescribed by a Cabinet Order as being a case recognized especially necessary in order to promote the policies of the Government concerning the maintenance or improvement of the international competitiveness of Japanese industries.
8. The loan to the governments, governmental agencies or banks of foreign countries listed in Item (5) of the preceding Article may be conducted by obtaining the authorization of the Minister of Finance only when the provision of the Funds for Economic Assistance from the International Monetary Fund, etc. is expected to be certain and only in the cases listed below:
   (1) where, by appropriating all or part of the Funds for Economic Assistance from the International Monetary Fund, etc. (excluding JBIC) for the redemption of the funds related to the loan, the redemption is expected to be secured; or
   (2) where adequate underlying assets are secured for the loan.
9. Among the operations listed in Items (1) through (4) of the preceding Article, the Guarantee, etc. of Liabilities related to the liabilities of any person other than the Juridical Persons, etc. of Japan (excluding those related to the Public/Corporate Bonds, etc.) may be provided only in the cases listed below:
   (1) When the Banks, etc., Foreign Financial Institutions, etc. or Foreign Governments, etc. provide the loan of such funds set forth in Items (1) through (4) of the preceding Article, in the case where the Guarantee, etc. of Liabilities related to such loan is provided (including the case in which the loan receivables related to such loan are assigned to the persons specified by the Minister of Finance);
   (2) In the case where the Guarantee, etc. of Liabilities related to the Guarantee, etc. of Liabilities set forth in Items (1) and (3) of the preceding Article is provided;
   (3) When, among the Guarantee, etc. of Liabilities related to the funds set forth in Item (3) of the preceding Article, the Juridical Persons, etc. of Japan or the Foreign Juridical Persons, etc. Invested in assign the monetary claims related to the overseas business to be conducted by the Juridical Persons, etc. of Japan or the Foreign Juridical Persons, etc. Invested in to the Banks, etc. or Foreign Financial Institutions, etc. and use the proceeds from the assignment for such business, in the case where the Guarantee, etc. of Liabilities related to such monetary claims is provided; or
   (4) When the Banks, etc. or Foreign Financial Institutions, etc. provide the loan of funds set forth in Item (3) of the preceding Article in foreign currency, in the case where the Guarantee, etc. of Liabilities related to swap transactions (transactions listed in Item 5 of Paragraph 22 of Article 2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948)) related to such funds conducted by such Banks, etc. or Foreign Financial Institutions, etc., is provided.
10. Among the operations listed in Items (1) through (4) of the preceding Article, the Guarantee, etc. of Liabilities (limited to those related to the Public/Corporate Bonds, etc.) and the acquisition of the Public/Corporate Bonds, etc. may be conducted only in the cases listed below (with respect to the operations listed in Items (1) through (3) of the same Article, the cases listed in Items (2) through (7) below shall apply):
   (1) where part of the Public/Corporate Bonds, etc. (limited to those with a redemption period of more than one (1) year; the same shall apply in the following Item and Item (3) below) that were issued by the Foreign Financial Institutions, etc., the Foreign Governments, etc. or international organizations, such as the International Monetary Fund, are acquired;
   (2) where the Public/Corporate Bonds, etc. are acquired and then such Public/Corporate Bonds, etc. are assigned to the Specific Purpose Company, etc. within the period specified by the Minister of Finance or where the Specific Trust is established, the Public/Corporate Bonds, etc. are entrusted to the Trust Company, etc. as assets of such Specific Trust, and then all or part of beneficial interests in such Specific Trust is assigned;
   (3) where the Public/Corporate Bonds, etc. to be issued by the Specific Purpose Company, etc. or the Trust Company, etc. which are secured by loan receivables or the Public/Corporate Bonds, etc. are acquired;
   (4) where the Guarantee, etc. of Liabilities relating to the Public/Corporate Bonds, etc. to be issued by the Foreign Juridical Persons, etc. Invested in, the Foreign Financial Institutions, etc., the Foreign Governments, etc. or international organizations, such as the International Monetary Fund, is provided;
   (5) where the Guarantee, etc. of Liabilities related to such loan receivables, Public/Corporate Bonds, etc. or the monetary claims, which constitute such underlying assets, or the Public/Corporate Bonds, etc. to be issued by the Specific Purpose Company, etc. or the Trust Company, etc. is provided (excluding the Guarantee, etc. of Liabilities related to the Public/Corporate Bonds, etc. to be issued by the Banks, etc.) when the Specific Purpose Company, etc. or the Trust Company, etc. issues the Public/Corporate Bonds, etc. which are secured by loan receivables, the Public/Corporate Bonds, etc. or the monetary claims set forth in Item (3) of the preceding Paragraph;
   (6) where the Guarantee, etc. of Liabilities related to the borrowing of funds by the Specific Purpose Company, etc. for the purpose of acquiring by assignment, or acquiring, such loan receivables or Public/Corporate Bonds, etc., which constitute such underlying assets, is provided when the Specific Purpose Company, etc. issues the Public/Corporate Bonds, etc., which are secured by loan receivables or the Public/Corporate Bonds, etc.; or
   (7) where corporate bonds, any equivalent bond certificates or beneficial interests in trust (limited to those with a redemption period of more than one (1) year) that were issued by Juridical Persons, etc. in order to procure the funds necessary for the business with respect to the development of infrastructure and other foundation for socioeconomic activities overseas, are acquired.

11. Among the operations listed in Items (1) through (4) of the preceding Article, those listed below shall be conducted only when the loan thereof or the loan related to the loan receivables to be assigned is the Co-financing; provided, however, that this shall not apply, with respect to the operations listed in Item (1) below, in the case where it is recognized that it is remarkably difficult for the Banks, etc. to provide a loan of funds together with JBIC and the loan from JBIC is urgently necessary to attain the purpose of such loan, or if the case falls under any of the cases listed in Item (1) of Paragraph 2 or Item (2) of Paragraph 6 hereof, with respect to the operations listed in Item (2) below, in the case where the loan receivables to the Foreign Juridical Persons, etc. Invested in with a redemption period of more than one (1) year are acquired by assignment within the period specified by the Minister of Finance for the purpose of assigning the same to the Specific Purpose Company, etc. or for the purpose of establishing the Specific Trust, with respect to the same, in the Trust Company, etc. and assigning all or part of the beneficial interest in such Specific Trust:
    (1) loan of funds pursuant to the provisions of Items (1) through (3) of the preceding Article made to the Juridical Persons, etc. of Japan; or
    (2) acquisition by assignment of the loan receivables pursuant to the provisions of Items (1) through (4) of the preceding Article.
12. The operations listed in Item (7) of the preceding Article may be conducted only if they are the minimum necessary to promote the performance of the operations listed in Items (1) through (6) of the same Article smoothly and effectively.

Article 13: Practice of the Operation

1. The loan of funds, the acquisition by assignment of loan receivables, the acquisition of the Corporate/Public Bonds, etc., the Guarantee, etc. of Liabilities or the provision of contributions pursuant to the provisions of Items (1) through (6) of Article 11 hereof may be conducted only in the cases listed below:
    (1) when the repayment of the funds so loaned, the collection of loan receivables so acquired, the redemption of Corporate/Public Bonds, etc. so acquired, the performance of the liabilities so guaranteed, etc. or the realization of profits that enable the payment of dividends resulting from business so contributed is recognized as being certain; or
    (2) when the conditions, such as the interest rates (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to interest rates; the same shall apply hereinafter in the following Paragraph) of loans (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to a loan; the same shall apply hereinafter in the following Paragraph and Paragraph 2 of Article 16) and yield on loan receivables related to such loan (excluding loan of funds pursuant to the provisions of Items (2) and (5) of Article 11), such acquisition by assignment (excluding acquisition by assignment of loan receivables pursuant to the provisions of Item (2) of the same Article), such acquisition (excluding the acquisition of the Public/Corporate Bonds, etc. pursuant to the provisions of the same Item), such Guarantees, etc. of Liabilities (excluding guarantee, etc. of liabilities pursuant to the provisions of the same Item) or such contribution (for all such operations, limited to those related to the businesses with respect to the development of infrastructure and other foundation for socioeconomic activities overseas), are recognized as being appropriate, in light of the risks, etc. of such loans, such assigned loan receivables and other assets becoming irrecoverable (excluding the cases listed in the preceding Item).
2. The conditions, such as the interest rates of loans and yield on assigned loan receivables related to the operations listed in Items (1) through (6) of Article 11, shall be determined in light of usual conditions for transactions by the Banks, etc. or the trends of financial markets, so that revenue of each of the accounts of the respective operations listed in each of the Items of Article 26-2 will be sufficient to cover the expenses therefor.

Article 13-2: Special Operations Guidelines

1. The Minister of Finance shall prescribe and make public the guidelines (hereinafter referred to as the "Special Operations Guidelines" in the following Paragraph and Paragraph 1 of the following Article) that JBIC shall follow upon conducting the operations listed below (hereinafter referred to as the "Special Operations"):
    (1) Operations listed in Items (1), (3), (4) and (6) of Article 11 that are conducted in the cases listed in Item (2), Paragraph 1 of the preceding Article;
    (2) Operations listed in Item (7) of Article 11 related to the operations listed in the preceding Item;
    (3) Operations listed in Item (8) of Article 11 related to the operations listed in the preceding two (2) Items; or
    (4) Operations listed in Item (9) of Article 11 related to the operations listed in the preceding three (3) Items (excluding operations listed in Item (2)).
2. The Special Operations Guidelines shall set forth the following matters:
    (1) Standards to follow upon conducting the loan of funds, the acquisition by assignment of loan receivables, acquisition of the Public/Corporate Bonds, etc., the Guarantee, etc. of Liabilities or conducting the contributions related to the Special Operations;
    (2) Matters regarding appropriate financial management of the Special Operations;
    (3) Matters regarding supplement of financial transactions implemented by ordinary financial institutions in respect of the Special Operations;
    (4) Matters regarding the system for conducting evaluation and monitoring with respect to the status of the implementation of the Special Operations;
    (5) Matters regarding reports to the Minister of Finance with respect to the status of the implementation of the Special Operations; and
    (6) Other matters necessary to ensure appropriate implementation of the Special Operations.

Article 13-3: Basic Policy concerning the Special Operations

1. JBIC shall set forth a basic policy concerning the Special Operations (hereinafter referred to as the "Special Operations Basic Policy" in the following Paragraph) with respect to the implementation of matters regarding the Special Operations as prescribed by the Ordinance of the Ministry of Finance, pursuant to the Special Operations Guidelines, and obtain the authorization of the Minister of Finance. The same shall apply if JBIC intends to make any changes thereto.
2. When the Minister of Finance determines that the Special Operations Basic Policy, approved pursuant to the provisions

of the preceding Paragraph, has become inappropriate for JBIC to conduct the Special Operations appropriately, the Minister of Finance may order JBIC to change it.

Article 15: Business Year

The business year of JBIC shall begin on April 1 of each year and end on March 31 of the following year.

Article 16: Budget

1. JBIC shall prepare the budget for revenues and expenditures and submit it to the Minister of Finance for each business year.
2. The revenues set forth in the preceding Paragraph mean interest on loans (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to an interest), interest on the Corporate/Public Bonds, etc., dividends on contributions, debt guarantee fees and other incomes related to asset management and miscellaneous incidental income, and the expenditures set forth in the same Paragraph mean expense of operations, business entrustment fees, interest on borrowings (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to a borrowing; the same shall apply hereinafter in Paragraphs 1 and 3 of Article 33), interest on bonds and notes and incidental expenses.
3. Upon receipt of the budget submitted pursuant to the provisions of Paragraph 1 above, the Minister of Finance shall examine such budget and make any necessary adjustments thereto, and obtain the Cabinet's decision thereon.
4. After the Cabinet's decision is made pursuant to the provisions of the preceding Paragraph, the Cabinet shall submit such budget to the Diet together with the national budget.
5. The form and content of the budget and procedures for the preparation and submission thereof shall be specified by the Minister of Finance.

Article 26: Submission of Financial Statements

1. JBIC shall prepare the list of assets every business year.
2. JBIC shall, within three (3) months after the end of every business year, submit to the Minister of Finance the balance sheets, statements of operations and list of assets (hereinafter referred to as the "Balance Sheets, etc.") and business report (including the Electro-Magnetic Record (which means the record specified by the Minister of Finance as a record which is produced by electronic, magnetic, or any other means unrecognizable by human perception and which is used for data-processing by a computer; the same shall apply hereinafter) which has recorded the matters to be described in such Balance Sheets, etc. and its business report) for each business year.

Article 26-2: Separate Accounting

JBIC shall separate the accounting for each category of operations listed below and allocate it by establishing the respective accounts for each category:

(1) Operations other than the Special Operations (referred to in Article 33 as "Ordinary Operations"); and
(2) Special Operations.

Article 26-3: Mutatis Mutandis Application of the Companies Act, etc. in respect of Separate Accounting

1. The provisions of Article 295, 337, 374, 396, Articles 431 through 443, and Articles 446 and 447 of the Companies Act shall apply *mutatis mutandis* to the separate accounting implemented by JBIC pursuant to the provisions of the preceding Paragraph. In such case, the term, "of a Stock Company", referenced in Article 446 of the same Act, shall be deemed to be replaced with "that belongs to the account established under the provision of Article 26-2 of Japan Bank for International Cooperation Act (Act No. 39 of 2011)"; the term, "the amounts listed in item (v) through (vii) from the sum", also referenced therein, shall be deemed to be replaced with "the amounts listed in item (v) through (vii), which is recorded in the account to which the said surplus belongs to, from the sum which is recorded in the account to which the said surplus belongs to"; and the term, "stated capital", referenced in Paragraphs 1 and 2 of Article 447 of the same Act, shall be deemed to be replaced with "stated capital belonging to the account established pursuant to the provision of Article 26-2 of Japan Bank for International Cooperation Act"; the term, "reserves", referenced in Item 2 of Paragraph 1 of the same Article, shall be deemed to be replaced with "reserves belonging to the account established pursuant to the provision of the same Article"; and the term, "and the reserves", also referenced therein, shall be deemed to be replaced with "and such reserves"; the term "the stated capital", referenced in Paragraph 3 of the same Article, shall be deemed to be replaced with "the stated capital belonging to the account established pursuant to the provision of Article 26-2 of Japan Bank for International Cooperation Act"; and the term, "the stated capital", also referenced therein, shall be deemed to be replaced with "the stated capital belonging to the account established pursuant to the provision of the same Article"; and any other necessary technical replacement of terms shall be specified by a Cabinet Order.
2. The provisions of Article 448, 449, and Paragraphs 1 (limited to the portions related to Item 5 thereof) and 2 (limited to the portions related to Item 5 thereof) of Article 828 of the Companies Act shall apply *mutatis mutandis* to the accounting practices implemented by JBIC by separating it pursuant to the provisions of the preceding Article, except for the case where any surplus is accumulated as a reserve under the provisions of Paragraph 1 of Article 31 hereof and the case where such reserve is drawn down pursuant to the provision of Paragraph 2 of Article 31 hereof. In this case, the term "the reserves", referenced in Paragraphs 1 and 2 of Article 448 of the same Act, shall be deemed to be replaced with "the reserves belonging to the account established pursuant to the provision of Article 26-2 of Japan Bank for International Cooperation Act"; the term "the stated capital", referenced in Item 2 of Paragraph 1 of the same Article shall be deemed to be replaced with "the stated capital that shall belong to the account established pursuant to the provision of the same Article"; the term, "and the stated capital", also referenced therein, shall be deemed to be replaced with "and such stated capital"; the term, "the reserves", referenced in Paragraph 3 of the same Article, shall be deemed to be replaced with "the reserves belonging to the account established pursuant to the provision of Article 26-2 of Japan Bank for International Cooperation Act"; and the term, "the reserves", also referenced therein in the same Paragraph, shall be deemed to be replaced with "the reserves belonging to the account established pursuant to the provision of the same Article"; and any other necessary technical replacement of terms shall be specified by a Cabinet Order.
3. In the case where JBIC increases or reduces the amount of its stated capital belonging to the account established pursuant to the provisions of the preceding Article, an amount of JBIC's stated capital shall be the sum of the amounts of

stated capital belonging to all the accounts of JBIC after the implementation of such increase or reduction; and in the case where JBIC increases or reduces the amount of its reserves belonging to the account established pursuant to the provision of the same Article, the amount of JBIC's reserves shall be the sum of the amounts of the reserves belonging to all the accounts of JBIC after the implementation of such increase or reduction. In this case, the provisions of Articles 447 through 449, and Paragraphs 1 (limited to the portions related to Item 5) and 2 (limited to the portions related to Item 5)of Article 828 of the Companies Act shall not apply.

Article 27: Preparation and Submission of Report on Settlement of Accounts

1. After submitting the Balance Sheets, etc. pursuant to the provisions of Paragraph 2 of Article 26, JBIC shall, every business year, prepare a report on the settlement of accounts for the relevant business year (including the Electro-Magnetic Record which has recorded the matters to be described in such report on the settlement of accounts; the same shall apply hereinafter) and submit it to the Minister of Finance, without delay, by attaching the opinion of the Auditor(s), Audit and Supervisory Committee or Audit Committee concerning such report on the settlement of accounts, together with such submitted Balance Sheets, etc.
2. Upon receiving the report on the settlement of accounts pursuant to the provisions of the preceding Paragraph, the Minister of Finance shall send it to the Cabinet, together with the Balance Sheets, etc. referenced in the same Paragraph.
3. Upon making the submission pursuant to the provisions of Paragraph 1 of this Article, JBIC shall, without delay, keep the report on the settlement of accounts and the document stating the opinion of the Auditor(s), Audit and Supervisory Committee or Audit Committee at its head office and branch offices and make them available for public inspection during the period prescribed by the Ordinance of the Ministry of Finance.
4. The form and content of the report on the settlement of accounts shall be specified by the Minister of Finance.

Article 28: Sending of Report on Settlement of Accounts to Board of Audit of Japan

Upon receiving JBIC's report on the settlement of accounts pursuant to the provisions of Paragraph 2 of the preceding Article, the Cabinet shall send it, together with the Balance Sheets, etc. set forth in Paragraph 1 of the same Article, to the Board of Audit of Japan no later than November 30 of the following business year.

Article 29: Submission of Report on Settlement of Accounts to Diet

The Cabinet shall submit JBIC's report on the settlement of accounts for which the Board of Audit of Japan has finished its inspection, to the Diet, by attaching the Balance Sheets, etc. set forth in Paragraph 1 of Article 27 hereof, together with the settlement of accounts for national revenues and expenditures.

Article 31: Payment to National Treasury

1. In each of the accounts related to the operations listed in each Item of Article 26-2, in the event that the amount of the surplus recorded in the settlement of accounts for each business year exceeds zero, JBIC shall accumulate, as a reserve, the amount calculated in accordance with the standards prescribed by a Cabinet Order, among such surplus, until it reaches the amount prescribed by the Cabinet Order, and if there is still a surplus, JBIC shall pay the amount of such surplus into the National Treasury within three (3) months after the end of such business year.
2. In the event that the amount of the surplus recorded in the settlement of accounts for each business year falls below zero in the respective accounts set forth in the preceding Paragraph, JBIC shall allocate such surplus by drawing down the reserve set forth in the same Paragraph until the amount of such surplus becomes zero.
3. The procedures for the payment into the National Treasury pursuant to the provisions of Paragraph 1 of this Article, the account into which such payment is to be made and other necessary matters concerning the payment to the National Treasury shall be prescribed by a Cabinet Order.
4. The reserves set forth in Paragraph 1 shall be allocated for each category of the accounts related to the operations listed in each Item of Article 26-2.
5. JBIC shall not be allowed to make any appropriation of its surplus, such as dividend of its surplus, nor any appropriation of its surplus belonging to the accounts related to the operations listed in each Item of Article 26-2, such as dividends of such surplus, unless such disposition is made pursuant to the provisions of Paragraphs 1 and 2 of this Article.

Article 32: Provision of Loans by Government

The Government may provide monetary loans to JBIC.

Article 33: Borrowings and Corporate Bonds

1. Borrowing of funds (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to a borrowing; the same shall apply hereinafter in this Article, Paragraph 1 of Article 35 and Item 5 of Article 46) made in order to meet JBIC's fund requirements for the performance of its operations shall be limited to the borrowings of short-term loans (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to short-term loans; the same shall apply hereinafter in the following Paragraph and Paragraph 6), or long-term loans in foreign currency (meaning a borrowing of an amount in foreign currency with a repayment period of more than one (1) year; the same shall apply hereinafter in this Article and Paragraph 1 of Article 35), from financial institutions, such as banks, or the borrowings related to the monetary loans obtained from the Government pursuant to the provisions of the preceding Article.
2. The short-term loans (excluding those in foreign currency) set forth in the preceding Paragraph shall be repaid during the business year in which these borrowings are made; provided, however, that in cases where repayment cannot be made due to shortage of funds, JBIC may reborrow (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to an act of reborrowing; the same shall apply hereinafter in the following Paragraph and Paragraph 7) only the amount which cannot be so repaid, with the authorization of the Minister of Finance.
3. Loans reborrowed pursuant to the proviso of the preceding Paragraph shall be repaid within one (1) year.
4. Pursuant to the provisions of a Cabinet Order, JBIC shall, every business year, prepare a basic policy concerning the issuance of corporate bonds and the borrowing of long-term loans in foreign currency made in order to meet fund

requirements for the performance of its operations and obtain the authorization of the Minister of Finance. When JBIC intends to make any change to the policy, the same shall apply.

5. When JBIC has issued corporate bonds or borrowed the long-term loans in foreign currency pursuant to the provisions of preceding Paragraph, it shall, without delay, make a notification of such fact to the Minister of Finance pursuant to the provisions prescribed by a Cabinet Order; provided, however, that this shall not apply if JBIC issues the certificates of corporate bonds, as prescribed by a Cabinet Order, in order to deliver to anyone who has lost such certificates of corporate bonds and, as a result of the issuance of such certificates of corporate bonds, JBIC assumes new liabilities.
6. The total amount of (i) the outstanding amounts of the short-term loans, the long-term loans in foreign currency and the borrowings related to the monetary loans obtained from the Government as set forth in Paragraph 1 of this Article that are made in order to meet JBIC's fund requirements for the performance of its Ordinary Operations, and (ii) the outstanding amount of liabilities relating to the principal amount of corporate bonds set forth in Paragraph 4 of this Article that are issued in order to meet JBIC's fund requirements for the performance of its Ordinary Operations shall not exceed the amount (hereinafter referred to as the "Limitation Amount Related to Ordinary Operations" in this Article) equivalent to ten (10) times the total amount of the capital and reserves belonging to the account related to the Ordinary Operations of JBIC (hereinafter referred to as the "Base Amount Related to Ordinary Operations" in this Article).
7. Notwithstanding the provisions of the preceding Paragraph, when the issuance of new bonds is necessary to reborrow the issued corporate bonds with respect to corporate bonds set forth in Paragraph 4 of this Article that were issued in order to meet JBIC's fund requirements for the performance of its Ordinary Operations, the corporate bonds may be issued in excess of the Limitation Amount Related to Ordinary Operations only within the period necessary to make such reborrowing.
8. Among the Ordinary Operations, the total amount of the outstanding amounts of (i) monetary loans, (ii) acquisition of the receivables related to assignment and the Corporate/Public Bonds, etc., (iii) liabilities relating to the Guarantee, etc. of Liabilities and (iv) contributions, all of which are made pursuant to the provisions of Items (1) through (6) of Article 11 hereof, shall not exceed the aggregate amount of the Base Amount Related to Ordinary Operations and the Limitation Amount Related to Ordinary Operations.
9. The provisions set forth in the preceding three (3) paragraphs shall apply *mutatis mutandis* to the Special Operations. In this case, the term, "Base Amount Related to Ordinary Operations", referenced in Paragraphs 6 and the preceding Paragraph, shall be deemed to be replaced with "Base Amount Related to Special Operations"; the term, "Limitation Amount Related to Ordinary Operations", referenced in the preceding three (3) paragraphs, shall be deemed to be replaced with "Limitation Amount Related to Special Operations"; and the term, "through (6)", referenced in the preceding Paragraph, shall be deemed to be replaced with", Item (3), (4) and (6)".
10. The monetary funds financed through the borrowing of funds or the issuance of the corporate bonds pursuant to the provisions of this Article shall, in accordance with the separate accounting set forth in Article 26-2 hereof, be allocated to the respective accounts relevant to the operations listed in each Item of the same Article.

Article 34: Statutory Lien

1. A holder of JBIC's corporate bonds shall, with respect to the property of JBIC, have the right to have his/her receivables satisfied in preference to other creditors.
2. The order of the statutory lien set forth in the preceding Paragraph shall be next to the general liens prescribed by the provisions of the Civil Code (Act No. 89 of 1896).

Article 35: Government Guarantee

1. Notwithstanding the provisions of Article 3 of the Act Concerning Restrictions on Financial Assistance by the Government to Corporations (Act No. 24 of 1946), the Government may execute a guarantee agreement with respect to the liabilities related to JBIC's corporate bonds (excluding the liabilities with respect to which the Government may execute a guarantee agreement under Paragraph 2 of Article 2 of the Act on Special Measures Pertaining to the Acceptance of Foreign Capital from the International Bank for Reconstruction and Development, etc. (Act No. 51 of 1953) (referred to as the "Foreign Capital Acceptance Act" in the following Paragraph and Paragraph 1 of Article 16 of the Supplementary Provisions)) or the liabilities related to the long-term loans in foreign currency, within the scope of the amount fixed by the budget.
2. Among the amount fixed by the budget set forth in the preceding Paragraph, the amount of liabilities related to the corporate bonds issued in a foreign country and denominated in Japanese currency may be fixed by adding up to the amount fixed by the budget as set forth in Paragraph 2 of Article 2 of the Foreign Capital Acceptance Act, when it is difficult to fix the said amount of liabilities separately from the said amount fixed by the budget set forth in the same paragraph of the Foreign Capital Acceptance Act.
3. The Government may, in addition to the provisions of Paragraph 1 of this Article, execute a guarantee agreement with respect to the liabilities related to the certificates of corporate bonds or coupons thereof, which are issued by JBIC, pursuant to the provisions prescribed by a Cabinet Order, in order to deliver to a person who has lost the certificates of corporate bonds or coupons thereof.

Article 36: Investment of Surplus Funds

JBIC shall not invest any surplus funds of its business except by means of:

(1) Acquisition of national government bonds, local government bonds or government-guaranteed bonds (which mean the bonds for which the redemption of its principal and payment of interest thereon are guaranteed by the Government) and other securities designated by the Minister of Finance;
(2) Deposit with the Fiscal Loan Fund;
(3) Deposit with banks or other financial institutions designated by the Minister of Finance;
(4) Holding of negotiable deposit certificates;
(5) Money trust to the financial institutions engaging in trust business (which mean the financial institutions that have obtained the authorization set forth in Paragraph 1 of Article 1 of the Act on Provision, etc. of Trust Business by Financial Institutions);
(6) Lending of call funds; or
(7) Means prescribed in the Ordinance of the Ministry of Finance as the means equivalent to the means listed in each of the preceding Items.

Article 38: Supervision

1. The Minister of Finance shall supervise JBIC in accordance with the provisions of this Act.
2. With respect to the management or administration of JBIC, in the case where the Minister of Finance finds that there is a violation of laws and regulations or the Articles of Incorporation or any grossly unjust matter exists and in other cases where they find it necessary for the enforcement of this Act, the Minister of Finance may issue JBIC orders concerning its operations as are necessary for the supervision.

Article 39: Report and Inspection

1. If the Minister of Finance finds it necessary for the enforcement of this Act, the Minister of Finance may cause JBIC or the Juridical Person Delegated to submit reports or may cause its officials to enter the facilities of JBIC or of the Juridical Person Delegated, such as the offices to inspect the accounting books, documents and other necessary objects; provided, however, that, with respect to the Juridical Person Delegated, such action shall be limited to the scope of operations delegated to it by JBIC.
2. When an official of the Minister of Finance carries out an on-site inspection pursuant to the provisions of the preceding Paragraph, he/she shall carry with him/her identification certifying his/her status and present it to parties concerned.
3. The authority to carry out the on-site inspection pursuant to the provisions of Paragraph 1 above shall not be construed to be that given for the investigation of a criminal offense.

Article 40: Delegation of Authority

1. The Minister of Finance may, as prescribed by a Cabinet Order, delegate part of the authority to carry out an on-site inspection pursuant to the provisions of Paragraph 1 of the preceding Article to the Prime Minister.
2. If the Prime Minister has carried out an on-site inspection pursuant to the provisions of Paragraph 1 of the preceding Article on the basis of the delegation pursuant to the provisions of the preceding Paragraph, he/she shall promptly submit a report of the results of the inspection to the Minister of Finance.
3. The Prime Minister shall delegate both the authority delegated pursuant to the provisions of Paragraph 1 above and the authority set forth in the provisions of the preceding Paragraph to the Commissioner of Financial Services Agency.
4. The Commissioner of Financial Services Agency may, as prescribed by a Cabinet Order, delegate all or part of the authority delegated pursuant to the provisions of the preceding Paragraph, to Director-General of the Local Finance Bureau or the Director-General of the Local Finance Branch Bureau.
5. Part of the authority of the Minister of Finance set forth in this Act (excluding that delegated to the Prime Minister pursuant to the provisions of Paragraph 1 above) may, as prescribed by a Cabinet Order, be delegated to the Director-General of the Local Finance Bureau or the Director-General of the Local Finance Branch Bureau.

Article 41: Articles of Incorporation

1. In the Articles of Incorporation of JBIC, in addition to the matters listed in each of the Items of Article 27 of the Companies Act, matters relating to the procedures and requirements for the appointment of a person to assume management responsibility from among the Representative Directors or Representative Executive Officers shall be described or recorded.
2. With respect to the matters related to the requirements for the appointment of a person to assume management responsibility set forth in the preceding Paragraph, the provisions that the requirements listed below be satisfied shall be incorporated:
   (1) A person who has discernment and the capability recognized as necessary in light of the purposes set forth in Article 1 hereof and the operations set forth in Article 11 hereof shall be appointed; and
   (2) Due consideration shall be required in order to avoid automatically appointing such persons who have held certain specific governmental positions.
3. The resolution for the amendment of the Articles of Incorporation of JBIC shall not take effect unless the authorization of the Minister of Finance is granted.

Article 42: Merger, Company Split, Share Exchange, Assignment and Acceptance of Assignment of Business and Dissolution

Notwithstanding the provisions of Part II, Chapters VII and VIII and Part V, Chapters II, III and IV, Section I of the Companies Act, the merger, company split, share exchange, assignment and acceptance of assignment of all or part of business, to which JBIC becomes a party, and dissolution of JBIC shall be provided for separately by an Act.

Article 43: Exclusion from Application, etc. of Financial Instruments and Exchange Act

1. When JBIC performs the actions listed in each of the Items of Paragraph 8 of Article 2 of the Financial Instruments and Exchange Act pursuant to the provisions of Article 11, the provisions of Article 29 of the same Act shall not apply.
2. In the case set forth in the preceding Paragraph (excluding the case set forth in the following Paragraph), JBIC shall be deemed as the Financial Instruments Business Operator defined in Paragraph 9 of Article 2 of the Financial Instruments and Exchange Act, and the provisions of Chapter III, Section I, Subsection V and Section II (excluding Article 35, Article 35-2, Articles 36-2 through 36-4, Item (2) of Paragraph 1 of Article 37, Item (2) of Paragraph 1 of Article 37-3, Article 37-7 and Item (7) of Article 38) of the same Act and the provisions of Chapters VIII and VIII-II of the same Act relating to such provisions shall apply.
3. When JBIC performs the actions listed in each of the Items of Paragraph 1 of Article 63 of the Financial Instruments and Exchange Act pursuant to the provisions of Article 11 hereof, the provisions of Paragraph 2 of the said Article 63 shall not apply.
4. In the case set forth in the preceding Paragraph, JBIC shall be deemed as the Financial Instruments Business Operator defined in Paragraph 9 of Article 2 of the Financial Instruments and Exchange Act, and the provisions of Chapter III, Section I, Subsection V, Paragraph 1 of Article 36, Article 37 (excluding Item (2) of Paragraph 1), Article 37-3 (excluding Item (2) of Paragraph 1), Article 37-4, Article 38 (limited to the portions related to Items (1), (2) and (9)), Article 39 (excluding Paragraphs 4 and 6), Article 40, Article 40-3, Article 40-3-2, Article 42, Article 42-2, Article 42-4, Article 42-7 and Article 45 of the same Act and the provisions of Chapters VIII and VIII-II of the same Act related to such provisions shall apply.

This English version of the Act has been prepared purely for information purpose, and should not be considered as an official translation of the Japan Bank for International Cooperation Act or any authorities of Japanese Government.

5 Basic Policy for the Internal Control System

Article 1. Ensuring Compliance with Laws, Regulations, and Articles of Incorporation in Performance of Duties by Directors and Employees

1. The Japan Bank for International Cooperation ("JBIC") and its subsidiaries (both collectively called "JBIC Group") shall establish a corporate philosophy, code of conduct, as well as the policy for compliance with laws and regulations and other internal rules for compliance, and notify directors and employees of those principles and rules, for the purpose of ensuring that directors and employees including temporary workers (this definition is applied throughout this document) perform their duties in compliance with laws, regulations, and the articles of incorporation ("Laws and Regulations").
2. Directors and employees of the JBIC Group shall abide by the internal rules for compliance.
3. JBIC shall set up a department responsible for compliance and appoint a compliance officer in order to establish and reinforce a framework for compliance with Laws and Regulations within the JBIC Group.
4. JBIC shall establish a committee chaired by the Governor to deliberate important matters related to compliance within the JBIC Group and monitor the status of compliance with Laws and Regulations.
5. JBIC shall establish an effective internal anonymous reporting system and implement it in an appropriate manner so that important facts related to compliance within the JBIC Group can be detected earlier and necessary corrective measures can be taken.
6. The JBIC Group shall not have any connections whatsoever with antisocial forces. It shall adopt an uncompromising attitude, throughout its organization, toward antisocial forces, and decisively reject all improper demands from such forces.

Article 2. Retention and Management of Information concerning Performance of Duties by Directors

1. JBIC shall establish the information asset management regulations and other internal rules for retention and management of information in order that information concerning the performance of duties by directors, customer information and other information handled by JBIC can be appropriately retained and managed.
2. JBIC shall retain and manage the minutes of Board of Directors meetings and other documents relating to the performance of duties by directors, in accordance with laws, regulations, or internal rules for retention and management of information.
3. Directors and employees shall retain and manage information in an appropriate manner according to the internal rules for retention and management of information.

Article 3. Rules and Structures for Managing Risk of Loss

1. In recognition of the importance of risk management practices throughout its entire organization, JBIC and its subsidiaries shall individually control various risks in an appropriate manner by establishing the integrated risk management regulations and other internal rules for risk management, which stipulate the management of various risks that should be recognized in the course of business operations at the JBIC Group as well as the organizational structure that is needed for integrated risk management.
2. JBIC shall set up a department responsible for risk management and appoint a risk management officer. In addition, JBIC shall establish a committee chaired by the Governor to conduct deliberations and considerations on implementing effective risk management practices.
3. JBIC and its subsidiaries shall strive to create a crisis management structure in preparation for disasters and other crisis situations, by individually establishing the crisis management regulations and other internal rules for crisis management.
4. In the case where normal business operations of the JBIC Group are disrupted or might be affected by crisis situations, JBIC shall set up an emergency response office as necessary, in accordance with the internal rules for crisis management, to restore operations in a prompt and efficient manner.

Article 4. Ensuring Efficient Execution of Directors' Duties

1. The Board of Directors shall establish business plans and properly manage business of the JBIC Group.
2. JBIC shall establish the Executive Committee to which authority is delegated by the Board of Directors for approval of certain matters. In addition to making decisions on those specific matters by exercising the delegated authority, the Executive Committee shall deliberate matters requiring approval of the Board of Directors prior to Board of Directors meetings, in order to aid decision-making among the Board of Directors. Moreover, JBIC shall establish an advisory body to the Executive Committee or other various committees to which authority is delegated by the Executive Committee for approval of certain matters.
3. JBIC shall establish the internal rules for organizational structure stipulating the roles and responsibilities of the Board of Directors, for the purpose of efficiently executing matters approved by a Board of Directors meeting.
4. To expedite the decision-making process, JBIC shall introduce a function-based organization and an executive officer system in which authority is delegated by management for approval of specific matters in accordance with the organization rules, authority rules and other related internal rules.

Article 4 (2). Structures for Ensuring Proper Operations of JBIC Group's Business

1. JBIC shall take appropriate measures for business management and operations in its subsidiaries, to ensure proper operations of JBIC Group's business.
2. JBIC shall establish a structure where its subsidiaries report to JBIC, in a proper manner, the important matters that their Board of Directors execute.

Article 5. Internal Audit for Ensuring Proper Operations of JBIC's Business

1. JBIC shall establish the internal audit regulations and other internal rules for internal audit to ensure the appropriateness and soundness of its operations.
2. JBIC shall set up the Internal Audit Committee to make decisions or deliberations on important matters related to internal audit for the JBIC Group.
3. JBIC shall set up the Internal Audit Department, separated from the departments subject to audit, to supervise the operations of internal audit.
4. The Internal Audit Department shall conduct an internal audit for JBIC and its subsidiaries as necessary, and report to the director responsible for internal audit on the results, pursuant to the internal rules for internal audit.
5. The Internal Audit Department shall periodically and as necessary, as well as upon request of a director or a corporate auditor of JBIC ("Corporate Auditor"), report the results of internal audits to the Board of Directors, other bodies or committees.

6. The Internal Audit Department shall strive to perform an internal audit in an efficient manner by collaborating and exchanging necessary information with Corporate Auditors and accounting auditors.

Article 6. Assignment of Employees who Assist Corporate Auditors in Performing Their Duties

1. JBIC shall set up the Office of Corporate Auditor and assign employees to assist Corporate Auditors in performing their duties.
2. Those employees shall perform their duties in accordance with the instructions from the Corporate Auditors.
3. When deemed necessary, the Corporate Auditors may assign employees other than those stipulated in the above paragraph 1, on a temporary basis, to assist in conducting audit work, by obtaining prior approval from the Governor.

Article 7. Securing Effectiveness of Instructions to Employees Assisting Audit Work and Independence of Instructions from the Director of Organization where They Concurrently Work

1. JBIC shall obtain prior approval of the full-time Corporate Auditor on the personnel evaluation and transfer of, and other personnel matters relating to employees who assist Corporate Auditors in auditing ("the auditor's office staff"), before making decisions on those matters.
2. JBIC shall make the auditor's office staff engaged in audit work only as per the instructions given by corporate auditors, to secure the effectiveness of their instructions to the auditor's office staff. However, in the case where the auditor's office staff need to concurrently works in another department/office, JBIC shall obtain prior approval of the full-time Corporate Auditor on their duties in another position, by clearly stating the following points in writing:
   (1) There is a rational reason why the auditor's office staff need to concurrently serve in another organization.
   (2) In assisting with the duties of the Corporate Auditors, the auditor's office staff shall follow the instructions from the Corporate Auditors and not the instructions from a director in an organization where the auditor's office staff serve concurrently.
   (3) The scope of duties of and instructions to the auditor's office staff in the position other than the Office of Corporate Auditor shall be expressly limited.
   (4) The auditor's office staff shall not share, with others in another department/office where he/she concurrently serves, the information obtained from performing their duties at the Office of Corporate Auditor.
   (5) The auditor's office staff shall always give priority to the duties of assisting the Corporate Auditors ahead of the duties in another organization where the staff serve concurrently, to ensure the effectiveness of audits by the Corporate Auditors.
   (6) When deemed necessary, the full-time Corporate Auditor may withdraw his/her approval of the auditor's office staff's duties in another position while working at the Office of Corporate Auditor.

Article 8. Internal Reporting by Directors and Employees to Corporate Auditors and Preventing Unfair Treatment of Individuals who Reported to Corporate Auditors

1. Directors and employees of the JBIC Group, as well as corporate auditors of JBIC's subsidiaries shall, directly or indirectly, report the status of performance of their duties to the Corporate Auditors when required, in an accurate manner.
2. In the event that any fact that has the potential to inflict substantial harm upon the JBIC Group, or material facts of wrongdoing or violations of Laws and Regulations are detected, both directors and employees of the JBIC Group, as well as corporate auditors of JBIC's subsidiaries shall, directly or indirectly, report the fact to the Corporate Auditors without any delay.
3. JBIC Group shall ensure that an individual who reports unlawful, improper conduct or activity pursuant to the preceding paragraph shall be protected from being treated unfairly as a result of reporting such information.

Article 9. Securing Effectiveness in Auditing by Corporate Auditors

1. The Corporate Auditors shall be allowed to request directors and employees of the JBIC Group, as well as the corporate auditors of JBIC's subsidiaries, to report the status of performance of their duties, whenever they determine such reports are necessary to conduct audits in an effective manner. A director or employee of the JBIC Group as well as the corporate auditors of JBIC's subsidiaries who receive such a request shall promptly submit a report to the Corporate Auditors.
2. The Corporate Auditors may express their opinions as necessary at the Board of Directors meetings, Executive Committee meetings and other important committee meetings. The Corporate Auditors shall also be allowed to review the minutes of those committee meetings and other related documents.
3. The Governor shall hold periodic meetings with the Corporate Auditors to exchange opinions.
4. The Corporate Auditors may request the cooperation of the Internal Audit Department and departments responsible for compliance matters.
5. The Corporate Auditors may seek advice on audits from lawyers and certified public accountants when they consider it necessary for conducting audits in an effective manner.

Article 10. Procedures for Advance Payment and Payment of Fees, and Treatment of Other Fees and Liabilities Incurred by Corporate Auditors in Executing Their Duties

In the case where Corporate Auditors seek advice from lawyers and/or certified public accountants regarding audits pursuant to the provision of the preceding article, JBIC shall pay fees, expenses and liabilities arising from the execution of their duties based on the advice received from those specialists.

6 Security Policy

Japan Bank for International Cooperation (hereinafter "JBIC") adopts the following fundamental policy concerning the use and management of information assets and will properly handle, manage, protect, and maintain information assets to achieve information security that meets the highest standards so as to support its proper and efficient operations.

(1) Basic Principles
JBIC shall use and manage information assets in line with the basic principles set forth hereunder while complying with all applicable laws, regulations, and rules.

A. Information assets shall be used appropriately and only for their intended purposes.
B. Authority concerning the management of information assets shall be granted only after careful consideration of the nature of the work and necessity.
C. When adopting and implementing information security measures, the following matters shall be taken into consideration, based on the nature of the work:
   (a) Clarification of responsibilities and roles within implementation structures
   (b) Timely and prompt implementation of necessary, sufficient, effective, and efficient measures

(2) Proper Management of Information Assets
Information assets refer to information and information systems. JBIC classifies them according to such factors as their degree of confidentiality, completeness, usability, and importance, and manages them appropriately in accordance with their classification.

(3) Information Asset Management Structures
JBIC shall establish a structure for ensuring the security of information assets.

(4) Protection of Personal Information
JBIC shall protect and manage personal information by establishing and making public our Privacy Policy and pursuant to the provisions of the Act on the Protection of Personal Information Held by Independent Administrative Agencies (Law No. 59 of 2003).

(5) Protection of Client Information
JBIC shall establish the basic policy for protecting its clients and increasing their convenience for the purpose of appropriate protection and management of information pertaining to them in accordance with this basic policy.

(6) Training on Information Asset Management
JBIC shall provide necessary training to all officers and employees who handle information assets to ensure that they understand requirements in the applicable laws and regulations, as well as in this policy and other applicable rules, and prevent the occurrence of information security problems.

(7) Outsourcing Work
In the event that JBIC engages persons other than its officers and employees to manage its information assets by outsourcing such work, it shall verify that information security is ensured and that appropriate measures have been taken in accordance with the content of the information assets.

(8) Responses to Incidents Concerning Information Assets
In the event of improper disclosure of personal or client information or other incidents causing a problem on information security, JBIC shall promptly take appropriate measures.

(9) Evaluation and Review
JBIC shall evaluate and review this policy, as necessary, to make flexible responses to changes in the external environment, such as the enactment, amendment, or repeal of applicable laws and regulations, as well as innovations in information security technology, and to changes in the internal environment, including organizational and operational changes and updates to JBIC's information systems.

7 Outline of Conflict of Interest Management Policy

The Japan Bank for International Cooperation ("JBIC") and its subsidiary financial institutions, etc. (collectively, the "JBIC Group"), in accordance with the Financial Instruments and Exchange Act, have established the Conflict of Interest Management Policy (the "Policy") and will appropriately manage the transactions that may cause conflicts of interest in order to prevent the interests of our clients from being unjustly impaired. The summary of the Policy is hereby published as provided below.

1. Identification of Transactions That May Cause Conflicts of Interest

(1) Subject Transactions

"Transactions that may cause conflicts of interest", which are subject to the Policy, mean such transactions conducted by the JBIC Group that may unjustly impair the interests of its clients ("Subject Transactions") in the following situations: i) when the JBIC Group's interests conflict or compete with the interests of its clients or ii) when the interests of multiple clients of the JBIC Group conflict or compete with each other.

(2) Scope of the Subject Clients

"Clients" who are subject to this Policy mean any client who is utilizing, had previously been utilizing, or may enter into business relations in relation to, the services provided by the JBIC Group in its "Financial Instruments Related Business".

The "Financial Instruments Related Business" refers to the business specified in Article 70-3 of the Cabinet Office Order on Financial Instruments Business, etc.

2. Companies Requiring Conflict of Interest Management

As stated in 1 (1) above, the Subject Transactions are transactions conducted by the JBIC Group (i.e. JBIC and its subsidiary financial institutions, etc.). JBIC's "subsidiary financial institutions, etc." mean a subsidiary or affiliated company of JBIC which meets the definition of the term "Subsidiary Financial Institution, etc." specified in Article 36, Paragraph 5 of the Financial Instruments and Exchange Act.

As of March 31, 2018, the companies listed below are the subsidiary financial institutions, etc. of JBIC.

- IFC Capitalization (Equity) Fund, L.P.
- Delhi Mumbai Industrial Corridor Development Corporation Limited
- JBIC IG Partners
- RJIF Management Limited
- Russian-Japan Investment Fund, L.P.

3. Method of Managing Transactions That May Cause Conflicts of Interest

If the JBIC Group identifies any situations where conflicts of interest may arise in connection with transactions with its clients, the JBIC Group will take measures in accordance with the relevant situation, including, for example, the following methods:

- The method of separating the department conducting the Subject Transaction, from the department conducting the transaction with such client;
- The method of amending the conditions or method of the Subject Transaction or the transaction with such client;
- The method of discontinuing the Subject Transaction or the transaction with such client;
- The method of properly disclosing to such client the possibility that the interests of the client may be unjustly impaired in connection with the Subject Transaction; and/or
- Any other methods to properly manage the Subject Transaction.

4. Conflict of Interest Management System

The JBIC Group will centrally manage the group's overall conflict of interest by establishing a department which will manage and control conflicts of interest. The JBIC Group will continue to establish and maintain proper internal systems and comply with laws and regulations and other rules concerning the management of conflicts of interest.

8 Privacy Policy

Japan Bank for International Cooperation (hereinafter "JBIC") positions the trust of our clients as our first priority, deeply recognizes the importance of our clients' personal information, and believes that it is our duty to our clients to properly manage and protect their personal information.

With a view to protecting our clients' personal information, JBIC will conduct our operations in a manner whereby we observe the Act on the Protection of Personal Information Held by Independent Administrative Agencies, etc. (hereinafter "Act"), the Guidance concerning the Measures to Properly Manage the Personal Information held by Independent Administrative Agencies, etc. and so forth.

(1) Acquisition of Personal Information

JBIC will acquire our clients' personal information through proper and lawful means. When we acquire personal information from our clients directly in writing, we will specify in advance the purposes for its use that are within the necessary scope of JBIC's operations.

(2) Use of Personal Information

JBIC will specify the purposes for use in obtaining the necessary personal information of our clients as listed below, and will use it within the scope that is necessary to achieve such purposes:

A. Loan, equity participation, and guarantee operations, and their related due diligence exercise and research (or their supplementary work)
B. Execution of agreements with JBIC, and exercise of rights and performance of obligations under laws, etc.
C. Confirmation of personal identity as per such laws as Foreign Exchange and Foreign Trade Act (Act No. 228, 1949)
D. Invitation to events (such as seminars) organized by JBIC
E. Delivery of various JBIC-related materials
F. Issuance and collection of surveys and questionnaires, and statistical processing and analysis of such outcomes
G. Operations necessary for responding to questions and inquiries, and for dealing with transactions including queries from JBIC, in a proper and smooth manner

(3) Provision of Personal Information to Third Parties

JBIC will not provide the personal information acquired from its clients to third parties except in the following cases:

A. It is required by law.
B. It is provided within the scope of the purposes for use as prescribed above.
C. Consent is obtained from the clients.
D. There are convincing reasons why executive agencies, independent administrative agencies, local municipal entities or local independent administrative agencies would use it to the necessary extent to carry out the law-stipulated operations.
E. It is used for statistics compilation or academic research.
F. It is clearly beneficial to the clients or there exist special reasons to provide personal information.

(4) Subcontract

JBIC may subcontract the handling of our clients' personal information to conduct such operations more smoothly. In such cases, JBIC will attempt to select a trustworthy subcontractor, enter into a confidentiality agreement, adequately supervise the handling and administering of the personal information, and assure the protection of personal information.

(5) Personal Information Management (PIM)

A. JBIC will attempt to keep our clients' personal information correct and updated, and take prevention and safety measures against unauthorized access, leakage, loss, damage, and alteration of personal information.
B. JBIC will constantly educate its employees about the protection and proper management of our clients' personal information to thoroughly make sure of its proper handling in its daily operations.
C. JBIC will audit and inspect whether the protection and management of personal information is undertaken properly.

(6) Disclosure, Correction, and Disuse

If a client wishes to make a request to disclose, correct or disuse the clients' personal information held by JBIC, we will deal with such a request by following the procedure of disclosure etc. stipulated in the Act. Meanwhile, there are some cases when such disclosure etc. could be made out of the procedure of disclosure etc. stipulated in the Act, for which please contact our Head Office or West Japan Office.

(7) Inquiries about Personal Information Management (PIM)

For inquiries or complaints about the clients' personal information management (PIM) at JBIC, please contact our Head Office or West Japan Office.

(8) Continuous Improvement

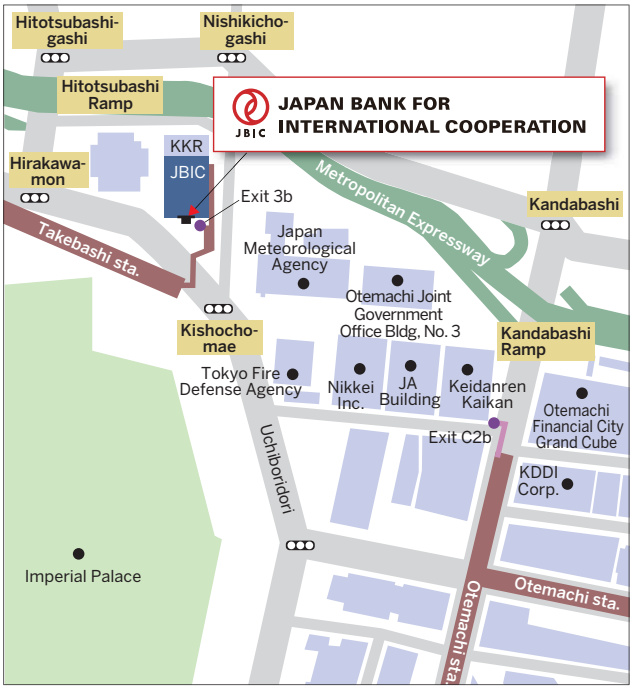
JBIC will continuously improve the clients' personal information management (PIM) as necessary.

JBIC separately stipulates its basic policy on the safe management of Individual Numbers and Personal Information that includes Individual Numbers (hereinafter "Specific Personal Information"; Individual Number and Specific Personal Information shall hereinafter be collectively referred to as "Specific Personal Information, etc."). "Personal information" as used in this Privacy Policy shall not include Specific Personal Information, and it is not contemplated that JBIC will obtain our clients' Specific Personal Information, etc.

Access to JBIC Head Office and West Japan Office

JBIC Head Office

4-1, Ohtemachi 1-chome, Chiyoda-ku,
Tokyo 100-8144, Japan



West Japan Office

10th floor, Umeshin Daiichi Seimei Building,
3-5, Sonezaki 2-chome, Kita-ku, Osaka city,
Osaka 530-0057, Japan



JBIC Head Office

4-1, Ohtemachi 1-chome, Chiyoda-ku,
Tokyo 100-8144, Japan
For further information, please contact
Press and External Affairs Division at the JBIC Head Office
Tel: (+81-3) 5218-3100
Fax: (+81-3) 5218-3955
Annual reports, news releases, and bulletins, etc., are available on the JBIC website.
Website (URL) https://www.jbic.go.jp/en/

JAPAN BANK FOR
INTERNATIONAL COOPERATION

JBIC

Recyclable A

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