

Financial Statements

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Statutory Financial Statements

Overview of Accounting

- 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.
- 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.
- 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, 2018, to March 31, 2019) as well as non-consolidated financial statements for the business year under review (from April 1, 2018, to March 31, 2019).

1. Consolidated Financial Statements

■ Consolidated Balance Sheets

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Assets:			
Cash and due from banks	¥ 1,751,287	¥ 1,191,463	\$ 10,735
Securities <small>Note 6</small>	351,605	367,026	3,307
Loans and bills discounted <small>Note 7</small>	13,513,680	13,576,561	122,322
Other assets <small>Note 8</small>	377,809	280,568	2,529
Property, plant and equipment <small>Note 9</small>	28,401	27,979	252
Buildings	2,865	2,781	25
Land	24,311	24,311	219
Construction in progress	79	79	1
Other	1,145	807	7
Intangible assets	3,472	6,710	60
Software	3,472	6,710	60
Customers' liabilities for acceptances and guarantees	2,259,369	2,491,767	22,450
Allowance for loan losses	(273,564)	(293,126)	(2,641)
Total assets	¥ 18,012,060	¥ 17,648,951	\$ 159,014

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Liabilities:			
Borrowed money	¥ 8,370,758	¥ 7,574,713	\$ 68,247
Bonds payable Note 8	4,392,597	4,583,492	41,296
Other liabilities	435,498	304,718	2,747
Provision for bonuses	546	566	5
Provision for directors' bonuses	9	9	0
Net defined benefit liability	6,785	6,988	63
Provision for directors' retirement benefits	25	31	0
Acceptances and guarantees	2,259,369	2,491,767	22,450
Total liabilities	¥ 15,465,589	¥ 14,962,287	\$ 134,808
Net assets:			
Capital stock	¥ 1,765,200	¥ 1,785,300	\$ 16,085
Retained earnings	883,601	905,474	8,158
Total shareholder's equity	2,648,801	2,690,774	24,243
Valuation difference on available-for-sale securities	(1,209)	(557)	(4)
Deferred gains or losses on hedges	(114,658)	(11,048)	(100)
Foreign currency translation adjustment	13,309	7,260	65
Total accumulated other comprehensive income (loss)	(102,558)	(4,345)	(39)
Non-controlling interests	227	235	2
Total net assets	¥ 2,546,471	¥ 2,686,664	\$ 24,206
Total liabilities and net assets	¥ 18,012,060	¥ 17,648,951	\$ 159,014

■ Consolidated Statements of Operations

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Ordinary income:	¥ 390,060	¥ 479,113	\$ 4,317
Interest income	336,768	450,798	4,062
Interest on loans and discounts	323,960	435,549	3,924
Interest and dividends on securities	1,846	1,676	15
Interest on deposits with banks	10,948	13,538	122
Other interest income	12	34	1
Fees and commissions	23,914	23,030	207
Other ordinary income	128	272	2
Other income	29,248	5,012	46
Recoveries of written-off claims	0	3,208	29
Other	Note 11 29,248	1,804	17
Ordinary expenses:	327,996	426,085	3,839
Interest expense	249,256	365,878	3,296
Interest on borrowed money and rediscounts	115,370	156,898	1,414
Interest on bonds	90,627	113,064	1,019
Interest on interest swaps	43,192	95,797	863
Other interest expense	65	118	0
Fees and commissions payments	2,043	2,993	27
Other ordinary expenses	5,363	2,638	24
General and administrative expenses	19,660	21,200	191
Other expenses	51,672	33,375	301
Provision of allowance for loan losses	51,528	19,561	176
Other	Note 12 144	13,814	125
Ordinary profit	62,063	53,028	478
Extraordinary income	9	6	0
Gain on disposal of noncurrent assets	9	6	0
Extraordinary loss	8	—	—
Loss on disposal of noncurrent assets	8	—	—
Net income before income taxes	62,065	53,034	478
Income taxes – current	0	4	0
Total income taxes	0	4	0
Net income	62,064	53,030	478
Net income (loss) attributable to non-controlling interests	(17)	7	0
Net income attributable to owner of parent	¥ 62,081	¥ 53,022	\$ 478

■ Consolidated Statements of Comprehensive Income

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Net income	¥ 62,064	¥ 53,030	\$ 478
Other comprehensive income (loss)	(102,771)	98,212	885
Valuation difference on available-for-sale securities	(3,677)	651	5
Deferred gains or losses on hedges	(94,435)	103,610	934
Foreign currency translation adjustment	168	(2,019)	(18)
Share of other comprehensive income (loss) of equity method investments	(4,826)	(4,029)	(36)
Comprehensive income (loss)	¥ (40,706)	¥ 151,243	\$ 1,363
(Comprehensive income (loss) attributable to)			
Owner of parent	(40,689)	151,235	1,363
Non-controlling interests	(17)	7	0

■ Consolidated Statements of Changes in Net Assets

From April 1, 2017 to March 31, 2018

(In millions of yen)

	Shareholder's equity		
	Capital stock	Retained earnings	Total shareholder's 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)
Net income attributable to owner of parent		62,081	62,081
Net changes of items other than shareholder's 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 (loss)				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income (loss)		
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)
Net income attributable to owner of parent						62,081
Net changes of items other than shareholder's 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, 2018 to March 31, 2019

(In millions of yen)

	Shareholder's equity		
	Capital stock	Retained earnings	Total shareholder's equity
Balance at the beginning of current period	¥ 1,765,200	¥ 883,601	¥ 2,648,801
Changes of items during the period			
Issuance of new shares	20,100		20,100
Payment to national treasury		(31,150)	(31,150)
Net income attributable to owner of parent		53,022	53,022
Net changes of items other than shareholder's equity			
Total changes of items during the period	20,100	21,872	41,972
Balance at the end of current period	¥ 1,785,300	¥ 905,474	¥ 2,690,774

(In millions of yen)

	Accumulated other comprehensive income (loss)				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income (loss)		
Balance at the beginning of current period	¥ (1,209)	¥ (114,658)	¥ 13,309	¥ (102,558)	¥ 227	¥ 2,546,471
Changes of items during the period						
Issuance of new shares						20,100
Payment to national treasury						(31,150)
Net income attributable to owner of parent						53,022
Net changes of items other than shareholder's equity	651	103,610	(6,049)	98,212	7	98,220
Total changes of items during the period	651	103,610	(6,049)	98,212	7	140,192
Balance at the end of current period	¥ (557)	¥ (11,048)	¥ 7,260	¥ (4,345)	¥ 235	¥ 2,686,664

From April 1, 2018 to March 31, 2019

(In millions of U.S. dollars)

	Shareholder's equity		
	Capital stock	Retained earnings	Total shareholder's equity
Balance at the beginning of current period	\$ 15,904	\$ 7,961	\$ 23,865
Changes of items during the period			
Issuance of new shares	181		181
Payment to national treasury		(281)	(281)
Net income attributable to owner of parent		478	478
Net changes of items other than shareholder's equity			
Total changes of items during the period	181	197	378
Balance at the end of current period	\$ 16,085	\$ 8,158	\$ 24,243

(In millions of U.S. dollars)

	Accumulated other comprehensive income (loss)				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income (loss)		
Balance at the beginning of current period	\$ (11)	\$ (1,033)	\$ 120	\$ (924)	\$ 2	\$ 22,943
Changes of items during the period						
Issuance of new shares						181
Payment to national treasury						(281)
Net income attributable to owner of parent						478
Net changes of items other than shareholder's equity	7	933	(55)	885	0	885
Total changes of items during the period	7	933	(55)	885	0	1,263
Balance at the end of current period	\$ (4)	\$ (100)	\$ 65	\$ (39)	\$ 2	\$ 24,206

■ Consolidated Statements of Cash Flows

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Cash flows from operating activities			
Net income before income taxes	¥ 62,065	¥ 53,034	\$ 478
Depreciation and amortization	1,460	1,944	18
Losses (profits) of equity method investments	(22,207)	2,026	18
Increase (decrease) in allowance for loan losses	51,528	19,561	176
Increase (decrease) in provision for bonuses	26	20	0
Increase (decrease) in provision for directors' bonuses	2	0	0
Increase (decrease) in net defined benefit liability	(21)	202	2
Increase (decrease) in provision for directors' retirement benefits	8	5	0
Interest income	(336,768)	(450,798)	(4,062)
Interest expense	249,256	365,878	3,296
Loss (gain) related to securities	(6,925)	10,075	91
Foreign exchange losses (gains)	(1,747)	(1,223)	(11)
Loss (gain) on disposal of noncurrent assets	(1)	(6)	(0)
Net decrease (increase) in loans and bills discounted	795,457	(62,880)	(567)
Net increase (decrease) in borrowed money	(1,537,947)	(796,045)	(7,172)
Net decrease (increase) in deposits (excluding deposits paid to Bank of Japan)	120,028	64,667	583
Increase (decrease) in straight bonds-issuance and redemption	1,088,786	188,604	1,699
Interest received	321,636	424,053	3,821
Interest paid	(236,406)	(349,679)	(3,151)
Other	(231,464)	82,357	743
Subtotal	316,767	(448,202)	(4,038)
Income taxes paid	—	(3)	(0)
Net cash provided by (used in) operating activities	316,767	(448,205)	(4,038)
Cash flows from investing activities			
Purchase of securities	(69,024)	(69,622)	(627)
Proceeds from sales of securities	25,866	25,817	233
Proceeds from redemption of securities	12,900	12,500	113
Purchase of property, plant and equipment	(1,214)	(237)	(3)
Proceeds from sales of property, plant and equipment	15	9	0
Purchase of intangible assets	(1,806)	(4,529)	(41)
Net cash provided by (used in) investing activities	(33,263)	(36,062)	(325)
Cash flows from financing activities			
Proceeds from issuance of new shares	82,200	20,100	181
Repayments of lease obligations	(6)	—	—
Payment to national treasury	(20,846)	(31,150)	(281)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	245	—	—
Net cash provided by (used in) financing activities	61,591	(11,050)	(100)
Effect of exchange rate change on cash and cash equivalents	—	—	—
Net increase (decrease) in cash and cash equivalents	345,094	(495,318)	(4,463)
Cash and cash equivalents at beginning of period	884,516	1,229,610	11,079
Cash and cash equivalents at end of period	Note 15 ¥ 1,229,610	¥ 734,292	\$ 6,616

■ 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 respects as to the application and disclosure requirements of International Financial Reporting Standards ("IFRS").

The amounts indicated in millions of yen are rounded down by omitting figures less than one million. As a result the totals in yen do not necessarily agree with the sum of the individual amounts. Items less than 1 million yen are presented as "0," which are presented as "-" in the consolidated financial statements prepared in accordance with IFRS (Exhibit 7).

Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥110.99=\$1.00, the foreign exchange rate on March 31, 2019, 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 names: JBIC IG Partners

Russia-Japan Investment Fund, L.P.

(b) Unconsolidated subsidiaries

There are no applicable subsidiaries.

(c) Other company whose majority of voting rights is 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 company 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 names: 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

Major company names: Credit Guarantee and Investment Facility

RJIF Management Limited

These companies were not included in the scope of the equity method primarily because they do not have significant impacts on the consolidated financial statements in respect of 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 (loss) (the amount proportionate to the share of other comprehensive income (loss) of such companies).

4. Balance sheet dates of consolidated subsidiaries

The financial statements of the consolidated subsidiaries are used in preparing the consolidated financial statements. The balance sheet dates of the consolidated subsidiaries are as follows:

	March 31	2019
December 31		1
March 31		1

Appropriate adjustments are made for significant transactions that occurred during the period between the consolidated closing date and the subsidiary's balance sheet date 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 (including investments in affiliates) are classified as a financial asset designated as fair value through profit or loss based on 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 and amortization basis for fixed assets

(i) Property, plant and equipment

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

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

(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 are 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, 2019.

(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.

(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 dates.

(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 under “Accounting and Auditing Treatment Relating to Adoption of Accounting Standard for Foreign Currency Transactions for Banks” (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, deferral hedge accounting is applied to some forward foreign exchange contracts as hedging instruments used to hedge the foreign exchange risk arising from individual investments in affiliates denominated in foreign currencies.

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

“Cash and cash equivalents” as stated in the consolidated statements of cash flows consists of cash on hand and deposits with the Bank of Japan in Cash and due from banks in the consolidated balance sheets.

(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 and other securities of or investments in unconsolidated subsidiaries and affiliates

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Equity and other securities	¥ 5,439	¥ 19,609	\$ 177
Investments	133,783	121,329	1,093

7. Loans

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

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Bankrupt loans	¥ —	¥ —	\$ —
Non-accrual loans	188,842	191,105	1,722

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:

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Restructured loans	¥ 225,846	¥ 188,036	\$ 1,694

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, deferral of interest payments, 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:

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Total amount	¥ 414,688	¥ 379,142	\$ 3,416

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 executes loans, in accordance with the progress of the underlying projects. These undrawn amounts are not included in the loans on deeds recognized in the consolidated balance sheets. The balance of undrawn amounts is as follows:

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Balance of undrawn loans	¥ 1,665,471	¥ 1,539,647	\$ 13,872

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:

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Bonds payable	¥ 4,392,597	¥ 4,583,492	\$ 41,296

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

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Cash collateral paid for financial instruments	¥ 141,180	¥ 123,340	\$ 1,111

9. Accumulated depreciation of Property, plant and equipment

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Accumulated depreciation	¥ 2,104	¥ 2,528	\$ 23

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.

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Joint obligations	¥ 140,000	¥ 140,000	\$ 1,261

11. Items included in Other under Other income

Other under Other income includes the following:

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Gains on sales of equity and other securities	¥ —	¥ 1,190	\$ 11
Gains on investments in partnerships	¥ 6,884	¥ 467	\$ 4
Profits of equity method investments	¥ 22,207	¥ —	\$ —

12. Items included in Other under Other expenses

Other under Other expenses includes the following:

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Losses on sales of equity and other securities	¥ 88	¥ —	\$ —
Losses on devaluation of equity and other securities	¥ —	¥ 11,787	\$ 106
Losses of equity method investments	¥ —	¥ 2,026	\$ 18

13. Reclassification adjustments and tax effects of other comprehensive income (loss)

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Valuation difference on available-for-sale securities:			
Amount recognized in the current fiscal year	¥ (3,586)	¥ 2,715	\$ 24
Reclassification adjustments	(91)	(2,063)	(19)
Before tax effect adjustment	(3,677)	651	5
Tax effect	—	—	—
Valuation difference on available-for-sale securities	(3,677)	651	5
Deferred gains or losses on hedges:			
Amount recognized in the current fiscal year	(138,278)	8,029	73
Reclassification adjustments	43,843	95,580	861
Before tax effect adjustment	(94,435)	103,610	934
Tax effect	—	—	—
Deferred gains or losses on hedges	(94,435)	103,610	934
Foreign currency translation adjustment:			
Amount recognized in the current fiscal year	167	(2,071)	(19)
Reclassification adjustments	0	51	1
Before tax effect adjustment	168	(2,019)	(18)
Tax effect	—	—	—
Foreign currency translation adjustment	168	(2,019)	(18)
Share of other comprehensive income (loss) of equity method investments:			
Amount recognized in the current fiscal year	(3,087)	(2,998)	(27)
Reclassification adjustments	(1,739)	(1,031)	(9)
Before tax effect adjustment	(4,826)	(4,029)	(36)
Tax effect	—	—	—
Share of other comprehensive income (loss) of equity method investments	(4,826)	(4,029)	(36)
Total other comprehensive income (loss)	¥ (102,771)	¥ 98,212	\$ 885

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.

For the fiscal year ended March 31, 2019, 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	1,615,200,000	20,100,000	—	1,635,300,000	Note
Classified stock	—	—	—	—	
Total	1,615,200,000	20,100,000	—	1,635,300,000	Note
Treasury stock					
Common stocks	—	—	—	—	
Classified stock	—	—	—	—	
Total	—	—	—	—	

(Note) The reason for an increase in shares is the issuance of 20,100,000 thousand new shares.

15. Cash flows

A reconciliation of Cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2018 and 2019 to Cash and due from banks in the consolidated balance sheets is as follows:

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Cash and due from banks	¥ 1,751,287	¥ 1,191,463	\$ 10,735
Time deposits and others	(521,676)	(457,170)	(4,119)
Cash and cash equivalents	¥ 1,229,610	¥ 734,292	\$ 6,616

16. Financial instruments and related disclosure

(a) Status of financial instruments

(i) Policies 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 JBIC's 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 JBIC's 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.

The consolidated foreign subsidiary 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. The consolidated foreign subsidiary of JBIC holds securities subject to 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). 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. In addition, an Integrated Risk Management Committee is held regularly to report the status of credit management to the JBIC's 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 the 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. JBIC has 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 is 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) that takes into account the correlation between interest rate risk and foreign exchange risk is measured in order to assess potential risk exposures. The following represents the market risk (VaR) exposure in the current fiscal year.

a. Market risk (VaR)

As of March 31, 2019 (In billions of yen)		As of March 31, 2019 (In billions of U.S. dollars)	
¥	158.6	\$	1.4

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 ("Observation period") within a given probability ("Confidence interval"), that is derived statistically by employing the theory of probability 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 the 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 derivative transactions, the internal checks and balances are 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 sheets as of March 31, 2018 and 2019 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 tables (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 ^(*)	(265,189)		
	13,248,491	13,342,813	94,322
(4) Other assets ^(*)	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 ^(*)	56,280	56,280	—
Total liabilities	¥ 12,819,635	¥ 12,797,117	¥ (22,518)
Derivative transactions ^(*)			
Derivative transactions not qualifying for hedge accounting	—	—	—
Derivative transactions qualifying for hedge accounting	(137,746)	(137,746)	—
Total derivative transactions	¥ (137,746)	¥ (137,746)	¥ —

^(*) 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 and bills discounted.

^(*) This does not include derivative transactions, but presents Other assets and Other liabilities that are financial instruments subject to fair value disclosure.

^(*) 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.

As of March 31, 2019

(In millions of yen)

	Amount on consolidated balance sheet	Fair value	Difference
(1) Cash and due from banks	¥ 1,191,463	¥ 1,191,463	¥ —
(2) Securities			
Trading securities	10,932	10,932	—
Available-for-sale securities	83,892	83,892	—
(3) Loans and bills discounted	13,576,561		
Allowance for loan losses ^(*)	(284,842)		
	13,291,718	13,435,564	143,846
(4) Other assets ^(*)	123,340	123,340	—
Total assets	¥ 14,701,346	¥ 14,845,192	¥ 143,846
(1) Borrowed money	7,574,713	7,636,800	62,087
(2) Bonds payable	4,583,492	4,589,487	5,995
(3) Other liabilities ^(*)	44,620	44,620	—
Total liabilities	¥ 12,202,825	¥ 12,270,908	¥ 68,082
Derivative transactions ^(*)			
Derivative transactions not qualifying for hedge accounting	56	56	—
Derivative transactions qualifying for hedge accounting	(98,162)	(98,162)	—
Total derivative transactions	¥ (98,105)	¥ (98,105)	¥ —

As of March 31, 2019

(In millions of U.S. dollars)

	Amount on consolidated balance sheet	Fair value	Difference
(1) Cash and due from banks	\$ 10,735	\$ 10,735	\$ —
(2) Securities			
Trading securities	98	98	—
Available-for-sale securities	756	756	—
(3) Loans and bills discounted	122,322		
Allowance for loan losses ^(*1)	(2,566)		
	119,756	121,052	1,296
(4) Other assets ^(*2)	1,111	1,111	—
Total assets	\$ 132,456	\$ 133,752	\$ 1,296
(1) Borrowed money	68,247	68,806	559
(2) Bonds payable	41,296	41,351	55
(3) Other liabilities ^(*2)	402	402	—
Total liabilities	\$ 109,945	\$ 110,559	\$ 614
Derivative transactions ^(*3)			
Derivative transactions not qualifying for hedge accounting	0	0	—
Derivative transactions qualifying for hedge accounting	(884)	(884)	—
Total derivative transactions	\$ (884)	\$ (884)	\$ —

(*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 and bills discounted.

(*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 three months, the carrying amounts are used as fair value because the carrying amount approximates the fair value.

(2) Securities

Trading securities (including investments in affiliates) are held by the consolidated foreign subsidiary and are measured at fair value through profit or loss based on 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 over the short term, an amount calculated by the floating rate note method 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 sheets 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 disclosed in Note 18 "Derivative transactions."

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

Classification

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
1) Unlisted stocks (unconsolidated subsidiaries and affiliates) ^{(*)1}	¥ 5,439	¥ 17,862	\$ 161
2) Unlisted stocks (other than unconsolidated subsidiaries and affiliates) ^{(*)1} ^{(*)2}	75,393	74,270	669
3) Partnership investments (unconsolidated subsidiaries and affiliates) ^{(*)3}	133,783	121,329	1,093
4) Partnership investments (other than unconsolidated subsidiaries and affiliates) ^{(*)3}	50,952	58,739	529
Total	¥ 265,569	¥ 272,201	\$ 2,452

^{(*)1} Since Unlisted stocks do not have quoted market prices available and their fair value is extremely difficult to determine, fair values are not stated.

^{(*)2} No impairment loss is recognized for unlisted stocks (other than unconsolidated subsidiaries and affiliates) for the fiscal year ended March 31, 2018.

Impairment loss of ¥11,787 million (\$106 million) is recognized for unlisted stocks (other than unconsolidated subsidiaries and affiliates) for the fiscal year ended March 31, 2019.

^{(*)3} 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

As of 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

^{(*)1} Demand deposits in Due from banks are included in "Due within one year."

^{(*)2} Loans and bills discounted of ¥188,842 million whose redemption is not estimable, such as claims against Bankrupt borrowers, Substantially bankrupt borrowers, and Potentially bankrupt borrowers, are 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.

As of March 31, 2019

(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}	¥1,191,463	¥ —	¥ —	¥ —	¥ —	¥ —
Securities						
Available-for-sale securities	23,500	30,000	2	—	30,600	—
Loans and bills discounted ^{(*)2}	1,530,222	3,040,088	2,607,551	2,630,725	1,960,695	1,616,170
Total	¥ 2,745,186	¥ 3,070,088	¥ 2,607,554	¥ 2,630,725	¥ 1,991,295	¥ 1,616,170

As of March 31, 2019

(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}	\$ 10,735	\$ —	\$ —	\$ —	\$ —	\$ —
Securities						
Available-for-sale securities	212	270	0	—	275	—
Loans and bills discounted ^{(*)2}	13,787	27,391	23,494	23,702	17,666	14,561
Total	\$ 24,734	\$ 27,661	\$ 23,494	\$ 23,702	\$ 17,941	\$ 14,561

^{(*)1} Demand deposits in Due from banks are included in "Due within one year."

^{(*)2} Loans and bills discounted of ¥191,105 million (\$1,722 million) 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

As of 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

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

As of March 31, 2019

(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	¥ 521,428	¥ 1,792,627	¥ 4,240,158	¥ 233,800	¥ 617,700	¥ 169,000
Bonds payable	458,465	1,378,001	1,011,162	519,455	1,226,439	—
Total	¥ 979,893	¥ 3,170,628	¥ 5,251,320	¥ 753,255	¥ 1,844,139	¥ 169,000

As of March 31, 2019

(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	\$ 4,698	\$ 16,151	\$ 38,203	\$ 2,107	\$ 5,565	\$ 1,523
Bonds payable	4,131	12,416	9,110	4,680	11,050	—
Total	\$ 8,829	\$ 28,567	\$ 47,313	\$ 6,787	\$ 16,615	\$ 1,523

(*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 sheets.

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

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Unrealized gains (losses) included in profit or loss for the fiscal year	¥ (31)	¥ 1,214	\$ 11

(b) Held-to-maturity debt securities

Fiscal year ended March 31, 2018

Not applicable.

Fiscal year ended March 31, 2019

Not applicable.

(c) Available-for-sale securities

As of 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

As of March 31, 2019

(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	54,660	54,100	560
Subtotal		54,660	54,100	560
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	69,232	70,000	(768)
Subtotal		69,232	70,000	(768)
Total		¥ 123,892	¥ 124,100	¥ (207)

As of March 31, 2019

(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	492	487	5
Subtotal		492	487	5
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	624	631	(7)
Subtotal		624	631	(7)
Total		\$ 1,116	\$ 1,118	\$ (2)

(d) Held-to-maturity debt securities sold

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

Not applicable.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

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, 2019

(In millions of yen)

	Amount of sales	Total gain on sales	Total loss on sales
Stocks	¥ —	¥ —	¥ —
Debt securities	—	—	—
Japanese government bonds	—	—	—
Corporate bonds	—	—	—
Other	¥ 10,462	¥ 116	¥ —
Total	¥ 10,462	¥ 116	¥ —

Fiscal year ended March 31, 2019		(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	\$ 94	\$ 1	\$ —	
Total	\$ 94	\$ 1	\$ —	

(f) Change in classification of securities

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

Not applicable.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable.

(g) Impairment of securities

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

Not applicable.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable.

(h) Money held in trust

(i) Money held in trust for trading purposes

Fiscal year ended March 31, 2018

Not applicable.

Fiscal year ended March 31, 2019

Not applicable.

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

Fiscal year ended March 31, 2018

Not applicable.

Fiscal year ended March 31, 2019

Not applicable.

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

Fiscal year ended March 31, 2018

Not applicable.

Fiscal year ended March 31, 2019

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)	

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

Fiscal year ended March 31, 2019		(In millions of yen)	
Valuation difference	¥		(557)
Available-for-sale securities (*)			(557)
Other money held in trust			—
(+/-) Deferred tax assets (or (-) Deferred tax liabilities)			—
Valuation difference on available-for-sale securities (before following adjustments)	¥		(557)
(-) 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	¥		(557)

Fiscal year ended March 31, 2019		(In millions of U.S. dollars)	
Valuation difference	\$		(5)
Available-for-sale securities (*)			(5)
Other money held in trust			—
(+/-) Deferred tax assets (or (-) Deferred tax liabilities)			—
Valuation difference on available-for-sale securities (before following adjustments)	\$		(5)
(-) 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	\$		(5)

(*) 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 for the fiscal years ended March 31, 2018 and March 31, 2019 are as follows:

(a) Derivative transactions not qualifying for hedge accounting

For derivative transactions not qualifying for hedge accounting, the contract value at the fiscal year end or notional amount defined in agreements, and fair value and valuation gain (loss) and the fair value calculation method are as follows. The contract value does not indicate the market risk of the derivative transactions.

(i) Interest rate-related transactions

Fiscal year ended March 31, 2018

Not applicable

Fiscal year ended March 31, 2019

Not applicable

(ii) Currency-related transactions

Fiscal year ended March 31, 2018

Not applicable

Fiscal year ended March 31, 2019

(In millions of yen)

Category	Type	Contract value		Contract value (Maturing after one year)		Fair value		Valuation gain (loss)	
Over-the-counter	Forward foreign exchange contracts								
	Sell	¥	—	¥	—	¥	—	¥	—
	Buy		66,594		—		56		56
	Total	¥	—	¥	—	¥	56	¥	56

(In millions of U.S. dollars)

Category	Type	Contract value		Contract value (Maturing after one year)		Fair value		Valuation gain (loss)	
Over-the-counter	Forward foreign exchange contracts								
	Sell	\$	—	\$	—	\$	—	\$	—
	Buy		600		—		1		1
	Total	\$	—	\$	—	\$	1	\$	1

(Notes) 1. Transactions above are measured at fair value and valuation gain (loss) is recognized in the consolidated statements of operations.
2. Calculation of fair value is based on the discounted cash flows.

- (iii) Equity-related transactions
Fiscal year ended March 31, 2018
Not applicable.
Fiscal year ended March 31, 2019
Not applicable.
- (iv) Bond-related transactions
Fiscal year ended March 31, 2018
Not applicable.
Fiscal year ended March 31, 2019
Not applicable.
- (v) Commodity-related transactions
Fiscal year ended March 31, 2018
Not applicable.
Fiscal year ended March 31, 2019
Not applicable.
- (vi) Credit derivative transactions
Fiscal year ended March 31, 2018
Not applicable.
Fiscal year ended March 31, 2019
Not applicable.

(b) Derivative transactions qualifying for hedge accounting

For derivative transactions qualifying for hedge accounting, the 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. The 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)

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

Fiscal year ended March 31, 2019

(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	¥ 4,239,345	¥ 3,866,375	¥ (22,574)
		Receive/floating and pay/fixed	733,572	715,692	(15,013)
	Receive/floating and pay/floating	221,980	166,485	(380)	
	Total		¥ —	¥ —	¥ (37,969)

Fiscal year ended March 31, 2019

(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	\$ 38,196	\$ 34,835	\$ (203)
	Receive/floating and pay/fixed	6,609	6,448	(135)	
	Receive/floating and pay/floating	2,000	1,500	(4)	
	Total	\$ —	\$ —	\$ (342)	

(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	¥ 3,274,459	¥ 2,761,005	¥ (17,161)
		Bonds payable			
	Forward foreign exchange contracts	Loans and bills discounted			
		Sell	Investments in capital and other items	87,304	—
	Buy		7,527	—	(16)
	Total		¥ —	¥ —	¥ (17,780)

Note 1. These are mainly accounted for using the deferral 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.

Fiscal year ended March 31, 2019

(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	¥ 3,655,284	¥ 3,118,590	¥ (59,959)
		Bonds payable			
	Forward foreign exchange contracts	Loans and bills discounted			
		Sell	Investments in capital and other items	87,596	—
	Buy		120	—	0
	Total		¥ —	¥ —	¥ (60,193)

Fiscal year ended March 31, 2019

(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	\$ 32,933	\$ 28,098	\$ (540)
		Bonds payable			
	Forward foreign exchange contracts	Loans and bills discounted			
		Sell	Investments in capital and other items	789	—
	Buy		1	—	0
	Total		\$ —	\$ —	\$ (542)

Note 1. These are mainly accounted for using the deferral 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

Fiscal year ended March 31, 2018

Not applicable.

Fiscal year ended March 31, 2019

Not applicable.

(iv) Bond-related transactions

Fiscal year ended March 31, 2018

Not applicable.

Fiscal year ended March 31, 2019

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 therefore 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, Labour 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 Kigyō Nenkin Kikin* (*Kouko* corporate pension fund) which JBIC participates in paid to the government ¥52,817 million of the transfer amount of the substitutional portion (i.e., minimum reserve). Its impact on profit or loss in the fiscal year ended March 31, 2018 amounted to ¥3 million which was recognized in Other of Other expenses.

(b) Defined benefit pension plan

(i) Changes in the projected benefit obligation

Category	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Projected benefit obligation at the beginning of the fiscal year	¥ 13,772	¥ 11,197	\$ 101
Service cost	445	446	4
Interest cost	35	26	0
Actuarial losses	383	497	4
Retirement benefit paid	(733)	(695)	(6)
Decrease due to the transfer of the substitutional portion of the welfare pension fund	(2,706)	—	—
Projected benefit obligation at the end of the fiscal year	¥ 11,197	¥ 11,472	\$ 103

(ii) Changes in the plan assets

Category	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Pension assets at the beginning of the fiscal year	¥ 6,964	¥ 4,411	\$ 40
Expected return on plan assets	106	110	1
Actuarial gains	156	119	1
Contributions by the employer	122	125	1
Retirement benefit paid	(229)	(283)	(3)
Decrease due to the transfer of the substitutional portion of the welfare pension fund	(2,709)	—	—
Pension assets at the end of the fiscal year	¥ 4,411	¥ 4,483	\$ 40

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

Category	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Funded projected benefit obligation	¥ 6,090	¥ 6,154	\$ 55
Fair value of plan assets	(4,411)	(4,483)	(40)
	1,679	1,671	15
Unfunded projected benefit obligation	5,106	5,317	48
Net amount of assets and liabilities in the consolidated balance sheets	¥ 6,785	¥ 6,988	\$ 63
Defined benefit liability	6,785	6,988	63
Defined benefit asset	—	—	—
Net amount of assets and liabilities in the consolidated balance sheets	¥ 6,785	¥ 6,988	\$ 63

(iv) Components of retirement benefit expense

Category	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Service cost	¥ 445	¥ 446	\$ 4
Interest cost	35	26	0
Expected return on plan assets	(106)	(110)	(1)
Realized actuarial loss	226	377	3
Retirement benefit expense	¥ 601	¥ 740	\$ 6

(Note) In addition to the above, ¥3 million was recognized in Other of Other expenses in the fiscal year ended March 31, 2018 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:

Category	As of March 31, 2018	As of March 31, 2019
Debt securities	61%	62%
Stocks	24%	24%
General accounts of life insurance companies	14%	13%
Cash and due from banks	1%	1%
Total	100%	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

Category	As of March 31, 2018	As of March 31, 2019
Discount rate	0.24%	0.10%
Expected rate of return on plan assets	2.50%	2.50%
Expected rate of an increase in salary	4.35%	4.33%

(c) Defined contribution plan

Fiscal year ended March 31, 2018

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

Fiscal year ended March 31, 2019

The amount of contribution required to be made to the defined contribution plan was ¥26 million (\$0 million) for the fiscal year ended March 31, 2019.

20. Deferred tax accounting

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

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Deferred tax assets			
Tax loss carryforward	¥ 8	¥ 3	\$ 0
Other	1	2	0
Sub total	9	6	0
Valuation allowance	(9)	(6)	(0)
Total deferred tax assets	¥ —	¥ —	\$ —

(b) Breakdown of major items resulting in a significant difference between the effective statutory tax rate and the rate of income tax and other taxes after applying deferred tax accounting

This information is omitted since JBIC is a nontaxable entity defined in the Article 2, Item 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 treatments applied to business segments reported are the same as those disclosed in "Notes to Consolidated Financial Statements." The amount of profit (or loss) of reportable segments is based on Net income attributable to owner 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

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 statements of operations.
2. Adjustments above represents elimination of intersegment transactions.

Fiscal year ended March 31, 2019

(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	¥ 478,958	¥ 155	¥ 479,113	¥ —	¥ 479,113
(2) Intersegment ordinary income	20	—	20	(20)	—
Total	¥ 478,978	¥ 155	¥ 479,134	¥ (20)	¥ 479,113
Segment profit (loss)	53,195	(172)	53,022	—	53,022
Segment assets	17,398,378	250,588	17,648,966	(14)	17,648,951
Segment liabilities	14,961,981	320	14,962,302	(14)	14,962,287
Other items					
Depreciation and amortization	1,944	—	1,944	—	1,944
Interest income	450,644	154	450,798	—	450,798
Interest expense	365,856	22	365,878	—	365,878
Losses of equity method investments	2,026	—	2,026	—	2,026
Losses on devaluation of equity and other securities	11,787	—	11,787	—	11,787
Extraordinary income	6	—	6	—	6
Gain on disposal of noncurrent assets	6	—	6	—	6
Income tax expenses	4	—	4	—	4
Equity method investments	86,860	—	86,860	—	86,860
Increase in Property, plant and equipment and Intangible assets	4,763	—	4,763	—	4,763
Provision of allowance for loan losses	19,497	64	19,561	—	19,561

(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	\$ 4,315	\$ 2	\$ 4,317	\$ —	\$ 4,317
(2) Intersegment ordinary income	0	—	0	(0)	—
Total	\$ 4,315	\$ 2	\$ 4,317	\$ (0)	\$ 4,317
Segment profit (loss)	479	(1)	478	—	478
Segment assets	156,756	2,258	159,014	(0)	159,014
Segment liabilities	134,805	3	134,808	(0)	134,808
Other items					
Depreciation and amortization	18	—	18	—	18
Interest income	4,060	2	4,062	—	4,062
Interest expense	3,296	0	3,296	—	3,296
Losses of equity method investments	18	—	18	—	18
Losses on devaluation of equity and other securities	106	—	106	—	106
Extraordinary income	0	—	0	—	0
Gain on disposal of noncurrent assets	0	—	0	—	0
Income tax expenses	0	—	0	—	0
Equity method investments	783	—	783	—	783
Increase in Property, plant and equipment and Intangible assets	43	—	43	—	43
Provision of allowance for loan losses	176	0	176	—	176

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 statements of operations.

2. 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 statements of operations.

(ii) Information about geographical areas

① Ordinary income: (In millions of yen)

	Japan	Asia/Oceania	Europe/Middle East /Africa	North America/ Latin America	Total
¥	91,138	¥ 102,256	¥ 91,918	¥ 104,747	¥ 390,060

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 sheets is 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 statements of operations.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(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 statements of operations.

(ii) Information about geographical areas

① Ordinary income: (In millions of yen)

	Japan	Asia/Oceania	Europe/Middle East /Africa	North America/ Latin America	Total
¥	130,353	¥ 127,889	¥ 127,700	¥ 93,169	¥ 479,113

(In millions of U.S. dollars)

	Japan	Asia/Oceania	Europe/Middle East /Africa	North America/ Latin America	Total
\$	1,174	\$ 1,152	\$ 1,151	\$ 840	\$ 4,317

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.

(Change in presentation)

Ordinary income attributable to "U.S.," which was separately presented for the fiscal year ended March 31, 2018 is included in "North America/ Latin America" for the fiscal year ended March 31, 2019 since the amount is less than 10% of Ordinary income reported in the consolidated statements of operations.

Therefore, "(ii) Information about geographical areas, ① Ordinary income" for the fiscal year ended March 31, 2018 is reclassified, and as a result, ¥40,948 million, which was presented in "U.S." for the fiscal year ended March 31, 2018, is reclassified to "North America/ Latin America."

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 sheets is 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 statements of operations.

(e) Information about impairment losses of property, plant and equipment in reportable segments Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

Not applicable.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable.

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

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

Not applicable.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable.

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

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

Not applicable.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable.

22. Related-party information

1. Related party transactions

(1) Related party transactions with JBIC

(a) Transactions with major shareholder

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 (%)	Relationship 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	Borrowed money	8,370,758
							Repayment of borrowed money	6,004,411		
							Payment of interest on borrowed money	115,370	Accrued expense	27,232
							Guarantee for corporate bonds (Note 3)	4,202,610	—	—

Notes 1. Ministry of Finance subscribed new shares issued by JBIC through an allotment to the shareholder for ¥1 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.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(In millions of yen)

	Related Party Name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relationship with related parties	Transactions	Amounts of transactions (Note 4)	Items	Balance as of March 31, 2019 (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)	¥ 20,100	—	¥ —
							Receipt of funds (Note 2)	764,559	Borrowed money	7,574,713
							Repayment of borrowed money	1,821,286		
							Payment of interest on borrowed money	156,898	Accrued expense	35,397
							Guarantee for corporate bonds (Note 3)	4,413,497	—	—

(In millions of U.S. dollars)

	Related Party Name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relationship with related parties	Transactions	Amounts of transactions (Note 4)	Items	Balance as of March 31, 2019 (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)	\$ 181	—	\$ —
							Receipt of funds (Note 2)	6,889	Borrowed money	68,247
							Repayment of borrowed money	16,409		
							Payment of interest on borrowed money	1,414	Accrued expenses	319
							Guarantee for corporate bonds (Note 3)	39,765	—	—

Notes 1. Ministry of Finance subscribed new shares issued by JBIC through an allotment to the shareholder for ¥1 (\$0.009) 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 companies

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 (%)	Relationship with related parties	Transactions	Amounts of transactions	Items	Balance as of March 31, 2018
Entities that had the majority of their voting rights held by principal shareholder	Japan International Cooperation Agency	Chiyoda-ku, Tokyo	¥8,099,860	Official development assistance	None	Joint obligor	Joint obligations	¥ 100,000 (Notes 1, 4)	—	¥ —
							Joint obligations	152,800 (Notes 2, 4)	—	—
							Joint obligations	140,000 (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 statements of operations.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(In millions of yen)

	Corporate name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relationship with related parties	Transactions	Amounts of transactions	Items	Balance as of March 31, 2019
Entities that had the majority of their voting rights held by principal shareholder	Japan International Cooperation Agency	Chiyoda-ku, Tokyo	¥8,145,870	Official development assistance	None	Joint obligor	Joint obligations	¥ 80,000 (Notes 1, 4)	—	¥ —
							Joint obligations	20,000 (Notes 2, 4)	—	—
							Joint obligations	140,000 (Notes 3, 4)	—	—

(In millions of U.S. dollars)

	Corporate name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relationship with related parties	Transactions	Amounts of transactions	Items	Balance as of March 31, 2019
Entities that had the majority of their voting rights held by principal shareholder	Japan International Cooperation Agency	Chiyoda-ku, Tokyo	\$ 73,393	Official development assistance	None	Joint obligor	Joint obligations	\$ 721 (Notes 1, 4)	—	\$ —
	Japan Finance Corporation	Chiyoda-ku, Tokyo	37,804	Finance	None	Joint obligor	Joint obligations	180 (Notes 2, 4) 1,261 (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 statements of operations.

(2) Transactions between consolidated subsidiaries and related parties

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

Not applicable.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

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:

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Total assets	¥ 286,987	¥ 225,501	\$ 2,032
Total liabilities	119,422	91,540	825
Total net assets	167,564	133,960	1,207
Gain on investment	14,967	13,481	121
Net income (loss) before income taxes	38,117	(5,213)	(47)
Net income (loss)	38,117	(5,213)	(47)

Note: IFC Capitalization (Subordinated Debt) Fund, L.P. and IFC Capitalization (Equity) Fund, L.P. were deemed as a significant affiliate from the fiscal year ended March 31, 2018 as their materiality has increased.

23. Amounts per share

Amounts per share as of and for the fiscal years ended March 31, 2018 and 2019 are calculated as follows:

	For the year ended March 31, 2018 (In yen)	For the year ended March 31, 2019 (In yen)	For the year ended March 31, 2019 (In U.S. dollars)
Net assets per share of common stock	¥ 1.57	¥ 1.64	\$ 0.01
Net income per share of common stock	0.04	0.03	0.00

Note 1. Net income per share of common stock is based on the following information.

Diluted net income per share of common stock is not presented since there are no dilutive shares.

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Net income attributable to owner of parent	¥ 62,081	¥ 53,022	\$ 478
Amount not attributable to common stock	—	—	—
Net income attributable to owner of parent related to common stock	62,081	53,022	478
Average number of outstanding shares of common stock (during the fiscal year)	1,533,900,821 thousand shares	1,615,750,684 thousand shares	

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

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Net assets	¥ 2,546,471	¥ 2,686,664	\$ 24,206
Deductions from net assets	227	235	2
(Non-controlling interests)	227	235	2
Net assets related to common stock	2,546,243	2,686,428	24,204
Year-end number of outstanding shares of common stock based on which net assets per share was calculated	1,615,200,000 thousand shares	1,635,300,000 thousand shares	

24. Bonds payable

Major components of bonds payable as of March 31, 2019 are as follows:

(In millions of yen)

Name of company	Description of bonds payable	Date of issuance	Balance at the beginning of the current fiscal year	Balance at the end of the current fiscal year	Interest rate (%)	Collateral	Maturity date	Remarks
JBIC	Government guaranteed JFC (JBIC) foreign bonds 9 th	February 7, 2012	¥ 132,754 (USD 1,249,574,000)	¥ —	2.125	General collateral	February 7, 2019	*2
	Government guaranteed JBIC foreign bonds 3 rd - 37 th	July 31, 2013 – October 31, 2018	4,069,855 (USD 37,713,465,000) (GBP 424,461,000)	4,413,497 [388,303] (USD 39,210,115,000) [USD 3,498,548,000] (GBP 424,660,000)	1.500~ 3.500	General collateral	July 31, 2018 – October 31, 2028	
	JBIC bonds 13 th , 16 th , 19 th , 22 nd , and 23 rd	May 28, 2004 – March 14, 2006	99,989	79,994 [39,998]	1.670~ 2.090	General collateral	March 20, 2019 – December 19, 2025	*1
	JFC corporate bonds 3 rd	October 29, 2009	19,997	19,999 [19,999]	1.430	General collateral	September 20, 2019	*2
	Non-guaranteed JBIC domestic bonds 1 st - 3 rd	January 27, 2015 – August 10, 2017	70,000	70,000 [10,000]	0.001~ 0.120	General collateral	December 20, 2019 – June 20, 2022	
	Total	—	¥ 4,392,597	¥ 4,583,492	—	—	—	—

(In millions of U.S. dollars)

Name of company	Description of bonds payable	Date of issuance	Balance at the beginning of the current fiscal year	Balance at the end of the current fiscal year	Interest rate (%)	Collateral	Maturity date	Remarks
JBIC	Government guaranteed JFC (JBIC) foreign bonds 9 th	February 7, 2012	\$ 1,196 (USD 1,249,574,000)	\$ —	2.125	General collateral	February 7, 2019	*2
	Government guaranteed JBIC foreign bonds 3 rd - 37 th	July 31, 2013 – October 31, 2018	36,669 (USD 37,713,465,000) (GBP 424,461,000)	39,765 [3,499] (USD 39,210,115,000) [USD 3,498,548,000] (GBP 424,660,000)	1.500~ 3.500	General collateral	July 31, 2018 – October 31, 2028	
	JBIC bonds 13 th , 16 th , 19 th , 22 nd , and 23 rd	May 28, 2004 – March 14, 2006	901	720 [360]	1.670~ 2.090	General collateral	March 20, 2019 – December 19, 2025	*1
	JFC corporate bonds 3 rd	October 29, 2009	180	180 [180]	1.430	General collateral	September 20, 2019	*2
	Non-guaranteed JBIC domestic bonds 1 st - 3 rd	January 27, 2015 – August 10, 2017	631	631 [90]	0.001~ 0.120	General collateral	December 20, 2019 – June 20, 2022	
	Total	—	\$ 39,577	\$ 41,296	—	—	—	—

- Notes 1. The amounts of foreign currency-denominated bonds are shown with 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, 2019 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
Bonds payable	¥ 458,465	¥ 878,546	¥ 499,455	¥ 511,707	¥ 499,455

(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
Bonds payable	\$ 4,131	\$ 7,916	\$ 4,500	\$ 4,610	\$ 4,500

25. Borrowings

Borrowings as of March 31, 2019 are as follows;

	Balance at the beginning of the current fiscal year (In millions of yen)	Balance at the beginning of the current fiscal year (In millions of U.S. dollars)	Balance at the end of the current fiscal year (In millions of yen)	Balance at the end of the current fiscal year (In millions of U.S. dollars)	Average interest rate (%)	Due date of payment
Borrowed money	¥ 8,370,758	\$ 75,419	¥ 7,574,713	\$ 68,247	2.13	—
Borrowings	8,370,758	75,419	7,574,713	68,247	2.13	May 2019 – November 2037
Other interest-bearing liabilities	56,280	507	44,620	402	(0.06)	—
Cash collateral received for financial instruments	56,280	507	44,620	402	(0.06)	—

Notes 1. "Average interest rate" represents the weighted-average interest rates of debts calculated from "Interest rates" and "Balance at the end of the current fiscal year."
2. There is no fixed maturity date for the repayment of Cash collateral received for financial instruments.
3. Maturities of borrowings for the next five years as of March 31, 2019 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	¥ 521,428	¥ 1,600,827	¥ 191,800	¥ 3,483,224	¥ 756,933

(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	\$ 4,698	\$ 14,423	\$ 1,728	\$ 31,383	\$ 6,820

26. Asset retirement obligations

This information is omitted because the amount of asset retirement obligations 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.

(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]

(In millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets:		
Cash and due from banks	1,500,902	946,130
Cash	0	0
Due from banks	1,500,902	946,130
Securities	338,928	362,975
Equity Securities	255	255
Other securities	338,673	362,720
Loans and bills discounted	13,512,657	13,571,215
Loans on deeds	13,512,657	13,571,215
Other assets	377,190	276,949
Prepaid expenses	625	590
Accrued income	84,657	110,720
Derivatives other than for trading-assets	43,181	42,253
Cash collateral paid for financial instruments	141,180	123,040
Other	107,546	345
Property, plant and equipment	28,355	27,940
Buildings	2,841	2,758
Land	24,311	24,311
Construction in progress	79	79
Other	1,122	790
Intangible assets	3,464	6,701
Software	3,464	6,701
Customers' liabilities for acceptances and guarantees	2,259,369	2,491,767
Allowance for loan losses	(273,542)	(293,039)
Total assets	17,747,325	17,390,640

(In millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities:		
Borrowed money	8,370,758	7,574,713
Borrowings	8,370,758	7,574,713
Bonds payable	4,392,597	4,583,492
Other liabilities	435,186	304,321
Accrued expenses	54,095	68,147
Unearned revenue	54,322	51,281
Derivatives other than for trading-assets	181,102	140,073
Cash collateral received for financial instruments	56,080	44,620
Other	89,585	199
Provision for bonuses	541	560
Provision for directors' bonuses	9	9
Provision for retirement benefits	6,779	6,975
Provision for directors' retirement benefits	25	30
Acceptances and guarantees	2,259,369	2,491,767
Total liabilities	15,465,266	14,961,871
Net assets:		
Capital stock	1,514,200	1,534,300
Retained earnings	883,901	905,802
Legal retained earnings	821,601	852,751
Other retained earnings	62,300	53,050
Retained earnings brought forward	62,300	53,050
Total shareholder's equity	2,398,101	2,440,102
Valuation difference on available-for-sale securities	(1,209)	(557)
Deferred gains or losses on hedges	(114,833)	(10,775)
Total valuation and translation adjustments	(116,042)	(11,333)
Total net assets	2,282,059	2,428,769
Total liabilities and net assets	17,747,325	17,390,640

[Special Operations Account]

(In millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets:		
Cash and due from banks	249,919	244,910
Due from banks	249,919	244,910
Loans and bills discounted	1,023	5,345
Loans on deeds	1,023	5,345
Other assets	190	419
Prepaid expenses	5	6
Accrued income	6	108
Derivatives other than for trading-assets	174	0
Cash collateral paid for financial instruments	—	300
Other	4	3
Allowance for loan losses	(22)	(87)
Total assets	251,110	250,588

	As of March 31, 2018	As of March 31, 2019
Liabilities:		
Other liabilities	210	300
Accrued expenses	2	4
Unearned revenue	0	0
Derivatives other than for trading-assets	0	285
Cash collateral received for financial instruments	200	—
Other	7	10
Provision for bonuses	4	6
Provision for directors' bonuses	0	0
Provision for retirement benefits	6	13
Provision for directors' retirement benefits	0	0
Total liabilities	222	320
Net assets:		
Capital stock	251,000	251,000
Retained earnings	(286)	(458)
Other retained earnings	(286)	(458)
Retained earnings brought forward	(286)	(458)
Total shareholder's equity	250,713	250,541
Deferred gains or losses on hedges	174	(272)
Total valuation and translation adjustments	174	(272)
Total net assets	250,888	250,268
Total liabilities and net assets	251,110	250,588

■ Statements of Operations

[Ordinary Operations Account]

(In millions of yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Ordinary income:	389,599	476,750
Interest income	336,747	450,327
Interest on loans and discounts	323,959	435,395
Interest and dividends on securities	1,829	1,361
Interest on deposits with banks	10,946	13,536
Other interest income	12	34
Fees and commissions	23,722	22,713
Other fees and commissions	23,722	22,713
Other ordinary income	128	272
Gain on sales of bonds	128	54
Income from derivatives other than for trading or hedging	—	197
Other	—	20
Other income	29,000	3,436
Recoveries of written-off claims	0	3,208
Gain on sales of stocks and other securities	—	61
Gain on investments in partnerships	28,832	—
Other	168	165
Ordinary expenses:	327,300	423,705
Interest expense	249,256	365,856
Interest on borrowed money and rediscounts	115,370	156,898
Interest on bonds	90,627	113,064
Interest on interest swaps	43,191	95,774
Other interest expense	65	118
Fees and commissions payments	1,792	2,303
Other fees and commissions	1,792	2,303
Other ordinary expenses	5,410	2,694
Loss on foreign exchange transactions	138	1,008
Amortization of bond issuance cost	2,309	1,081
Expenses on derivatives other than for trading or hedging	2,218	—
Other	743	604
General and administrative expenses	19,272	20,601
Other expenses	51,569	32,249
Provision of allowance for loan losses	51,505	19,497
Loss on sales of stocks and other securities	57	—
Losses on devaluation of stocks and other securities	—	11,787
Gain on investments in partnerships	—	964
Other	6	—
Ordinary profit	62,298	53,044
Extraordinary income	9	6
Gain on disposal of noncurrent assets	9	6
Extraordinary loss	8	—
Loss on disposal of noncurrent assets	8	—
Net income	62,300	53,050

[Special Operations Account]

(In millions of yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Ordinary income:	2	155
Interest income	1	154
Interest on loans and discounts	1	153
Interest on deposits with banks	0	0
Other interest income	0	0
Other income	1	1
Other	1	1
Ordinary expenses:	207	328
Interest expense	0	22
Interest on interest swaps	0	22
Other interest expense	0	0
Fees and commissions payments	14	20
Other fees and commissions	14	20
Other ordinary expenses	—	0
Loss on foreign exchange transactions	—	0
General and administrative expenses	169	221
Other expenses	22	64
Provision of allowance for loan losses	22	64
Ordinary loss	204	172
Net loss	204	172

■ Statements of Cash Flows

[Ordinary Operations Account]

(In millions of yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Cash flows from operating activities		
Net income	62,300	53,050
Depreciation and amortization	1,452	1,932
Increase (decrease) in allowance for loan losses	51,505	19,497
Increase (decrease) in provision for bonuses	26	18
Increase (decrease) in provision for directors' bonuses	2	0
Increase (decrease) in provision for retirement benefits	(27)	195
Increase (decrease) in provision for directors' retirement benefits	8	5
Interest income	(336,747)	(450,327)
Interest expense	249,256	365,856
Loss (gain) related to securities	(28,904)	12,636
Foreign exchange losses (gains)	(1,748)	(1,227)
Loss (gain) on disposal of noncurrent assets	(1)	(6)
Net decrease (increase) in loans and bills discounted	796,480	(58,558)
Net increase (decrease) in borrowed money	(1,537,947)	(796,045)
Net decrease (increase) in deposits (excluding deposits paid to Bank of Japan)	120,480	64,464
Increase (decrease) in straight bonds-issuance and redemption	1,088,786	188,604
Interest received	321,618	423,680
Interest paid	(236,405)	(349,657)
Other	(231,345)	85,778
Subtotal	318,791	(440,101)
Net cash provided by (used in) operating activities	318,791	(440,101)
Cash flow from investing activities		
Purchase of securities	(69,885)	(73,010)
Proceeds from sales of securities	25,883	26,106
Proceeds from redemption of securities	12,900	12,500
Purchase of property, plant and equipment	(1,161)	(235)
Proceeds from sales of property, plant and equipment	15	9
Purchase of intangible assets	(1,796)	(4,525)
Net cash provided by (used in) investing activities	(34,045)	(39,156)
Cash flow from financing activities		
Proceeds from issuance of new shares	33,700	20,100
Repayments of lease obligations	(6)	—
Payment to national treasury	(20,846)	(31,150)
Net cash provided by (used in) financing activities	12,846	(11,050)
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	297,592	(490,307)
Cash and cash equivalents at beginning of period	682,106	979,699
Cash and cash equivalents at end of period	979,699	489,391

[Special Operations Account]

(In millions of yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Cash flows from operating activities		
Net loss	(204)	(172)
Increase (decrease) in allowance for loan losses	22	64
Increase (decrease) in provision for bonuses	0	1
Increase (decrease) in provision for directors' bonuses	0	0
Increase (decrease) in provision for retirement benefits	5	6
Increase (decrease) in provision for directors' retirement benefits	0	0
Interest income	(1)	(154)
Interest expense	0	22
Net decrease (increase) in loans and bills discounted	(1,023)	(4,322)
Net decrease (increase) in deposits (excluding deposits paid to Bank of Japan)	2	(2)
Interest received	0	54
Interest paid	(0)	(22)
Other	200	(485)
Subtotal	(998)	(5,010)
Net cash provided by (used in) operating activities	(998)	(5,010)
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	(5,010)
Cash and cash equivalents at beginning of period	202,409	249,911
Cash and cash equivalents at end of period	249,911	244,900

Composition of Liabilities and Net Assets

[The Bank]

(Unit: millions of yen, %)

	March 31, 2018		March 31, 2019	
	Amount	% (Note)	Amount	% (Note)
Liabilities	15,465,477	85.9	14,962,176	84.8
Borrowed Money	8,370,758	46.5	7,574,713	42.9
Bonds Payable	4,392,597	24.4	4,583,492	26.0
Acceptances and Guarantees	2,259,369	12.6	2,491,767	14.1
Other	442,752	2.5	312,203	1.8
Net Assets	2,532,947	14.1	2,679,037	15.2
Capital Stock	1,765,200	9.8	1,785,300	10.1
Retained Earnings	883,615	4.9	905,343	5.1
Valuation Difference on Available-for-sale Securities	(1,209)	(0.0)	(557)	(0.0)
Deferred Gains or Losses on Hedges	(114,658)	(0.6)	(11,048)	(0.1)
Total Liabilities and Net Assets	17,998,424	100	17,641,214	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	19.38
Tier 1 risk-weighted capital ratio	18.58
Common Equity Tier 1 risk-weighted capital ratio	18.58
Total capital (Common Equity Tier 1 capital + Additional Tier 1 capital + Tier 2 capital)	2,771.4
Tier 1 capital (Common Equity Tier 1 capital + Additional Tier 1 capital)	2,656.8
Common Equity Tier 1 capital	2,656.8
Risk-weighted assets	14,296.8
The amount of minimum capital requirements	1,143.7

[Ordinary Operations Account]

(Unit: millions of yen, %)

	March 31, 2018		March 31, 2019	
	Amount	% (Note)	Amount	% (Note)
Liabilities	15,465,266	87.1	14,961,871	86.0
Borrowed Money	8,370,758	47.2	7,574,713	43.6
Bonds Payable	4,392,597	24.8	4,583,492	26.4
Acceptances and Guarantees	2,259,369	12.7	2,491,767	14.3
Other	442,541	2.5	311,897	1.8
Net Assets	2,282,059	12.9	2,428,769	14.0
Capital Stock	1,514,200	8.5	1,534,300	8.8
Retained Earnings	883,901	5.0	905,802	5.2
Valuation Difference on Available-for-sale Securities	(1,209)	(0.0)	(557)	(0.0)
Deferred Gains or Losses on Hedges	(114,833)	(0.6)	(10,775)	(0.1)
Total Liabilities and Net Assets	17,747,325	100	17,390,640	100

(Note) Ratio to Liabilities and Net Assets added.

[Special Operations Account]

(Unit: millions of yen, %)

	March 31, 2018		March 31, 2019	
	Amount	% (Note)	Amount	% (Note)
Liabilities	222	0.1	320	0.1
Borrowed Money	—	—	—	—
Bonds Payable	—	—	—	—
Acceptances and Guarantees	—	—	—	—
Other	222	0.1	320	0.1
Net Assets	250,888	99.9	250,268	99.9
Capital Stock	251,000	100.0	251,000	100.2
Retained Earnings	(286)	(0.1)	(458)	(0.2)
Valuation Difference on Available-for-sale Securities	—	—	—	—
Deferred Gains or Losses on Hedges	174	0.1	(272)	(0.1)
Total Liabilities and Net Assets	251,110	100	250,588	100

(Note) Ratio to Liabilities and Net Assets added.

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, 2018			Fiscal Year Ended March 31, 2019		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-earning Assets	15,415,567	336,671	2.18	14,695,413	450,338	3.06
Loans and Bills Discounted	14,210,257	323,960	2.28	13,584,378	435,549	3.21
Due from Banks	863,557	10,946	1.27	688,325	13,536	1.97
Interest-bearing Liabilities	13,651,238	249,179	1.83	12,793,375	365,734	2.86
Borrowed Money	9,457,769	115,370	1.22	8,094,303	156,898	1.94
Bonds Payable	4,168,081	90,627	2.17	4,655,772	113,064	2.43

[Ordinary Operations Account]

(Unit: millions of yen, %)

	Fiscal Year Ended March 31, 2018			Fiscal Year Ended March 31, 2019		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-earning Assets	15,415,403	336,669	2.18	14,692,302	450,184	3.06
Loans and Bills Discounted	14,210,231	323,959	2.28	13,581,324	435,395	3.21
Due from Banks	863,550	10,946	1.27	688,298	13,536	1.97
Interest-bearing Liabilities	13,651,195	249,178	1.83	12,793,117	365,712	2.86
Borrowed Money	9,457,769	115,370	1.22	8,094,303	156,898	1.94
Bonds Payable	4,168,081	90,627	2.17	4,655,772	113,064	2.43

[Special Operations Account]

(Unit: millions of yen, %)

	Fiscal Year Ended March 31, 2018			Fiscal Year Ended March 31, 2019		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-earning Assets	163	1	0.83	3,111	153	4.95
Loans and Bills Discounted	25	1	5.57	3,054	153	5.04
Due from Banks	6	0	0.20	26	0	0.20
Interest-bearing Liabilities	42	0	1.26	257	21	8.50
Borrowed Money	—	—	—	—	—	—
Bonds Payable	—	—	—	—	—	—

Breakdown of Operating Expenses

[The Bank]

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Salaries and Other Compensations	5,559	5,772
Expenses for Retirement Benefits	626	767
Welfare Benefits	769	788
Depreciation of Property, Plant and Equipment	1,452	1,932
Leasing on Land, Buildings and Machinery	215	191
Building Maintenance	305	91
Supplies	282	211
Utilities	81	84
Traveling Expenses	1,477	1,519
Communications	181	277
Advertising Expenses	3	3
Fees, Donations and Social Expenses	21	46
Taxes	452	541
Other	7,999	8,572
Total	19,429	20,801

[Ordinary Operations Account]

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Salaries and Other Compensations	5,511	5,710
Expenses for Retirement Benefits	620	758
Welfare Benefits	762	780
Depreciation of Property, Plant and Equipment	1,452	1,932
Leasing on Land, Buildings and Machinery	213	189
Building Maintenance	303	90
Supplies	279	209
Utilities	80	83
Traveling Expenses	1,465	1,503
Communications	180	274
Advertising Expenses	3	3
Fees, Donations and Social Expenses	20	45
Taxes	448	536
Other	7,929	8,481
Total	19,272	20,601

[Special Operations Account]

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Salaries and Other Compensations	47	61
Expenses for Retirement Benefits	6	8
Welfare Benefits	6	8
Leasing on Land, Buildings and Machinery	14	22
Building Maintenance	2	0
Supplies	2	1
Utilities	0	0
Traveling Expenses	12	16
Communications	1	2
Advertising Expenses	0	0
Fees, Donations and Social Expenses	0	0
Taxes	3	5
Other	69	90
Total	169	221

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

[The Bank]

(Unit: millions of yen)

	March 31, 2018	March 31, 2019
Due from Banks in Japanese Yen	90,000	90,000
Due from Banks in Foreign Currencies	423,756	344,838
Receivables under Resale Agreements	—	—
Securities	—	—

[Ordinary Operations Account]

(Unit: millions of yen)

	March 31, 2018	March 31, 2019
Due from Banks in Japanese Yen	90,000	90,000
Due from Banks in Foreign Currencies	423,756	344,838
Receivables under Resale Agreements	—	—
Securities	—	—

[Special Operations Account]

(Unit: millions of yen)

	March 31, 2018	March 31, 2019
Due from Banks in Japanese Yen	—	—
Due from Banks in Foreign Currencies	—	0
Receivables under Resale Agreements	—	—
Securities	—	—

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, 2019; 100 millions of yen)

	Contract Amounts / Notional Amounts	Credit Risk Amounts	Market Value
Interest Rate Swaps	52,565	868	(379)
Currency Swaps	36,552	3,106	(599)
Forward Exchange Contracts	1,541	8	(1)
Other Derivatives	—	—	—
Credit Risk Mitigation through Netting		(2,419)	
Total	90,659	1,564	(981)

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

Yield / Interest Rate

[The Bank]

(Unit: %)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
(A) – (B)	0.19	0.03
Yields on Interest-earning Assets (A)	2.18	3.06
Costs of Interest-bearing Liabilities (B)	1.99	3.03

(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, 2018	Fiscal Year Ended March 31, 2019
(A) – (B)	0.20	0.03
Yields on Interest-earning Assets (A)	2.18	3.06
Costs of Interest-bearing Liabilities (B)	1.99	3.03

(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, 2018	Fiscal Year Ended March 31, 2019
(A) – (B)	(395.43)	(89.37)
Yields on Interest-earning Assets (A)	0.83	4.95
Costs of Interest-bearing Liabilities (B)	396.26	94.32

(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

Loans Outstanding per Employee

(Unit: millions of yen)

March 31, 2018	March 31, 2019
23,502	22,856

Loans Outstanding by Industry

(Unit: millions of yen)

Industry	March 31, 2018		March 31, 2019	
	Number of Loans	Balance	Number of Loans	Balance
Manufacturing	114	413,682	114	755,099
Mining and Quarrying of Stone and Gravel	7	301,241	8	321,951
Construction	—	—	1	240
Electricity, Gas, Heat Supply, and Water	5	227,705	4	139,710
Transport and Postal Services	4	10,447	4	10,088
Wholesale Trade	23	597,248	21	551,345
Retail Trade	1	318	1	266
Finance and Insurance	21	2,848,383	24	2,662,796
Real Estate	1	361	1	618
Goods Rental and Leasing	3	128,400	3	176,675
Scientific Research, Professional and Technical Service	1	642	2	433
Accommodations	1	388	1	357
Overseas Yen Loan and Domestic Loans Transferred Overseas	519	9,052,082	502	9,020,991
Total, Including Others	700	13,580,902	686	13,640,575
Loans Outstanding to Small and Medium-sized Enterprises, and Mid-tier Enterprises	480	189,431	497	183,706

(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, 2018	Fiscal Year Ended March 31, 2019
—	—

[Special Operations Account]

(Unit: millions of yen)

Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
—	—

Assets in Foreign Currencies (Loans and Equity Participation)

[The Bank]

(Unit: millions of yen)

	March 31, 2018	March 31, 2019
Investments in Foreign Currency (USD)	171,073	170,487
Investments in Foreign Currency (RUB)	10,047	15,770
Equity Investments in Foreign Currency (USD)	47,577	49,877
Equity Investments in Foreign Currency (EUR)	16,185	26,108
Equity Investments in Foreign Currency (THB)	19	19
Equity Investments in Foreign Currency (CNY)	1,727	2,011
Equity Investments in Foreign Currency (INR)	1,875	1,978
Equity Investments in Foreign Currency (SGD)	13,449	—
Equity Investments in Foreign Currency (RUB)	—	518
Loans in Foreign Currency (USD)	11,887,060	12,233,708
Loans in Foreign Currency (GBP)	105,646	168,555
Loans in Foreign Currency (EUR)	247,736	214,531
Loans in Foreign Currency (ZAR)	1,490	—
Loans in Foreign Currency (AUD)	242,320	114,460
Loans in Foreign Currency (THB)	21,484	20,132
Loans in Foreign Currency (SDR)	10,085	3,456
Loans in Foreign Currency (CAD)	80,955	53,716
Loans in Foreign Currency (CNY)	1,458	1,828
Loans in Foreign Currency (INR)	1,140	1,569
Loans in Foreign Currency (MXN)	5,300	5,287
Loans in Foreign Currency (IDR)	419	83
Loans in Foreign Currency (RUB)	6,660	9,234

[Ordinary Operations Account]

(Unit: millions of yen)

	March 31, 2018	March 31, 2019
Investments in Foreign Currency (USD)	171,073	170,487
Investments in Foreign Currency (RUB)	10,047	15,770
Equity Investments in Foreign Currency (USD)	47,577	49,877
Equity Investments in Foreign Currency (EUR)	16,185	26,108
Equity Investments in Foreign Currency (THB)	19	19
Equity Investments in Foreign Currency (CNY)	1,727	2,011
Equity Investments in Foreign Currency (INR)	1,875	1,978
Equity Investments in Foreign Currency (SGD)	13,449	—
Equity Investments in Foreign Currency (RUB)	—	518
Loans in Foreign Currency (USD)	11,886,491	12,232,643
Loans in Foreign Currency (GBP)	105,646	168,555
Loans in Foreign Currency (EUR)	247,736	214,531
Loans in Foreign Currency (ZAR)	1,490	—
Loans in Foreign Currency (AUD)	242,320	114,460
Loans in Foreign Currency (THB)	21,484	20,132
Loans in Foreign Currency (SDR)	10,085	3,456
Loans in Foreign Currency (CAD)	80,955	53,716
Loans in Foreign Currency (CNY)	1,458	1,828
Loans in Foreign Currency (INR)	1,140	1,569
Loans in Foreign Currency (MXN)	5,300	5,287
Loans in Foreign Currency (IDR)	419	83
Loans in Foreign Currency (RUB)	6,660	9,234

[Special Operations Account]

(Unit: millions of yen)

	March 31, 2018	March 31, 2019
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)	—	—
Equity Investments in Foreign Currency (RUB)	—	—
Loans in Foreign Currency (USD)	568	1,064
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)	—	—

Administrative Expense Ratio

[The Bank]

(Units: %)

Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
0.12	0.13

(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, 2018	Fiscal Year Ended March 31, 2019
0.11	0.13

(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, 2018	Fiscal Year Ended March 31, 2019
670.50	7.24

(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)

Balance of Loans / Borrowings, Bonds and Notes by Maturity

Maturity Structure of Loans as of March 31, 2019

(Unit: 100 millions of yen)

Maturity	Collection from Loans
1 Year or Less	15,302
1-2 Years	16,881
2-3 Years	13,519
3-4 Years	14,431
4-5 Years	11,644
5-6 Years	12,406
6-7 Years	13,900
7-8 Years	7,015
8-9 Years	7,649
9-10 Years	4,941
11-15 Years	12,202
16-20 Years	2,688
21-25 Years	1,271
26-30 Years	—
31-35 Years	—
36-40 Years	—
Over 40 Years	—
Total	133,854

(Note) The figures exclude: ¥191,105 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, 2019

(Unit: 100 millions of yen)

Maturity	Repayment of Borrowings
1 Year or Less	5,214
1-2 Years	16,008
2-3 Years	1,918
3-4 Years	34,832
4-5 Years	7,569
5-6 Years	1,108
6-7 Years	1,230
7-8 Years	3,871
8-9 Years	1,210
9-10 Years	1,096
Over 10 Years	1,690
Total	75,747

Maturity Structure of Bonds and Notes as of March 31, 2019

(Unit: 100 millions of yen)

Maturity	Redemption of Bonds and Notes
1 Year or Less	4,584
1-2 Years	8,785
2-3 Years	4,994
3-4 Years	5,117
4-5 Years	4,994
5-6 Years	2,219
6-7 Years	2,974
7-8 Years	5,327
8-9 Years	4,717
9-10 Years	2,219
Over 10 Years	—
Total	45,935

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. 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 deducted 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, 2018	Fiscal Year Ended March 31, 2019
Bankrupt Loans	—	—
Non-accrual Loans	188,842	191,105
Past Due Loans (3 months or more)	—	—
Restructured Loans	225,846	188,036
Total (1)	414,688	379,142
Total Amounts of Loans (2)	13,512,657	13,571,215
(1) / (2) (%)	3.07	2.79

[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, 2018	Fiscal Year Ended March 31, 2019
Loans	Bankrupt and Quasi-bankrupt Assets	—	—
	Doubtful Assets	188,842	191,105
	Substandard Loans	225,846	188,036
	Subtotal (1)	414,688	379,142
	Normal Assets	15,440,235	15,792,843
	Total (2)	15,854,923	16,171,985
	(1) / (2) (%)	2.62	2.34

[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 ¥88,536 million as of the end of the fiscal year ended March 31, 2019.

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 ¥56,684 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, 2019. 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, 2019 and 2018, and the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of

changes in equity and 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 Statements of Financial Position

(Millions of yen)

	As of March 31, 2019	As of March 31, 2018
Assets		
Cash and due from banks	1,191,463	1,751,287
Derivative financial instrument assets	145,235	149,506
Financial assets at fair value through profit or loss	361,964	9,204
Securities	84,087	208,385
Loans and other receivables	13,298,146	13,452,950
Equity method investments	145,834	137,078
Property and equipment	27,979	28,401
Other assets	133,145	255,046
Total assets	15,387,859	15,991,860
Liabilities		
Derivative financial instrument liabilities	243,346	287,429
Borrowings	7,574,713	8,370,758
Bonds payable	4,606,882	4,388,754
Financial guarantee contracts	75,346	72,285
Other liabilities	137,720	227,980
Total liabilities	12,638,008	13,347,209
Equity		
Capital stock	1,785,300	1,765,200
Retained earnings	947,978	856,640
Other reserves	16,335	22,582
Non-controlling interests	235	227
Total equity	2,749,850	2,644,651
Total liabilities and equity	15,387,859	15,991,860

Consolidated Income Statements

(Millions of yen)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income	453,200	344,801
Interest expense	271,366	206,624
Net interest income	181,834	138,177
Fee and commission income	16,892	15,018
Fee and commission expense	2,993	2,043
Net expense from derivative financial instruments	19,527	138,389
Net loss from financial assets at fair value through profit or loss	1,794	146
Net investment income	—	88
Net gains on derecognition of financial assets measured at amortized cost	74	—
Other income	150	3,552
Net non-interest expense	7,197	121,921
Total operating income *1	174,636	16,256
Impairment losses on financial assets	15,669	109,978
Net operating income (loss)*2	158,967	(93,722)
Operating expenses	20,938	19,545
Other expenses	1,440	822
Total operating expenses	22,379	20,367
Profits (losses) of equity method investments	(887)	22,480
Profit (loss) before income tax	135,700	(91,609)
Income tax expense	4	—
Net profit (loss)	135,695	(91,609)
Attributable to:		
Shareholder of JBIC	135,688	(91,592)
Non-controlling interests	7	(17)

*1 Aggregate of "Net interest income" and "Net non-interest expense"

*2 "Total operating income" less "Impairment losses on financial assets"

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Net profit (loss)	135,695	(91,609)
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans:		
Remeasurement arising during the year	(236)	(184)
Total of items that will not be reclassified to profit or loss	(236)	(184)
Items that may be reclassified to profit or loss:		
Available-for-sale financial assets:		
Net gains arising during the year	—	4,759
Reclassification adjustments	—	(171)
Deferred gains (losses) on hedges:		
Reclassification adjustments	(3,952)	(2,342)
Exchange differences on translation of foreign operations:		
Net gains (losses) arising during the year	6,614	(8,052)
Reclassification adjustments	(1,017)	(1,754)
Total of items that may be reclassified to profit or loss	1,645	(7,562)
Other comprehensive income (loss)	1,409	(7,747)
Total comprehensive income (loss)	137,105	(99,356)
Attributable to:		
Shareholder of JBIC	137,097	(99,339)
Non-controlling interests	7	(17)

Consolidated Statements of Changes in Equity

(Millions of yen)

	Attributable to shareholder of JBIC							Sub Total
	Capital stock	Retained earnings	Other reserves				Other reserves, Total	
			Remeasurement of defined benefit plans	Available-for-sale financial assets	Deferred gains (losses) on hedges	Exchange differences on translation of foreign operations		
April 1, 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
Effects of changes in accounting policies	—	(12,963)	—	(7,892)	—	—	(7,892)	(20,855)
April 1, 2018	1,765,200	843,677	—	—	4,025	10,664	14,690	2,623,567
Net profit	—	135,688	—	—	—	—	—	135,688
Other comprehensive income (loss)	—	—	(236)	—	(3,952)	5,597	1,409	1,409
Total comprehensive income (loss)	—	135,688	(236)	—	(3,952)	5,597	1,409	137,097
Issuance of new shares	20,100	—	—	—	—	—	—	20,100
Payment to national treasury	—	(31,150)	—	—	—	—	—	(31,150)
Other	—	(236)	236	—	—	—	236	—
March 31, 2019	1,785,300	947,978	—	—	73	16,261	16,335	2,749,614

(Millions of yen)

	Non-controlling interests	Total equity
April 1, 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
Effects of changes in accounting policies	—	(20,855)
April 1, 2018	227	2,623,795
Net profit	7	135,695
Other comprehensive income (loss)	—	1,409
Total comprehensive income (loss)	7	137,105
Issuance of new shares	—	20,100
Payment to national treasury	—	(31,150)
Other	—	—
March 31, 2019	235	2,749,850

Consolidated Statements of Cash Flows

(Millions of yen)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash flows from operating activities		
Profit (loss) before income tax	135,700	(91,609)
Depreciation and amortization	1,944	1,460
Increase (decrease) in liability for retirement benefits	182	53
Net loss from financial assets at fair value through profit or loss	1,794	146
Losses (profits) from equity method investments	887	(22,480)
Net decrease (increase) in loans and other receivables	(81,408)	899,770
Net increase (decrease) in borrowings	(796,045)	(1,537,947)
Net decrease (increase) in deposits (excluding demand deposits)	68,193	191,404
Net change in derivative financial instrument assets and liabilities	(39,812)	(193,728)
Net increase (decrease) in financial guarantee contracts	1,459	(12,627)
Net increase (decrease) in bonds payable	218,127	1,089,256
Other	40,157	71,413
Net cash provided by (used in) operating activities	(448,819)	395,112
Cash flows from investing activities		
Purchase of financial assets at fair value through profit or loss	(29,216)	(9,717)
Sale of financial assets at fair value through profit or loss	6,851	—
Purchase of securities	(30,600)	(41,155)
Proceeds from sales or redemption of securities	22,354	29,126
Purchase of equity method investments	(12,570)	(18,151)
Proceeds from return of equity method investments	9,111	9,640
Other	(4,798)	(3,005)
Net cash provided by (used in) investing activities	(38,867)	(33,263)
Cash flows from financing activities		
Proceeds from issuance of new shares	20,100	82,200
Payment to national treasury	(31,150)	(20,846)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	—	245
Other	—	(6)
Net cash provided by (used in) financing activities	(11,050)	61,591
Exchange difference on cash and cash equivalents	7,106	(6,957)
Net increase (decrease) in cash and cash equivalents	(491,630)	416,482
Cash and cash equivalents at the beginning of the year	1,498,807	1,082,325
Cash and cash equivalents at the end of the year	1,007,176	1,498,807
Net cash provided by (used in) operating activities includes the following:		
Interest received	416,979	322,349
Interest paid	(253,882)	(193,214)

2. Reconciliation between Japanese GAAP and IFRS

Reconciliation of assets, liabilities, and equity of the JBIC Group as of March 31, 2019 and 2018, and reconciliation of net profit or loss of the JBIC Group for the fiscal years ended March 31, 2019 and 2018, between accounting

principles generally accepted in Japan ("Japanese GAAP") and IFRS as issued by the IASB.*

* JBIC has adopted Japanese GAAP for reporting purposes. Audited consolidated financial statements of the JBIC Group for the fiscal years ended March 31, 2019 and 2018 prepared in accordance with IFRS 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, 2019

(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	1,191,463	—	—	1,191,463	Cash and due from banks
	—	145,242	(6)	145,235	Derivative financial instrument assets
	—	358,278	3,686	361,964	Financial assets at fair value through profit or loss
Securities	367,026	(283,239)	300	84,087	Securities
Loans and bills discounted	13,576,561	(389,138)	110,723	13,298,146	Loans and other receivables
	—	130,079	15,754	145,834	Equity method investments
Property, plant and equipment	27,979	—	—	27,979	Property and equipment
Intangible assets	6,710	(6,710)	—	—	
Other assets	280,568	(144,650)	(2,772)	133,145	Other assets
Customers' liabilities for acceptances and guarantees	2,491,767	—	(2,491,767)	—	
Allowance for loan losses	(293,126)	293,126	—	—	
Total assets	17,648,951	102,988	(2,364,081)	15,387,859	Total assets
Liabilities					Liabilities
	—	243,347	—	243,346	Derivative financial instrument liabilities
Borrowed money	7,574,713	—	—	7,574,713	Borrowings
Bonds payable	4,583,492	—	23,389	4,606,882	Bonds payable
	—	—	75,346	75,346	Financial guarantee contracts
Net defined benefit liability	6,988	(6,988)	—	—	
Provision for directors' retirement benefits	31	(31)	—	—	
Other liabilities	304,718	(132,763)	(34,235)	137,720	Other liabilities
Provision for bonuses	566	(566)	—	—	
Provision for directors' bonuses	9	(9)	—	—	
Acceptances and guarantees	2,491,767	—	(2,491,767)	—	
Total liabilities	14,962,287	102,988	(2,427,267)	12,638,008	Total liabilities
Net assets					Equity
Capital stock	1,785,300	—	—	1,785,300	Capital stock
Retained earnings	905,474	—	42,504	947,978	Retained earnings
	—	(4,345)	20,681	16,335	Other reserves
Valuation difference on available-for-sale securities	(557)	557	—	—	
Deferred gains or losses on hedges	(11,048)	11,048	—	—	
Foreign currency translation adjustment	7,260	(7,260)	—	—	
Non-controlling interests	235	—	—	235	Non-controlling interests
Total net assets	2,686,664	—	63,186	2,749,850	Total equity
Total liabilities and net assets	17,648,951	102,988	(2,364,081)	15,387,859	Total liabilities and equity

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 at 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 net profit for the year ended March 31, 2019

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Accounts under IFRS
Interest income	450,798	(7,073)	9,475	453,200	Interest income
Interest expense	365,878	(95,797)	1,285	271,366	Interest expense
				181,834	Net interest income
Fees and commissions	23,030	(163)	(5,974)	16,892	Fee and commission income
Fees and commissions payments	2,993	—	—	2,993	Fee and commission expense
	—	95,599	(76,072)	19,527	Net expense from derivative financial instruments
	—	3,380	(1,586)	1,794	Net loss from financial assets at fair value through profit or loss
	—	20	54	74	Net gains on derecognition of financial assets measured at amortized cost
	—	(518)	668	150	Other income
Other ordinary income	272	(272)	—	—	
Other income*1	1,337	(1,337)	—	—	
Extraordinary income	6	(6)	—	—	
				7,197	Net non-interest expense
				174,636	Total operating income
	—	16,353	(684)	15,669	Impairment losses on financial assets
Recoveries of written-off claims*1	3,208	(3,208)	—	—	
Provision of allowance for loan losses*2	19,561	(19,561)	—	—	
				158,967	Net operating income
General and administrative expenses	21,200	—	(261)	20,938	Operating expenses
	—	2,638	(1,197)	1,440	Other expenses
Other ordinary expenses	2,638	(2,638)	—	—	
Other*2	11,788	(11,788)	—	—	
				22,379	Total operating expenses
Losses of equity method investments*2	2,026	(1,138)	—	887	Losses of equity method investments
Gain on investments in partnerships*1	467	(467)	—	—	
				135,700	Profit before income tax
Income tax expense	4	—	—	4	Income tax expense
Net income	53,030	—	82,665	135,695	Net profit

*1 The sum of these amounts is included in "Other income" in the consolidated statements of operations prepared under Japanese GAAP.

*2 The sum of these amounts is included in "Other expenses" in the consolidated statements of operations prepared under Japanese GAAP.

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 at 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	Net non-interest expense
				16,256	Total operating income
	—	51,528	58,449	109,978	Impairment losses on financial assets
Recoveries of written-off claims*1	—	—	—	—	
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	—	—	—	—	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 consolidated statements of operations prepared under Japanese GAAP.

*2 The sum of these amounts is included in "Other expenses" in the consolidated statements of operations prepared under Japanese GAAP.

Notes to the reconciliation of assets, liabilities, and equity as of March 31, 2019 and 2018, and the reconciliation of net profit or loss for the fiscal years ended March 31, 2019 and 2018

A. Derivative financial instrument assets and liabilities

i. Hedge accounting

The JBIC Group uses derivative financial instruments to hedge interest rate risk and foreign exchange risk. Although fluctuations in the market value of derivatives may result in large valuation gains or losses, the JBIC Group does not realize these gains or losses because it uses derivatives for hedging and, in principle, does not terminate derivatives before maturity. Therefore, the JBIC Group has been applying hedge accounting under Japanese GAAP to derivative transactions in order to eliminate net gains or losses from the valuation of derivatives from its net income.

The JBIC Group has started applying hedge accounting under IFRS 9 from the fiscal year ended March 31, 2019 in order to reflect the effect of risk management activities in its consolidated financial statements and to reduce the significant impact of gains or losses from valuation of derivatives on net profit. However, since IFRS hedge accounting has been applied to the transactions effective from April 1, 2018 and the number of hedged items were limited, the effect of hedge accounting was also limited. Of the total gain from valuation of derivatives amounting to 107.0 billion yen, 29.1 billion yen was eliminated from the net profit for the fiscal year ended March 31, 2019. Hedge accounting under IFRS is explained in Note 3.G of its consolidated financial statements.

From April 1, 2012 to March 31, 2018, the JBIC Group had not applied hedge accounting under IAS 39 *Financial Instruments: Recognition and Measurement*. At the date of transition in 2012, the JBIC Group discontinued hedge accounting under Japanese GAAP in accordance with IAS 39 and IFRS 1 *First-time Adoption of International Financial Reporting Standards*. After the transition, the JBIC Group has amortized the adjusted amounts of the hedged items using the effective interest method.

ii. Offsetting derivative financial instrument assets and liabilities

Derivative financial instrument assets and liabilities that meet offset requirements under Japanese GAAP are presented on a net basis by counterparty and included in "Other assets" or "Other liabilities." Of these assets and liabilities, assets and liabilities that do not meet the offset requirements under IFRS are presented on a gross basis as "Derivative financial instrument assets" and "Derivative financial instrument liabilities."

iii. Credit risk adjustments

Under IFRS, the JBIC Group determines fair values of derivative financial instrument assets and liabilities in consideration of counterparties or its own credit risks calculated from observable market data.

B. Financial assets at fair value through profit or loss

Under IFRS, if contractual cash flows of financial assets are not solely payments of principal and interest, the JBIC Group measures such financial assets at fair value through profit or loss. If contractual cash flows of financial assets are solely payments of principal and interest, and financial assets are held within a business model whose objective is to hold the assets in order to collect contractual cash flows, financial assets are measured at amortized cost. Whereas, Japanese GAAP sets out the approach to measure financial assets according to their legal form and the entity's intention to hold the financial assets.

Stocks, investments in partnerships and some of loans excluding investments held by the JBIC Group and accounted for using the equity method are measured at fair value and presented as "Financial assets at fair value through profit or loss" under IFRS, whereas they are measured at either cost or fair value according to their legal form and holding intention and presented as "Securities" or "Loans and other receivables" under Japanese GAAP. If the net asset value of shares has declined significantly due to a deterioration in the financial position of an issuer, the carrying amount is written down and such valuation difference is recognized as impairment loss for the current period.

Under IFRS, the JBIC Group presents gains and losses arising from such assets are presented as "Net gain (loss) from financial assets at fair value through profit or loss." Under Japanese GAAP, the JBIC Group presents interest income and dividend income as "Interest income," upfront and commitment fees as "Fee and commissions," and realized gains and losses arising from 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 and joint ventures as "Securities" under Japanese GAAP and "Equity method investments" under IFRS. For the differences in the measurement method between the accounting standards, see "E. Equity method investments."

Stocks and investments in partnerships other than investments in associates and joint ventures are presented as "Securities" under Japanese GAAP and "Financial assets at fair value through profit or loss" under IFRS. For the differences in the measurement method between the accounting standards, see "B. Financial assets at fair value through profit or loss."

Debt securities included in "Securities" under Japanese GAAP are also presented as "Securities" under IFRS. For the measurement method, debt securities are measured at fair value and valuation gains and losses are recognized as "Valuation difference on available-for-sale securities" under Japanese GAAP, whereas these debt securities are measured at amortized cost under IFRS.

Under IFRS, impairment losses are recognized for securities measured at amortized cost under the expected credit loss model. Impairment losses are estimated at the amount of the expected credit losses expected to occur within the next 12-months from the reporting date or on a lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition of the financial assets. Such impairment losses measured are deducted from securities using an allowance for loan losses.

D. Loans and other receivables

"Loans and other receivables" under IFRS include accrued interest income on loans in "Other assets" under Japanese GAAP and also financial assets associated with financial guarantee contracts described in "G. Financial guarantee contracts," but do not include loans and other receivables measured at fair value through profit or loss.

Under IFRS, the JBIC Group measures loans and other receivables initially at fair value plus transaction costs directly attributable to loan origination, and subsequently at amortized cost using the effective interest method. The JBIC Group amortizes loan origination fees, which are considered integral to the origination using the effective interest method. As described in "A. i. Hedge accounting," the JBIC Group adjusted the carrying amounts of loans for which hedge accounting was discontinued at the date of transition and has amortized them in accordance with IFRS 1.

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

In accordance with the expected credit loss model under IFRS, the JBIC Group recognizes impairment losses, and the carrying amount of loans

and other receivables is reduced by the amount of impairment losses measured through the allowance for loan losses. See "C. Securities" for the method for recognizing expected credit 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 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 investments in associates and joint ventures, except for investments held by the investment company which is the subsidiary of JBIC. Gains or losses on investments in partnerships to which the equity method is not applied under Japanese GAAP but 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 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. i. Hedge accounting," the JBIC Group adjusted the carrying amounts of bonds payable for which hedge accounting was discontinued at the date of transition and has amortized them in accordance with IFRS 1. For bonds payable to which hedge accounting is applied in accordance with IFRS 9, their carrying amount is adjusted to reflect changes in fair value arising from the underlying hedged risks.

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.

For the year ended March 31, 2019, they are subsequently measured at the higher of (a) the amount of the loss allowance determined in accordance with IFRS 9 and (b) the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS 15 *Revenue from Contracts with Customers*.

For the year ended March 31, 2018, they are subsequently measured at the higher of (a) the amount initially recognized less cumulative amortization recognized in accordance with IAS 18 *Revenue* and (b) the amount determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

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 remeasurement of defined benefit plans directly in "Other reserves" as incurred and reclassifies immediately to retained earnings. The JBIC Group remeasures retirement benefit obligations under IFRS, and charges for differences caused by the period allocation method of retirement benefit obligations, etc. as "Operating expenses." The JBIC Group includes a liability for retirement benefits in "Other liabilities."

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

Under Japanese GAAP, if the difference between the reporting date of consolidated financial statements and of the subsidiary does not exceed three months, it is required that only important inter-company transactions made during that period be reflected in the financial statements of the subsidiary. Accordingly, the JBIC Group adjusts only important inter-company transactions in the consolidated financial statements under Japanese GAAP.

On the other hand, IFRS requires that financial statements of consolidated subsidiaries be prepared on the reporting date of the parent company, except it is impracticable. For this reason, 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.