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1 Statutory Financial Statements

Overview of Accounting

1. The consolidated financial statements of the Bank are prepared based on the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976). Moreover, its assets and liabilities are classified, also on a consolidated basis, pursuant to the Ordinance on the Accounting Practices to Be Observed by Japan Bank for International Cooperation (Ordinance of the Ministry of Finance No. 15 of 2012), while revenues and expenditures are reported on the same basis, in compliance with the latter Ordinance.
2. The non-consolidated financial statements of the Bank are prepared based on the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No.59 of 1963). Furthermore, its assets and liabilities basis are classified, on a stand-alone basis, pursuant to the Ordinance on the Accounting Practices to Be Observed by Japan Bank for International Cooperation (Ordinance of the Ministry of Finance No. 15 of 2012) while non-consolidated revenues and expenditures are reported in compliance with the latter Ordinance.
3. 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, 2025, to March 31, 2026) as well as non-consolidated financial statements for the business year under review (from April 1, 2025, to March 31, 2026).

Consolidated Financial Statements

≫ Consolidated Balance Sheets

		As of March 31, 2025 (In millions of yen)	As of March 31, 2026 (In millions of yen)	As of March 31, 2026 (In millions of U.S. dollars)
Assets:				
Cash and due from banks		¥ 2,762,447	¥ 2,140,217	$ 13,386
Securities	Note 8	318,317	364,815	2,282
Loans and bills discounted	Note 9	15,414,487	15,656,959	97,929
Other assets	Note 9	1,101,662	1,271,050	7,950
Derivative financial instruments		27,317	12,803	80
Cash collateral paid for financial instruments		896,220	1,103,270	6,901
Other		178,125	154,976	969
Property, plant and equipment	Note 11	34,834	35,510	223
Buildings		8,076	7,735	48
Land		24,313	24,313	152
Construction in progress		72	1,576	10
Other		2,372	1,884	13
Intangible assets		8,949	7,075	44
Software		8,949	7,075	44
Net defined benefit asset		418	1,174	7
Customers' liabilities for acceptances and guarantees	Note 9	1,325,383	1,449,642	9,067
Allowance for loan losses		(501,749)	(480,477)	(3,005)
Total assets		¥ 20,464,753	¥ 20,445,967	$ 127,883

		As of March 31, 2025 (In millions of yen)	As of March 31, 2026 (In millions of yen)	As of March 31, 2026 (In millions of U.S. dollars)
Liabilities:				
Borrowed money		¥ 8,720,489	¥ 8,767,688	$ 54,839
Bonds payable	Note 10	6,119,651	5,271,662	32,973
Other liabilities		1,048,118	1,252,691	7,835
Derivative financial instruments		836,580	1,089,093	6,812
Cash collateral received for financial instruments		26,660	12,360	77
Other		184,878	151,237	946
Provision for bonuses		649	782	5
Provision for directors' bonuses		10	11	0
Net defined benefit liability		4,476	4,167	26
Provision for directors' retirement benefits		51	63	0
Acceptances and guarantees		1,325,383	1,449,642	9,067
Total liabilities		¥ 17,218,831	¥ 16,746,711	$ 104,745
Net assets:				
Capital stock		2,332,800	2,702,800	16,905
Retained earnings		1,163,445	1,258,381	7,871
Total shareholder's equity		3,496,245	3,961,181	24,776
Valuation difference on available-for-sale securities		28,329	45,254	283
Deferred gains (losses) on hedges		(298,579)	(333,195)	(2,084)
Foreign currency translation adjustment		524	1,905	12
Total accumulated other comprehensive income (loss)		(269,725)	(286,035)	(1,789)
Non-controlling interests		19,402	24,110	151
Total net assets		¥ 3,245,922	¥ 3,699,255	$ 23,138
Total liabilities and net assets		¥ 20,464,753	¥ 20,445,967	$ 127,883

≫ Consolidated Statements of Operations

		For the year ended March 31, 2025 (In millions of yen)	For the year ended March 31, 2026 (In millions of yen)	For the year ended March 31, 2026 (In millions of U.S. dollars)
Ordinary income		**¥ 1,028,875**	**¥ 882,794**	**$ 5,522**
Interest income		984,272	779,557	4,876
Interest on loans and discounts		917,774	723,549	4,526
Interest and dividends on securities		10,195	8,024	50
Interest on deposits with banks		54,253	43,180	270
Other interest income		2,048	4,801	30
Fees and commissions		21,150	21,836	137
Other ordinary income		796	37,899	237
Gain on foreign exchange transactions		—	37,580	235
Other		796	319	2
Other income		22,655	43,501	272
Recoveries of written-off claims		12,646	7,532	47
Other	Note 13	10,009	35,969	225
Ordinary expenses		**946,191**	**746,381**	**4,669**
Interest expense		867,154	654,796	4,096
Interest on borrowed money and rediscounts		337,833	250,175	1,565
Interest on bonds		182,191	169,143	1,058
Interest on interest rate swaps		343,513	233,203	1,459
Other interest expense		3,615	2,274	14
Fees and commissions payments		4,522	4,616	29
Other ordinary expenses		4,293	1,373	8
Loss on foreign exchange transactions		2,622	—	—
Other		1,671	1,373	8
General and administrative expenses		29,870	30,954	194
Other expenses		40,350	54,639	342
Provision of allowance for loan losses		20,524	48,284	302
Other	Note 14	19,826	6,354	40
Ordinary profit		**82,683**	**136,413**	**853**
Extraordinary income		**2,575**	**14**	**0**
Gain on disposal of noncurrent assets		15	14	0
Gain on step acquisitions		2,558	—	—
Gain on bargain purchase		1	—	—
Net income before income taxes		**85,259**	**136,427**	**853**
Income taxes – current		**217**	**123**	**0**
Total income taxes		**217**	**123**	**0**
Net income		**85,042**	**136,304**	**853**
Net loss attributable to non-controlling interests		**(1,264)**	**(673)**	**(4)**
Net income attributable to owner of parent		**¥ 86,306**	**¥ 136,977**	**$ 857**

≫ Consolidated Statements of Comprehensive Income

		For the year ended March 31, 2025 (In millions of yen)	For the year ended March 31, 2026 (In millions of yen)	For the year ended March 31, 2026 (In millions of U.S. dollars)
Net income		**¥ 85,042**	**¥ 136,304**	**$ 853**
Other comprehensive income (loss)	Note 15	**66,394**	**(13,685)**	**(86)**
Valuation difference on available-for-sale securities		(12,897)	16,926	106
Deferred gains (losses) on hedges		84,327	(34,615)	(217)
Foreign currency translation adjustment		1,000	5,381	34
Share of other comprehensive income (loss) of equity method investments		(6,035)	(1,378)	(9)
Comprehensive income (loss)		**¥ 151,436**	**¥ 122,618**	**$ 767**
(Comprehensive income (loss) attributable to)				
Owner of parent		152,221	120,667	755
Non-controlling interests		(784)	1,950	12

≫ Consolidated Statements of Changes in Net Assets

From April 1, 2024 to March 31, 2025

(In millions of yen)

	Shareholder's equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholder's equity
Balance at April 1, 2024	**¥ 2,211,800**	**—**	**¥ 1,108,607**	**¥ 3,320,407**
Changes during period				
Issuance of new shares	121,000			121,000
Payment to National Treasury			(31,467)	(31,467)
Net income attributable to owner of parent			86,306	86,306
Change in scope of consolidation or change in scope of equity method				—
Change in ownership interest of parent due to transactions with non-controlling interests		(1)		(1)
Transfer from retained earnings to capital surplus		1	(1)	—
Net changes of items other than shareholder's equity				
Total changes during period	**121,000**	**—**	**54,838**	**175,838**
Balance at March 31, 2025	**¥ 2,332,800**	**—**	**¥ 1,163,445**	**¥ 3,496,245**

(In millions of yen)

	Accumulated other comprehensive income (loss)					
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
Balance at April 1, 2024	**¥ 41,226**	**¥ (382,907)**	**¥ 6,040**	**¥ (335,640)**	**¥ 258**	**¥ 2,985,025**
Changes during period						
Issuance of new shares						121,000
Payment to National Treasury						(31,467)
Net income attributable to owner of parent						86,306
Change in scope of consolidation or change in scope of equity method			(1,912)	(1,912)	18,442	16,530
Change in ownership interest of parent due to transactions with non-controlling interests			(2)	(2)	59	56
Transfer from retained earnings to capital surplus						—
Net changes of items other than shareholder's equity	(12,897)	84,327	(3,600)	67,830	641	68,471
Total changes during period	**(12,897)**	**84,327**	**(5,515)**	**65,914**	**19,144**	**260,897**
Balance at March 31, 2025	**¥ 28,329**	**¥ (298,579)**	**¥ 524**	**¥ (269,725)**	**¥ 19,402**	**¥ 3,245,922**

From April 1, 2025 to March 31, 2026

(In millions of yen)

	Shareholder's equity		
	Capital stock	Retained earnings	Total shareholder's equity
Balance at April 1, 2025	¥ 2,332,800	¥ 1,163,445	¥ 3,496,245
Changes during period			
Issuance of new shares	370,000		370,000
Payment to National Treasury		(42,041)	(42,041)
Net income attributable to owner of parent		136,977	136,977
Net changes of items other than shareholder's equity			
Total changes during period	**370,000**	**94,935**	**464,935**
Balance at March 31, 2026	¥ 2,702,800	¥ 1,258,381	¥ 3,961,181

(In millions of yen)

	Accumulated other comprehensive income (loss)					
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
Balance at April 1, 2025	¥ 28,329	¥ (298,579)	¥ 524	¥ (269,725)	¥ 19,402	¥ 3,245,922
Changes during period						
Issuance of new shares						370,000
Payment to National Treasury						(42,041)
Net income attributable to owner of parent						136,977
Net changes of items other than shareholder's equity	16,925	(34,615)	1,380	(16,309)	4,707	(11,601)
Total changes during period	**16,925**	**(34,615)**	**1,380**	**(16,309)**	**4,707**	**453,333**
Balance at March 31, 2026	¥ 45,254	¥ (333,195)	¥ 1,905	¥ (286,035)	¥ 24,110	¥ 3,699,255

From April 1, 2025 to March 31, 2026

(In millions of U.S. dollars)

	Shareholder's equity		
	Capital stock	Retained earnings	Total shareholder's equity
Balance at April 1, 2025	$ 14,591	$ 7,277	$ 21,868
Changes during period			
Issuance of new shares	2,314		2,314
Payment to National Treasury		(263)	(263)
Net income attributable to owner of parent		857	857
Net changes of items other than shareholder's equity			
Total changes during period	**2,314**	**594**	**2,908**
Balance at March 31, 2026	$ 16,905	$ 7,871	$ 24,776

(In millions of U.S. dollars)

	Accumulated other comprehensive income (loss)					
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
Balance at April 1, 2025	$ 177	$ (1,867)	$ 3	$ (1,687)	$ 122	$ 20,303
Changes during period						
Issuance of new shares						2,314
Payment to National Treasury						(263)
Net income attributable to owner of parent						857
Net changes of items other than shareholder's equity	106	(217)	9	(102)	29	(73)
Total changes during period	**106**	**(217)**	**9**	**(102)**	**29**	**2,835**
Balance at March 31, 2026	$ 283	$ (2,084)	$ 12	$ (1,789)	$ 151	$ 23,138

≫ Consolidated Statements of Cash Flows

	For the year ended March 31, 2025 (In millions of yen)	For the year ended March 31, 2026 (In millions of yen)	For the year ended March 31, 2026 (In millions of U.S. dollars)
Cash flows from operating activities			
Net income before income taxes	¥ 85,259	¥ 136,427	$ 853
Depreciation and amortization	4,359	4,572	29
Gain on bargain purchase	(1)	—	—
Loss (gain) on step acquisitions	(2,558)	—	—
Losses (profits) of equity method investments	(16)	(8,562)	(54)
Increase (decrease) in allowance for loan losses	(34,663)	(21,271)	(133)
Increase (decrease) in provision for bonuses	(11)	133	1
Increase (decrease) in provision for directors' bonuses	0	0	0
Decrease (increase) in net defined benefit asset	(418)	(756)	(5)
Increase (decrease) in net defined benefit liability	(154)	(308)	(2)
Increase (decrease) in provision for directors' retirement benefits	(0)	11	0
Interest income	(984,272)	(779,557)	(4,876)
Interest expense	867,154	654,796	4,096
Losses (gains) related to securities	8,707	(22,985)	(144)
Foreign exchange losses (gains)	(8,573)	(3,348)	(21)
Losses (gains) on disposal of noncurrent assets	(15)	(14)	(0)
Net decrease (increase) in derivative financial instruments (assets)	10,790	14,513	91
Net increase (decrease) in derivative financial instruments (liabilities)	(196,320)	252,513	1,579
Net decrease (increase) in loans and bills discounted	1,008,988	(242,471)	(1,517)
Net increase (decrease) in borrowed money	(473,499)	47,199	295
Net decrease (increase) in deposits (excluding deposits paid to Bank of Japan)	(219,565)	325,475	2,036
Net decrease (increase) in cash collateral paid for financial instruments	137,600	(207,050)	(1,295)
Net increase (decrease) in cash collateral received for financial instruments	(10,690)	(14,300)	(89)
Increase (decrease) in straight bonds-issuance and redemption	(520,488)	(850,847)	(5,322)
Interest received	1,033,428	805,214	5,036
Interest paid	(898,884)	(676,261)	(4,230)
Other	61,438	(46,883)	(292)
Subtotal	(132,406)	(633,760)	(3,964)
Income taxes (paid) refund	(119)	(278)	(2)
Net cash provided by (used in) operating activities	(132,526)	(634,039)	(3,966)
Cash flows from investing activities			
Purchase of securities	(28,682)	(26,521)	(166)
Proceeds from sales of securities	51,069	35,963	225
Purchase of property, plant and equipment	(3,240)	(1,980)	(12)
Proceeds from sales of property, plant and equipment	19	14	0
Purchase of intangible assets	(644)	(1,401)	(9)
Purchase of shares of subsidiaries resulting in change in scope of consolidation Note 17	(146)	—	—
Net cash provided by (used in) investing activities	18,374	6,074	38
Cash flows from financing activities			
Proceeds from issuance of new shares	121,000	370,000	2,314
Payment to National Treasury	(31,467)	(42,041)	(263)
Proceeds from share issuance to non-controlling shareholders	1,432	2,844	18
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	64	—	—
Other	(2)	(2)	(0)
Net cash provided by (used in) financing activities	91,027	330,800	2,069
Effect of exchange rate change on cash and cash equivalents	**—**	**—**	**—**
Net increase (decrease) in cash and cash equivalents	**(23,124)**	**(297,164)**	**(1,859)**
Cash and cash equivalents at beginning of period	**946,624**	**923,500**	**5,777**
Cash and cash equivalents at end of period Note 17	¥ 923,500	¥ 626,336	$ 3,918

≫ 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 consolidated 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 IFRS Accounting Standards.

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" and items whose balance is nil are presented as "-."

Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥159.88=$1.00, the foreign exchange rate on March 31, 2026, has been used in translations. The presentation of such amounts is not intended to imply that Japanese yen has 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 eight.

Major company names: JBIC IG Partners
Russia-Japan Investment Fund, L.P.
JB Nordic Fund I SCSp
NordicNinja Fund II SCSp

(b) Unconsolidated subsidiaries

Company Names: Japan Invest 1 LLC
Japan Invest 2 LLC
Japan Invest 3 LLC

(Reason for Exclusion from the Scope of Consolidation)

JBIC holds all of the voting rights in Japan Invest 1 LLC, Japan Invest 2 LLC, and Japan Invest 3 LLC (collectively the "Japan Investment Entities") and has concluded that they are subsidiaries of the JBIC Group. The JBIC Group, however, excluded the Japan Investment Entities from the scope of consolidation.

The Japan Investment Entities are special purpose vehicles established by JBIC as sole equity holder to carry out investment activities in the United States pursuant to the "Memorandum of Understanding Between the Government of Japan and the Government of the United States of America with Respect to Strategic Investment" (the "Memorandum") entered into by the two governments on September 4, 2025. In accordance with the Memorandum, the Japan Investment Entities engage in operations with characteristics that are highly unique and distinctively different from those undertaken by the JBIC Group in its ordinary course of business.

While JBIC has assessed that the Japan Investment Entities are its subsidiaries, their operations are conducted within a governmental framework under which funds required for investments are transferred to the United States for investments selected by the President of the United States pursuant to the Memorandum. In addition, available cash flows generated by investees of the Japan Investment Entities from investments in the United States are distributed 50% to the United States and 50% to Japan until the principal and interest, including guarantee fees, funded by the Japan Investment Entities, have been fully recovered. Thereafter, such cash flows are distributed 90% to the United States and 10% to Japan, taking into account the various contributions made by the United States.

Furthermore, JBIC secures funds through long-term and stable funding sources, such as fiscal loan funds, government-guaranteed bonds and fiscal investment and loan program ("FILP") agency bonds. In contrast, the Japan Investment Entities raise funds from JBIC and private financial institutions to finance individual investees as part of their operations, pursuant to a notification issued by the Government of the United States of America to the Government of Japan.

Accordingly, significant decision-making with respect to the operations of the Japan Investment Entities is subject to restrictions under the Memorandum, and their business characteristics and risk profile are distinctively different from those of the ordinary operations of JBIC. Given these factors, JBIC has determined that including the Japan Investment Entities within the scope of consolidation would not appropriately reflect the actual business scale, financial position and operational performance, and the risk exposure of the JBIC Group.

Therefore, the Japan Investment Entities were excluded from the scope of consolidation, as they meet the condition of "entities whose inclusion in the scope of consolidation would seriously mislead users of the consolidated financial statements," as defined in paragraph 14(2) of "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22).

(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 GP2 Limited

(Reason for Determining not to be a Subsidiary)

JBIC has determined that RJIF GP2 Limited is not a 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 the 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 one.

Company names: IFC Capitalization (Equity) Fund, L.P.

(Change in the Scope of Application of the Equity Method)

IFC Capitalization (Subordinated Debt) Fund, L. P. was excluded from the scope of application of the equity method from the fiscal year ended March 31, 2026 following the completion of its liquidation.

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

Company Names: Japan Invest 1 LLC
Japan Invest 2 LLC
Japan Invest 3 LLC

(Reason for not applying the equity method)

These entities were not included in the scope of the equity method primarily because they do not have significant impact 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 entities), Retained earnings (the amount proportionate to the share of retained earnings of such entities) and Accumulated other comprehensive income (loss) (the amount proportionate to the share of other comprehensive income (loss) of such entities).

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

Major company names: Credit Guarantee and Investment Facility
RJIF GP2 Limited

(Reason for not applying the equity method)

These companies were not included in the scope of the equity method primarily because they do not have significant impact 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, 2026
December 31	6
March 31	1
September 30	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 using the equity method are carried at cost based on the moving average method. Available-for-sale securities are stated at fair value with changes in net unrealized gains or losses included directly in net assets. However, equity and other securities whose market prices are not available are carried at cost based on the moving average method. Securities held by certain consolidated foreign subsidiaries (including investments in affiliates) are classified as financial assets designated as fair value through profit or loss based on IFRS Accounting Standards. These securities are recognized as securities classified as trading in JBIC's consolidated financial statements and are measured at fair value.

Investments in partnerships for investment and other similar partnerships, 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 measured at fair value.

With respect to specific credit risk, fair value is calculated for a group of financial assets and liabilities on a basis of a net amount after offsetting the amounts of the assets and the liabilities in the group.

Financial assets and financial liabilities arising from derivatives transactions that are executed with the same counterparties and are measured at fair value are offset on a counterparty-by-counterparty basis if a valid ISDA Master Netting Agreement is entered into. The resulting amount is recognized in the consolidated balance sheets.

(c) Depreciation and amortization basis for fixed assets

(i) Property, plant and equipment

Property, plant and equipment of JBIC are depreciated using 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 using 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 75 years

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

(ii) Intangible assets

Amortization of intangible assets is computed using 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.

For Potentially bankrupt borrowers with restructured loans and others, (excluding foreign governments and other governmental entities) whose loan exceeds a threshold amount, if it is possible to reasonably estimate cash flows from the collection of principal and the receipt of interest, the allowance for claims on such debtors is provided based on an approach whereby the difference between the amount of cash flows discounted by the original contractual interest rates and the carrying amount of the claims is determined to be the allowance for loan losses ("cash flow estimation approach").

The allowance for claims on debtors other than Bankrupt borrowers, Substantially bankrupt borrowers and Potentially bankrupt borrowers is provided primarily in consideration of the expected loss amount over the average remaining periods of loans, and the expected loss amount is calculated primarily based on the probability of default which is based on the actual bankruptcies 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, the residual book value of the claims, after deducting the amount which is deemed collectible through the disposal of collateral or the execution of guarantees, is written off. The accumulated write-offs as of March 31, 2026 amounted to ¥74,593 million ($467 million) (there were no accumulated write-offs as of March 31, 2025).

(e) Provision for bonuses

The Provision for bonuses is calculated and provided 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 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 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 and bills discounted, and bonds payable

(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 financial 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-specific Committee Practical Guideline No. 25 of October 8, 2020 ("Industry-specific Committee Practical Guideline No. 25")).

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.

(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.

6. Significant accounting estimates

The following item in the consolidated financial statements for the respective fiscal year is based on accounting estimates that may have a significant effect on the consolidated financial statements for the next fiscal year.

- Allowance for loan losses

(i) Amount recognized in the consolidated financial statements for the current fiscal year

	As of March 31, 2025 (In millions of yen)	As of March 31, 2026 (In millions of yen)	As of March 31, 2026 (In millions of U.S. dollars)
Allowance for loan losses	¥ 501,749	¥ 480,477	$ 3,005

(ii) Information on significant accounting estimates related to the identified item

① Calculation method

The calculation method of allowance for loan losses is described in "5. Significant accounting policies, (d) Allowance for loan losses" in the notes to the consolidated financial statements.

JBIC engages in financing activities to realize its policy objectives as a policy-based financial institution and may incur loss from being impossible or difficult to recover its loans due to, among other factors, a deterioration in borrowers' creditworthiness. To address such a risk of JBIC incurring loss arising from a reduction in, or diminishment of, asset value attributable to a deterioration in borrowers' financial condition and for other reasons, JBIC calculates an expected loss amount and recognizes it as allowance for loan losses. JBIC engages in significant financing activities with overseas governments, governmental institutions, and overseas corporations as part of its support of overseas economic transactions. Because of the characteristics of these activities, sovereign or country risk is a relatively significant part of the credit risk JBIC is exposed to in connection with these activities.

Allowance for loan losses is calculated in accordance with JBIC's internal rules for self-assessment of asset quality and internally established standards. The calculation process includes the determination of the borrowers' category based on the evaluation of borrowers' solvency in consideration of their repayment status, financial condition, performance, future prospects and other relevant factors, and the estimation of future cash flows under the cash flow estimation approach.

Note: For the details of the credit risk JBIC is exposed to in connection with its financing activities, see the descriptions in "18. Financial instruments and related disclosure, (a) Status of financial instruments, (ii) Types of financial instruments and risks, ① Credit risk" in the note to the consolidated financial statements.

② Major assumptions

Major assumptions are the future prospects for borrowers and other applicable items used in the borrowers' category determination, and future cash flows of individual claims used under the cash flow estimation approach.

These assumptions are affected by relevant factors such as changes in borrowers' business environment and whether their business strategy is successful. Therefore, JBIC's estimation and judgment are reassessed and modified whenever the economic environment changes or new information becomes available.

Given the above, such estimation and judgment related to the major assumptions may have a significant effect on the amount of allowance for loan losses.

③ Effects on the consolidated financial statements for the next fiscal year

The effects of the international situation related to Russia-Ukraine and the Middle East, as well as changes in trade policies in various countries emanating from the United States, are reflected in the allowance for loan losses in the fiscal year ended March 31, 2026 by assessing in detail the effects on the business of, or the performance of obligations by, borrowers and reviewing the borrowers' category as appropriate. In the future, the international situation including the expansion of economic sanctions against Russia and the escalation of conflicts, as well as additional changes in the trade policies in various countries, may have direct and indirect effects on the borrowers' category.

Given the uncertainty in predicting the future course of these events, the allowance for loan losses as of March 31, 2027 may be subject to change, which could have a significant effect on the consolidated financial statements for the next fiscal year.

7. Accounting standards and other pronouncements that are not applied

- "Accounting Standard for Leases" (ASBJ Statement No. 34 issued on September 13, 2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33 issued on September 13, 2024)

In addition to the above, there are revisions to the related accounting standards, implementation guidance, practical solutions, and transferred guidance.

(i) Overview

In order to enhance comparability with international accounting standards, the "Accounting Standard for Leases" and the "Implementation Guidance on Accounting Standard for Leases" have been developed. The new standard and implementation guidance specify accounting treatment, such as the recognition of assets and liabilities, for all leases as a lessee.

(ii) Planned date of application

JBIC plans to apply the accounting standards and the implementation guidance above from the beginning of the fiscal year ending March 31, 2028.

(iii) Effects of the application of the accounting standards and the implementation guidance

The effects of the application of the accounting standards and the implementation guidance above to the consolidated financial statements are currently being assessed.

- "Practical Guidelines on Accounting for Financial Instruments" (Transferred Guidelines No. 9 issued on March 11, 2025)

(i) Overview

To clarify the accounting treatment of interests in venture capital funds held by listed companies and others, the "Practical Guidelines on Accounting for Financial Instruments" have been revised. These revisions specify that equities, which are the underlying assets of partnerships similar to venture capital funds but lack available market prices, can be measured at fair value. This fair value can then be used as the basis for accounting by investors for such partnerships.

(ii) Planned date of application

JBIC plans to apply the practical guidelines above from the beginning of the fiscal year ending March 31, 2027.

(iii) Effects of application of the practical guidelines

The effects of applying the practical guidelines on the consolidated financial statements are immaterial.

8. Equity and other securities or investments in unconsolidated subsidiaries and affiliates

	As of March 31, 2025 (In millions of yen)	As of March 31, 2026 (In millions of yen)	As of March 31, 2026 (In millions of U.S. dollars)
Equity and other securities	¥ 18,408	¥ 16,722	$ 105
Investments	42,137	44,400	278

9. Loans

(a) Loans classified under the Japan Bank for International Cooperation Act ("JBIC Act") are as follows. Loans represent those items presented in the following accounts in the consolidated balance sheets: Loans and bills discounted, accrued interest income and suspense payments included in Other assets, and Customers' liabilities for acceptances and guarantees.

	As of March 31, 2025 (In millions of yen)	As of March 31, 2026 (In millions of yen)	As of March 31, 2026 (In millions of U.S. dollars)
Bankrupt and Quasi-bankrupt Assets	¥ —	¥ 355	$ 2
Doubtful Assets	334,189	353,259	2,210
Loans with interest or principal repayments three months or more in arrears	123,001	148,555	929
Restructured loans	68,314	33,361	209
Total amount	525,505	535,532	3,350

Bankrupt and Quasi-bankrupt Assets are loans and other credits to borrowers 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.

Doubtful Assets are loans and other credits to borrowers who have not financially failed but 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, and which do not fall under the category of Bankrupt and Quasi-bankrupt Assets.

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 and Quasi-bankrupt Assets and Doubtful Assets.

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 and Quasi-bankrupt Assets, Doubtful Assets, or loans with interest or principal repayments three months or more in arrears.

The amounts of loans indicated in the table above are the gross amounts before the deduction of allowance for loan losses.

(b) JBIC, as a policy, does not issue 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 recognized in the consolidated balance sheets. The balance of undrawn amounts is as follows:

	As of March 31, 2025 (In millions of yen)	As of March 31, 2026 (In millions of yen)	As of March 31, 2026 (In millions of U.S. dollars)
Balance of undrawn loans	¥ 2,556,199	¥ 2,954,387	$ 18,479

10. Assets pledged as collateral

Pursuant to Article 34 of the JBIC Act, all JBIC assets are pledged as general collateral for all bonds issued by JBIC:

	As of March 31, 2025 (In millions of yen)	As of March 31, 2026 (In millions of yen)	As of March 31, 2026 (In millions of U.S. dollars)
Bonds payable	¥ 6,119,651	¥ 5,271,662	$ 32,973

11. Accumulated depreciation of Property, plant and equipment

	As of March 31, 2025 (In millions of yen)	As of March 31, 2026 (In millions of yen)	As of March 31, 2026 (In millions of U.S. dollars)
Accumulated depreciation	¥ 4,805	¥ 6,022	$ 38

12. 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, 2025 (In millions of yen)	As of March 31, 2026 (In millions of yen)	As of March 31, 2026 (In millions of U.S. dollars)
Joint obligations	¥ 60,000	¥ 60,000	$ 375

13. Items included in Other under Other income

Other under Other income includes the following:

	For the year ended March 31, 2025 (In millions of yen)	For the year ended March 31, 2026 (In millions of yen)	For the year ended March 31, 2026 (In millions of U.S. dollars)
Gains on sales of equity and other securities	¥ 4,812	¥ 10,412	$ 65
Gains on investments in partnerships	4,943	16,791	105
Profits of equity method investments	16	8,562	54

14. Items included in Other under Other expenses

Other under Other expenses includes the following:

	For the year ended March 31, 2025 (In millions of yen)	For the year ended March 31, 2026 (In millions of yen)	For the year ended March 31, 2026 (In millions of U.S. dollars)
Losses on sales of equity and other securities	¥ 4,358	¥ 2,687	$ 17
Impairment losses on equity and other securities	14,098	1,530	10

15. Reclassification adjustments, corporate taxes and tax effects of other comprehensive income (loss)

	For the year ended March 31, 2025 (In millions of yen)	For the year ended March 31, 2026 (In millions of yen)	For the year ended March 31, 2026 (In millions of U.S. dollars)
Valuation difference on available-for-sale securities:			
Amount recognized during the fiscal year	¥ (5,394)	¥ 21,160	$ 132
Reclassification adjustments	(7,503)	(4,232)	(26)
Before corporate taxes and tax effect adjustment	(12,897)	16,927	106
Corporate taxes and tax effect	–	(1)	(0)
Valuation difference on available-for-sale securities	(12,897)	16,926	106
Deferred gains (losses) on hedges:			
Amount recognized during the fiscal year	(256,336)	(267,484)	(1,673)
Reclassification adjustments	340,663	232,868	1,457
Before corporate taxes and tax effect adjustment	84,327	(34,615)	(217)
Corporate taxes and tax effect	–	–	–
Deferred gains (losses) on hedges	84,327	(34,615)	(217)
Foreign currency translation adjustment:			
Amount recognized during the fiscal year	1,000	5,381	34
Reclassification adjustments	–	–	–
Before corporate taxes and tax effect adjustment	1,000	5,381	34
Corporate taxes and tax effect	–	–	–
Foreign currency translation adjustment	1,000	5,381	34
Share of other comprehensive income (loss) of equity method investments:			
Amount recognized during the fiscal year	1,248	(82)	(1)
Reclassification adjustments	(7,284)	(1,295)	(8)
Before corporate taxes and tax effect adjustment	(6,035)	(1,378)	(9)
Corporate taxes and tax effect	–	–	–
Share of other comprehensive income (loss) of equity method investments	(6,035)	(1,378)	(9)
Total other comprehensive income (loss)	**¥ 66,394**	**¥ (13,685)**	**$ (86)**

16. Changes in Net assets

(a) Issued shares and treasury stock

For the fiscal year ended March 31, 2025, the type and the number of issued shares and treasury stock 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 stock	2,061,800,000	121,000,000	–	2,182,800,000	Note
Classified stock	–	–	–	–	
Total	**2,061,800,000**	**121,000,000**	**–**	**2,182,800,000**	**Note**
Treasury stock					
Common stock	–	–	–	–	
Classified stock	–	–	–	–	
Total	**–**	**–**	**–**	**–**	

(Note) The reason for an increase in shares is the issuance of 121,000,000 thousand new shares.

For the fiscal year ended March 31, 2026, the type and the number of issued shares and treasury stock 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 stock	2,182,800,000	370,000,000	–	2,552,800,000	Note
Classified stock	–	–	–	–	
Total	**2,182,800,000**	**370,000,000**	**–**	**2,552,800,000**	**Note**
Treasury stock					
Common stock	–	–	–	–	
Classified stock	–	–	–	–	
Total	**–**	**–**	**–**	**–**	

(Note) The reason for an increase in shares is the issuance of 370,000,000 thousand new shares.

17. Cash flows

(a) A reconciliation of Cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2025 and 2026 to Cash and due from banks in the consolidated balance sheets is as follows:

	For the year ended March 31, 2025 (In millions of yen)	For the year ended March 31, 2026 (In millions of yen)	For the year ended March 31, 2026 (In millions of U.S. dollars)
Cash and due from banks	¥ 2,762,447	¥ 2,140,217	$ 13,386
Time deposits and others	(1,838,947)	(1,513,881)	(9,469)
Cash and cash equivalents	¥ 923,500	¥ 626,336	$ 3,918

(b) Major components of assets and liabilities of newly consolidated subsidiaries due to acquisition of shares

For the fiscal year ended March 31, 2025, through the acquisition of shares, JB Nordic General Partner S.à r.l. ("JB Nordic GP"), which was a non-equity method affiliate, and one other company became consolidated subsidiaries. In addition, JB Nordic Fund I SCSp, over which JB Nordic GP has full operational authority and which was an equity-method affiliate of JBIC became a consolidated subsidiary.

Furthermore, through the acquisition of shares, NordicNinja Fund II General Partner S.à r.l. ("NordicNinja Fund II GP"), which was a non-equity method affiliate, and one other company became consolidated subsidiaries. In addition, NordicNinja Fund II SCSp, over which NordicNinja Fund II GP has full operational authority and which was a non-equity method affiliate became a consolidated subsidiary.

The major components of assets and liabilities of the consolidated subsidiaries as of the date of consolidation due to these acquisitions, as well as the relationship between these components and "Purchase of shares of subsidiaries resulting in change in scope of consolidation" as presented in the consolidated statements of cash flows, are as follows.

	For the year ended March 31, 2025 (In millions of yen)
Total assets	31,005
Securities	27,619
Total liabilities	(13)
Other liabilities	(13)
Non-controlling interests	(18,442)
Gain on bargain purchase	(1)
Fair value of assets acquired and liabilities assumed in business combinations, net	12,547
Original acquisition cost of previously-held interests in acquirees	(11,221)
Cumulative equity-method adjustments to previously-held interests through acquisition date	1,379
Fair value adjustments on acquisition date	(2,558)
Cash and cash equivalents of newly consolidated subsidiaries	–
Net : "Purchase of shares of subsidiaries resulting in change in scope of consolidation" in the consolidated statements of cash flows	¥ 146

For the fiscal year ended March 31, 2026, there were no subsidiaries newly consolidated through the acquisition of shares.

18. 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, 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 according to 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 and other investments) are appended to the budget and submitted to the Diet of Japan.

The consolidated foreign subsidiary of JBIC engages in investments and other related activities as its 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 relatively 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 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.

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 the fiscal investment and loan program ("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 Corporate Risk Management and ALM Committee (previously, the "Integrated Risk Management Committee") is held regularly to report the status of credit management to 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. JBIC has established the Corporate Risk Management and ALM Committee (previously, the "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 market risk measurement using Value at Risk ("VaR"). The results are reported to the Corporate Risk Management and 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.

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, 2026 (In billions of yen)	As of March 31, 2026 (In billions of U.S. dollars)
¥ 219.3	$ 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 market risk (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 and other market indices 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 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 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, 2025 and 2026 and the related fair value, and difference are as follows. Note that equity and other securities and partnership investments (excluding those held by a certain consolidated foreign subsidiary) whose market prices are not available are not included in the following tables (refer to Note 1). Further, Cash and due from banks, Cash collateral paid for financial instruments and Cash collateral received for financial instruments are excluded from the note because they are settled in a short period and thus their fair value approximates their carrying amount.

As of March 31, 2025 (In millions of yen)

	Amount on consolidated balance sheet	Fair value	Difference
(1) Securities			
Securities classified as trading	¥ 33,821	¥ 33,821	¥ –
Available-for-sale securities (*1)	68,744	68,744	–
(2) Loans and bills discounted	15,414,487		
Allowance for loan losses (*2)	(470,731)		
	14,943,755	15,054,900	111,145
Total	**¥ 15,046,322**	**¥ 15,157,467**	**¥ 111,145**
(1) Borrowed money	8,720,489	8,608,368	(112,121)
(2) Bonds payable	6,119,651	5,953,944	(165,706)
Total	**¥ 14,840,140**	**¥ 14,562,312**	**¥ (277,828)**
Derivative transactions (*3)			
Derivative transactions not qualifying for hedge accounting	–	–	–
Derivative transactions qualifying for hedge accounting	(809,263)	(809,263)	–
Total	**¥ (809,263)**	**¥ (809,263)**	**¥ –**

(*1) Available-for-sale securities include investment trusts whose net asset values are deemed as fair value based on paragraph 24-3 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued on June 17, 2021).
(*2) 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.
(*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.

As of March 31, 2026 (In millions of yen)

	Amount on consolidated balance sheet	Fair value	Difference
(1) Securities			
Securities classified as trading	¥ 41,782	¥ 41,782	¥ –
Available-for-sale securities (*1)	89,364	89,364	–
(2) Loans and bills discounted	15,656,959		
Allowance for loan losses (*2)	(456,811)		
	15,200,148	15,238,062	37,914
Total	**¥ 15,331,295**	**¥ 15,369,210**	**¥ 37,914**
(1) Borrowed money	8,767,688	8,588,713	(178,975)
(2) Bonds payable	5,271,662	5,153,171	(118,491)
Total	**¥ 14,039,351**	**¥ 13,741,884**	**¥ (297,467)**
Derivative transactions (*3)			
Derivative transactions not qualifying for hedge accounting	–	–	–
Derivative transactions qualifying for hedge accounting	(1,076,290)	(1,076,290)	–
Total	**¥ (1,076,290)**	**¥ (1,076,290)**	**¥ –**

As of March 31, 2026 (In millions of U.S. dollars)

	Amount on consolidated balance sheet	Fair value	Difference
(1) Securities			
Securities classified as trading	$ 261	$ 261	$ –
Available-for-sale securities (*1)	560	560	–
(2) Loans and bills discounted	97,929		
Allowance for loan losses (*2)	(2,857)		
	95,072	95,309	237
Total	**$ 95,893**	**$ 96,130**	**$ 237**
(1) Borrowed money	54,839	53,720	(1,119)
(2) Bonds payable	32,973	32,231	(742)
Total	**$ 87,812**	**$ 85,951**	**$ (1,861)**
Derivative transactions (*3)			
Derivative transactions not qualifying for hedge accounting	–	–	–
Derivative transactions qualifying for hedge accounting	(6,732)	(6,732)	–
Total	**$ (6,732)**	**$ (6,732)**	**$ –**

(*1) Available-for-sale securities include investment trusts whose net asset values are deemed as fair value based on paragraph 24-3 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued on June 17, 2021).
(*2) 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.
(*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) Equity and other securities and partnership investments (excluding those held by certain consolidated foreign subsidiaries) whose market prices are not available are as follows. They are not included in "Assets, (1) Securities."

Classification

	As of March 31, 2025 (In millions of yen)	As of March 31, 2026 (In millions of yen)	As of March 31, 2026 (In millions of U.S. dollars)
1) Unlisted stocks (unconsolidated subsidiaries and affiliates) (*1)(*2)	¥ 17,908	¥ 16,063	$ 101
2) Unlisted stocks (other than unconsolidated subsidiaries and affiliates) (*1)(*3)	60,320	60,255	377
3) Partnership investments (unconsolidated subsidiaries and affiliates) (*4)	42,137	44,400	278
4) Partnership investments (other than unconsolidated subsidiaries and affiliates) (*4)	95,384	112,948	706
Total	**¥ 215,751**	**¥ 233,667**	**$ 1,462**

(*1) Based on paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 issued on March 31, 2020), fair values are not presented for unlisted stocks.
(*2) Impairment loss is not recognized for unlisted stocks (unconsolidated subsidiaries and affiliates) for the fiscal year ended March 31, 2025.
Impairment loss of ¥1,238 million ($8 million) is recognized for unlisted stocks (unconsolidated subsidiaries and affiliates) for the fiscal year ended March 31, 2026.
(*3) Impairment loss of ¥14,098 million is recognized for unlisted stocks (other than unconsolidated subsidiaries and affiliates) for the fiscal year ended March 31, 2025.
Impairment loss of ¥291 million ($2 million) is recognized for unlisted stocks (other than unconsolidated subsidiaries and affiliates) for the fiscal year ended March 31, 2026.
(*4) Based on paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued on June 17, 2021), fair values are not presented for partnership investments.

(Note 2) Redemption schedule for receivables and redeemable securities with future redemption dates

As of March 31, 2025 (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
Securities						
Available-for-sale securities	¥ –	¥ 3,700	¥ 32,700	¥ 7,100	¥ 9,400	¥ 9,300
Loans and bills discounted (*1)	2,420,073	3,718,363	3,428,218	2,148,832	1,774,355	1,590,455
Total	**¥ 2,420,073**	**¥ 3,722,063**	**¥ 3,460,918**	**¥ 2,155,932**	**¥ 1,783,755**	**¥ 1,599,755**

(*1) Loans and bills discounted of ¥334,189 million whose redemption is not estimable, such as claims against Bankrupt borrowers, Substantially bankrupt borrowers, and Potentially bankrupt borrowers, are not included in the table above.

As of March 31, 2026 (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
Securities						
Available-for-sale securities	¥ 200	¥ 38,300	¥ 6,800	¥ 10,300	¥ 4,300	¥ 9,300
Loans and bills discounted (*1)	2,158,322	3,600,617	3,544,591	2,469,651	1,910,632	1,619,528
Total	**¥ 2,158,522**	**¥ 3,638,917**	**¥ 3,551,391**	**¥ 2,479,951**	**¥ 1,914,932**	**¥ 1,628,828**

As of March 31, 2026 ((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
Securities						
Available-for-sale securities	$ 1	$ 240	$ 43	$ 64	$ 27	$ 58
Loans and bills discounted (*1)	13,500	22,520	22,170	15,447	11,950	10,130
Total	**$ 13,501**	**$ 22,760**	**$ 22,213**	**$ 15,511**	**$ 11,977**	**$ 10,188**

(*1) Loans and bills discounted of ¥353,615 million ($2,212 million) whose redemption is not estimable, such as claims against Bankrupt borrowers, Substantially bankrupt borrowers, and Potentially bankrupt borrowers, are not included in the table above.

(Note 3) Redemption schedule for Borrowed money and Bonds payable with future redemption dates

As of March 31, 2025 (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	¥ 180,026	¥ 4,749,720	¥ 2,291,442	¥ 523,600	¥ 795,200	¥ 180,500
Bonds payable	1,589,960	2,311,291	1,174,417	903,400	149,520	–
Total	**¥ 1,769,986**	**¥ 7,061,011**	**¥ 3,465,859**	**¥ 1,427,000**	**¥ 944,720**	**¥ 180,500**

As of March 31, 2026 (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	¥ 387,384	¥ 3,806,264	¥ 3,206,440	¥ 920,400	¥ 266,700	¥ 180,500
Bonds payable	1,299,821	2,191,910	988,495	479,640	319,760	–
Total	**¥ 1,687,205**	**¥ 5,998,174**	**¥ 4,194,935**	**¥ 1,400,040**	**¥ 586,460**	**¥ 180,500**

As of March 31, 2026 (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	$ 2,423	$ 23,807	$ 20,055	$ 5,757	$ 1,668	$ 1,129
Bonds payable	8,130	13,710	6,183	3,000	2,000	–
Total	**$ 10,553**	**$ 37,517**	**$ 26,238**	**$ 8,757**	**$ 3,668**	**$ 1,129**

(c) **Components of the fair value of financial instruments by level and other relevant matters**

The fair value of financial instruments is classified into the following three levels in accordance with the observability and significance of inputs used for determining the fair value.

Level 1 fair value: Of observable inputs for the fair value determination, this fair value is determined based on a quoted price formed in an active market for assets or liabilities that are subject to the fair value determination.

Level 2 fair value: Of observable inputs for the fair value, this fair value is determined based on inputs for the fair value determination other than those used to determine the Level 1 fair value.

Level 3 fair value: This fair value is determined using unobservable inputs for the fair value determination.

Where more than one input that has a significant impact on the fair value determination are used, of the levels respective inputs belong to, the fair value is classified into the level with the lowest priority in the fair value determination.

(i) Financial instruments recognized in the consolidated balance sheets at fair value

As of March 31, 2025 (In millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Securities classified as trading				
Equity and other securities	¥ –	¥ –	¥ 33,821	¥ 33,821
Available-for-sale securities (*1)				
Samurai bonds	–	59,469	–	59,469
Total	¥ –	¥ 59,469	**¥ 33,821**	**¥ 93,291**
Derivative transactions (*2)				
Interest rate-related	–	(200,752)	–	(200,752)
Currency-related	–	(608,510)	–	(608,510)
Total	¥ –	**¥ (809,263)**	¥ –	**¥ (809,263)**

(*1) Available-for-sale securities do not include investment trusts whose net asset values are deemed as fair value based on paragraph 24-3 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued on June 17, 2021). The investment trust is ¥9,275 million as of March 31, 2025.

(*2) 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.

1) Reconciliation between the beginning balance and the ending balance of the investment trusts subject to the treatment under paragraph 24-3

(In millions of yen)

Balance as of April 1, 2024	Profit or loss or other comprehensive income during the fiscal year		Purchase, sale and redemption (Net)	Investment trusts subject to the treatment under paragraph 24-3	Investment trusts not subject to the treatment under paragraph 24-3	Balance as of March 31, 2025	Of the amount recognized in profit or loss during the fiscal year, valuation gain (loss) on the investment trust held as of the date of the consolidated balance sheet
	Recognized in profit or loss	Recognized in other comprehensive income (*1)					
¥ 2,404	¥ –	¥ (1,341)	¥ 8,213	¥ –	¥ –	¥ 9,275	¥ –

(*1) Included in Valuation difference on available-for-sale securities under Other comprehensive income (loss) in the consolidated statements of comprehensive income.

2) Components of restriction on cancellation or repurchase rights as of March 31, 2025

(In millions of yen)

Nature of restriction on cancellation or repurchase rights	Carrying amount on the consolidated balance sheet
Cancellation or repurchase rights are not granted, and consent from the investment management company is required for transfer	¥ 9,275

As of March 31, 2026 (In millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Securities classified as trading				
Equity and other securities	¥ –	¥ –	¥ 41,782	¥ 41,782
Available-for-sale securities (*1)				
Samurai bonds	–	64,790	–	64,790
Total	**¥ –**	**¥ 64,790**	**¥ 41,782**	**¥ 106,573**
Derivative transactions (*2)				
Interest rate-related	–	(141,272)	–	(141,272)
Currency-related	–	(935,018)	–	(935,018)
Total	**¥ –**	**¥ (1,076,290)**	**¥ –**	**¥ (1,076,290)**

As of March 31, 2026 (In millions of U.S. dollars)

	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Securities classified as trading				
Equity and other securities	$ –	$ –	$ 261	$ 261
Available-for-sale securities (*1)				
Samurai bonds	–	406	–	406
Total	**$ –**	**$ 406**	**$ 261**	**$ 667**
Derivative transactions (*2)				
Interest rate-related	–	(884)	–	(884)
Currency-related	–	(5,848)	–	(5,848)
Total	**$ –**	**$ (6,732)**	**$ –**	**$ (6,732)**

(*1) Available-for-sale securities do not include investment trusts whose net asset values are deemed as fair value based on paragraph 24-3 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued on June 17, 2021). The investment trust is ¥24,573 million ($154 million) as of March 31, 2026.
(*2) 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.

1) Reconciliation between the beginning balance and the ending balance of the investment trusts subject to the treatment under paragraph 24-3

(In millions of yen)

Balance as of April 1, 2025	Profit or loss or other comprehensive income during the fiscal year		Purchase, sale and redemption (Net)	Investment trusts subject to the treatment under paragraph 24-3	Investment trusts not subject to the treatment under paragraph 24-3	Balance as of March 31, 2026	Of the amount recognized in profit or loss during the fiscal year, valuation gain (loss) on the investment trust held as of the date of the consolidated balance sheet
	Recognized in profit or loss	Recognized in other comprehensive income (*1)					
¥ 9,275	¥ –	¥ 10,550	¥ 4,747	¥ –	¥ –	¥ 24,573	¥ –

(In millions of U.S. dollars)

Balance as of April 1, 2025	Profit or loss or other comprehensive income during the fiscal year		Purchase, sale and redemption (Net)	Investment trusts subject to the treatment under paragraph 24-3	Investment trusts not subject to the treatment under paragraph 24-3	Balance as of March 31, 2026	Of the amount recognized in profit or loss during the fiscal year, valuation gain (loss) on the investment trust held as of the date of the consolidated balance sheet
	Recognized in profit or loss	Recognized in other comprehensive income (*1)					
$ 58	$ –	$ 66	$ 30	$ –	$ –	$ 154	$ –

(*1) Included in Valuation difference on available-for-sale securities under Other comprehensive income (loss) in the consolidated statements of comprehensive income.

2) Components of restriction on cancellation or repurchase rights as of March 31, 2026

(In millions of yen)

Nature of restriction on cancellation or repurchase rights	Carrying amount on the consolidated balance sheet
Cancellation or repurchase rights are not granted, and consent from the investment management company is required for transfer	¥ 24,573

(In millions of U.S. dollars)

Nature of restriction on cancellation or repurchase rights	Carrying amount on the consolidated balance sheet
Cancellation or repurchase rights are not granted, and consent from the investment management company is required for transfer	$ 154

(ii) Financial instruments other than those recognized in the consolidated balance sheets at fair value

As of March 31, 2025 (In millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Loans and bills discounted	¥ –	¥ –	¥ 15,054,900	¥ 15,054,900
Total	**¥ –**	**¥ –**	**¥ 15,054,900**	**¥ 15,054,900**
Borrowed money	–	8,608,368	–	8,608,368
Bonds payable	–	5,953,944	–	5,953,944
Total	**¥ –**	**¥ 14,562,312**	**¥ –**	**¥ 14,562,312**

As of March 31, 2026 (In millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Loans and bills discounted	¥ –	¥ –	¥ 15,238,062	¥ 15,238,062
Total	**¥ –**	**¥ –**	**¥ 15,238,062**	**¥ 15,238,062**
Borrowed money	–	8,588,713	–	8,588,713
Bonds payable	–	5,153,171	–	5,153,171
Total	**¥ –**	**¥ 13,741,884**	**¥ –**	**¥ 13,741,884**

As of March 31, 2026 (In millions of U.S. dollars)

	Fair value			
	Level 1	Level 2	Level 3	Total
Loans and bills discounted	$ –	$ –	$ 95,309	$ 95,309
Total	**$ –**	**$ –**	**$ 95,309**	**$ 95,309**
Borrowed money	–	53,720	–	53,720
Bonds payable	–	32,231	–	32,231
Total	**$ –**	**$ 85,951**	**$ –**	**$ 85,951**

(Note 1) Valuation methodologies and inputs used for determining fair value

Assets

Securities

When the market is not active even if a quoted price is used, or when quoted prices are not available but the Reference Statistical Prices [Yields] for OTC Bond Transactions are available, the fair values of securities are classified into Level 2. Such securities primarily include Samurai bonds. The fair value of certain Samurai bonds is based on prices obtained from, among others, information vendors. In consideration of the results of assessment using a fair valuation model that does not use unobservable inputs, such fair value is also classified into Level 2.

When quoted prices are not available, the fair value is determined by using valuation methodologies, such as the one using the present value of future cash flows. Observable inputs are used as much as practicable in valuation and inputs include a discount rate based on the weighted average cost of capital. If any significant unobservable inputs are used in the calculation, the fair values of securities are classified into Level 3. Such securities primarily include equity and other securities. Furthermore, the latest fair values of certain equity and other securities are determined based on historical transaction prices by considering events that may affect the values of these financial instruments. Such fair values are classified into Level 3.

Loans and bills discounted

The fair value of loans and bills discounted is determined by discounting at a risk-free rate the sum of principal and interest after adjusting for credit risk and other elements according to the classifications based on the type of loans and bills discounted, internal ratings and periods. Of which, the fair value of those loans with variable interest rates is their carrying amount as such loans reflect market interest rates over the short term and approximates the carrying mount if the borrower's credit conditions have not changed significantly since the issuance of loans.

For claims on Bankrupt borrowers, Substantially bankrupt borrowers, and Potentially bankrupt borrowers, credit losses estimated on such claims are calculated based on the discounted present value of estimated future cash flows or the expected collectible amount from the collateral or guarantee. Since fair value approximates the amount on the consolidated balance sheets at the fiscal year end after deducting the allowance for loan losses, this amount is used for fair value. This fair value is classified into Level 3 because the effects of unobservable inputs on the fair value are considered to be material.

Liabilities

Borrowed money

As for borrowed money, the present value is calculated by discounting the sum of principal and interest of the borrowed money classified by certain periods at a rate adjusted by the remaining period and credit risk of borrowed money. Of which, 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. Since unobservable inputs are not used, this fair value is classified into Level 2.

Bonds payable

Of bonds issued by JBIC, the Reference Statistical Prices [Yields] for OTC Bond Transactions is used as fair value for the FILP agency bonds and that fair value is classified into Level 2. As for government-guaranteed foreign currency bonds, the prices obtained from, among others, information vendors are used as fair value and that fair value is classified into Level 2 in consideration of the result of assessment using a fair valuation model that does not use unobservable inputs.

Derivative transactions

As derivative transactions by JBIC are OTC transactions whose quoted prices are not available, their fair value is determined by using the present value method and other valuation methodologies according to the transaction type and the term to maturity. Price adjustments are made based on the counterparty's credit risk and JBIC's credit risk. Main inputs used in these valuation methodologies include interest rates, exchange rates, and credit spreads. Since unobservable inputs are not used, this fair value is classified into Level 2. Such transactions include plain vanilla interest rate swaps, currency swaps, and forward foreign exchange contracts.

(Note 2) Information on Level 3 fair value of financial instruments recognized in the consolidated balance sheets at fair value

(1) Quantitative information on significant unobservable inputs

As of March 31, 2025

Category	Valuation methodologies	Significant unobservable inputs	Range of inputs	Weighted average of inputs
Securities				
Securities classified as trading				
Equity and other securities	Present value method	Discount rate	4.3%-20.0%	12.5%

As of March 31, 2026

Category	Valuation methodologies	Significant unobservable inputs	Range of inputs	Weighted average of inputs
Securities				
Securities classified as trading				
Equity and other securities	Present value method	Discount rate	4.3%-14.1%	10.9%

(2) Reconciliation between the opening balance and the closing balance, and valuation gain (loss) recognized in profit or loss during the fiscal year

As of March 31, 2025

(In millions of yen)

	Balance as of April 1, 2024	Profit or loss or other comprehensive income during the fiscal year		Purchase, sale, issuance and settlement (Net) (*3)	Transfer to Level 3 fair value (*4)	Transfer from Level 3 fair value (*5)	Balance as of March 31, 2025	Of the amount recognized in profit or loss during the fiscal year, valuation gain (loss) on financial assets and liabilities held as of the date of the consolidated balance sheet (*1)
		Recognized in profit or loss (*1)	Recognized in other comprehensive income (*2)					
Securities								
Securities classified as trading								
Equity and other securities	¥ 6,251	¥ (4,396)	¥ 1,951	¥ 30,015	¥ –	¥ –	¥ 33,821	¥ (2,970)

(*1) Included in Other under Other expenses in the consolidated statements of operations.
(*2) Included in Foreign currency translation adjustment under Other comprehensive income (loss) in the consolidated statements of comprehensive income.
(*3) The amount includes the changes attributable to equity and other securities held by JB Nordic Fund I SCSp and NordicNinja Fund II SCSp, which are included in the scope of consolidation from the fiscal year ended March 2025.
(*4) This represents a transfer from Level 2 fair value to Level 3 fair value, which did not occur during the fiscal year ended March 2025.
(*5) This represents a transfer from Level 3 fair value to Level 2 fair value, which did not occur during the fiscal year ended March 2025.

As of March 31, 2026

(In millions of yen)

	Balance as of April 1, 2025	Profit or loss or other comprehensive income during the fiscal year		Purchase, sale, issuance and settlement (Net)	Transfer to Level 3 fair value (*3)	Transfer from Level 3 fair value (*4)	Balance as of March 31, 2026	Of the amount recognized in profit or loss during the fiscal year, valuation gain (loss) on financial assets and liabilities held as of the date of the consolidated balance sheet (*1)
		Recognized in profit or loss (*1)	Recognized in other comprehensive income (*2)					
Securities								
Securities classified as trading								
Equity and other securities	¥ 33,821	¥ 1,520	¥ 4,796	¥ 1,644	¥ –	¥ –	¥ 41,782	¥ 1,259

As of March 31, 2026 (In millions of U.S. dollars)

	Balance as of april 1, 2025	Profit or loss or other comprehensive income during the fiscal year		Purchase, sale, issuance and settlement (Net)	Transfer to Level 3 fair value (*3)	Transfer from Level 3 fair value (*4)	Balance as of march 31, 2026	Of the amount recognized in profit or loss during the fiscal year, valuation gain (loss) on financial assets and liabilities held as of the date of the consolidated balance sheet (*1)
		Recognized in profit or loss (*1)	Recognized in other comprehensive income (*2)					
Securities								
Securities classified as trading								
Equity and other securities	$ 212	$ 9	$ 30	$ 10	$ —	$ —	$ 261	$ 8

(*1) Included in Other under Other income and Other under Other expenses in the consolidated statements of operations.
(*2) Included in Foreign currency translation adjustment under Other comprehensive income (loss) in the consolidated statements of comprehensive income.
(*3) This represents a transfer from Level 2 fair value to Level 3 fair value, which did not occur during the fiscal year ended March 2026.
(*4) This represents a transfer from Level 3 fair value to Level 2 fair value, which did not occur during the fiscal year ended March 2026.

(3) Fair valuation process

The JBIC Group has in place the policies and procedures for the fair value determination and each trading department determines fair value in line with these policies and procedures. With respect to the fair value determined, an independent department, verifies the appropriateness of the valuation methodologies, and the reasonableness of inputs, that are used in determining fair value and the appropriateness of the classification of fair value by level. The verification results are escalated to management every fiscal year to ensure the appropriateness of the policies and procedures for the fair value determination.

In determining fair value, a valuation model that best reflects the nature, characteristics, and risks of individual assets is used. When using quoted prices obtained from third parties, JBIC verifies the reasonableness of such prices by reviewing the valuation methodologies and inputs used or by other appropriate methods.

(4) Effects on fair value arising from changes in significant unobservable inputs

The significant unobservable input used for determining the fair values of equity and other securities are the discount rate. The weighted average cost of capital is primarily used as the discount rate. Generally, a significant increase (decrease) in the discount rate gives rise to a significant decrease (increase) in the fair value.

19. 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) Securities classified as trading

	Fiscal year ended March 31, 2025 (In millions of yen)	Fiscal year ended March 31, 2026 (In millions of yen)	Fiscal year ended March 31, 2026 (In millions of U.S. dollars)
Unrealized gains or losses included in profit or loss for the fiscal year	¥ (4,365)	¥ 1,520	$ 10

(b) Held-to-maturity debt securities

Fiscal year ended March 31, 2025
Not applicable.
Fiscal year ended March 31, 2026
Not applicable.

(c) Available-for-sale securities

As of March 31, 2025 (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	—	—	—
	Subtotal	—	—	—
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	95,404	99,442	(4,037)
	Subtotal	95,404	99,442	(4,037)
Total		**¥ 95,404**	**¥ 99,442**	**¥ (4,037)**

As of March 31, 2026 (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	24,573	15,330	9,243
	Subtotal	24,573	15,330	9,243
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	357,150	361,560	(4,409)
	Subtotal	357,150	361,560	(4,409)
Total		**¥ 381,724**	**¥ 376,890**	**¥ 4,834**

As of March 31, 2026 (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	154	96	58
	Subtotal	154	96	58
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	2,234	2,262	(28)
	Subtotal	2,234	2,262	(28)
Total		**$ 2,388**	**$ 2,358**	**$ 30**

(d) Held-to-maturity debt securities sold

Fiscal year ended March 31, 2025
Not applicable.
Fiscal year ended March 31, 2026
Not applicable.

(e) Available-for-sale securities sold

Fiscal year ended March 31, 2025 (In millions of yen)

	Amount of sales	Total gain on sales	Total loss on sales
Stocks	¥ –	¥ –	¥ –
Debt securities	–	–	–
Japanese government bonds	–	–	–
Corporate bonds	–	–	–
Other	16,762	4,818	–
Total	**¥ 16,762**	**¥ 4,818**	**¥ –**

Fiscal year ended March 31, 2026 (In millions of yen)

	Amount of sales	Total gain on sales	Total loss on sales
Stocks	¥ –	¥ –	¥ –
Debt securities	–	–	–
Japanese government bonds	–	–	–
Corporate bonds	–	–	–
Other	12,638	6,204	–
Total	**¥ 12,638**	**¥ 6,204**	**¥ –**

Fiscal year ended March 31, 2026 (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	79	39	–
Total	**$ 79**	**$ 39**	**$ –**

(f) Change in classification of securities
Fiscal year ended March 31, 2025
Not applicable.
Fiscal year ended March 31, 2026
Not applicable.

(g) Impairment of securities
Fiscal year ended March 31, 2025
Not applicable.
Fiscal year ended March 31, 2026
Not applicable.

(h) Money held in trust
(i) Money held in trust for trading purposes
Fiscal year ended March 31, 2025
Not applicable.
Fiscal year ended March 31, 2026
Not applicable.
(ii) Money held in trust for holding-to-maturity purposes
Fiscal year ended March 31, 2025
Not applicable.
Fiscal year ended March 31, 2026
Not applicable.
(iii) Other money held in trust (other than trading and holding-to-maturity purposes)
Fiscal year ended March 31, 2025
Not applicable.
Fiscal year ended March 31, 2026
Not applicable.

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

Fiscal year ended March 31, 2025 (In millions of yen)

Valuation difference	¥ 28,329
Available-for-sale securities (*)	28,329
Other money held in trust	–
(+) Deferred tax assets (or (-) Deferred tax liabilities)	–
Valuation difference on available-for-sale securities (before following adjustments)	¥ 28,329
(-) 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	¥ 28,329

(*) Foreign exchange translation differences and other related items for equity and other securities and partnership investments that are denominated in foreign currencies and whose market prices are not available are included in, and presented as, "Available-for-sale securities" under "Valuation difference."

Fiscal year ended March 31, 2026 (In millions of yen)

Valuation difference	¥ 45,256
Available-for-sale securities (*)	45,256
Other money held in trust	–
(+) Deferred tax assets (or (-) Deferred tax liabilities)	(1)
Valuation difference on available-for-sale securities (before following adjustments)	¥ 45,255
(-) Non-controlling interests	1
(+) 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	¥ 45,254

Fiscal year ended March 31, 2026 (In millions of U.S. dollars)

Valuation difference	$ 283
Available-for-sale securities (*)	283
Other money held in trust	–
(+) Deferred tax assets (or (-) Deferred tax liabilities)	(0)
Valuation difference on available-for-sale securities (before following adjustments)	$ 283
(-) Non-controlling interests	0
(+) 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	$ 283

(*) Foreign exchange translation differences and other related items for equity and other securities and partnership investments that are denominated in foreign currencies and whose market prices are not available are included in, and presented as, "Available-for-sale securities" under "Valuation difference."

20. Derivative transactions

Notes to derivative transactions for the fiscal years ended March 31, 2025 and 2026 are as follows:

(a) Derivative transactions not qualifying for hedge accounting

For derivative transactions not qualifying for hedge accounting, the contract value or notional amount defined in agreements, as well as fair value and valuation gain (loss), by hedged item at the fiscal year end 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, 2025
Not applicable.
Fiscal year ended March 31, 2026
Not applicable.
(ii) Currency-related transactions
Fiscal year ended March 31, 2025
Not applicable.
Fiscal year ended March 31, 2026
Not applicable.
(iii) Equity-related transactions
Fiscal year ended March 31, 2025
Not applicable.
Fiscal year ended March 31, 2026
Not applicable.

(iv) Bond-related transactions
Fiscal year ended March 31, 2025
Not applicable.
Fiscal year ended March 31, 2026
Not applicable.

(v) Commodity-related transactions
Fiscal year ended March 31, 2025
Not applicable.
Fiscal year ended March 31, 2026
Not applicable.

(vi) Credit derivative transactions
Fiscal year ended March 31, 2025
Not applicable.
Fiscal year ended March 31, 2026
Not applicable.

(b) Derivative transactions qualifying for hedge accounting

For derivative transactions qualifying for hedge accounting, the contract value or notional amount defined in agreements and fair value, by hedged item and by hedge accounting method, at the fiscal year end 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, 2025 (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 Bonds payable			
	Receive/fixed and pay/floating		¥ 5,885,468	¥ 4,295,508	¥ (215,360)
	Receive/floating and pay/fixed		486,483	477,086	14,607
Total			**¥ –**	**¥ –**	**¥ (200,752)**

Fiscal year ended March 31, 2026 (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 Bonds payable			
	Receive/fixed and pay/floating		¥ 5,004,512	¥ 3,704,690	¥ (152,560)
	Receive/floating and pay/fixed		474,924	464,977	11,288
Total			**¥ –**	**¥ –**	**¥ (141,272)**

Fiscal year ended March 31, 2026 (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 Bonds payable			
	Receive/fixed and pay/floating		$ 31,302	$ 23,172	$ (954)
	Receive/floating and pay/fixed		2,971	2,908	70
Total			**$ –**	**$ –**	**$ (884)**

(ii) Currency-related transactions

Fiscal year ended March 31, 2025 (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	¥ 5,126,226	¥ 4,740,454	¥ (608,531)
	Forward foreign exchange contracts	Loans and bills discounted and other items			
	Sell		8,793	–	21
	Buy		–	–	–
Total			**¥ –**	**¥ –**	**¥ (608,510)**

Note These are mainly accounted for using the deferral method of hedge accounting under the Industry-specific Committee Practical Guideline No. 25.

Fiscal year ended March 31, 2026 (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	¥ 5,774,665	¥ 4,867,679	¥ (935,020)
	Forward foreign exchange contracts	Loans and bills discounted and other items			
	Sell		1,608	–	2
	Buy		–	–	–
Total			**¥ –**	**¥ –**	**¥ (935,018)**

Fiscal Year Ended March 31, 2026 (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	$ 36,119	$ 30,446	$ (5,848)
	Forward foreign exchange contracts	Loans and bills discounted and other items			
	Sell		10	–	0
	Buy		–	–	–
Total			**$ –**	**$ –**	**$ (5,848)**

Note These are mainly accounted for using the deferral method of hedge accounting under the Industry-specific Committee Practical Guideline No. 25.

(iii) Equity-related transactions
Fiscal year ended March 31, 2025
Not applicable.
Fiscal year ended March 31, 2026
Not applicable.

(iv) Bond-related transactions
Fiscal year ended March 31, 2025
Not applicable.
Fiscal year ended March 31, 2026
Not applicable.

21. 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 notes are included in the following notes related to the defined 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.

(b) Defined benefit pension plan

(i) Changes in the projected benefit obligation

Category	For the year ended March 31, 2025 (In millions of yen)	For the year ended March 31, 2026 (In millions of yen)	For the year ended March 31, 2026 (In millions of U.S. dollars)
Projected benefit obligation at the beginning of the fiscal year	¥ 9,976	¥ 9, 304	$ 58
Service cost	420	398	3
Interest cost	99	160	1
Actuarial gains (losses)	(479)	(279)	(2)
Retirement benefit paid	(712)	(969)	(6)
Projected benefit obligation at the end of the fiscal year	¥ 9,304	¥ 8,614	$ 54

(ii) Changes in the plan assets

Category	For the year ended March 31, 2025 (In millions of yen)	For the year ended March 31, 2026 (In millions of yen)	For the year ended March 31, 2026 (In millions of U.S. dollars)
Pension assets at the beginning of the fiscal year	¥ 5,345	¥ 5,246	$ 33
Expected return on plan assets	106	104	1
Actuarial gains (losses)	(126)	344	2
Contributions by the employer	144	150	1
Retirement benefit paid	(223)	(224)	(2)
Pension assets at the end of the fiscal year	¥ 5,246	¥ 5,621	$ 35

(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, 2025 (In millions of yen)	As of March 31, 2026 (In millions of yen)	As of March 31, 2026 (In millions of U.S. dollars)
Funded projected benefit obligation	¥ 4,828	¥ 4,446	$ 28
Fair value of plan assets	(5,246)	(5,621)	(35)
	(418)	(1,174)	(7)
Unfunded projected benefit obligation	4,476	4,167	26
Net amount of assets and liabilities in the consolidated balance sheets	¥ 4,057	¥ 2,992	$ 19
Defined benefit liability	4,476	4,167	26
Defined benefit asset	(418)	(1,174)	(7)
Net amount of assets and liabilities in the consolidated balance sheets	¥ 4,057	¥ 2,992	$ 19

(iv) Components of retirement benefit expense

Category	For the year ended March 31, 2025 (In millions of yen)	For the year ended March 31, 2026 (In millions of yen)	For the year ended March 31, 2026 (In millions of U.S. dollars)
Service cost	¥ 420	¥ 398	$ 3
Interest cost	99	160	1
Expected return on plan assets	(106)	(104)	(1)
Realized actuarial loss	(353)	(623)	(4)
Retirement benefit expense	¥ 60	¥ (169)	$ (1)

(v) Plan assets

① Major components of plan assets

Percentages of components to the total are as follows:

Category	As of March 31, 2025	As of March 31, 2026
Debt securities	61%	56%
Stocks	28%	28%
General accounts of life insurance companies	11%	10%
Cash and due from banks	0%	0%
Other	0%	6%
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	For the year ended March 31, 2025	For the year ended March 31, 2026
Discount rate	1.72%	2.46%
Expected rate of return on plan assets	2.00%	2.00%
Expected rate of salary increase	4.04%	3.04%

(c) Defined contribution plan

Fiscal year ended March 31, 2025

The amount of contribution required to be made to the defined contribution plan was ¥30 million.

Fiscal year ended March 31, 2026

The amount of contribution required to be made to the defined contribution plan was ¥31 million ($0 million).

22. Deferred tax accounting

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

	As of March 31, 2025 (In millions of yen)	As of March 31, 2026 (In millions of yen)	As of March 31, 2026 (In millions of U.S. dollars)
Deferred tax assets			
Accrued income recognized for tax purposes	¥ 165	¥ 217	$ 1
Bad debt expenses not deducted for tax purposes	2	2	0
Valuation difference on available-for-sale securities	0	—	—
Other	9	0	0
Sub total	176	220	1
Valuation allowance	(167)	(219)	(1)
Total deferred tax assets	¥ 9	¥ 0	$ 0
Deferred tax liabilities			
Valuation difference on available-for-sale securities	—	(1)	(0)
Total deferred tax liabilities	¥ —	¥ (1)	$ (0)
Deferred tax assets (liabilities), net	¥ 9	¥ (0)	$ (0)

Deferred tax assets and deferred tax liabilities are included in, and presented as, Other assets and Other liabilities, respectively, in the consolidated balance sheets. Income taxes – deferred is included in, and presented as, Income taxes – current in the consolidated statements of operations.

(b) Components 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 not presented 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.

23. Business combinations and transactions with non-controlling interests

There were no business combinations for the year ended March 31, 2026

Business combinations for the years ended March 31, 2025 were as follows:

On June 18, 2024, JBIC IG Partners, which is a consolidated subsidiary of JBIC, acquired additional common stock of JB Nordic General Partner S.à r.l ("JB Nordic GP"), which was an affiliate of the JBIC Group. As a result, the percentage of voting rights in JB Nordic GP reached 99.99%, and therefore, JB Nordic GP became a consolidated subsidiary on the same date. In addition, JB Nordic Fund I SCSp, over which JB Nordic GP has full operational authority and which was an affiliate of the JBIC Group, became a consolidated subsidiary on the same date.

On August 2, 2024, JBIC IG Partners, acquired additional common stock of NordicNinja Fund II General Partner S.à r.l ("NordicNinja Fund II GP"), which was an affiliate of the JBIC Group. As a result, the percentage of voting rights in NordicNinja Fund II GP reached 100%, and therefore, NordicNinja Fund II GP became a consolidated subsidiary on the same date. In addition, NordicNinja Fund II SCSp, over which NordicNinja Fund II GP has full operational authority and which was an affiliate of the JBIC Group, became a consolidated subsidiary on the same date.

(a) Overview of the business combinations

(i) Name and nature of business of the acquired companies

Name of the acquired companies: JB Nordic GP and JB Nordic Fund I SCSp
NordicNinja Fund II GP and NordicNinja Fund II SCSp

Nature of business: Investment business

(ii) Main reason for the business combinations
JBIC IG Partners, a consolidated subsidiary of JBIC, has established JB Nordic Fund I SCSp, which is a venture capital fund that invests in startups in the Nordic and Baltic regions, and NordicNinja Fund II SCSp, which is a venture capital fund specializing in investments in startups within the "sustainability x digital" field in the Northern Europe. By acquiring additional stock of JB Nordic GP and NordicNinja Fund II GP, which are general partners of these venture capital funds, JBIC will further strengthen this investment business.

(iii) Date of the business combinations

JB Nordic GP and JB Nordic Fund I SCSp:	June 18, 2024 (deemed acquisition date: April 1, 2024)
NordicNinja Fund II GP and NordicNinja Fund II SCSp:	August 2, 2024 (deemed acquisition date: September 30, 2024)

(iv) Legal form of the business combinations
Acquisition of the stock of JB Nordic GP and NordicNinja Fund II GP in exchange for cash

(v) Name of the combined company
No change.

(vi) Percentage of voting rights acquired

JB Nordic GP:	
Percentage of voting rights held immediately before the business combination	50%
Percentage of voting rights additionally acquired on the business combination date	49.99%
Percentage of voting rights after the acquisition	99.99%
NordicNinja Fund II GP:	
Percentage of voting rights held immediately before the business combination	50%
Percentage of voting rights additionally acquired on the business combination date	50%
Percentage of voting rights after the acquisition	100%

(vii) Main basis for determining the acquiring company
JBIC IG Partners acquired the shares in exchange for cash.

(b) Period of the acquired companies' performance included in the consolidated statements of operations for the fiscal year ended March 31, 2025

JB Nordic GP and JB Nordic Fund I SCSp:	From January 1, 2024 to December 31, 2024
NordicNinja Fund II GP and NordicNinja Fund II SCSp:	From July 1, 2024 to December 31, 2024

(c) Fair value of the shares in the companies acquired

JB Nordic GP:	(In millions of yen)	(In millions of U.S. dollars)
Fair value of common stock held prior to the business combination, as of the business combination date	¥ 959	$ 6
Consideration for common stock additionally acquired: Cash	110	1
Fair value of shares	¥ 1,069	$ 7
JB Nordic Fund I SCSp:	**(In millions of yen)**	**(In millions of U.S. dollars)**
Fair value of investments held prior to the business combination, as of the business combination date	¥ 8,959	$ 60
Fair value of shares	¥ 8,959	$ 60
NordicNinja Fund II GP:	**(In millions of yen)**	**(In millions of U.S. dollars)**
Fair value of common stock held prior to the business combination, as of the business combination date	¥ 25	$ 0
Consideration for common stock additionally acquired: Cash	0	0
Fair value of shares	¥ 26	$ 0
NordicNinja Fund II SCSp:	**(In millions of yen)**	**(In millions of U.S. dollars)**
Fair value of investments held prior to the business combination, as of the business combination date	¥ 2,887	$ 19
Fair values of share	¥ 2,887	$ 19

(d) Difference between the original acquisition cost of the shares held immediately before the business combinations and their fair values as of the business combination date, which was recognized as gain on step acquisitions.

	(In millions of yen)	(In millions of U.S. dollars)
JB Nordic GP and JB Nordic Fund I SCSp:		
Gain on step acquisitions	¥ 2,368	$ 16
NordicNinja Fund II GP and NordicNinja Fund II SCSp:		
Gain on step acquisitions	¥ 190	$ 1

(e) Amounts and components of major assets acquired and major liabilities assumed on the business combination date

JB Nordic Fund I SCSp

(i) Amount of assets

	(In millions of yen)	(In millions of U.S. dollars)
Total assets	¥ 24,328	$ 163
Of which, securities	23,506	157

(ii) Amount of liabilities

	(In millions of yen)	(In millions of U.S. dollars)
Total liabilities	¥ 7	$ 0
Of which, other liabilities	7	0

NordicNinja Fund II SCSp

(i) Amount of assets

	(In millions of yen)	(In millions of U.S. dollars)
Total assets	¥ 6,607	$ 44
Of which, securities	4,113	28

(ii) Amount of liabilities

	(In millions of yen)	(In millions of U.S. dollars)
Total liabilities	¥ 5	$ 0
Of which, other liabilities	5	0

(f) Amount and cause of occurrence of gain on bargain purchase

(i) Amount of gain on bargain purchase

JB Nordic GP and JB Nordic Fund I SCSp:	¥1 million ($0 million)
NordicNinja Fund II GP and NordicNinja Fund II SCSp:	Not applicable

(ii) Cause of occurrence of gain on bargain purchase
As the fair value of the net assets of the acquired company as of the business combination date exceeded the consideration, the difference was recognized as gain on bargain purchase.

Transactions with non-controlling interests

On December 16, 2024, JBIC IG Partners, partially sold the common stock of JB Nordic General Partner S.à r.l ("JB Nordic GP"), which is a consolidated subsidiary of the JBIC Group.

Additionally, on December 16, 2024, JBIC IG Partners, partially sold the common stock of NordicNinja Fund II General Partner S.à r.l ("NordicNinja Fund II GP"), which is a consolidated subsidiary of the JBIC Group.

(a) Overview of the transactions

(i) Name and nature of business of the parties to the transactions

Name of the parties to the transactions:	JB Nordic GP NordicNinja Fund II GP
Nature of business:	Investment business

(ii) Date of the transactions
December 16, 2024 (deemed sale date: October 1, 2024)
(iii) Legal form of the transactions
Partial sale of the stock of JB Nordic GP and NordicNinja Fund II GP in exchange for cash
(iv) Name of the parties after the transactions
No change.
(v) Other matters regarding the overview of the transactions
JB Nordic GP's stock, which was partially sold, accounted for 24.99% of the voting rights, and the remaining percentage of the voting rights after the sale is 75%. In addition, NordicNinja Fund II GP's stock, which was partially sold, accounted for 25% of the voting rights, and the remaining percentage of the voting rights after the sale is 75%.

(b) Overview of the accounting treatment applied
Based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 issued on January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 issued on January 16, 2019), these transactions are accounted for as transactions with non-controlling interests.

(c) Matters related to changes in the JBIC Group's ownership interest due to transactions with non-controlling interests
(i) Major factor of changes in capital surplus
Partial sale of shares of subsidiaries not resulting in change in scope of consolidation
(ii) Amount of capital surplus decreased due to transactions with non-controlling interests
¥1 million ($0 million)

24. Revenue recognition

Information on the components of revenue from contracts with customers is as follows:

Category	For the year ended March 31, 2025 (In millions of yen)	For the year ended March 31, 2026 (In millions of yen)	For the year ended March 31, 2026 (In millions of U.S. dollars)
Ordinary income	¥ 1,028,875	¥ 882,794	$ 5,522
Of which, Fees and commissions	21,150	21,836	137
Financing and other similar activities	20,485	21,434	134
Investments and other similar activities	664	402	3

Notes 1.Revenue presented in the above table has arisen from "Ordinary Operations" and "Special Operations."
2.The above table includes revenue that is based on "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10).

25. 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 has risks but generate a sufficient level of expected return.

(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, 2025 (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	¥ 1,025,022	¥ 3,958	¥ 1,028,981	¥ (106)	¥ 1,028,875
(2) Intersegment ordinary income	67	–	67	(67)	–
Total	**¥ 1,025,090**	**¥ 3,958**	**¥ 1,029,049**	**¥ (174)**	**¥ 1,028,875**
Segment profit	86,685	(379)	86,306	–	86,306
Segment assets	20,129,425	335,366	20,464,792	(38)	20,464,753
Segment liabilities	17,212,144	6,725	17,218,869	(38)	17,218,831
Other items					
Depreciation and amortization	4,359	–	4,359	–	4,359
Interest income	983,148	1,124	984,272	–	984,272
Interest expense	866,537	616	867,154	–	867,154
Profits of equity method investments	16	–	16	–	16
Impairment losses on equity and other securities	11,911	2,186	14,098	–	14,098
Extraordinary income	2,575	–	2,575	–	2,575
Gain on disposal of noncurrent assets	15	–	15	–	15
Gain on step acquisitions	2,558	–	2,558	–	2,558
Gain on bargain purchase	1	–	1	–	1
Income tax expenses	217	–	217	–	217
Equity method investments	2,073	–	2,073	–	2,073
Increase in Property, plant and equipment and Intangible assets	3,889	–	3,889	–	3,889
Reversal of allowance for loan losses	–	106	106	(106)	–
Provision of allowance for loan losses	20,631	–	20,631	(106)	20,524

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 are as described below.
(1) Adjustments to ordinary income from customers, which were ¥(106) million, represent reclassification of accounts.
(2) Other adjustments represent elimination of intersegment transactions.

Fiscal year ended March 31, 2026

(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	¥ 881,260	¥ 1,555	¥ 882,815	¥ (20)	¥ 882,794
(2) Intersegment ordinary income	76	—	76	(76)	—
Total	**¥ 881,336**	**¥ 1,555**	**¥ 882,891**	**¥ (96)**	**¥ 882,794**
Segment profit	136,680	297	136,977	—	136,977
Segment assets	20,116,593	329,418	20,446,011	(44)	20,445,967
Segment liabilities	16,746,472	282	16,746,755	(44)	16,746,711
Other items					
Depreciation and amortization	4,572	—	4,572	—	4,572
Interest income	778,066	1,490	779,557	—	779,557
Interest expense	654,459	337	654,796	—	654,796
Profits of equity method investments	8,562	—	8,562	—	8,562
Impairment losses on equity and other securities	1,238	291	1,530	—	1,530
Extraordinary income	14	—	14	—	14
Gain on disposal of noncurrent assets	14	—	14	—	14
Income tax expenses	123	—	123	—	123
Equity method investments	10	—	10	—	10
Increase in Property, plant and equipment and Intangible assets	3,373	—	3,373	—	3,373
Reversal of allowance for loan losses	—	20	20	(20)	—
Provision of allowance for loan losses	48,305	—	48,305	(20)	48,284

Fiscal year ended March 31, 2026

(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	$ 5,512	$ 10	$ 5,522	$ (0)	$ 5,522
(2) Intersegment ordinary income	0	—	0	(0)	—
Total	**$ 5,512**	**$ 10**	**$ 5,522**	**$ (0)**	**$ 5,522**
Segment profit	855	2	857	—	857
Segment assets	125,823	2,060	127,883	(0)	127,883
Segment liabilities	104,744	1	104,745	(0)	104,745
Other items					
Depreciation and amortization	29	—	29	—	29
Interest income	4,867	9	4,876	—	4,876
Interest expense	4,093	3	4,096	—	4,096
Profits of equity method investments	54	—	54	—	54
Impairment losses on equity and other securities	8	2	10	—	10
Extraordinary income	0	—	0	—	0
Gain on disposal of noncurrent assets	0	—	0	—	0
Income tax expenses	0	—	0	—	0
Equity method investments	0	—	0	—	0
Increase in Property, plant and equipment and Intangible assets	21	—	21	—	21
Reversal of allowance for loan losses	—	0	0	(0)	—
Provision of allowance for loan losses	302	—	302	(0)	302

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 are as described below.
(1) Adjustments to ordinary income from customers, which were ¥(20) million ($(0) million), represent reclassification of accounts.
(2) Other adjustments represent elimination of intersegment transactions.

(d) Related information

Fiscal year ended March 31, 2025

(i) Information about services

The information about services is not presented 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	United States	Asia/ Oceania	Europe/ Middle East/ Africa	North America/ Latin America (excluding United States)	Total
¥ 326,502	¥ 104,092	¥ 265,244	¥ 234,565	¥ 98,470	**¥ 1,028,875**

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 not presented 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 not presented 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, 2026

(i) Information about services

The information about services is not presented 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	United States	Asia/ Oceania	Europe/ Middle East/ Africa	North America/ Latin America (excluding United States)	Total
¥ 244,220	¥ 89, 702	¥ 240,591	¥ 208,988	¥ 99,291	**¥ 882,794**

(In millions of U.S. dollars)

Japan	United States	Asia/ Oceania	Europe/ Middle East/ Africa	North America/ Latin America (excluding United States)	Total
$ 1,528	$ 561	$ 1,505	$ 1,307	$ 621	**$ 5,522**

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 not presented 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 not presented 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, 2025

Not applicable.

Fiscal year ended March 31, 2026

Not applicable.

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

Fiscal year ended March 31, 2025

Not applicable.

Fiscal year ended March 31, 2026

Not applicable.

(g) Information about gains from the recognition of gain on bargain purchase in reportable segments

Fiscal year ended March 31, 2025

The information about gains from the recognition of gain on bargain purchase is not presented because the amount is immaterial.

Fiscal year ended March 31, 2026

Not applicable.

26. Related-party information

1. Related party transactions

(1) Related party transactions with JBIC

(a) Transactions with major shareholder

Fiscal year ended March 31, 2025

(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, 2025 (Note 4)
Principal shareholder	Ministry of Finance (Minister of Finance)	Chiyoda-ku,Tokyo	—	Administration for policy based financing	100 (Direct)	Receipt of funds	Capital subscription (Note 1)	¥ 121,000	—	¥ —
							Receipt of funds (Note 2)	2,068,082	Borrowed money	8,720,489
							Repayment of borrowed money	2,484,485		
							Payment of interest on borrowed money (Note 2)	337,833	Accrued expense	68,017
							Guarantee for corporate bonds (Note 3)	6,089,651	—	—

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 ("FEFSA"). FILP interest rates are applied in accordance with the FILP agreement, while the interest rates under the respective agreements related to the FEFSA 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, 2026

(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, 2026 (Note 4)
Principal shareholder	Ministry of Finance (Minister of Finance)	Chiyoda-ku,Tokyo	—	Administration for policy based financing	100 (Direct)	Receipt of funds	Capital subscription (Note 1)	¥ 370,000	—	¥ —
							Receipt of funds (Note 2)	1,229,990	Borrowed money	8,767,688
							Repayment of borrowed money	1,526,678		
							Payment of interest on borrowed money (Note 2)	250,175	Accrued expense	46,770
							Guarantee for corporate bonds (Note 3)	5,261,662	—	—

Fiscal year ended March 31, 2026

(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, 2026 (Note 4)
Principal shareholder	Ministry of Finance (Minister of Finance)	Chiyoda-ku,Tokyo	—	Administration for policy based financing	100 (Direct)	Receipt of funds	Capital subscription (Note 1)	$ 2,314	—	$ —
							Receipt of funds (Note 2)	7,693	Borrowed money	54,839
							Repayment of borrowed money	9,549		
							Payment of interest on borrowed money (Note 2)	1,565	Accrued expense	293
							Guarantee for corporate bonds (Note 3)	32,910	—	—

Notes 1. Ministry of Finance subscribed new shares issued by JBIC through an allotment to the shareholder for ¥1 ($0.006) per share.
2. Receipt of funds represents borrowings from the FILP special account and FEFSA. FILP interest rates are applied in accordance with the FILP agreement, while the interest rates under the respective agreements related to the FEFSA 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, 2025

(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, 2025
Entities that had the majority of their voting rights held by principal shareholder	Japan International Cooperation Agency	Chiyoda-ku, Tokyo	¥ 8,486,599	Official development assistance	None	Joint obligor	Joint obligations	¥ 20,000 (Notes 1, 3)	—	¥ —
	Japan Finance Corporation	Chiyoda-ku, Tokyo	11,768,625	Finance	None	Joint obligor	Joint obligations	60,000 (Notes 2, 3)	—	—

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's assets are pledged as general collateral for these joint obligations.
2. 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.
3. In relation to these joint obligations, no transactions are recognized in the consolidated statements of operations.

Fiscal year ended March 31, 2026

(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, 2026
Entities that had the majority of their voting rights held by principal shareholder	Japan Finance Corporation	Chiyoda-ku, Tokyo	¥ 11,780,945	Finance	None	Joint obligor	Joint obligations	¥ 60,000 (Notes 1, 2)	—	¥ —

Fiscal year ended March 31, 2026

(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, 2026
Entities that had the majority of their voting rights held by principal shareholder	Japan Finance Corporation	Chiyoda-ku, Tokyo	$ 73,686	Finance	None	Joint obligor	Joint obligations	$ 375 (Notes 1, 2)	—	$ —

Notes 1. 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.
2. In relation to these joint obligations, no transactions are recognized in the consolidated statements of operations.

(2) Transactions between consolidated subsidiaries and related parties

Not applicable.

2. Notes to the parent company or significant affiliates

(1) Parent company information

Not applicable.

(2) Condensed financial information of significant affiliates

For the fiscal year ended March 31, 2025, significant affiliates of JBIC are IFC Capitalization (Subordinated Debt) Fund, L.P. (*) and IFC Capitalization (Equity) Fund, L.P. Their condensed financial information is as shown below:

	For the year ended March 31, 2025 (In millions of yen)
Total assets	¥ 5,064
Total liabilities	69
Total net assets	4,994
Gain on investment	609
Net income before income taxes	(184)
Net income	(184)

For the fiscal year ended March 31, 2026, a significant affiliate of JBIC is IFC Capitalization (Equity) Fund, L.P. Its condensed financial information is as shown below:

	For the year ended March 31, 2026 (In millions of yen)	For the year ended March 31, 2026 (In millions of U.S. dollars)
Total assets	¥ 11,197	$ 70
Total liabilities	82	0
Total net assets	11,114	70
Gain on investment	133	1
Net income before income taxes	6,262	39
Net income	6,262	39

(*) IFC Capitalization (Subordinated Debt) Fund, L. P., which was the significant affiliate of JBIC for the fiscal year ended March 31, 2025, was excluded from the significant affiliates from the fiscal year ended March 31, 2026 following the completion of its liquidation.

27. Amounts per share

Amounts per share as of and for the fiscal years ended March 31, 2025 and 2026 are calculated as follows:

	For the year ended March 31, 2025 (In yen)	For the year ended March 31, 2026 (In yen)	For the year ended March 31, 2026 (In U.S. dollars)
Net assets per share of common stock	¥ 1.47	¥ 1.43	$ 0.01
Net income per share of common stock	0.04	0.06	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, 2025 (In millions of yen)	For the year ended March 31, 2026 (In millions of yen)	For the year ended March 31, 2026 (In millions of U.S. dollars)
Net income attributable to owner of parent	¥ 86,306	¥ 136,977	$ 857
Amount not attributable to common stock	–	–	–
Net income attributable to owner of parent related to common stock	86,306	136,977	857
Average number of outstanding shares of common stock (during the fiscal year)	2,063,789,041 thousand shares	2,188,882,191 thousand shares	

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

	As of March 31, 2025 (In millions of yen)	As of March 31, 2026 (In millions of yen)	As of March 31, 2026 (In millions of U.S. dollars)
Net assets	¥ 3,245,922	¥ 3,699,255	$ 23,138
Deductions from net assets	19,402	24,110	151
(Non-controlling interests)	19,402	24,110	151
Net assets related to common stock	3,226,520	3,675,145	22,987
Year-end number of outstanding shares of common stock based on which net assets per share was calculated	2,182,800,000 thousand shares	2,552,800,000 thousand shares	

28. Subsequent Events

Establishment of the "Operations for the Promotion of Approved Designated Overseas Projects (provisional translation)" account

On 10 June 2026, the Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures and the Act for Partial Amendment of the Japan Bank for International Cooperation Act was passed and enacted at the 221st Extraordinary Session of the Diet. Pursuant to this amendment, "Operations for the Promotion of Approved Designated Overseas Projects (provisional translation)" have been introduced to provide financial support for overseas businesses of strategic importance to economic security through subordinated investments and other financing arrangements. Activities for this account are accounted for separately from those of the Ordinary Operations account and the Special Operations account of JBIC. The effective date of the "Operations for the Promotion of Approved Designated Overseas Projects (provisional translation)" will be stipulated by the government ordinance.

29. Bonds payable

Bonds payable as of March 31, 2026 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 JBIC foreign bonds, 12th、13th、15th、17th、19th、25th、29th、32nd、35th、37th、41st、44th、46th、47th、49th– 68th	May 28, 2015 – January 23, 2026	6,089,651 (USD 37,248,985,000) (GBP 599,298,000) (EUR 2,492,761,000)	5,261,662 [1,299,582] (USD 29,257,280,000) [USD 7,798,517,000] (GBP 599,463,000) [GBP 249,991000] (EUR 2,494,432,000)	0.375 ～ 4.875	General collateral	April 14, 2025 - January 23, 2036	
	JBIC bonds 23rd	March 14, 2006	20,000	–	2.090	General collateral	December19, 2025	*1
	Non-guaranteed JBIC domestic bonds 4th	May 28, 2024	10,000	10,000	0.639	General collateral	March 19, 2029	
Total		–	¥ 6,119,651	¥ 5,271,662	–	–	–	–

(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 JBIC foreign bonds, 12th、13th、15th、17th、19th、25th、29th、32nd、35th、37th、41st、44th、46th、47th、49th– 68th	May 28, 2015 – January 23, 2026	38,089 (USD 37,248,985,000) (GBP 599,298,000) (EUR 2,492,761,000)	32,910 [8,128] (USD 29,257,280,000) [USD 7,798,517,000] (GBP 599,463,000) [GBP 249,991000] (EUR 2,494,432,000)	0.375 ～ 4.875	General collateral	April 14, 2025 – January 23, 2036	
	JBIC bonds 23rd	March 14, 2006	125	–	2.090	General collateral	December19, 2025	*1
	Non-guaranteed JBIC domestic bonds 4th	May 28, 2024	63	63	0.639	General collateral	March 19, 2029	
Total		–	$ 38,277	$ 32,973	–	–	–	–

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.
4. The redemption schedule of bonds payable for each of the next five years as of March 31, 2026 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	¥ 1,299,821	¥ 1,182,660	¥ 1,009,250	¥ 417,150	¥ 571,345

(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	$ 8,130	$ 7,397	$ 6,313	$ 2,609	$ 3,574

30. Borrowings

Borrowings as of March 31, 2026 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	¥ 8,720,489	$ 54,544	¥ 8,767,688	$ 54,839	2.77	–
Borrowings	8,720,489	54,544	8,767,688	54,839	2.77	April 2026 – February 2042
Lease obligation (Due within one year)	2	0	2	0	–	–
Lease obligation (Due after one year)	4	0	2	0	–	June 2028
Other interest-bearing liabilities	26,660	167	12,360	77	0.73	–
Cash collateral received for financial instruments	26,660	167	12,360	77	0.73	–

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. As for the lease obligation, there is no average lease rate since the short-cut method is applied for the transaction.
3. There is no fixed maturity date for the repayment of Cash collateral received for financial instruments.
4. Maturities of borrowings and the lease obligation for the next five years as of March 31, 2026 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	¥ 387,384	¥ 3,333,973	¥ 472,291	¥ 2,017,466	¥ 1,188,974
Lease obligation	2	2	0	–	–

(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	$ 2,423	$ 20,853	$ 2,954	$ 12,619	$ 7,437
Lease obligation	0	0	0	–	–

31. Asset retirement obligations

This information is not presented 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.

32. 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 for each operation have not been audited.

Balance Sheets

≫ Ordinary Operations Account

(In Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Assets:		
Cash and Due from Banks	**2,448,691**	**1,820,507**
Due from Banks	2,448,691	1,820,507
Securities	**293,918**	**333,516**
Equity Securities	255	255
Other Securities	293,663	333,261
Loans and Bills Discounted	**15,400,591**	**15,652,156**
Loans on Deeds	15,400,591	15,652,156
Other Assets	**1,095,212**	**1,267,933**
Prepaid Expenses	1,103	1,582
Accrued Income	172,314	149,628
Derivatives Other Than for Trading-Assets	26,755	12,803
Cash Collateral Paid for Financial Instruments	894,260	1,103,090
Other	778	829
Property, Plant and Equipment	**34,828**	**35,505**
Buildings	8,076	7,735
Land	24,313	24,313
Construction in Progress	72	1,576
Other	2,366	1,880
Intangible Assets	**8,949**	**7,075**
Software	8,949	7,075
Prepaid Pension Expenses	**417**	**1,172**
Customers' Liabilities for Acceptances and Guarantees	**1,325,383**	**1,449,642**
Allowance for Loan Losses	**(501,717)**	**(480,466)**
Total Assets	**20,106,275**	**20,087,043**

(In Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities:		
Borrowed Money	**8,716,289**	**8,767,688**
Borrowings	8,716,289	8,767,688
Bonds Payable	**6,119,651**	**5,271,662**
Other Liabilities	**1,043,861**	**1,250,286**
Accrued Expenses	122,239	97,944
Unearned Revenue	5,805	7,836
Derivatives Other Than for Trading-Assets	834,668	1,088,914
Cash Collateral Received for Financial Instruments	26,140	12,360
Lease Obligations	7	4
Other	55,000	43,226
Provision for Bonuses	**639**	**769**
Provision for Directors' Bonuses	**10**	**11**
Provision for Retirement Benefits	**4,433**	**4,123**
Provision for Directors' Retirement Benefits	**50**	**62**
Acceptances and Guarantees	**1,325,383**	**1,449,642**
Total Liabilities	**17,210,319**	**16,744,248**
Net Assets:		
Capital Stock	**2,004,500**	**2,374,500**
Retained Earnings	**1,161,828**	**1,256,557**
Legal Retained Earnings	1,077,744	1,119,786
Other Retained Earnings	84,083	136,770
Retained Earnings Brought Forward	84,083	136,770
Total Shareholder's Equity	**3,166,328**	**3,631,057**
Valuation Difference on Available-for-Sale Securities	**28,329**	**44,967**
Deferred Gains or Losses on Hedges	**(298,702)**	**(333,229)**
Total Valuation and Translation Adjustments	**(270,372)**	**(288,261)**
Total Net Assets	**2,895,955**	**3,342,795**
Total Liabilities and Net Assets	**20,106,275**	**20,087,043**

≫ Special Operations Account

(In Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Assets:		
Cash and Due from Banks	**311,361**	**314,104**
Due from Banks	311,361	314,104
Securities	**7,550**	**10,216**
Equity Securities	—	319
Other Securities	7,550	9,896
Loans and Bills Discounted	**13,895**	**4,802**
Loans on Deeds	13,895	4,802
Other Assets	**2,589**	**302**
Prepaid Expenses	17	26
Accrued Income	47	90
Derivatives Other Than for Trading-Assets	561	—
Cash Collateral Paid for Financial Instruments	1,960	180
Other	3	5
Prepaid Pension Expenses	**0**	**2**
Allowance for Loan Losses	**(31)**	**(10)**
Total Assets	**335,366**	**329,418**

	As of March 31, 2025	As of March 31, 2026
Liabilities:		
Borrowed Money	**4,200**	—
Borrowings	4,200	—
Other Liabilities	**2,471**	**224**
Accrued Expenses	4	5
Derivatives Other Than for Trading-Assets	1,911	179
Cash Collateral Received for Financial Instruments	520	—
Other	35	39
Provision for Bonuses	**10**	**13**
Provision for Directors' Bonuses	**0**	**0**
Provision for Retirement Benefits	**42**	**43**
Provision for Directors' Retirement Benefits	**0**	**0**
Total Liabilities	**6,725**	**282**
Net Assets:		
Capital Stock	**328,300**	**328,300**
Retained Earnings	**218**	**515**
Legal Retained Earnings	598	218
Other Retained Earnings	(379)	297
Retained Earnings Brought Forward	(379)	297
Total Shareholder's Equity	**328,518**	**328,815**
Valuation Difference on Available-for-Sale Securities	**—**	**285**
Deferred Gains or Losses on Hedges	**122**	**33**
Total Valuation and Translation Adjustments	**122**	**319**
Total Net Assets	**328,641**	**329,135**
Total Liabilities and Net Assets	**335,366**	**329,418**

Statements of Operations

≫ Ordinary Operations Account

(In Millions of Yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Ordinary Income:	**1,019,451**	**875,293**
Interest Income	981,918	776,992
Interest on Loans and Discounts	916,656	722,921
Interest and Dividends on Securities	8,971	7,012
Interest on Deposits With Banks	54,252	42,282
Other Interest Income	2,039	4,776
Fees and Commissions	20,361	21,394
Other Fees and Commissions	20,361	21,394
Other Ordinary Income	796	37,827
Gain on Foregin Exchange Transactions	—	37,507
Income from Derivatives Other Than for Trading or Hedging	789	318
Other	6	0
Other Income	16,374	39,078
Recoveries of Written-off Claims	12,646	7,532
Gain on Sales of Equity and Other Securities	2,216	6,204
Gain on Investments in Partnerships	1,234	25,066
Other	276	275
Ordinary Expenses:	**935,383**	**738,536**
Interest Expenses	866,537	654,459
Interest on Borrowed Money and Rediscounts	337,833	250,175
Interest on Bonds	182,191	169,143
Interest on Interest Swaps	342,898	232,867
Other Interest Expense	3,614	2,272
Fees and Commissions Payments	3,337	3,244
Other Fees and Commissions	3,337	3,244
Other Ordinary Expenses	4,022	1,372
Loss On Foreign Exchange Transactions	2,350	—
Amortization of Bond Issuance Cost	884	595
Other	786	777
General and Administrative Expenses	28,929	29,911
Other Expenses	32,555	49,548
Provision of Allowance for Loan Losses	20,631	48,305
Write-Off of Equity and Other Securities	11,911	1,238
Other	13	4
Ordinary Profit	**84,068**	**136,756**
Extraordinary Income	**15**	**14**
Gain on Disposal of Noncurrent Assets	15	14
Net Income	**84,083**	**136,770**

≫ Special Operations Account

(In Millions of Yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Ordinary Income:	**3,958**	**1,555**
Interest Income	1,124	1,490
Interest on Loans and Discounts	1,118	628
Interest on Deposits With Banks	0	853
Other Interest Income	5	8
Fees and Commissions	124	39
Other Fees and Commissions	124	39
Other Ordinary Income	—	0
Gain on Foregin Exchange Transactions	—	0
Other Income	2,710	24
Reversal of Allowance for Loan Losses	106	20
Gain on Sales of Equity and Other Securities	2,601	—
Other	3	3
Ordinary Expenses:	**4,338**	**1,257**
Interest Expense	616	337
Interest on Borrowed Money and Rediscounts	0	0
Interest on Interest Swaps	615	335
Other Interest Expense	0	1
Fees and Commissions Payments	123	101
Other Fees and Commissions	123	101
Other Ordinary Expenses	87	—
Loss on Foreign Exchange Transactions	87	—
General and Administrative Expenses	464	527
Other Expenses	3,047	291
Write-Off of Equity and Other Securities	2,186	291
Other	860	0
Ordinary Profit	**379**	**297**
Net Income	**379**	**297**

Statements of Cash Flows

≫ Ordinary Operations Account

(In Millions of Yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Cash Flows from Operating Activities		
Net Income	84,083	136,770
Depreciation and Amortization	4,358	4,570
Increase (Decrease) in Allowance for Loan Losses	(34,556)	(21,250)
Increase (Decrease) in Provision for Bonuses	(11)	130
Increase (Decrease) in Provision for Directors' Bonuses	0	0
Decrease (Increase) in Prepaid Pension Expenses	(417)	(754)
Increase (Decrease) in Provision for Retirement Benefits	(157)	(309)
Increase (Decrease) in Provision for Directors' Retirement Benefits	(0)	11
Interest Income	(981,918)	(776,992)
Interest Expense	866,537	654,459
Losses (Gains) Related to Securities	8,460	(30,032)
Foreign Exchange Losses (Gains)	(8,573)	(3,259)
Losses (Gains) on Disposal of Noncurrent Assets	(15)	(14)
Net Decrease (Increase) in Derivative Financial Instruments (Assets)	11,352	13,951
Net Increase (Decrease) in Derivative Financial Instruments (Liabilities)	(195,919)	254,245
Net Decrease (Increase) in Loans and Bills Discounted	999,392	(251,565)
Net Increase (Decrease) in Borrowed Money	(473,499)	51,399
Net Decrease (Increase) in Deposits (Excluding Deposits Paid to Bank of Japan)	(218,010)	609,413
Net Decrease (Increase) in Cash Collateral Paid for Financial Instruments	137,190	(208,830)
Net Increase (Decrease) in Cash Collateral Received for Financial Instruments	(11,210)	(13,780)
Increase (Decrease) in Straight Bonds-Issuance and Redemption	(520,488)	(850,847)
Interest Received	1,031,068	802,707
Interest Paid	(898,268)	(675,923)
Other	61,472	(47,790)
Subtotal	(139,131)	(353,690)
Net Cash Provided by (Used in) Operating Activities	(139,131)	(353,690)
Cash Flows from Investing Activities		
Purchase of Securities	(28,208)	(22,544)
Proceeds from Sales of Securities	42,279	32,876
Purchase of Property, Plant and Equipment	(3,235)	(1,980)
Proceeds from Sales of Property, Plant and Equipment	19	14
Purchase of Intangible Assets	(644)	(1,401)
Net Cash Provided by (Used in) Investing Activities	10,210	6,963
Cash Flows from Financing Activities		
Proceeds from Issuance of New Shares	121,000	370,000
Payment to the National Treasury	(31,365)	(42,041)
Other	(2)	(2)
Net Cash Provided by (Used in) Financing Activities	89,632	327,955
Effect of Exchange Rate Change on Cash and Cash Equivalents	**–**	**—**
Net Increase (Decrease) in Cash and Cash Equivalents	**(39,288)**	**(18,770)**
Cash and Cash Equivalents at Beginning of Period	**671,398**	**632,110**
Cash and Cash Equivalents at the Period	**632,110**	**613,339**

≫ Special Operations Account

(In Millions of Yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Cash Flows from Operating Activities		
Net Income (loss)	(379)	297
Increase (Decrease) in Allowance for Loan Losses	(106)	(20)
Increase (Decrease) in Provision for Bonuses	0	2
Increase (Decrease) in Provision for Directors' Bonuses	0	0
Decrease (Increase) in Prepaid Pension Expenses	(0)	(1)
Increase (Decrease) in Provision for Retirement Benefits	2	0
Increase (Decrease) in Provision for Directors' Retirement Benefits	(0)	0
Interest Income	(1,124)	(1,490)
Interest Expense	616	337
Losses (Gains) Related to Securities	(414)	291
Net Decrease (Increase) in Derivative Financial Instruments (Assets)	(561)	561
Net Increase (Decrease) in Derivative Financial Instruments (Liabilities)	(400)	(1,731)
Net Decrease (Increase) in Loans and Bills Discounted	9,596	9,093
Net Increase (Decrease) in Borrowed Money	—	(4,200)
Net Decrease (Increase) in Deposits (Excluding Deposits Paid to Bank of Japan)	(512)	(281,136)
Net Decrease (Increase) in Cash Collateral Paid for Financial Instruments	410	1,780
Net Increase (Decrease) in Cash Collateral Received for Financial Instruments	520	(520)
Interest Received	1,130	1,443
Interest Paid	(615)	(337)
Other	(303)	(92)
Subtotal	7,855	(275,721)
Net Cash Provided by (Used in) Operating Activities	7,855	(275,721)
Cash Flows from Investing Activities		
Proceeds from Sales of Securities	8,409	(2,672)
Net Cash Provided by (Used in) Investing Activities	8,409	(2,672)
Cash Flows from Financing Activities		
Payment to the National Treasury	(101)	
Net Cash Provided by (Used in) Financing Activities	(101)	—
Effect of Exchange Rate Change on Cash and Cash Equivalents	–	—
Net Increase (Decrease) in Cash and Cash Equivalents	**16,163**	**(278,393)**
Cash and Cash Equivalents at Beginning of Period	**275,226**	**291,390**
Cash and Cash Equivalents at End of Period	**291,390**	**12,996**

2 Composition of Liabilities and Net Assets

≫ The Bank

(Unit: Millions of Yen, %)

	As of March 31, 2025		As of March 31, 2026	
	Amount	%*	Amount	%*
Liabilities	17,217,006	84.2	16,744,487	82.0
Borrowed Money	8,720,489	42.7	8,767,688	42.9
Bonds Payable	6,119,651	29.9	5,271,662	25.8
Acceptances and Guarantees	1,325,383	6.5	1,449,642	7.1
Other	1,051,482	5.1	1,255,492	6.1
Net Assets	3,224,596	15.8	3,671,930	18.0
Capital Stock	2,332,800	11.4	2,702,800	13.2
Retained Earnings	1,162,047	5.7	1,257,072	6.2
Valuation Difference on Available-for-Sale Securities	28,329	0.1	45,253	0.2
Deferred Gains or Losses on Hedges	(298,579)	(1.5)	(333,195)	(1.6)
Total Liabilities and Net Assets	**20,441,603**	**100**	**20,416,417**	**100**

* Ratio to Total Liabilities and Net Assets. (Same formula is applicable for Ordinary Operations Account and Special Operations Account)

(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	22.36
Tier 1 Risk-Weighted Capital Ratio	21.59
Common Equity Tier 1 Risk-Weighted Capital Ratio	21.59
Total Capital (Common Equity Tier 1 Capital + Additional Tier 1 Capital + Tier 2 Capital)	40,696
Tier 1 Capital (Common Equity Tier 1 Capital + Additional Tier 1 Capital)	39,283
Common Equity Tier 1 Capital	39,283
Risk-Weighted Assets	181,971
The Amount of Minimum Capital Requirements	14,557

≫ Ordinary Operations Account

(Unit: Millions of Yen, %)

	As of March 31, 2025		As of March 31, 2026	
	Amount	%*	Amount	%*
Liabilities	17,210,319	85.6	16,744,248	83.4
Borrowed Money	8,716,289	43.4	8,767,688	43.6
Bonds Payable	6,119,651	30.4	5,271,662	26.2
Acceptances and Guarantees	1,325,383	6.6	1,449,642	7.2
Other	1,048,995	5.2	1,255,253	6.2
Net Assets	2,895,955	14.4	3,342,795	16.6
Capital Stock	2,004,500	10.0	2,374,500	11.8
Retained Earnings	1,161,828	5.8	1,256,557	6.3
Valuation Difference on Available-for-Sale Securities	28,329	0.1	44,967	0.2
Deferred Gains or Losses on Hedges	(298,702)	(1.5)	(333,229)	(1.7)
Total Liabilities and Net Assets	**20,106,275**	**100**	**20,087,043**	**100**

≫ Special Operations Account

(Unit: Millions of Yen, %)

	As of March 31, 2025		As of March 31, 2026	
	Amount	%*	Amount	%*
Liabilities	6,725	2.0	282	0.1
Borrowed Money	4,200	1.3	—	—
Bonds Payable	—	—	—	—
Acceptances and Guarantees	—	—	—	—
Other	2,525	0.8	282	0.1
Net Assets	328,641	98.0	329,135	99.9
Capital Stock	328,300	97.9	328,300	99.7
Retained Earnings	218	0.1	515	0.2
Valuation Difference on Available-for-Sale Securities	—	—	285	0.1
Deferred Gains or Losses on Hedges	122	0.0	33	0.0
Total Liabilities and Net Assets	**335,366**	**100**	**329,418**	**100**

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

≫ The Bank

(Unit: Millions of Yen, %)

	For the year ended March 31, 2025			For the year ended March 31, 2026		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-Earning Assets	18,665,306	983,042	5.27	17,131,184	778,482	4.54
Loans and Bills Discounted	16,246,344	917,774	5.65	14,842,089	723,549	4.87
Due from Banks	1,287,636	54,252	4.21	1,291,341	43,136	3.34
Interest-Bearing Liabilities	15,324,233	867,154	5.66	13,628,761	654,796	4.80
Borrowed Money	8,924,761	337,833	3.79	8,192,961	250,175	3.05
Bonds Payable	6,367,686	182,191	2.86	5,416,406	169,143	3.12

≫ Ordinary Operations Account

(Unit: Millions of Yen, %)

	For the year ended March 31, 2025			For the year ended March 31, 2026		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-Earning Assets	18,625,812	981,918	5.27	16,962,205	776,992	4.58
Loans and Bills Discounted	16,225,156	916,656	5.65	14,830,646	722,921	4.87
Due from Banks	1,285,325	54,252	4.22	1,145,069	42,282	3.69
Interest-Bearing Liabilities	15,319,871	866,537	5.66	13,625,037	654,459	4.80
Borrowed Money	8,920,561	337,833	3.79	8,189,577	250,175	3.05
Bonds Payable	6,367,686	182,191	2.86	5,416,406	169,143	3.12

≫ Special Operations Account

(Unit: Millions of Yen, %)

	For the year ended March 31, 2025			For the year ended March 31, 2026		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-Earning Assets	39,493	1,124	2.85	168,978	1,490	0.88
Loans and Bills Discounted	21,187	1,118	5.28	11,442	628	5.49
Due from Banks	2,310	0	0.03	146,271	853	0.58
Interest-Bearing Liabilities	4,362	616	14.12	3,724	337	9.06
Borrowed Money	4,200	0	0.00	3,383	0	0.00
Bonds Payable	—	—	—	—	—	—

4 Breakdown of Operating Expenses

≫ The Bank

(Unit: Millions of Yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Salaries and Other Compensations	7,190	7,757
Expenses for Retirement Benefits	90	(138)
Welfare Benefits	1,029	1,083
Depreciation of Property, Plant and Equipment	4,358	4,570
Leasing on Land, Buildings and Machinery	708	697
Building Maintenance	767	101
Supplies	419	402
Utilities	110	103
Traveling Expenses	2,057	2,228
Communications	288	287
Advertising Expenses	8	3
Fees, Donations and Social Expenses	80	88
Taxes	837	687
Other	11,381	12,489
Total	**29,326**	**30,362**

≫Ordinary Operations Account

(Unit: Millions of Yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Salaries and Other Compensations	7,078	7,628
Expenses for Retirement Benefits	81	(147)
Welfare Benefits	1,013	1,065
Depreciation of Property, Plant and Equipment	4,358	4,570
Leasing on Land, Buildings and Machinery	697	685
Building Maintenance	755	99
Supplies	413	396
Utilities	108	101
Traveling Expenses	2,025	2,191
Communications	284	282
Advertising Expenses	7	3
Fees, Donations and Social Expenses	79	86
Taxes	821	668
Other	11,205	12,278
Total	**28,929**	**29,911**

≫ Special Operations Account

(Unit: Millions of Yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Salaries and Other Compensations	111	129
Expenses for Retirement Benefits	9	9
Welfare Benefits	16	18
Leasing on Land, Buildings and Machinery	78	87
Building Maintenance	11	1
Supplies	6	6
Utilities	1	1
Traveling Expenses	31	37
Communications	4	4
Advertising Expenses	0	0
Fees, Donations and Social Expenses	1	1
Taxes	15	18
Other	176	210
Total	**464**	**527**

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

≫The Bank

(Unit: Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Due from Banks in Japanese Yen	26,660	292,360
Due from Banks in Foreign Currencies	1,525,069	1,109,483
Receivables under Resale Agreements	—	—
Securities	—	—

≫Ordinary Operations Account

(Unit: Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Due from Banks in Japanese Yen	26,140	12,360
Due from Banks in Foreign Currencies	1,520,854	1,105,439
Receivables under Resale Agreements	—	—
Securities	—	—

≫Special Operations Account

(Unit: Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Due from Banks in Japanese Yen	520	280,000
Due from Banks in Foreign Currencies	4,215	4,044
Receivables under Resale Agreements	—	—
Securities	—	—

6 Information on Derivatives Transactions

(1) Basic Policy for Derivatives Transactions

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

(2) Transactions

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

(3) Risks Involved in Derivatives Transactions

Derivatives transactions involve the following risks.

Counterparty Credit Risk

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

Market Risk

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

(4) Measures to Address These Risks

Counterparty Credit Risk

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

Regarding the fair value of a derivative in conducting a transaction and credit risk exposure, JBIC performs detailed management by taking into account collateral transfer based on a collateral contract with 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, 2026; 100 Millions of Yen)

	Contract Amounts / Notional Amounts	Credit Risk Amounts	Market Value
Interest Rate Swaps	54,910	1,367	(1,412)
Currency Swaps	57,746		(9,350)
Forward Exchange Contracts	16	0	0
Other Derivative	—	—	—
Total	**112,672**	**1,367**	**(10,762)**

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

7 Yield / Interest Rate

≫ The Bank

(Unit: %)

	For the year ended March 31, 2025	For the year ended March 31, 2026
(A) – (B)	(0.59)	(0.49)
Yields on Interest-Earning Assets (A)	5.27	4.54
Costs of Interest-Bearing Liabilities (B)	5.86	5.04

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 (A) = Interest Expenses (B) + Operating Expenses + Amortization of Bond Issuance Costs + Bond Issuance Expenses
Interest Expenses (B) = 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
(Same formula is applicable below.)

≫ Ordinary Operations Account

(Unit: %)

	For the year ended March 31, 2025	For the year ended March 31, 2026
(A) – (B)	(0.58)	(0.45)
Yields on Interest-Earning Assets (A)	5.27	4.58
Costs of Interest-Bearing Liabilities (B)	5.86	5.03

≫ Special Operations Account

(Unit: %)

	For the year ended March 31, 2025	For the year ended March 31, 2026
(A) – (B)	(21.94)	(22.33)
Yields on Interest-Earning Assets (A)	2.85	0.88
Costs of Interest-Bearing Liabilities (B)	24.78	23.21

8 Loans Outstanding per Employee

(Unit: Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Loans Outstanding per Employee	21,409	21,158

9 Loans Outstanding by Industry

(Unit: Millions of Yen)

Industry	As of March 31, 2025		As of March 31, 2026	
	Number of Loans	Balance	Number of Loans	Balance
Domestic Loans				
Manufacturing	88	1,047,798	75	1,463,749
Mining and Quarrying of Stone and Gravel	8	200,025	8	173,696
Construction	2	36,016	2	38,464
Electricity, Gas, Heat Supply, and Water	4	177,756	4	201,069
Information and Communications	1	38,000	2	38,010
Transport and Postal Activities	6	18,368	6	151,561
Wholesale Trade	12	686,783	10	677,138
Retail Trade	4	389,030	4	415,872
Finance and Insurance	24	1,418,695	21	1,097,413
Real Estate	2	416	2	337
Goods Rental and Leasing	4	518,915	7	576,542
Scientific Research, and Professional and Technical Service	2	22	1	7
Hotels	1	96	1	34
Eating and Drinking Services	1	32	3	390
Living-Related and Personal Services and Amusement Services	1	4,000	—	—
Other Services	1	32	1	27
Overseas Loans*	534	10,898,136	537	10,913,775
Total, Including Others	**695**	**15,434,126**	**684**	**15,748,089**
Loans Outstanding to Small and Medium-Sized Enterprises, and Mid-Tier Enterprises	477	139,736	469	116,205

* This item was presented under the title "Overseas Yen Loan and Domestic Loans Transferred Overseas" through FY2024.

10 Write-off of Loans

≫ Ordinary Operations Account

(Unit: Millions of Yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Write-off of Loans	—	—

≫ Special Operations Account

(Unit: Millions of Yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Write-off of Loans	—	—

11 Assets in Foreign Currencies (Loans and Equity Investments)

≫ The Bank

(Unit: Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Investments in Foreign Currency (USD)	138,193	156,809
Investments in Foreign Currency (EUR)	17,008	22,242
Investments in Foreign Currency (RUB)	5,984	5,699
Equity Investments in Foreign Currency (USD)	51,898	49,578
Equity Investments in Foreign Currency (GBP)	969	1,055
Equity Investments in Foreign Currency (EUR)	14,198	16,024
Equity Investments in Foreign Currency (THB)	8	8
Equity Investments in Foreign Currency (CNY)	823	211
Equity Investments in Foreign Currency (INR)	455	455
Equity Investments in Foreign Currency (SGD)	1,753	517
Equity Investments in Foreign Currency (RUB)	518	518
Equity Investments in Foreign Currency (TWD)	193	213
Foreign Investment Trusts (INR)	9,272	24,563
Loans in Foreign Currency (USD)	12,633,671	12,441,534
Loans in Foreign Currency (GBP)	652,133	710,016
Loans in Foreign Currency (EUR)	673,814	793,241
Loans in Foreign Currency (ZAR)	10,218	1,491
Loans in Foreign Currency (AUD)	3,417	987
Loans in Foreign Currency (THB)	113,128	125,377
Loans in Foreign Currency (CAD)	78,563	118,367
Loans in Foreign Currency (CNY)	5,064	5,506
Loans in Foreign Currency (INR)	8,476	15,856
Loans in Foreign Currency (MXN)	735	289
Loans in Foreign Currency (IDR)	17,247	14,150
Loans in Foreign Currency (SEK)	827	770

≫ Ordinary Operations Account

(Unit: Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Investments in Foreign Currency (USD)	131,259	149,875
Investments in Foreign Currency (EUR)	17,008	22,242
Investments in Foreign Currency (RUB)	5,984	5,699
Equity Investments in Foreign Currency (USD)	51,606	46,940
Equity Investments in Foreign Currency (GBP)	969	1,055
Equity Investments in Foreign Currency (EUR)	13,874	15,699
Equity Investments in Foreign Currency (THB)	8	8
Equity Investments in Foreign Currency (CNY)	823	211
Equity Investments in Foreign Currency (INR)	455	455
Equity Investments in Foreign Currency (SGD)	1,753	517
Equity Investments in Foreign Currency (RUB)	518	518
Equity Investments in Foreign Currency (TWD)	193	213
Foreign Investment Trusts (INR)	9,272	24,563
Loans in Foreign Currency (USD)	12,622,761	12,437,244
Loans in Foreign Currency (GBP)	652,133	710,016
Loans in Foreign Currency (EUR)	673,814	793,241
Loans in Foreign Currency (ZAR)	10,218	1,491
Loans in Foreign Currency (AUD)	3,417	987
Loans in Foreign Currency (THB)	113,128	125,377
Loans in Foreign Currency (CAD)	78,563	118,367
Loans in Foreign Currency (CNY)	5,064	5,506
Loans in Foreign Currency (INR)	8,476	15,856
Loans in Foreign Currency (MXN)	735	289
Loans in Foreign Currency (IDR)	17,247	14,150
Loans in Foreign Currency (SEK)	827	770

≫ Special Operations Account

(Unit: Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Investments in Foreign Currency (USD)	6,933	6,933
Equity Investments in Foreign Currency (USD)	291	2,637
Equity Investments in Foreign Currency (EUR)	324	324
Loans in Foreign Currency (USD)	10,909	4,289

12 Administrative Expense Ratio

≫ The Bank

(Units: %)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Administrative Expense Ratio	0.16	0.18

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)
(Same formula is applicable below.)

≫ Ordinary Operations Account

(Units: %)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Administrative Expense Ratio	0.16	0.18

≫Special Operations Account

(Units: %)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Administrative Expense Ratio	1.34	2.50

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

≫Maturity Structure of Loans as of March 31, 2026

(Unit: 100 Millions of Yen)

Maturity	Collection from Loans
1 Year or Less	21,583
1-2 Years	18,406
2-3 Years	17,599
3-4 Years	20,578
4-5 Years	14,866
5-6 Years	12,113
6-7 Years	12,582
7-8 Years	7,488
8-9 Years	6,177
9-10 Years	5,440
10-15 Years	11,660
15-20 Years	4,136
20-25 Years	369
25-30 Years	28
30-35 Years	—
35-40 Years	—
Over 40 Years	—
Total	**153,033**

Note:The figures exclude: ¥353.6 billion, 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, 2026

(Unit: 100 Millions of Yen)

Maturity	Repayment of Borrowings
1 Year or Less	3,873
1-2 Years	33,339
2-3 Years	4,722
3-4 Years	20,174
4-5 Years	11,889
5-6 Years	—
6-7 Years	9,204
7-8 Years	1,450
8-9 Years	437
9-10 Years	780
Over 10 Years	1,805
Total	**87,676**

≫ Maturity Structure of Bonds and Notes as of March 31, 2026

(Unit: 100 Millions of Yen)

Maturity	Redemption of Bonds and Notes
1 Year or Less	12,995
1-2 Years	11,820
2-3 Years	10,074
3-4 Years	4,164
4-5 Years	5,686
5-6 Years	4,791
6-7 Years	—
7-8 Years	—
8-9 Years	1,591
9-10 Years	1,591
Over 10 Years	—
Total	**52,716**

14 Information on the Quality of Assets

Although the Banking Act and Act on Emergency Measures for the Revitalization of the Financial Functions of 1998 (the "Financial Revitalization Act") do not apply to JBIC, JBIC has made a self-assessment of the quality of its assets since the fiscal year ended March 31, 2001. 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 loan assets to be disclosed under the Banking Act and 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. Loan Assets to Be Disclosed Under the Banking Act and the Financial Revitalization Act

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

Each category of loans is defined as follows:

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

(ⅰ) 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" or "Doubtful Assets" ("Past Due Loans (3 months or more)").

(ⅱ) 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 "Past Due Loans (3 months or more)"("Restructured Loans").*

ⅳ. 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 and Quasi-bankrupt Assets" or "Doubtful Assets".

ⅴ. 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 and Quasi-bankrupt Assets", "Doubtful Assets" or "Past Due Loans (3 months or more)".*

ⅵ. 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" or "Substandard Loans".

≫ Ordinary Operations Account

(Unit: Millions of Yen)

	Fiscal year ended March 31,2025	Fiscal year ended March 31,2026
Bankrupt and Quasi-Bankrupt Assets	—	355
Doubtful Assets	334,189	353,259
Substandard Loans	191,316	181,916
Past Due Loans (3 Months or More)	123,001	148,555
Restructured Loans	68,314	33,361
Total (1)	525,505	535,532
Normal Assets	16,367,869	16,711,690
Total Amounts of Loans (2)	16,893,375	17,247,222
(1) / (2) (%)	3.11	3.11

≫ Special Operations Account

(Unit: Millions of Yen)

	Fiscal year ended March 31,2025	Fiscal year ended March 31,2026
Bankrupt and Quasi-Bankrupt Assets	—	—
Doubtful Assets	—	—
Substandard Loans	—	—
Past Due Loans (3 Months or More)	—	—
Restructured Loans	—	—
Total (1)	—	—
Normal Assets	13,920	4,822
Total Amounts of Loans (2)	13,920	4,822
(1) / (2) (%)	—	—

* 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 ¥28,022 million as of the end of the fiscal year ended March 31, 2026.

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 ¥23,428 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 Accounting Standards

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") Accounting Standards as issued by the International Accounting Standards Board (IASB) as of March 31, 2026. 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, 2026 and 2025, 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 material accounting policy information 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 Accounting Standards 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 Accounting Standards and related information.

≫ Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31,2025	As of March 31,2026
Assets:		
Cash and due from banks	2,764,212	2,141,196
Derivative financial instrument assets	85,851	66,915
Financial assets at fair value through profit or loss	435,222	451,291
Securities	62,198	69,197
Loans and other receivables	14,926,274	15,177,097
Equity method investments	85,879	92,084
Property and equipment	34,834	35,510
Other assets	916,496	1,119,996
Total assets	**19,310,969**	**19,153,290**
Liabilities:		
Derivative financial instrument liabilities	895,114	1,143,205
Borrowings	8,720,489	8,767,688
Bonds payable	5,963,519	5,147,407
Financial guarantee contracts	61,209	48,749
Other liabilities	260,893	218,128
Total liabilities	**15,901,226**	**15,325,180**
Equity:		
Capital stock	2,332,800	2,702,800
Retained earnings	1,041,689	1,083,293
Other reserves	33,683	40,323
Non-controlling interests	1,569	1,692
Total equity	**3,409,742**	**3,828,109**
Total liabilities and equity	**19,310,969**	**19,153,290**

Details about From 18-K, please refer to:▶https://www.jbic.go.jp/en/ir/image/form18-k.pdf

≫ Consolidated Income Statements

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Interest income	982,581	778,890
Interest expense	525,956	423,730
Net interest income	456,625	355,159
Fee and commission income	11,305	14,090
Fee and commission expense	4,574	4,646
Net expense from derivative financial instruments	386,845	298,790
Net gain (loss) from financial assets at fair value through profit or loss	(50,764)	36,935
Other income	6,137	31,936
Net non-interest expense	424,742	220,473
Total operating income[*1]	**31,882**	**134,686**
Impairment losses on financial assets	12,695	25,584
Net operating income[*2]	**19,187**	**109,102**
Operating expenses	30,135	31,430
Other expenses	1,371	5,757
Total operating expenses	31,506	37,187
Profits of equity method investments	2,189	12,257
Profit (loss) before income tax	**(10,128)**	**84,172**
Income tax expense	218	124
Net profit (loss)	**(10,347)**	**84,048**
Attributable to:		
Shareholder of JBIC	(10,306)	84,084
Non-controlling interests	(41)	(36)

Notes: *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, 2025	For the year ended March 31, 2026
Net profit (loss)	**(10,347)**	**84,048**
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans:		
Remeasurement arising during the year	403	(434)
Total of items that will not be reclassified to profit or loss	403	(434)
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations:		
Net gain arising during the year	(1,534)	7,935
Reclassification adjustments	(6,399)	(1,295)
Total of items that may be reclassified to profit or loss	(7,933)	6,639
Other comprehensive income (loss)	**(7,530)**	**6,205**
Total comprehensive income (loss)	**(17,877)**	**90,253**
Attributable to:		
Shareholder of JBIC	(16,768)	88,302
Non-controlling interests	(1,109)	1,950

≫ Consolidated Statements of Changes in Equity

(Millions of yen)

	Attributable to shareholder of JBIC						
				Other reserves			
	Capital stock	Capital Surplus	Retained earnings	Remeasurement of defined benefit plans	Exchange differences on translation of foreign operations	Other reserves, Total	Sub Total
April 1, 2024	**2,211,800**	—	**1,083,074**	—	**41,616**	**41,616**	**3,336,491**
Net profit (loss)	—	—	(10,306)	—	—	—	(10,306)
Other comprehensive income	—	—	—	403	(5,000)	(4,597)	(4,597)
Total comprehensive income (loss)	—	—	(10,306)	403	(5,000)	(4,597)	(14,903)
Issuance of new shares	121,000	—	—	—	—	—	121,000
Payment to the National Treasury	—	—	(31,467)	—	—	—	(31,467)
Acquisition of subsidiaries	—	—	—	—	(2,934)	(2,934)	(2,934)
Transaction with non-controlling interests	—	(5)	—	—	1	1	(3)
Transfer from retained earnings to capital surplus	—	14	(14)	—	—	—	—
Other	—	(9)	403	(403)	—	(403)	(9)
March 31, 2025	**2,332,800**	—	**1,041,689**	—	**33,683**	**33,683**	**3,408,172**
Net profit (loss)	—	—	84,084	—	—	—	84,084
Other comprehensive income	—	—	—	(434)	6,639	6,205	6,205
Total comprehensive income (loss)	—	—	84,084	(434)	6,639	6,205	90,289
Issuance of new shares	370,000	—	—	—	—	—	370,000
Payment to the National Treasury	—	—	(42,041)	—	—	—	(42,041)
Transfer from retained earnings to capital surplus	—	4	(4)	—	—	—	—
Other	—	(4)	(434)	434	—	434	(4)
March 31, 2026	**2,702,800**	—	**1,083,293**	—	**40,323**	**40,323**	**3,826,416**

	Non-controlling interests	Total equity
April 1, 2024	**258**	**3,336,749**
Net profit (loss)	(41)	(10,347)
Other comprehensive income	—	(4,597)
Total comprehensive income (loss)	(41)	(14,944)
Issuance of new shares	—	121,000
Payment to the National Treasury	—	(31,467)
Acquisition of subsidiaries	1,380	(1,553)
Transaction with non-controlling interests	58	54
Transfer from retained earnings to capital surplus	—	—
Other	(86)	(95)
March 31, 2025	**1,569**	**3,409,742**
Net profit (loss)	(36)	84,048
Other comprehensive income	—	6,205
Total comprehensive income (loss)	(36)	90,253
Issuance of new shares	—	370,000
Payment to the National Treasury	—	(42,041)
Transfer from retained earnings to capital surplus	—	—
Other	159	154
March 31, 2026	**1,692**	**3,828,109**

≫ Consolidated Statements of Cash Flows

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Cash flows from operating activities		
Profit (loss) before income tax	(10,128)	84,172
Depreciation and amortization	4,909	5,183
Negative goodwill	(20)	—
Gains from revaluation of previously held interests in newly consolidated subsidiaries	(3,418)	—
Losses from revaluation of previously held interests in newly consolidated subsidiary	6	—
Decrease (increase) in assets for retirement benefits	(321)	321
Increase (decrease) in liability for retirement benefits	(243)	(298)
Net loss (gain) from financial assets at fair value through profit or loss	50,764	(36,935)
Losses (profits) from equity method investments	(2,189)	(12,257)
Net decrease (increase) in loans and other receivables	1,022,827	(250,822)
Net increase (decrease) in borrowings	(473,499)	47,199
Net decrease (increase) in deposits (excluding demand deposits)	162,214	302,476
Net change in derivative financial instrument assets and liabilities	(185,529)	267,027
Net increase (decrease) in financial guarantee contracts	(11,244)	(12,459)
Net increase (decrease) in bonds payable	(389,856)	(816,111)
Other	100,561	(321,923)
Net cash provided by (used in) operating activities	**264,829**	**(744,429)**
Cash flows from investing activities		
Purchase of financial assets at fair value through profit or loss	(18,854)	(19,769)
Sale of financial assets at fair value through profit or loss	24,856	24,881
Purchase of securities	(9,000)	(7,004)
Purchase of equity method investments	(2,012)	(636)
Proceeds from return of equity method investments	26,222	11,354
Proceeds from obtaining control of subsidiaries	2,108	—
Other	(3,865)	(3,368)
Net cash provided by (used in) investing activities	**19,455**	**5,456**
Cash flows from financing activities		
Proceeds from issuance of new shares	121,000	370,000
Payment to the National Treasury	(31,467)	(42,041)
Proceeds from share issuance to non-controlling interests	2,532	2,486
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	52	—
Other	(628)	(706)
Net cash provided by (used in) financing activities	**91,489**	**329,738**
Exchange difference on cash and cash equivalents	**(14,718)**	**88,694**
Net increase (decrease) in cash and cash equivalents	**361,057**	**(320,539)**
Cash and cash equivalents at the beginning of the year	**1,808,319**	**2,169,376**
Cash and cash equivalents at the end of the year	**2,169,376**	**1,848,836**
Net cash provided by (used in) operating activities includes the following:		
Interest received	1,028,517	799,939
Interest paid	(555,425)	(443,117)

2. Reconciliation between Japanese GAAP and IFRS Accounting Standards

Reconciliation of assets, liabilities, and equity of the JBIC Group as of March 31, 2026 and 2025, and reconciliation of net profit or loss of the JBIC Group for the fiscal years ended March 31, 2026 and 2025, between accounting principles generally accepted in Japan ("Japanese GAAP") and IFRS Accounting Standards as issued by the IASB.*

* JBIC has applied Japanese GAAP for reporting purposes. Audited consolidated financial statements of the JBIC Group for the fiscal years ended March 31, 2026 and 2025 prepared in accordance with IFRS Accounting Standards are disclosed for reference purposes in order to improve comparability with international issuers.

≫ Reconciliation of assets, liabilities, and equity as of March 31, 2025

(Millions of yen)

Japanese GAAP		Reclassifications	Adjustments	IFRS Accounting Standards		Notes
Assets					**Assets**	
Cash and due from banks	2,762,447	—	1,764	2,764,212	Cash and due from banks	
	—	85,851	—	85,851	Derivative financial instrument assets	A
	—	430,613	4,609	435,222	Financial assets at fair value through profit or loss	B,C
Securities	318,317	(263,009)	6,889	62,198	Securities	B,C
Loans and bills discounted	15,414,487	(546,293)	58,080	14,926,274	Loans and other receivables	B,D
	—	59,467	26,412	85,879	Equity method investments	C,E
Property, plant and equipment	34,834	—	—	34,834	Property and equipment	
Intangible assets	8,949	(8,949)	—	—		
Net defined benefit asset	418	(418)	—	—		
Other assets	1,101,662	(187,009)	1,842	916,496	Other assets	A,D,F
Customers' liabilities for acceptances and guarantees	1,325,383	—	(1,325,383)	—		H
Allowance for loan losses	(501,749)	501,749	—	—		D
Total assets	**20,464,753**	**72,000**	**(1,225,784)**	**19,310,969**	**Total assets**	
Liabilities					**Liabilities**	
	—	895,114	—	895,114	Derivative financial instrument liabilities	A
Borrowed money	8,720,489	—	—	8,720,489	Borrowings	
Bonds payable	6,119,651	—	(156,131)	5,963,519	Bonds payable	G
	—	(15,259)	76,468	61,209	Financial guarantee contracts	H
Net defined benefit liability	4,476	(4,476)	—	—		I
Provision for directors' retirement benefits	51	(51)	—	—		
Other liabilities	1,048,118	(802,666)	15,442	260,893	Other liabilities	A,F,I,K
Provision for bonuses	649	(649)	—	—		
Provision for directors' bonuses	10	(10)	—	—		
Acceptances and guarantees	1,325,383	—	(1,325,383)	—		H
Total liabilities	**17,218,831**	**72,000**	**(1,389,604)**	**15,901,226**	**Total liabilities**	
Net assets					**Equity**	
Capital stock	2,332,800	—	—	2,332,800	Capital stock	
Retained earnings	1,163,445	—	(121,755)	1,041,689	Retained earnings	
	—	(269,725)	303,408	33,683	Other reserves	E,I
Valuation difference on available-for-sale securities	28,329	(28,329)	—	—		C
Deferred gains(losses) on hedes	(298,579)	298,579	—	—		A
Foreign currency translation adjustment	524	(524)	—	—		E
Non-controlling interests	19,402	—	(17,832)	1,569	Non-controlling interests	K
Total net assets	**3,245,922**	**—**	**163,820**	**3,409,742**	**Total equity**	
Total liabilities and net assets	**20,464,753**	**72,000**	**(1,225,784)**	**19,310,969**	**Total liabilities and equity**	

≫ Reconciliation of assets, liabilities, and equity as of March 31, 2026

(Millions of yen)

Japanese GAAP		Reclassifications	Adjustments	IFRS Accounting Standards		Notes
Assets					**Assets**	
Cash and due from banks	2,140,217	—	979	2,141,196	Cash and due from banks	
	—	66,915	—	66,915	Derivative financial instrument assets	A
	—	451,281	9	451,291	Financial assets at fair value through profit or loss	B,C
Securities	364,815	(311,972)	16,355	69,197	Securities	B,C
Loans and bills discounted	15,656,959	(534,963)	55,101	15,177,097	Loans and other receivables	B,D
	—	61,264	30,820	92,084	Equity method investments	C,E
Property, plant and equipment	35,510	—	—	35,510	Property and equipment	
Intangible assets	7,075	(7,075)	—	—		
Net defined benefit asset	1,174	(1,174)	—	—		
Other assets	1,271,050	(150,639)	(414)	1,119,996	Other assets	A,D,F
Customers' liabilities for acceptances and guarantees	1,449,642	—	(1,449,642)	—		H
Allowance for loan losses	(480,477)	480,477	—	—		D
Total assets	**20,445,967**	**54,111**	**(1,346,789)**	**19,153,290**	**Total assets**	
Liabilities					**Liabilities**	
	—	1,143,205	—	1,143,205	Derivative financial instrument liabilities	A
Borrowed money	8,767,688	—	—	8,767,688	Borrowings	
Bonds payable	5,271,662	—	(124,254)	5,147,407	Bonds payable	G
	—	—	48,749	48,749	Financial guarantee contracts	H
Net defined benefit liability	4,167	(4,167)	—	—		I
Provision for directors' retirement benefits	63	(63)	—	—		
Other liabilities	1,252,691	(1,084,068)	49,505	218,128	Other liabilities	A,F,I,K
Provision for bonuses	782	(782)	—	—		
Provision for directors' bonuses	11	(11)	—	—		
Acceptances and guarantees	1,449,642	—	(1,449,642)	—		H
Total liabilities	**16,746,711**	**54,111**	**(1,475,642)**	**15,325,180**	**Total liabilities**	
Net assets					**Equity**	
Capital stock	2,702,800	—	—	2,702,800	Capital stock	
Retained earnings	1,258,381	—	(175,087)	1,083,293	Retained earnings	
	—	(286,035)	326,358	40,323	Other reserves	E,I
Valuation difference on available-for-sale securities	45,254	(45,254)	—	—		C
Deferred gains(losses) on hedes	(333,195)	333,195	—	—		A
Foreign currency translation adjustment	1,905	(1,905)	—	—		E
Non-controlling interests	24,110	—	(22,417)	1,692	Non-controlling interests	K
Total net assets	**3,699,255**	**—**	**128,853**	**3,828,109**	**Total equity**	
Total liabilities and net assets	**20,445,967**	**54,111**	**(1,346,789)**	**19,153,290**	**Total liabilities and equity**	

≫ Reconciliation of net profit or loss for the year ended March 31, 2025

(Millions of yen)

Japanese GAAP		Reclassifications	Adjustments	IFRS Accounting Standards		Notes
Interest income	984,272	(4,911)	3,220	982,581	Interest income	B,D
Interest expense	867,154	(343,513)	2,316	525,956	Interest expense	A,G
				456,625	Net interest income	
Fees and commissions	21,150	(14)	(9,830)	11,305	Fee and commission income	B
Fees and commissions payments	4,522	—	51	4,574	Fee and commission expense	
	—	342,723	44,121	386,845	Net expense from derivative financial instruments	A
Gain on investments in partnerships*1	4,943	(4,943)	—	—		B
	—	7,597	(58,361)	(50,764)	Net gain (loss) from financial assets at fair value through profit or loss	B
Other ordinary income	796	(796)	—	—		
Other income*1	5,048	(5,048)	—	—		B
Gain on disposal of noncurrent assets	15	(15)	—	—		
Gain on step acquisitions	2,558	(2,558)	—	—		
Gain on bargain purchase	1	(1)	—	—		
	—	(13,116)	19,253	6,137	Other income	
				424,742	Net non-interest expense	
				31,882	**Total operating income**	
Recoveries of written-off claims*1	12,646	(12,646)	—	—		D
Provision of allowance for loan losses*2	20,524	(20,524)	—	—		D
	—	8,163	4,531	12,695	Impairment losses on financial assets	D
				19,187	**Net operating income**	
Other ordinary expenses	4,293	(4,293)	—	—		
General and administrative expenses	29,870	—	264	30,135	Operating expenses	I
Other expenses*2	19,826	(19,826)	—	—		B
	—	3,200	(1,829)	1,371	Other expenses	
				31,506	Total operating expenses	
Profits on equity method investments*1	16	2,386	(213)	2,189	Profits on equity method investments	E
				(10,128)	**Loss before income tax**	
Income tax expense	217	—	1	218	Income tax expense	
Net income	**85,042**	—	**(95,389)**	**(10,347)**	**Net loss**	

*1 These accounts are included in “Other income” under Japanese GAAP.
*2 These accounts are included in “Other expenses” under Japanese GAAP.

≫ Reconciliation of net profit or loss for the year ended March 31, 2026

(Millions of yen)

Japanese GAAP		Reclassifications	Adjustments	IFRS Accounting Standards		Notes
Interest income	779,557	(5,085)	4,418	778,890	Interest income	B,D
Interest expense	654,796	(233,203)	2,136	423,730	Interest expense	A,G
				355,159	Net interest income	
Fees and commissions	21,836	(2)	(7,743)	14,090	Fee and commission income	B
Fees and commissions payments	4,616	—	29	4,646	Fee and commission expense	
	—	232,884	65,905	298,790	Net expense from derivative financial instruments	A
Gain on investments in partnerships*1	16,791	(16,791)	—	—		B
	—	25,446	11,488	36,935	Net gain (loss) from financial assets at fair value through profit or loss	B
Other ordinary income	37,899	(37,899)	—	—		
Other income*1	10,615	(10,615)	—	—		B
Gain on disposal of noncurrent assets	14	(14)	—	—		
	—	36,099	(4,163)	31,936	Other income	
				220,473	Net non-interest expense	
				134,686	**Total operating income**	
Recoveries of written-off claims*1	7,532	(7,532)	—	—		D
Provision of allowance for loan losses*2	48,284	(48,284)	—	—		D
	—	41,547	(15,963)	25,584	Impairment losses on financial assets	D
				109,102	**Net operating income**	
Other ordinary expenses	1,373	(1,373)	—	—		
General and administrative expenses	30,954	—	475	31,430	Operating expenses	I
Other expenses*2	6,354	(6,354)	—	—		B
	—	2,085	3,671	5,757	Other expenses	
				37,187	Total operating expenses	
Profits on equity method investments*1	8,562	3,695	—	12,257	Profits on equity method investments	E
				84,172	**Loss before income tax**	
Income tax expense	123	—	1	124	Income tax expense	
Net income	**136,304**	—	**(52,255)**	**84,048**	**Net profit**	

*1 These accounts are included in “Other income” under Japanese GAAP.
*2 These accounts are included in “Other expenses” under Japanese GAAP.

Notes to the reconciliation of assets, liabilities, and equity as of March 31, 2026 and 2025, and the reconciliation of net profit or loss for the fiscal years ended March 31, 2026 and 2025

A. Derivative financial instrument assets and liabilities

i.Hedge accounting

The JBIC Group uses derivative financial instruments in order to hedge interest rate risk and foreign exchange risk. The JBIC Group has been applying hedge accounting under Japanese GAAP, which mostly follows macro hedge accounting, for 99.9% or more of its derivative transactions on a fair value basis, in order to eliminate accounting mismatches in its consolidated financial statements.

From the adoption of IFRS Accounting Standards in 2012 to March 31, 2018, the JBIC Group had not applied hedge accounting under IAS 39 and did not present the effect of its risk management activities involving derivative financial instruments in its consolidated financial statements. Since the adoption of IFRS 9, the JBIC Group has applied hedge accounting mainly to fair value hedges of interest rate risk for bonds payable issued on or after April 1, 2018.

Refer to Notes 3.G and 8 to the consolidated financial statements for details on hedge accounting under IFRS Accounting Standards. In addition, refer to Note 27 to the consolidated financial statements for "Net Expense from Derivative Financial Instruments," which does not reflect profit or loss deferred by hedge accounting under Japanese GAAP, and adjustments to the carrying amounts of hedged items under fair value hedge accounting.

ii.Offsetting derivative financial instrument assets and liabilities

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

B. Financial assets at fair value through profit or loss

Under IFRS Accounting Standards, 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, an investment trust and certain 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 Accounting Standards, 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 bills discounted" under Japanese GAAP. 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 Accounting Standards, the JBIC Group presents gains and losses arising from such assets 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 expenses" (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 Accounting Standards. For the differences in the measurement method between the accounting standards, see "E. Equity method investments."

Stocks, investments in partnerships and an investment trust 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 Accounting Standards. 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 Accounting Standards. 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 Accounting Standards.

Under IFRS Accounting Standards, 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 account, which represents such impairment losses and which is deducted from securities, resulting in net presentation.

D. Loans and other receivables

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

Under IFRS Accounting Standards, 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. If contractual terms are amended after initial recognition of loans and other receivables, loans and other receivables are derecognized when, and only when, contractual rights to the cash flows from such loans and other receivables expire, or applicable requirements under the related accounting standard are met, and the difference between the carrying amount allocated to the part derecognized and a financial asset newly recognized is recognized in profit or loss.

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

In accordance with the expected credit loss model under IFRS Accounting Standards, 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. If certain conditions are met, amendments to contractual terms after initial recognition of loans and other receivables may be determined as not meeting the criteria for derecognizing financial assets.

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 Accounting Standards, the JBIC Group adopts the equity method for all of its investments in partnerships that are determined as investments in associates and joint ventures, except for investments held through a subsidiary of JBIC for which the exemption in IAS 28 to measure such entities at fair value is applied. Gains or losses on investments in partnerships to which the equity method is not applied under Japanese GAAP but applied under IFRS Accounting Standards are recognized as "Profits (losses) of equity method investments" under IFRS Accounting Standards.

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

F. Leases

Lease transactions entered into by the JBIC Group as a lessee primarily consist of rental offices. Under Japanese GAAP, lease transactions are classified as either finance leases or operating leases based on the risk and economic value approach. The significant lease transactions entered into by the JBIC Group are classified as operating leases and are expensed when lease payments occur. Under IFRS Accounting Standards, on the other hand, right-of-use assets and lease liabilities are presented in "Other assets" and "Other liabilities," respectively, in the consolidated statement of financial position at the commencement date of the lease. Those assets and liabilities are subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses, and amortized cost using the effective interest method, respectively.

The JBIC Group does not enter into lease transactions as a lessor.

G. Bonds payable

Under Japanese GAAP, the JBIC Group expenses bond issuance costs as incurred.

Under IFRS Accounting Standards, 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. 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.

H. 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 Accounting Standards, 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. 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*.

I. 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 Accounting Standards, the JBIC Group recognizes the remeasurement of defined benefit plans directly in "Other reserves" as incurred and reclassifies them immediately to retained earnings. The JBIC Group remeasures retirement benefit obligations based on IFRS Accounting Standards, 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."

J. 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, only material inter-company transactions made during that period need to be reflected in the financial statements of the subsidiary. Accordingly, the JBIC Group adjusts only material inter-company transactions in the consolidated financial statements under Japanese GAAP.

On the other hand, IFRS Accounting Standards requires that financial statements of consolidated subsidiaries be prepared on the reporting date of the parent company, except when 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.

K. Presentation of non-controlling interests to financial liabilities

Under Japanese GAAP, non-controlling interests are presented in the equity section of the consolidated financial statements. On the other hand, under IFRS Accounting Standards, non-controlling interests in limited partnerships that are consolidated subsidiaries are presented in "Other liabilities" in the liabilities section, in accordance with IAS 32.