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Overview of Financial Results for the Fiscal Year Ended March 31, 2016

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Japan Bank for International Cooperation

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Appendix
Statement of Operations and Balance Sheets

1. Summary of Financial Results for the Fiscal Year Ended March 31, 2016

(Unit: JPY in billion)

	2016/3(A)	2015/3(B)	(A)-(B)
Gross Operating Profit	109.2	113.2	3.9
Net Operating Profit	91.6	96.2	4.5
Ordinary Profit	42.7	120.4	77.7
Net Income	42.7	126.1	83.4

(Unit: JPY in billion)

	2016/3(A)	2015/3(B)	(A)-(B)
Loans and Bills Discounted	13,540.6	14,432.9	892.2
Loans and Bills (in Foreign Currencies)	12,067.6	12,619.5	551.8
USD equivalent of loans in foreign currencies (USD in billion)	107.0	105.0	2.0
Guarantees	2,464.7	2,572.3	107.6
Total Assets	17,580.6	18,463.8	883.1

- Net Operating Profit decreased by JPY4.5 billion compared to FY2014.
- Ordinary Profit decreased by JPY77.7 billion compared to FY2014 due to Provision of Allowance for Loan Losses and Loss on Investments in Partnership, etc.
- Net Income decreased by JPY83.4 billion compared to FY2014.
- Loans and Bills Discounted decreased by JPY892.2 billion due to a decrease in loans in JPY and a reduced yen-equivalent value of loans in foreign currencies caused by yen appreciation.

2. Statement of Operations: Comparison with FY2014

(Unit: JPY in billion)

	2016/3(A)	2015/3(B)	(A)-(B)
Gross Operating Profit	109.2	113.2	3.9
Interest Income	90.0	76.8	13.1
Fees and Commissions	20.4	33.8	13.3
Other Profit	1.1	2.5	3.6
Operating Expenses ()	17.6	17.0	0.6
Net Operating Profit (Actual base)	91.6	96.2	4.5
Provision of Allowance for Loan Losses	52.7	13.3	66.1
Other Profits and Losses	3.8	10.8	7.0
Recoveries of Written-off Claims	0	0.1	0.1
Gain on Sale of Stocks	1.7	0	1.7
Gain on Investment in Partnership	1.9	10.6	8.7
Other	0.1	0.1	0
Ordinary Profit	42.7	120.4	77.7
Extraordinary Profits and Losses	0	5.6	5.6
Net Income	42.7	126.1	83.4

Net Income for FY2015 reached JPY42.7 billion with a decrease of JPY83.4 billion compared to FY2014, due to the following reasons (increase and/or decrease below are in comparison with FY2014):

- Interest Income increased by JPY13.1 billion due to an improved profit margin of interest income in USD and to an increased yen-equivalent value caused by yen depreciation during fiscal year;
- Fees and Commissions decreased by JPY13.3 billion due to a downturn of loan origination fees which increased in FY2014;
- Provision of Allowance for Loan Losses was accounted for JPY52.7 billion due to lowered status of some borrowers;
- Other Profits and Losses decreased by JPY7.0 billion due to a Gain on Investment in Partnership;
- Extraordinary Profits and Losses decreased by JPY5.6 billion due to a profit fall in reaction to the approval of return of the past substitutional part of welfare pension fund which was recorded in FY2014.

3. Balance Sheet (Assets): Comparison with FY2014

(Unit: JPY in billion)

	FY2016/3(A)	FY2015/3(B)	(A)-(B)
Total assets	17,580.6	18,463.8	883.1
Cash and due from banks	1,220.1	850.4	369.6
Securities	236.6	261.7	25.1
Loans and bills discounted	13,540.6	14,432.9	892.2
Of which USD equivalent of loans in foreign currencies (USD in billion)	107.0	105.0	2.0
Other	286.7	461.7	175.0
Customers' liabilities for acceptances and guarantees	2,464.7	2,572.3	107.6
Allowance for loan losses	168.2	115.4	52.7

Total assets reached JPY17,580.6 billion, a decrease of JPY883.1 billion in comparison with FY2014, due to the following reasons (increase and/or decrease below are in comparison with FY2014):

- Securities decreased by JPY25.1 billion due to sales and redemption of stocks;
- Loans and bills discounted decreased by JPY892.2 billion due to a decrease of loans in JPY and to a reduced yen-equivalent value of loans in foreign currencies;
- Customers' liabilities for acceptances and guarantees decreased by JPY107.6 billion due to the number of expiration guarantees exceeding that of new guarantees.

3. Balance Sheet (Liabilities and Equities): Comparison with FY2014

(Unit: JPY in billion)

	FY2016/3(A)	FY2015/3(B)	(A)-(B)
Total liabilities	15,108.2	16,003.2	895.0
Borrowed money	9,438.4	9,425.3	13.1
Bonds payable	2,668.5	3,049.4	380.9
Other liabilities	529.4	949.7	420.3
Provision for retirement benefits	7.0	6.3	0.6
Acceptance and guarantees	2,464.7	2,572.3	107.6
Total net assets	2,472.3	2,460.5	11.8
Shareholders' equity	2,363.1	2,384.0	20.9
Deferred gains or losses on hedges	104.9	63.6	41.2
Valuation differences on available-for-sale securities	4.3	12.7	8.4

Total liabilities was JPY15,108.2 billion and Total net assets was JPY2,472.3 billion, due to the following reasons (increase and/or decrease below are in comparison with FY2014):

- Borrowed money increased by JPY13.1 billion due mainly to borrowings from the Foreign Exchange Funds Special Account;
- Bonds payable decreased by JPY380.9 billion due to the amount of redemptions exceeding new issuances and to a reduced yen-equivalent value of foreign bonds caused by yen appreciation;
- Shareholders' equity decreased by JPY20.9 billion due to Net Income of JPY42.7 billion and to the payment to National treasury (by JPY63.6 billion) out of the net income in FY2014.

(Appendix) Changes in Foreign Currency Loans

	2014/3	2014/9	2015/3	2015/9	2016/3	% Change (From 2015/9 to 2016/3)
Loans and bills (JPY in billion)	12,655.4	13,578.3	14,432.9	14,459.6	13,540.6	6.4%
Of which, foreign currencies	10,691.6	11,687.5	12,619.5	12,834.6	12,067.6	6.0%
% of foreign currencies	84.5%	86.1%	87.4%	88.8%	89.1%	-
USD equivalent of foreign currencies (USD in billion)	103.8	106.7	105.0	106.9	107.0	0.1%
JPY/USD exchange rate	JPY102.92	JPY109.45	JPY120.17	JPY119.96	JPY112.68	-

- The balance of Loans and bills (total of JPY and foreign currencies) was approximately JPY13.5 trillion at the end of March 2016.
- The ratio of Loans and bills in foreign currencies to total loans and bills is on an increase.
- Although Loans and bills in foreign currencies remained almost on the same level compared to 9/2015, the figure decreased by 6.0% in JPY equivalent due to yen appreciation.
- The majority of the balance of Loans and bills in foreign currencies was denominated in USD, which totaled JPY11,417.5 billion (USD101.3 billion) making up 94.6% of the total at the end of March 2016.

4. Risk-Monitored Loans

(1) Banking Act enforcement regulations standard (Unit: JPY in billion)

	2016/3(A)	2015/3(B)	(A)-(B)
Bankrupt loans	-	-	-
Non-accrual loans	111.4	120.4	9.0
Past due loans (3 months or more)	44.7	35.9	8.8
Restructured loans	98.7	73.7	25.0
Total risk monitored loans (1)	254.8	230.1	24.7
Total loans and bills discounted (2)	13,540.6	14,432.9	892.3
Ratio of risk monitored loans ((1) / (2))	1.88%	1.59%	0.29%

(2) Financial Revitalization Law standard (Unit: JPY in billion)

	2016/3(A)	2015/3(B)	(A)-(B)
Bankrupt and quasi-bankrupt loans	-	-	-
Doubtful loans	111.4	120.4	9.0
Substandard loans	143.4	109.7	33.7
Total disclosed loans (1)	254.8	230.1	24.7
Normal loans	15,799.4	16,819.5	1,020.1
Total loans and bills (2)	16,054.2	17,049.7	995.5
Ratio of disclosed loans ((1) / (2))	1.59%	1.35%	0.24%

- The balance of Total risk monitored loans (Banking Act base) and Total disclosed loans (Financial Revitalization Law base) increased each by JPY24.7 billion respectively, compared to the end of FY2014, with lowered status of some borrowers.
- The Ratio of risk monitored loans to total loans and bills was 1.88% (0.29% increase) and the Ratio of disclosed loans was 1.59% (0.24% increase), both compared to the end of FY2014.

For the Fourth Fiscal Year Ended March 31, 2016

Balance Sheet (as of March 31, 2016)

(Unit: JPY in million)

Accounts	Amounts	Accounts	Amounts
(Assets)		(Liabilities)	
Cash and due from banks	1,220,187	Borrowed money	9,438,450
Cash	0	Borrowings	9,438,450
Due from banks	1,220,187	Bonds payable	2,668,558
Securities	236,602	Other liabilities	528,890
Other securities	236,602	Accrued expenses	31,815
Loans and bills discounted	13,540,661	Unearned revenue	57,888
Loans on deeds	13,540,661	Derivatives other than for trading-liabilities	375,363
Other assets	256,188	Cash collateral received for financial instruments	63,380
Prepaid expenses	521	Lease obligations	16
Accrued income	49,807	Others	426
Derivatives other than for trading-assets	43,357	Provision for bonuses	516
Cash collateral paid for financial instruments	162,230	Provision for directors' bonuses	6
Other	273	Provision for retirement benefits	7,090
Property, plant and equipment	27,804	Provision for directors' retirement benefits	39
Buildings	2,882	Acceptances and guarantees	2,464,703
Land	24,427	Total Liabilities	15,108,255
Lease assets	13	(Net Assets)	
Construction in progress	34	Capital stock	1,391,000
Other	446	Retained earnings	972,140
Intangible assets	2,737	Legal retained earnings	929,368
Software	2,737	Other retained earnings	42,772
Customers' liabilities for acceptance and guarantees	2,464,703	Retained earnings brought forward	42,772
Allowance for loan losses	△168,262	Total shareholders' equity	2,363,140
		Valuation difference on available-for-sale securities	4,303
		Deferred gains or losses on hedges	104,923
		Total valuation and translation adjustments	109,226
		Total Net Assets	2,472,367
Total Assets	17,580,622	Total Liabilities and Net Assets	17,580,622

For the Fourth Fiscal Year Ended March 31, 2016
Statement of Operations

(Unit: JPY in million)

Accounts	Amounts	
Ordinary Income		240,005
Interest income	213,806	
Interest on loans and discounts	196,859	
Interest and dividends on securities	2,682	
Interest on receivables under resale agreements	7	
Interest on deposits with banks	2,787	
Interest on interest swaps	11,250	
Other interest income	219	
Fees and commissions	22,091	
Other fees and commissions	22,091	
Other ordinary income	141	
Gain on foreign exchange transactions	117	
Other	23	
Other income	3,965	
Recoveries of written-off claims	0	
Gain on sales of stocks and other securities	1,890	
Gain on investments in partnerships	1,914	
Other	160	
Ordinary Expenses		197,276
Interest expenses	123,779	
Interest on borrowings and rediscounts	57,339	
Interest on bonds	66,429	
Other interest expenses	10	
Fees and commissions payments	1,653	
Other fees and commissions	1,653	
Other ordinary expenses	1,310	
Amortization of bond issuance cost	729	
Expenses on derivatives other than for trading or hedging	145	
Other	434	
General and administrative expenses	17,631	
Other expenses	52,901	
Provision of allowance for loan losses	52,770	
Losses on sales of stocks and other securities	130	
Ordinary Profit		42,728
Extraordinary Income		43
Gain on disposal of noncurrent assets	43	
Net Income		<u>42,772</u>