

1. Excerpt from the financial statements in accordance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as of March 31, 2017. The 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 financial statements of JBIC, which comprise the statements of financial position as of March 31, 2017 and 2016, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information, in accordance with International Standards on Auditing.

This document is an excerpt of JBIC's financial statements prepared in accordance with IFRS as issued by the IASB that are included in JBIC's annual report on Form 18-K to be 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 JBIC's financial statements under IFRS and related information.

Statement of Financial Position

(Millions of yen)

	March 31, 2017	March 31, 2016
Assets		
Cash and due from banks	1,526,209	1,220,187
Derivative financial instrument assets	167,277	237,274
Securities	190,155	154,976
Loans and other receivables	14,352,720	13,460,347
Equity method investments	114,204	106,618
Property and equipment	27,613	27,804
Other assets	194,762	166,661
Total assets	16,572,942	15,373,870
Liabilities		
Derivative financial instrument liabilities	498,928	570,245
Borrowings	9,908,705	9,438,450
Bonds payable	3,299,498	2,668,872
Financial guarantee contracts	84,912	76,710
Other liabilities	98,486	127,941
Total liabilities	13,890,532	12,882,220
Equity		
Capital stock	1,683,000	1,391,000
Retained earnings	969,264	1,066,533
Other reserves	30,145	34,116
Total equity	2,682,409	2,491,649
Total liabilities and equity	16,572,942	15,373,870

Income Statement

(Millions of yen)

	March 31, 2017	March 31, 2016
Interest income	261,372	216,592
Interest expense	150,223	116,024
Net interest income	111,148	100,567
Fee and commission income	15,542	14,523
Fee and commission expense	1,919	1,653
Net income (expense) from derivative financial instruments	(149,316)	56,227
Net investment income	–	3,708
Other income	223	1,718
Income (expense) other than interest income	(135,470)	74,524
Total operating income (loss) *1	(24,322)	175,091
Impairment losses (reversals) on financial assets	(108,639)	12,320
Net operating income*2	84,317	162,771
Operating expenses	17,017	16,734
Other expenses	1,508	883
Total operating expenses	18,525	17,618
Profits of equity method investments	8,151	436
Net profit	73,944	145,589

*1 Aggregate of “Net interest income” and “Income (expense) other than interest income”

*2 “Total operating income (loss)” less “Impairment losses (reversals) on financial assets”

Statement of Comprehensive Income

(Millions of yen)

	March 31, 2017	March 31, 2016
Net profit	73,944	145,589
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans:		
Remeasurement arising during the year	173	(537)
Total of items that will not be reclassified to profit or loss	173	(537)
Items that may be reclassified to profit or loss:		
Available-for-sale financial assets:		
Net gains arising during the year	1,070	176
Reclassification adjustments	(553)	(2,726)
Deferred gains (losses) on hedges:		
Reclassification adjustments	(2,842)	(3,461)
Exchange differences on translation of foreign operations:		
Net gains (losses) arising during the year	(1,645)	(7,927)
Total of items that may be reclassified to profit or loss	(3,971)	(13,938)
Other comprehensive income	(3,797)	(14,476)
Total comprehensive income	70,146	131,112

Statement of Changes in Equity

(Millions of yen)

	Attributable to equity holders of Japan Bank for International Cooperation							
	Capital stock	Retained earnings	Other reserves				Total	Total equity
			Remeasur- ement of defined benefit plans	Available- for-sale financial assets	Deferred gains (losses) on hedges	Exchange differences on translation of foreign operations		
April 1, 2015	1,391,000	985,166	—	5,338	12,671	30,045	48,055	2,424,222
Net profit	—	145,589	—	—	—	—	—	145,589
Other comprehensive income	—	—	(537)	(2,550)	(3,461)	(7,927)	(14,476)	(14,476)
Total comprehensive income	—	145,589	(537)	(2,550)	(3,461)	(7,927)	(14,476)	131,112
Issuance of new shares	—	—	—	—	—	—	—	—
Payment to national treasury	—	(63,684)	—	—	—	—	—	(63,684)
Other	—	(537)	537	—	—	—	537	—
March 31, 2016	1,391,000	1,066,533	—	2,787	9,210	22,117	34,116	2,491,649
Net profit	—	73,944	—	—	—	—	—	73,944
Other comprehensive income	—	—	173	516	(2,842)	(1,645)	(3,797)	(3,797)
Total comprehensive income	—	73,944	173	516	(2,842)	(1,645)	(3,797)	70,146
Transfer to capital stock based on Article 3 (3) of the Supplementary Provisions of the Act for Partial Revision of the Japan Bank for International Cooperation Act	150,000	(150,000)	—	—	—	—	—	—
Issuance of new shares	142,000	—	—	—	—	—	—	142,000
Payment to national treasury	—	(21,386)	—	—	—	—	—	(21,386)
Other	—	173	(173)	—	—	—	(173)	—
March 31, 2017	1,683,000	969,264	—	3,304	6,368	20,471	30,145	2,682,409

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

Statement of Cash Flows

(Millions of yen)

	March 31, 2017	March 31, 2016
Cash flows from operating activities		
Net profit	73,944	145,589
Depreciation and amortization	1,209	1,302
Increase (decrease) in liability for retirement benefits	(188)	344
Profits of equity method investments	(8,151)	(436)
Net decrease (increase) in loans and other receivables	(892,373)	896,839
Net increase (decrease) in borrowings	470,255	13,134
Net decrease (increase) in deposits (excluding demand deposits)	(336,276)	171,193
Net change of derivative financial instrument assets and liabilities	(1,319)	(483,244)
Net increase (decrease) in financial guarantee contracts	8,201	(7,997)
Net increase (decrease) in bonds payable	630,625	(389,626)
Other	(48,695)	258,744
Net cash provided by (used in) operating activities	(102,768)	605,843
Cash flows from investing activities		
Purchase of securities	(41,726)	(55,373)
Proceeds from sales or redemption of securities	4,975	75,960
Purchase of equity method investments	(2,101)	(181)
Proceeds from return of equity method investments	1,210	1,850
Other	(917)	(367)
Net cash provided by (used in) investing activities	(38,559)	21,888
Cash flows from financing activities		
Proceeds from issuance of new shares	142,000	—
Payment to national treasury	(21,386)	(63,684)
Other	(12)	(13)
Net cash provided by (used in) financing activities	120,601	(63,698)
Exchange difference on cash and cash equivalents	(9,528)	(23,150)
Net increase (decrease) in cash and cash equivalents	(30,254)	540,884
Cash and cash equivalents at the beginning of the year	1,112,579	571,695
Cash and cash equivalents at the end of the year	1,082,325	1,112,579

Net cash provided by (used in) operating activities includes the following:

Interest received	240,874	194,052
Interest paid	(137,157)	(118,022)