

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

The consolidated 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, 2018. The consolidated financial statements are presented in yen. Unless otherwise stated, all amounts are rounded down and stated in millions of yen.

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

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

Consolidated Statement of Financial Position

(Millions of yen)

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

Consolidated Income Statement

(Millions of yen)

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

*1 Aggregate of “Net interest income” and “Expense other than interest income”

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

Consolidated Statement of Comprehensive Income

(Millions of yen)

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

Consolidated Statement of Changes in Equity

(Millions of yen)

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

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

Consolidated Statement of Cash Flows

(Millions of yen)

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

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

Interest received	322,349	240,874
Interest paid	(193,214)	(137,157)