

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, 2019. The consolidated financial statements are presented in yen. Unless otherwise stated, all amounts are rounded down and stated in millions of yen.

Ernst & Young ShinNihon LLC has audited the consolidated financial statements of JBIC and its subsidiaries (the “JBIC Group”), which comprise the consolidated statements of financial position as of March 31, 2019 and 2018, and the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information, in accordance with International Standards on Auditing.

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

Consolidated Statements of Financial Position

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

Consolidated Income Statements

(Millions of yen)

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

*1 Aggregate of “Net interest income” and “Net non-interest expense”

*2 “Total operating income” less “Impairment losses on financial assets”

Consolidated Statements of Comprehensive Income

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

Consolidated Statements of Changes in Equity

(Millions of yen)

	Attributable to shareholder of JBIC							Sub Total
	Capital stock	Retained earnings	Other reserves				Other reserves, Total	
			Remeasurement of defined benefit plans	Available - for-sale financial assets	Deferred gains (losses) on hedges	Exchange differences on translation of foreign operations		
April 1, 2017	1,683,000	969,264	—	3,304	6,368	20,471	30,145	2,682,409
Net loss	—	(91,592)	—	—	—	—	—	(91,592)
Other comprehensive income (loss)	—	—	(184)	4,587	(2,342)	(9,807)	(7,747)	(7,747)
Total comprehensive income (loss)	—	(91,592)	(184)	4,587	(2,342)	(9,807)	(7,747)	(99,339)
Issuance of new shares	82,200	—	—	—	—	—	—	82,200
Payment to national treasury	—	(20,846)	—	—	—	—	—	(20,846)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	—	—	—	—	—	—	—	—
Other	—	(184)	184	—	—	—	184	—
March 31, 2018	1,765,200	856,640	—	7,892	4,025	10,664	22,582	2,644,423
Effects of changes in accounting policies	—	(12,963)	—	(7,892)	—	—	(7,892)	(20,855)
April 1, 2018	1,765,200	843,677	—	—	4,025	10,664	14,690	2,623,567
Net profit	—	135,688	—	—	—	—	—	135,688
Other comprehensive income (loss)	—	—	(236)	—	(3,952)	5,597	1,409	1,409
Total comprehensive income (loss)	—	135,688	(236)	—	(3,952)	5,597	1,409	137,097
Issuance of new shares	20,100	—	—	—	—	—	—	20,100
Payment to national treasury	—	(31,150)	—	—	—	—	—	(31,150)
Other	—	(236)	236	—	—	—	236	—
March 31, 2019	1,785,300	947,978	—	—	73	16,261	16,335	2,749,614

	Non-controlling interests	Total equity
April 1, 2017	—	2,682,409
Net loss	(17)	(91,609)
Other comprehensive income (loss)	—	(7,747)
Total comprehensive income (loss)	(17)	(99,356)
Issuance of new shares	—	82,200
Payment to national treasury	—	(20,846)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	245	245
Other	—	—
March 31, 2018	227	2,644,651
Effects of changes in accounting policies	—	(20,855)
April 1, 2018	227	2,623,795
Net profit	7	135,695
Other comprehensive income (loss)	—	1,409
Total comprehensive income (loss)	7	137,105
Issuance of new shares	—	20,100
Payment to national treasury	—	(31,150)
Other	—	—
March 31, 2019	235	2,749,850

Consolidated Statements of Cash Flows

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