

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, 2020. 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, 2020 and 2019, 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, 2020	As of March 31, 2019
Assets		
Cash and due from banks	1,544,838	1,191,463
Derivative financial instrument assets	420,937	145,235
Financial assets at fair value through profit or loss	374,596	361,964
Securities	60,532	84,087
Loans and other receivables	12,759,508	13,298,146
Equity method investments	131,856	145,834
Property and equipment	28,146	27,979
Other assets	69,141	133,145
Total assets	15,389,558	15,387,859
Liabilities		
Derivative financial instrument liabilities	178,255	243,346
Borrowings	6,786,499	7,574,713
Bonds payable	4,999,024	4,606,882
Financial guarantee contracts	98,965	75,346
Other liabilities	359,643	137,720
Total liabilities	12,422,389	12,638,008
Equity		
Capital stock	1,883,800	1,785,300
Retained earnings	1,073,661	947,978
Other reserves	9,436	16,335
Non-controlling interests	271	235
Total equity	2,967,168	2,749,850
Total liabilities and equity	15,389,558	15,387,859

Consolidated Income Statements

	(Millions of yen)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income	422,286	453,200
Interest expense	246,447	271,366
Net interest income	175,838	181,834
Fee and commission income	16,898	16,892
Fee and commission expense	3,253	2,993
Net income (expense) from derivative financial instruments	63,870	(19,527)
Net gain (loss) from financial assets at fair value through profit or loss	16,934	(1,794)
Net gains on derecognition of financial assets measured at amortized cost	—	74
Other income	279	150
Net non-interest income (expense)	94,728	(7,197)
Total operating income *¹	270,566	174,636
Impairment losses on financial assets	92,372	15,669
Net operating income *²	178,194	158,967
Operating expenses	21,284	20,938
Other expenses	2,833	1,440
Total operating expenses	24,117	22,379
Losses of equity method investments	1,736	887
Profit before income tax	152,340	135,700
Income tax expense	25	4
Net profit	152,314	135,695
Attributable to:		
Shareholder of JBIC	152,278	135,688
Non-controlling interests	35	7

*¹ Aggregate of “Net interest income” and “Net non-interest income (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, 2020	For the year ended March 31, 2019
Net profit	152,314	135,695
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans:		
Remeasurement arising during the year	(70)	(236)
Total of items that will not be reclassified to profit or loss	(70)	(236)
Items that may be reclassified to profit or loss:		
Deferred gains (losses) on hedges:		
Reclassification adjustments	(72)	(3,952)
Exchange differences on translation of foreign operations:		
Net gains (losses) arising during the year	(4,121)	6,614
Reclassification adjustments	(2,705)	(1,017)
Total of items that may be reclassified to profit or loss	(6,899)	1,645
Other comprehensive income (loss)	(6,970)	1,409
Total comprehensive income	145,344	137,105
Attributable to:		
Shareholder of JBIC	145,308	137,097
Non-controlling interests	35	7

Consolidated Statements of Changes in Equity

(Millions of yen)

	Attributable to shareholder of JBIC							Sub Total
	Other reserves							
	Capital stock	Retained earnings	Remeasur- ement of defined benefit plans	Available - for-sale financial assets	Deferred gains (losses) on hedges	Exchange differences on translation of foreign operations	Other reserves, Total	
April 1, 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 after the adoption of new accounting standards	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
Net profit	—	152,278	—	—	—	—	—	152,278
Other comprehensive income (loss)	—	—	(70)	—	(72)	(6,827)	(6,970)	(6,970)
Total comprehensive income (loss)	—	152,278	(70)	—	(72)	(6,827)	(6,970)	145,308
Issuance of new shares	98,500	—	—	—	—	—	—	98,500
Payment to national treasury	—	(26,525)	—	—	—	—	—	(26,525)
Other	—	(70)	70	—	—	—	70	—
March 31, 2020	1,883,800	1,073,661	—	—	1	9,434	9,436	2,966,897

	Non- controlling interests	Total equity
April 1, 2018	227	2,644,651
Effects of changes in accounting policies*	—	(20,855)
April 1, 2018 after the adoption of new accounting standards	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
Net profit	35	152,314
Other comprehensive income (loss)	—	(6,970)
Total comprehensive income (loss)	35	145,344
Issuance of new shares	—	98,500
Payment to national treasury	—	(26,525)
Other	—	—
March 31, 2020	271	2,967,168

* The JBIC Group has adopted IFRS 9 and IFRS 15 effective from April 1, 2018. “Effects of changes in accounting policies” are transitional adjustments arising from the adoption of IFRS 9.

Consolidated Statements of Cash Flows

	(Millions of yen)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flows from operating activities		
Profit before income tax	152,340	135,700
Depreciation and amortization	3,051	1,944
Increase (decrease) in liability for retirement benefits	(344)	182
Net loss (gain) from financial assets at fair value through profit or loss	(16,934)	1,794
Losses from equity method investments	1,736	887
Net decrease (increase) in loans and other receivables	538,638	(81,408)
Net increase (decrease) in borrowings	(788,214)	(796,045)
Net decrease (increase) in deposits (excluding demand deposits)	184,287	68,193
Net change in derivative financial instrument assets and liabilities	(340,792)	(39,812)
Net increase (decrease) in financial guarantee contracts	23,619	1,459
Net increase (decrease) in bonds payable	392,142	218,127
Other	313,764	40,157
Net cash provided by (used in) operating activities	463,294	(448,819)
Cash flows from investing activities		
Purchase of financial assets at fair value through profit or loss	(28,702)	(29,216)
Sale of financial assets at fair value through profit or loss	4,840	6,851
Purchase of securities	—	(30,600)
Proceeds from sales or redemption of securities	23,500	22,354
Purchase of equity method investments	(3,607)	(12,570)
Proceeds from return of equity method investments	13,009	9,111
Other	(1,404)	(4,798)
Net cash provided by (used in) investing activities	7,635	(38,867)
Cash flows from financing activities		
Proceeds from issuance of new shares	98,500	20,100
Payment to national treasury	(26,525)	(31,150)
Other	(197)	—
Net cash provided by (used in) financing activities	71,777	(11,050)
Exchange difference on cash and cash equivalents	(5,044)	7,106
Net increase (decrease) in cash and cash equivalents	537,662	(491,630)
Cash and cash equivalents at the beginning of the year	1,007,176	1,498,807
Cash and cash equivalents at the end of the year	1,544,838	1,007,176
Net cash provided by (used in) operating activities includes the following:		
Interest received	442,505	416,979
Interest paid	(253,823)	(253,882)