

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, 2022. 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, 2022 and 2021, 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, 2022	As of March 31, 2021
Assets:		
Cash and due from banks	1,451,153	1,233,919
Derivative financial instrument assets	95,072	258,179
Financial assets at fair value through profit or loss	480,027	354,632
Securities	36,999	30,599
Loans and other receivables	14,165,576	13,133,838
Equity method investments	128,987	110,754
Property and equipment	29,229	29,110
Other assets	541,677	132,199
Total assets	16,928,723	15,283,235
Liabilities:		
Derivative financial instrument liabilities	557,350	284,420
Borrowings	7,554,208	6,651,321
Bonds payable	5,559,618	5,030,000
Financial guarantee contracts	65,229	63,962
Other liabilities	129,458	233,935
Total liabilities	13,865,865	12,263,640
Equity:		
Capital stock	2,023,800	1,963,800
Retained earnings	1,024,249	1,047,301
Other reserves	14,458	8,174
Non-controlling interests	350	318
Total equity	3,062,857	3,019,594
Total liabilities and equity	16,928,723	15,283,235

Consolidated Income Statements

(Millions of yen)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income	186,336	225,860
Interest expense	137,173	151,904
Net interest income	49,163	73,956
Fee and commission income	18,374	18,462
Fee and commission expense	3,492	3,040
Net expense from derivative financial instruments	22,225	76,871
Net gain (loss) from financial assets at fair value through profit or loss	70,623	(4,121)
Net gain on derecognition of financial assets measured at amortized cost	9,125	—
Other income	26,409	9,301
Net non-interest income (expense)	98,814	(56,268)
Total operating income *¹	147,977	17,688
Impairment losses (reversals) on financial assets	130,795	(32,652)
Net operating income *²	17,181	50,340
Operating expenses	21,846	20,285
Other expenses	668	774
Total operating expenses	22,515	21,060
Profits of equity method investments	4,133	2,653
Profit (loss) before income tax	(1,199)	31,933
Income tax expense	48	45
Net profit (loss)	(1,248)	31,888
Attributable to:		
Shareholder of JBIC	(1,295)	31,841
Non-controlling interests	46	46

*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, 2022	For the year ended March 31, 2021
Net profit (loss)	(1,248)	31,888
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans:		
Remeasurement arising during the year	111	254
Total of items that will not be reclassified to profit or loss	111	254
Items that may be reclassified to profit or loss:		
Deferred losses on hedges:		
Reclassification adjustments	—	1
Exchange differences on translation of foreign operations:		
Net gain arising during the year	7,405	2,103
Reclassification adjustments	(1,121)	(3,363)
Total of items that may be reclassified to profit or loss	6,283	(1,261)
Other comprehensive income (loss)	6,395	(1,006)
Total comprehensive income	5,146	30,881
Attributable to:		
Shareholder of JBIC	5,099	30,834
Non-controlling interests	46	46

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	Deferred gains (losses) on hedges	Exchange differences on translation of foreign operations		
April 1, 2020	1,883,800	1,073,661	—	1	9,434	9,436	2,966,897
Net profit	—	31,841	—	—	—	—	31,841
Other comprehensive income (loss)	—	—	254	(1)	(1,260)	(1,006)	(1,006)
Total comprehensive income (loss)	—	31,841	254	(1)	(1,260)	(1,006)	30,834
Issuance of new shares	80,000	—	—	—	—	—	80,000
Payment to the National Treasury	—	(58,455)	—	—	—	—	(58,455)
Other	—	254	(254)	—	—	(254)	—
March 31, 2021	1,963,800	1,047,301	—	—	8,174	8,174	3,019,276
Net profit (loss)	—	(1,295)	—	—	—	—	(1,295)
Other comprehensive income (loss)	—	—	111	—	6,283	6,395	6,395
Total comprehensive income (loss)	—	(1,295)	111	—	6,283	6,395	5,099
Issuance of new shares	60,000	—	—	—	—	—	60,000
Payment to the National Treasury	—	(21,868)	—	—	—	—	(21,868)
Other	—	111	(111)	—	—	(111)	—
March 31, 2022	2,023,800	1,024,249	—	—	14,458	14,458	3,062,507

	Non-controlling interests	Total equity
April 1, 2020	271	2,967,168
Net profit	46	31,888
Other comprehensive income (loss)	—	(1,006)
Total comprehensive income (loss)	46	30,881
Issuance of new shares	—	80,000
Payment to the National Treasury	—	(58,455)
Other	—	—
March 31, 2021	318	3,019,594
Net profit (loss)	32	(1,263)
Other comprehensive income (loss)	—	6,395
Total comprehensive income (loss)	32	5,131
Issuance of new shares	—	60,000
Payment to the National Treasury	—	(21,868)
Other	—	—
March 31, 2022	350	3,062,857

Consolidated Statements of Cash Flows

	(Millions of yen)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash flows from operating activities		
Profit (loss) before income tax	(1,199)	31,933
Depreciation and amortization	3,510	2,550
Increase (decrease) in liability for retirement benefits	(204)	(441)
Net loss (gain) from financial assets at fair value through profit or loss	(70,623)	4,121
Losses (profits) from equity method investments	(4,133)	(2,653)
Net decrease (increase) in loans and other receivables	(1,031,737)	(374,330)
Net increase (decrease) in borrowings	902,887	(135,177)
Net decrease (increase) in deposits (excluding demand deposits)	(367,170)	—
Net change in derivative financial instrument assets and liabilities	436,037	268,922
Net increase (decrease) in financial guarantee contracts	1,266	(35,003)
Net increase (decrease) in bonds payable	529,618	30,975
Other	(592,874)	(207,958)
Net cash provided by (used in) operating activities	(194,622)	(417,062)
Cash flows from investing activities		
Purchase of financial assets at fair value through profit or loss	(21,416)	(9,274)
Sale of financial assets at fair value through profit or loss	14,874	30,535
Purchase of securities	(6,400)	—
Proceeds from sales or redemptions of securities	—	30,000
Purchase of equity method investments	(15,200)	(2,842)
Proceeds from return of equity method investments	11,489	28,073
Other	(8,147)	(2,045)
Net cash provided by (used in) investing activities	(24,801)	74,447
Cash flows from financing activities		
Proceeds from issuance of new shares	60,000	80,000
Payment to non-controlling interests	(14)	—
Payment to the National Treasury	(21,868)	(58,455)
Other	(452)	(435)
Net cash provided by (used in) financing activities	37,663	21,108
Exchange difference on cash and cash equivalents	31,823	10,586
Net increase (decrease) in cash and cash equivalents	(149,936)	(310,919)
Cash and cash equivalents at the beginning of the year	1,233,919	1,544,838
Cash and cash equivalents at the end of the year	1,083,983	1,233,919

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

Interest received	168,536	245,193
Interest paid	(127,230)	(165,832)