

Financial Conditions

1 Two-Year Financial Statements

1-1 General Account

Balance Sheet

(Unit: Millions of yen)

	As of March 31, 2016	As of March 31, 2017		As of March 31, 2016	As of March 31, 2017
Assets			Liabilities		
I. Current assets			I. Current liabilities		
Cash and deposits	97,615	86,547	Operational grant liabilities	46,637	—
Securities	84,000	98,000	Funds for grant aid	130,378	145,895
Inventories			Donations received	378	410
Stored goods	411	492	Accounts payable	18,250	16,855
Advance payments	23,362	22,793	Accrued expenses	239	238
Prepaid expenses	346	386	Lease obligations	138	113
Accrued income	1	1	Advance payments received	3	2
Accounts receivable	1,935	2,576	Deposits received	784	622
Short-term loans for development projects	220	30	Suspense receipt	—	0
Allowance for loan losses	(4)	(1)	Total current liabilities	196,808	164,135
Short-term loans for emigration projects	3	1			
Allowance for loan losses	(0)	(0)	II. Non-current liabilities		
Short-term installments receivable on settlement projects	0	0	Contra-accounts for assets		
Suspense payments	33	24	Contra-accounts for assets funded by		
Advances paid	4	6	operational grants	2,531	4,053
Total current assets	207,925	210,855	Long-term lease obligations	130	72
			Long-term deposits received	125	115
II. Non-current assets			Asset retirement obligations	276	276
1. Tangible assets			Total non-current liabilities	3,063	4,517
Buildings	41,261	41,622	Total liabilities	199,871	168,652
Accumulated depreciation	(16,556)	(17,130)			
Accumulated impairment loss	(47)	—	Net assets		
Structures	1,586	1,621	I. Capital		
Accumulated depreciation	(1,012)	(1,038)	Government investment	63,217	62,452
Accumulated impairment loss	(0)	—	Total capital	63,217	62,452
Machinery and equipment	180	174			
Accumulated depreciation	(122)	(113)	II. Capital surplus		
Vehicles	1,785	2,031	Capital surplus	155	(880)
Accumulated depreciation	(1,229)	(1,177)	Accumulated depreciation not included in expenses	(17,726)	(18,160)
Tools, furniture, and fixtures	2,298	2,320	Accumulated impairment loss not included in expenses	(289)	(10)
Accumulated depreciation	(1,444)	(1,412)	Accumulated interest expenses not included in expenses	(7)	(7)
Land	14,971	14,398	Total capital surplus	(17,867)	(19,057)
Accumulated impairment loss	(235)	(9)			
Construction in progress	465	155	III. Retained earnings		
Total tangible assets	41,901	41,443	Reserve fund carried over from the previous	1,777	1,276
			Mid-term Objective period		
2. Intangible assets			Reserve fund	3,118	5,014
Trademark right	2	2	Unappropriated income for the current business year	1,896	36,619
Telephone subscription right	4	2	[Total income for the current business year]	[1,896]	[36,619]
Software	—	145	Total retained earnings	6,792	42,909
Software in progress	48	455			
Total intangible assets	54	604	Total net assets	52,142	86,304
3. Investments and other assets					
Long-term deposits	300	90			
Long-term loans for development projects	343	312			
Allowance for loan losses	(120)	(128)			
Long-term loans for emigration projects	39	31			
Allowance for loan losses	(33)	(27)			
Long-term installments receivable on settlement projects	0	0			
Allowance for loan losses	—	(0)			
Claims probable in bankruptcy, claims probable in rehabilitation, and other pertaining to loans for emigration projects	619	479			
Allowance for loan losses	(619)	(479)			
Claims probable in bankruptcy, claims probable in rehabilitation, and other pertaining to installments receivable on settlement projects	1	1			
Allowance for loan losses	(1)	(1)			
Long-term prepaid expenses	71	206			
Long-term guarantee deposits	1,533	1,571			
Total investments and other assets	2,132	2,054			
Total non-current assets	44,087	44,101			
Total assets	252,012	254,956	Total liabilities and net assets	252,012	254,956

Statement of Income

(Unit: Millions of yen)

	April 1, 2015– March 31, 2016	April 1, 2016– March 31, 2017
Ordinary expenses		
Operating expenses		
Expenses for technical cooperation projects	73,433	80,681
Expenses for grant aid (operation support)	192	307
Expenses for public participation-based cooperation	16,513	15,776
Expenses for emigration projects	360	360
Expenses for disaster relief activities	785	600
Expenses for training and securing the personnel	1,422	1,477
Expenses for assistance promotion	16,373	22,118
Expenses related to operation	6,400	7,070
Expenses for operation support	28,288	28,996
Expenses for grant aid	91,152	79,246
Expenses for facilities	16	9
Expenses for contracted programs	1,231	255
Expenses for donation projects	12	17
Depreciation	455	489
General administrative expenses	9,631	9,451
Loan losses	32	0
Financial expenses		
Foreign exchange losses	324	90
Miscellaneous loss	1	2
Total ordinary expenses	246,619	246,946
Ordinary revenues		
Revenues from operational grants	152,871	175,834
Revenues from grant aid	91,152	79,246
Revenues from contracted programs		
Revenues from contracted programs from Japanese government and local governments	1,231	239
Revenues from contracted programs from other parties	—	16
Revenues from interest on development projects	16	2
Revenues from settlement projects	0	0
Revenues from emigration projects	4	1
Donations	12	17
Revenues from subsidy for facilities	10	9
Reversal of allowance for loan losses	62	15
Reversal of contra-accounts for assets funded by operational grants	361	472
Financial revenues		
Interest income	43	11
Miscellaneous income	2,491	3,054
Total ordinary revenues	248,252	258,918
Ordinary income	1,634	11,972
Extraordinary losses		
Loss on disposal of non-current assets	28	41
Loss on sales of non-current assets	10	4
Extraordinary income		
Settlement revenues from operational grants	—	24,128
Reversal of contra-accounts for assets funded by operational grants	39	36
Gain on sales of non-current assets	9	26
Net income	1,644	36,117
Reversal of reserve fund carried over from the previous Mid-term Objective period	253	501
Total income for the current business year	1,896	36,619

Statement of Cash Flows

(Unit: Millions of yen)

	April 1, 2015– March 31, 2016	April 1, 2016– March 31, 2017
I. Cash flows from operating activities		
Payments of operating expenses	(143,413)	(150,814)
Payments for grant aid	(91,902)	(80,012)
Payments for contracted programs	(891)	(449)
Payments of personnel expenses	(16,273)	(16,390)
Payments for other operations	(113)	(284)
Proceeds from operational grants	154,036	155,450
Proceeds from grant aid	105,424	98,142
Proceeds from contracted programs	579	339
Proceeds from interest on loans	22	5
Proceeds from settlement projects	2	1
Interest revenues	0	0
Installments receivable	2	1
Proceeds from donations	37	48
Proceeds from other operations	2,167	2,880
Subtotal	9,673	8,916
Interest income received	44	11
Payments to national treasury	(568)	(3,538)
Net cash provided by operating activities	9,149	5,389
II. Cash flows from investing activities		
Payments for purchase of non-current assets	(1,450)	(2,834)
Proceeds from sales of non-current assets	22	571
Proceeds from subsidy for facilities	250	139
Proceeds from collection of loans	463	229
Payments into time deposits	(508,000)	(422,000)
Proceeds from time deposit refund	507,000	422,000
Payments for purchase of negotiable deposits	(873,000)	(752,000)
Proceeds from refund of negotiable deposits	888,000	738,000
Net cash used in investing activities	13,285	(15,895)
III. Cash flows from financing activities		
Repayments of lease obligations	(149)	(142)
Payments to national treasury for unnecessary property	—	(520)
Net cash used in financing activities	(149)	(662)
IV. Effect of exchange rate fluctuation on funds	(223)	(109)
V. Net increase in funds (decrease)	22,060	(11,277)
VI. Funds at the beginning of the business year	69,554	91,615
VII. Funds at the end of the business year	91,615	80,337

1-2 Finance and Investment Account

Balance Sheet

(Unit: Millions of yen)

	As of March 31, 2016	As of March 31, 2017		As of March 31, 2016	As of March 31, 2017
Assets			Liabilities		
I. Current assets			I. Current liabilities		
Cash and deposits	87,531	208,993	Current portion of borrowings from government fund for Fiscal Investment and Loan Program	219,212	188,060
Securities	—	2,000	Accounts payable	6,024	5,763
Loans	11,502,091	11,661,980	Accrued expenses	6,794	6,128
Allowance for loan losses	(153,208)	(165,531)	Derivatives	43,259	17,598
Advance payments	9,754	19,943	Lease obligations	32	26
Prepaid expenses	109	118	Deposits received	24	1,161
Accrued income			Unearned revenue	22	5
Accrued interest on loans	34,642	31,940	Provision		
Accrued commitment charges	887	705	Provision for bonuses	260	284
Accrued interest	0	0	Provision for contingent losses	15,766	13,149
Accounts receivable	1,045	908	Suspense receipt	38	252
Suspense payments	4	5	Total current liabilities	291,432	232,426
Advances paid	1	1			
Short-term guarantee deposits	43,182	17,706	II. Non-current liabilities		
Total current assets	11,526,038	11,778,767	Bonds	477,305	590,596
			Discounts on bonds payable	(169)	(335)
II. Non-current assets			Borrowings from government fund for Fiscal Investment and Loan Program	1,537,319	1,552,259
1. Tangible assets			Long-term lease obligations	33	7
Buildings	3,245	3,267	Long-term deposits received	1,161	2,484
Accumulated depreciation	(900)	(985)	Provision for retirement benefits	4,063	4,293
Accumulated impairment loss	(675)	(680)	Asset retirement obligations	70	70
Structures	50	50	Total non-current liabilities	2,019,783	2,149,375
Accumulated depreciation	(21)	(22)			
Accumulated impairment loss	(12)	(12)	Total liabilities	2,311,215	2,381,801
Machinery and equipment	194	195			
Accumulated depreciation	(62)	(65)	Net assets		
Accumulated impairment loss	(102)	(102)	I. Capital		
Vehicles	342	408	Government investment	7,862,158	7,992,228
Accumulated depreciation	(218)	(206)	Total capital	7,862,158	7,992,228
Tools, furniture and fixtures	353	371			
Accumulated depreciation	(208)	(245)	II. Retained earnings		
Land	12,703	12,703	Reserve fund	1,369,796	1,472,558
Accumulated impairment loss	(6,091)	(6,091)	Unappropriated income for the current business year	102,762	74,363
Construction in progress	13	23	[Total income for the current business year]	[102,762]	[74,363]
Total tangible assets	8,610	8,607	Total retained earnings	1,472,558	1,546,921
2. Intangible assets					
Trademark right	1	0	III. Valuation and translation adjustments		
Software	43	116	Valuation difference on available-for-sale securities	(52)	(40)
Software in progress	192	532	Deferred gains or losses on hedges	(67,573)	(56,762)
Total intangible assets	236	647	Total valuation and translation adjustments	(67,625)	(56,803)
3. Investments and other assets					
Investment securities	924	2,646	Total net assets	9,267,091	9,482,347
Shares of affiliated companies	41,753	43,634			
Money held in trust	—	15,511			
Claims probable in bankruptcy, claims probable in rehabilitation, and other	63,845	87,063			
Allowance for loan losses	(63,845)	(73,484)			
Long-term prepaid expenses	18	54			
Long-term guarantee deposits	727	701			
Total investments and other assets	43,422	76,125			
Total non-current assets	52,268	85,380			
Total assets	11,578,306	11,864,147	Total liabilities and net assets	11,578,306	11,864,147

Statement of Income

(Unit: Millions of yen)

	April 1, 2015– March 31, 2016	April 1, 2016– March 31, 2017
Ordinary expenses		
Expenses related to operations of cooperation through finance and investment		
Interest on bonds and notes	5,751	6,116
Interest on borrowings	21,180	18,633
Interest on interest rate swaps	8,228	8,270
Other Interest expenses	—	0
Operations consignment expenses	22,204	24,432
Bond issuance cost	329	591
Personnel expenses	3,625	3,812
Provision for bonuses	260	284
Retirement benefit expenses	133	514
Operating and administrative expenses	12,542	12,605
Depreciation	246	187
Taxes	81	81
Loss on valuation of investment securities	78	548
Loss on valuation of shares of affiliated companies	845	126
Loss on investment in money held in trust	—	838
Provision for allowance for loan losses	10,798	21,961
Provision for allowance for contingent losses	4,089	—
Other operating expenses	13	105
Other ordinary expenses	—	0
Total ordinary expenses	90,942	99,105
Ordinary revenues		
Revenues from operations of cooperation through finance and investment		
Interest on loans	161,474	152,761
Interest on bonds	9	0
Dividends on investments	24,369	13,645
Commissions	3,391	2,920
Foreign exchange gains	11	750
Gain on valuation of shares of affiliated companies	12	—
Reversal of provision for allowance for contingent losses	—	2,600
Financial revenues		
Interest income	34	18
Miscellaneous income	810	769
Recoveries of written-off claims	20	20
Total ordinary revenues	190,130	173,483
Ordinary income	99,728	74,378
Extraordinary losses		
Loss on disposal of non-current assets	3	5
Loss on sales of non-current assets	3	1
Impairment loss	—	15
Total extraordinary losses	6	21
Extraordinary income		
Gain on sales of non-current assets	8	6
Gain on transfer of benefit obligation relating to employees' pension fund	3,032	—
Total extraordinary income	3,041	6
Net income	102,762	74,363
Total income for the current business year	102,762	74,363

Statement of Cash Flows

(Unit: Millions of yen)

	April 1, 2015– March 31, 2016	April 1, 2016– March 31, 2017
I. Cash flows from operating activities		
Payments for loans	(964,720)	(878,084)
Repayments of borrowings from the private sector	(166,300)	—
Repayments of borrowings from government fund for Fiscal Investment and Loan Program	(244,355)	(219,212)
Redemption of bonds	(10,000)	—
Interest expenses paid	(47,718)	(48,601)
Payments for personnel expenses	(4,224)	(4,356)
Payments for other operations	(94,450)	(85,257)
Proceeds from collection of loans	696,469	700,863
Proceeds from borrowings from the private sector	166,300	—
Proceeds from borrowings from government fund for Fiscal Investment and Loan Program	297,300	203,000
Proceeds from issuance of bonds	59,671	110,389
Proceeds from interest on loans	157,425	149,643
Proceeds from commissions	3,154	3,520
Proceeds from other operations	40,112	66,347
Subtotal	(111,335)	(1,747)
Interest and dividend income received	24,414	13,663
Net cash provided by (used in) operating activities	(86,921)	11,916
II. Cash flows from investing activities		
Payments for purchase of non-current assets	(340)	(651)
Proceeds from sales of non-current assets	22	23
Payments for purchase of investment securities	(922)	(2,328)
Proceeds from sales and collection of investment securities	16	10
Payments for purchase of shares of affiliated companies	—	(2,062)
Proceeds from sales and collection of shares of affiliated companies	461	—
Payments for increase of money held in trust	—	(16,349)
Payments into time deposits	—	(14,771)
Proceeds from time deposit refund	—	16,551
Payments for purchase of negotiable deposits	(279,900)	(5,000)
Proceeds from refund of negotiable deposits	279,900	3,000
Net cash used in investing activities	(763)	(21,577)
III. Cash flows from financing activities		
Repayments of lease obligations	(95)	(32)
Receipt of government investment	48,260	130,070
Net cash provided by financing activities	48,165	130,038
IV. Effect of exchange rate fluctuation on funds	—	1,084
V. Net increase in funds (decrease)	(39,518)	121,461
VI. Funds at the beginning of the business year	127,050	87,531
VII. Funds at the end of the business year	87,531	208,993

2 Disclosure of Financial Conditions of Finance and Investment Account

Average Balance of Interest-Earning Assets and Interest-Bearing Liabilities, Interest and Earning Yields

(Units: Millions of yen, %)

	FY2015			FY2016		
	Average Balance	Interest*	Yield	Average Balance	Interest*	Yield
Interest-earning assets	11,512,398	188,367	1.64	11,809,871	167,831	1.42
Loans	11,341,184	164,865	1.45	11,589,373	155,681	1.34
Investments	44,678	23,459	52.51	49,010	12,133	24.76
Deposits + Securities	126,537	43	0.03	171,488	18	0.01
Interest-bearing liabilities	2,106,101	26,931	1.28	2,242,176	24,749	1.10
Borrowings	1,651,870	21,180	1.28	1,706,360	18,633	1.09
Bonds	454,232	5,751	1.27	535,817	6,116	1.14

* Investments include investment securities, shares of affiliated companies and money held in trust. Dividends received, gain and loss associated with the valuation of investment securities, and gain and loss associated with the valuation of shares of affiliated companies, and gain and loss associated with the investment in money held in trust are recorded as interest items

Balance of Deposits and Securities—Application of Surplus Funds

(Unit: Millions of yen)

	End of FY2015	End of FY2016
Deposits + Securities	87,531	210,993

Yield/Interest rate

(Unit: %)

	End of FY2015	End of FY2016
Total average interest rate spread	(1.91)	(1.95)
Yields on interest-earning assets	1.64	1.42
Costs of interest-bearing liabilities	3.54	3.37

Note:

Yields on Interest-Earning Assets = Interest / Average Balance of Interest-Earning Assets
 Costs of Interest-Bearing Liabilities = (Interest Expenses + Bonds and Notes Expenses + Other Expenses) / Average Balance of Interest-Bearing Liabilities

cf.

Interest-Earning Assets = Interest on Loans + Interest on Bonds
 + Dividends on Investments + Interest Income + Commissions
 + Gain and Loss Associated with the Valuation of Investment Securities / Shares of Affiliated Companies
 + Gain and Loss Associated with the Investment in Money Held in Trust

Average Balance of Interest-Earning Assets =

Loans + Investments + Bank Deposits (excluding Checking Accounts)

Interest Expenses = Interest on Borrowings + Interest on Bonds and Notes

+ Interest on Interest Rate Swaps

Bonds and Notes Expenses = Bonds and Notes Issuance Costs

Other Expenses = Operations Consignment Expenses

+ Personnel Expenses

(including Provisions for Allowance for Retirement Benefits / Bonuses)

+ Operating and Administrative Expenses + Depreciation + Tax

Average Balance of Interest-Bearing Liabilities = Borrowings + Bonds and Notes

Breakdown of Allowance for Possible Loan Losses

(Unit: Millions of yen)

	End of FY2015	End of FY2016
Loans	153,208	165,531
Claims probable in bankruptcy, claims probable in rehabilitation, and other	63,845	73,484
Total	217,054	239,015

Note: The allowance for claims on debtors who are legally bankrupt ("Bankrupt borrowers") or substantially bankrupt ("Substantially bankrupt borrowers") is provided based on the outstanding balance of loan claims after the deductions of the amount expected to be collected through the disposal of collateral and execution of guarantees, or the same amount is written off directly. The allowance for claims on debtors who are not legally bankrupt, but are likely to become bankrupt ("Potentially bankrupt borrowers") is provided based on an overall assessment of the solvency of the debtors after the deductions of the amount expected to be collected through the disposal of collateral and the execution of guarantees, or the same amount is written off directly. There were no write-offs from the above-mentioned outstanding balance of loan claims. The allowance for claims on debtors other than Bankrupt borrowers, Substantially bankrupt borrowers, and Potentially bankrupt borrowers is provided primarily based on the default rate, which is calculated based on the actual defaults during a certain period in the past. The allowance for possible losses on specific overseas loans is provided based on the expected loss amount taking into consideration the political and economic situation of these countries.

All claims are assessed initially by the operational departments (including regional departments) based on internal rules for self-assessment of asset quality. Internal audit department, which is independent from the operational departments, reviews these self-assessments, and an allowance is provided based on the results of the assessments.

Principal Assets in Foreign Currency

(Units: Thousands of PKR, Thousands of US\$)

	End of FY2015	End of FY2016
Cash and deposits (US\$)	—	27,531
Loans (US\$)	—	33,214
Shares of affiliated companies (PKR)	240,000	240,000
Shares of affiliated companies (US\$)	2,700	18,940
Investment securities (US\$)	8,145	23,819
Money held in trust (US\$)	—	139,636

Maturity Structure of Loans as of March 31, 2017

(Unit: Billions of yen)

Maturity	Collection from Loans
1 year or less	722.1
over 1 year, up to 2 years	722.6
over 2 years, up to 3 years	708.1
over 3 years, up to 4 years	701.2
over 4 years, up to 5 years	672.1
over 5 years, up to 10 years	2,891.5
over 10 years, up to 15 years	1,980.0
over 15 years, up to 20 years	1,512.2
over 20 years, up to 25 years	1,010.5
over 25 years, up to 30 years	496.0
over 30 years, up to 35 years	229.9
over 35 years, up to 40 years	62.3
over 40 years	0.0
Total	11,708.4

Note: The figures exclude principal in arrears for over three months as of the end of March 2017 from the total projected collection from "Loans" and "Claims in bankruptcy, rehabilitation, reorganization or other equivalent claims."

Maturity Structure of Borrowings from Government Fund for Fiscal Investment and Loan Program (FILP) as of March 31, 2017

(Unit: Billions of yen)

Maturity	Repayment of Borrowings
1 year or less	188.1
over 1 year, up to 2 years	166.2
over 2 years, up to 3 years	154.1
over 3 years, up to 4 years	122.1
over 4 years, up to 5 years	104.0
over 5 years, up to 10 years	705.7
over 10 years, up to 15 years	186.0
over 15 years, up to 20 years	86.9
over 20 years, up to 25 years	27.4
over 25 years	0.0
Total	1,740.3

Maturity Structure of Bonds as of March 31, 2017

(Unit: Billions of yen)

Fiscal Investment and Loan Program (FILP) Agency Bonds

Maturity	Redemption
1 year or less	0.0
over 1 year, up to 2 years	20.0
over 2 years, up to 3 years	10.0
over 3 years, up to 4 years	0.0
over 4 years, up to 5 years	10.0
over 5 years, up to 10 years	155.0
over 10 years, up to 15 years	160.0
over 15 years, up to 20 years	105.0
over 20 years, up to 25 years	5.0
over 25 years, up to 30 years	15.0
over 30 years	0.0
Total	480.0

Government-Guaranteed Bonds

Maturity	Redemption
1 year or less	0.0
over 1 year, up to 2 years	0.0
over 2 years, up to 3 years	57.3 [\$500 million]*
over 4 years, up to 5 years	0.0
over 5 years, up to 10 years	53.3 [\$500 million]*
over 10 years	0.0
Total	110.6

* Figure in parentheses denotes the amount of money in foreign currency.

Information on the Quality of Assets of Japan International Cooperation Agency (JICA) Finance and Investment Account

Although the Banking Act and Act on Emergency Measures for the Revitalization of the Financial Functions of 1998 (the "Financial Revitalization Act") do not apply to JICA, JICA has made self-assessments of the quality of its assets since the fiscal year ended March 31, 2001, in accordance with the standards set forth in the Inspection Manual for Deposit-Taking Institutions of the Financial Services Agency of Japan. This was aimed at increasing disclosure on its asset quality and improving the internal management of credit risks.

One characteristic of JICA's operation is that a considerable portion of its loans is official credit for the governments of developing countries. Thus, when an indebted country is temporarily unable to service debt due to economic difficulties, debt rescheduling will sometimes take place, based on an international agreement among the creditor countries in the Paris Club, in order to ensure sustainable debt service.^(Note 1) A debtor country receiving such temporary support for overcoming the liquidity problem will implement economic restructuring programs agreed upon with the IMF to acquire sustainable debt service capacity.

The loans rescheduled under the agreement in the Paris Club have a high probability of repayment, because, unlike loans provided by private financial institutions, their nature as official credit provides an asset-securing mechanism under the above international framework. Nonetheless, to facilitate comparison with private financial institutions, JICA, in principle, discloses the loans rescheduled in the Paris Club and whose debtor countries are categorized as "needs attention" in its self-assessments of asset quality, as loan assets require to be disclosed classifying them either as "Restructured Loans" (under the Banking Act) or "Special Attention Assets" (under the Financial Revitalization Act).

Note 1. An international consensus was reached at the creditor nation conference (Paris Club Meeting) on rescheduling foreign government debt (where the debtor is a country, and debt originates from such government entities as trade insurance or export credit agencies) of debtor nations temporarily unable to make payments due to a deterioration in their balance of payments. As a result, a temporary liquidity support program for debtor nation governments (balance of payments assistance under the framework of international cooperation) will be shortly executed. In conjunction with this temporary liquidity assistance, debtor nations will implement an economic reform program agreed upon with the International Monetary Fund (IMF), making it possible for the country to continue to service its debt obligations. The total foreign government debt principal applicable to the debt rescheduling agreement at the Paris Club Meeting held in JICA's Finance and Investment Account was ¥871,988 million as of the end of FY2016.

1 Risk Monitored Loans ^(Note 2)

The following table shows the classification of Risk Monitored Loans based on the self-assessments of asset quality in accordance with the disclosure standard of Risk Monitored Loans applied to private financial institutions (under the Banking Act). Each category of Risk Monitored Loans is defined as follows:

(1) Loans to Debtor in Legal Bankruptcy ^(Note 3)

Among loans that are placed in non-accrual status (except the portion deduced as allowance for loan losses), when collection of either principal or interest becomes doubtful for the reason that principal or interest is past due for a considerable period of time or for other reasons, those loans which there is filing of reorganization procedures under the Corporate Reorganization Act or bankruptcy procedures under the Bankruptcy Act or special liquidation procedures under the Companies Act or other relevant laws, or there is suspension of transactions in promissory notes issued by the borrowers in the clearing house.

(2) Past Due Loans ^(Note 3)

Loans that are placed in non-accrual status except those classified as "Loans to Debtor in Legal Bankruptcy" or those whose interest payments are deferred in order to expedite the borrowers' business restructuring or support their business operations

(3) Loans in Arrears by 3 Months or More

Loans whose principal or interest is past due three months or more from the date following the contractually scheduled payment date and not classified as "Loans to Debtor in Legal Bankruptcy" or "Past Due Loans"

(4) Restructured Loans

Loans whose terms and conditions are modified in favor of the borrowers in order to expedite the borrowers' business restructuring or support their business operations by, among others, reducing the stated interest rate, deferring interest payments or write-downs, and that are not classified as "Loans to Debtor in Legal Bankruptcy," "Past Due Loans" and "Loans in Arrears by 3 Months or More"

(Unit: Millions of yen)

	March 2017 Reporting Period
Loans to Debtor in Legal Bankruptcy	—
Past Due Loans	87,063
Loans in Arrears by 3 Months or More	—
Restructured Loans	700,642
Total (1)	787,705
Balance of Loans Receivable (2)	11,749,043
(1)/(2)	6.70%

Note 2. Deferred principal included in loans as shown in the chart above accounts for ¥22,306 million of the Past Due Loans of ¥87,063 million, and for ¥647,658 million of the Restructured Loans of ¥700,642 million. Other deferred principal, accounting for a total of ¥202,024 million, are of loans that are not categorized as Risk Monitored Loans.

Note 3. Under the framework of the Ordinance for Enforcement of Banking Law 19, 2-1-5, which establishes the disclosure standards of risk-management loans held by private financial institutions, debt owed by foreign debtors must be disclosed as bankrupt debtor debt for all debtors fulfilling each of the following conditions: 1) nonpayment of interest or principal within the most recent previous three-year period from the end of the term; 2) no contract signed regarding the extension of the redemption deadline within the most recent previous three-year period from the end of the term; and 3) no specific plans to sign a contract regarding the extension of the redemption at the end of the term. In making disclosures based on the above, JICA, in line with its asset self-assessments and taking into consideration the international framework for cooperation, has classified the aforementioned foreign government debt as debt with bankruptcy concern, while in the disclosure of Risk Monitored Loans, this debt is included as "Past Due Loans."

2 Loan Assets Required to Be Disclosed under the Financial Revitalization Act ^(Note 4)

The below table shows the classification of loans based on the self-assessments of asset quality in accordance with the disclosure standard of the Financial Revitalization Act.

Each category of Loan Assets to be disclosed under the Financial Revitalization Act is defined as follows.

(1) Bankrupt or De Facto Bankrupt Assets

"Bankrupt or De Facto Bankrupt Assets" are loans and other credits to debtors who have begun proceedings under the Bankruptcy Act, the Corporate Reorganization Act, the Financial Revitalization Act and other similar laws of Japan and have financially failed. In the asset quality self-assessments, these loans are loans to debtors who are legally or substantially bankrupt.

(2) Doubtful Assets

"Doubtful Assets" are loans and other credits to debtors whose financial and operational conditions have deteriorated and who have a possibility that payment of principal and/or interest will not be made on a contractual basis. In the asset quality self-assessments, these loans are loans to the debtors who are likely to become bankrupt.

(3) Special Attention Assets

"Special Attention Assets" are loans to debtors who are categorized as "needs attention borrower" in the asset quality self-assessments, and (i) loans whose principal and/or interest is overdue for three months or more from the date following the scheduled payment date but which are not categorized as "Bankrupt or De Facto Bankrupt Assets" and "Doubtful Assets" ("Past due loans (three months or more)"); (ii) restructured loans on which JICA granted concessions to borrowers in financial difficulties through amending terms and conditions of the loans to assist them to recover and eventually be able to pay to creditors, but which are not categorized as "Bankrupt or De Facto Bankrupt Assets", "Doubtful Assets" or "Overdue loans (three months or more)."

(4) Normally Performing Assets

“Normally Performing Assets” are loans to borrowers with no particular problem in their financial conditions, categorized in the asset quality self-assessments either as “loans to normal borrowers” or “loans to needs attention borrowers (excluding Special Attention Assets),” but which are not categorized as “Bankrupt or De Facto Bankrupt Assets,” “Doubtful Assets” and “Special Attention Assets.”

Note 4. Deferred principal included in loans as shown in the chart above accounts for ¥22,306 million of the Doubtful Assets of ¥87,063 million, for ¥647,658 million of the Special Attention Assets of ¥700,642 million, and for ¥202,024 million of the Normally Performing Assets of ¥10,994,105 million.

(Unit: Millions of yen)

		March 2017 Reporting Period	
Loans Payable*1 (% of total credit transactions)	Bankrupt or De Facto Bankrupt Assets	—	(—)
	Doubtful Assets	87,063	(0.74)
	Special Attention Assets	700,642	(5.95)
	Sub Total	787,705	(6.69)
	Normally Performing Assets	10,994,105	(93.31)
Loan-loss Reserve*1	Bankrupt or De Facto Bankrupt Assets	—	
	Doubtful Assets	73,484	
	Special Attention Assets	58,919	
	Sub Total	132,403	
	General Loan-loss Reserve for loans not requiring close monitoring	106,255	
	Special Allowance for Foreign Debt	357	
	Total	239,015	
Collateral / Guarantees	Bankrupt or De Facto Bankrupt Assets	—	
	Doubtful Assets	—	
	Special Attention Assets	—	
	Sub Total	—	
Coverage Amount*2 (Coverage Ratio, %)	Bankrupt or De Facto Bankrupt Assets	—	(—)
	Doubtful Assets	73,484	(84.40)
	Special Attention Assets	58,919	(8.41)
	Sub Total	132,403	(16.81)

*1 Based on JICA's self-assessments of assets, the difference between the debt exposure to bankrupt debtors and debtors in bankruptcy and the amount recognized as recoverable by means of collateral or guarantees is considered as the projected amount that cannot be collected on, and so is subtracted directly from the total debt exposure. As such, this figure is not included in the above chart under “Loans Payable” or “Loan-loss Reserve.”

*2 Coverage amount refers to the combined total of the loan-loss reserve set aside for each debt and the value of collateral and guarantees, while the coverage ratio represents the ratio of the coverage amount as a percentage of total loans payable.