

# Financial Statements

## 1 General Account

### Balance Sheet (as of March 31, 2020)

<b>Assets</b>			
<b>I. Current assets</b>			
Cash and deposits		232,485,108,475	
Inventories			
Stored goods	362,761,806		
Payments for uncompleted contracted programs	<u>126,390,594</u>	489,152,400	
Advance payments		20,714,636,966	
Prepaid expenses		38,919,925	
Accrued income		360,479	
Accounts receivable		3,902,346,930	
Contra-accounts for provision for bonuses*		1,197,382,912	
Short-term loans for development projects	17,500,000		
Allowance for loan losses	<u>(4,400)</u>	17,495,600	
Short-term loans for emigration projects	441,671		
Allowance for loan losses	<u>(175,697)</u>	265,974	
Goods in transit		58,956,538	
Suspense payments		71,531,768	
Advance paid		<u>1,997,108</u>	
	<b>Total current assets</b>		<b>258,978,155,075</b>
<b>II. Non-current assets</b>			
<b>1. Tangible assets</b>			
Buildings	42,201,681,136		
Accumulated depreciation	(20,192,600,826)		
Accumulated impairment loss	<u>(450,561,179)</u>	21,558,519,131	
Structures	1,630,343,386		
Accumulated depreciation	(1,173,111,425)		
Accumulated impairment loss	<u>(10,529,587)</u>	446,702,374	
Machinery and equipment	250,029,322		
Accumulated depreciation	<u>(132,528,539)</u>	117,500,783	
Vehicles	2,415,226,970		
Accumulated depreciation	<u>(1,306,020,611)</u>	1,109,206,359	
Tools, furniture, and fixtures	2,234,349,158		
Accumulated depreciation	<u>(1,337,505,893)</u>	896,843,265	
Land	14,398,036,458		
Accumulated impairment loss	<u>(75,127,977)</u>	14,322,908,481	
Construction in progress		<u>198,838,753</u>	
	<b>Total tangible assets</b>	<b>38,650,519,146</b>	
<b>2. Intangible assets</b>			
Trademark rights		899,200	
Telephone subscription rights		1,786,900	
Software		3,821,385,243	
Software in progress		<u>248,168,895</u>	
	<b>Total intangible assets</b>	<b>4,072,240,238</b>	
<b>3. Investments and other assets</b>			
Long-term deposits		216,000,000	
Long-term loans for development projects	71,500,000		
Allowance for loan losses	<u>0</u>	71,500,000	
Long-term loans for emigration projects	12,494,246		
Allowance for loan losses	<u>(12,231,456)</u>	262,790	
Claims probable in bankruptcy, claims probable in rehabilitation, and other pertaining to loans for emigration projects	305,462,858		
Allowance for loan losses	<u>(305,462,858)</u>	0	
Long-term prepaid expenses		5,906,653	
Expected amount to be granted from the national budget*		951,344	
Contra-accounts for provision for retirement benefits*		14,981,855,911	
Long-term guarantee deposits		<u>1,619,386,264</u>	
	<b>Total investments and other assets</b>	<b>16,895,862,962</b>	
	<b>Total non-current assets</b>		<b>59,618,622,346</b>
	<b>Total assets</b>		<b>318,596,777,421</b>

(Unit: Yen)

<b>Liabilities</b>				
<b>I. Current liabilities</b>				
Operational grant liabilities*		40,669,296,449		
Funds for grant aid		178,788,340,785		
Donations received*		333,902,332		
Accounts payable		20,009,071,826		
Accrued expenses		247,851,892		
Lease obligations		89,813,784		
Advance payments received		395,319,379		
Deposits received		502,520,564		
Unearned revenue		385,000		
Provision for bonuses		1,197,382,912		
Suspense receipts		49,411		
	Total current liabilities		242,233,934,334	
<b>II. Non-current liabilities</b>				
Contra-accounts for assets*		7,872,893,379		
Long-term lease obligations		165,136,134		
Long-term deposits received		48,139,633		
Provision for retirement benefits		14,981,855,911		
Asset retirement obligations		276,125,850		
	Total non-current liabilities		23,344,150,907	
	Total liabilities			265,578,085,241
<b>Net assets</b>				
<b>I. Capital</b>				
Government investment		62,452,442,661		
	Total capital		62,452,442,661	
<b>II. Capital surplus</b>				
Capital surplus		6,149,602,519		
Accumulated other administrative service operation costs*				
Accumulated depreciation not included in expenses*		(21,029,534,058)		
Accumulated impairment loss not included in expenses*		(537,303,803)		
Accumulated interest expenses not included in expenses*		(7,189,037)		
Accumulated disposal and sale differential not included in expenses*		(7,017,469,587)		
	Total capital surplus		(22,441,893,966)	
<b>III. Retained earnings</b>				
Reserve fund carried over from the previous Mid-term Objective period*		2,415,736,764		
Reserve fund		7,471,586,861		
Unappropriated income for the current business year		3,120,819,860		
[Total income for the current business year]		[3,120,819,860]		
	Total retained earnings		13,008,143,485	
	Total net assets			53,018,692,180
	Total liabilities and net assets			318,596,777,421

\* Accounts prepared in accordance with special accounting practices of incorporated administrative agencies.

## Statement of Administrative Service Operation Cost (April 1, 2019–March 31, 2020)

(Unit: Yen)

<b>I. Expenses in the statement of income</b>		
Operating expenses	225,326,398,473	
General administrative expenses	8,989,311,684	
Financial expenses	107,581,275	
Specific purpose expenses	250,376,549	
Miscellaneous losses	151,680	
Extraordinary losses	16,056,808,645	
Total expenses in the statement of income		250,730,628,306
<b>II. Other administrative service operation costs</b>		
Depreciation not included in expenses*	850,304,160	
Disposal and sale differential not included in expenses*	595,778,518	
Total other administrative service operation costs		1,446,082,678
<b>III. Administrative service operation cost</b>		
		<u>252,176,710,984</u>

\* Accounts prepared in accordance with special accounting practices of incorporated administrative agencies.

## Statement of Income (April 1, 2019–March 31, 2020)

(Unit: Yen)

<b>Ordinary expenses</b>		
Operating expenses		
Expenses for priority sectors and regions	71,030,394,086	
Expenses for private sector partnership	4,478,566,792	
Expenses for domestic partnership	17,184,430,910	
Expenses for other operations	3,216,588,833	
Expenses for operation support	38,805,895,203	
Expenses for grant aid	89,235,571,294	
Expenses for facilities	52,107,613	
Expenses for contracted programs	9,017,480	
Expenses for donation projects	109,998,710	
Depreciation	1,203,827,552	225,326,398,473
General administrative expenses		8,989,311,684
Financial expenses		
Foreign exchange losses	107,581,275	107,581,275
Specific purpose expenses		250,376,549
Miscellaneous losses		151,680
Total ordinary expenses		234,673,819,661
<b>Ordinary revenues</b>		
Revenues from operational grants*		137,012,969,600
Revenues from grant aid		89,235,571,294
Revenues from contracted programs		
Revenues from contracted programs from Japanese government and local governments	6,540,948	
Revenues from contracted programs from other parties	6,916,924	13,457,872
Revenues from interest on development projects		249,620
Revenues from emigration projects		204,458
Revenues from subsidy for facilities*		51,156,269
Revenues from expected amount to be granted from the national budget*		951,344
Donations*		109,998,710
Reversal of allowance for loan losses		14,822,279
Revenues from contra-accounts for provision for bonuses*		1,197,382,912
Revenues from contra-accounts for provision for retirement benefits*		1,097,411,218
Reversal of contra-accounts for assets*		1,202,702,150
Financial revenues		
Interest income	5,865,203	5,865,203
Miscellaneous income		3,407,281,866
Total ordinary revenues		233,350,024,795
Ordinary loss		<u>1,323,794,866</u>
<b>Extraordinary losses</b>		
Loss on disposal of non-current assets		37,178,609
Loss on sales of non-current assets		2,840,418
Provision for bonuses due to revision of accounting standards		1,149,179,910
Provision for retirement benefits due to revision of accounting standards		14,867,609,708
		<u>16,056,808,645</u>
<b>Extraordinary income</b>		
Gain on sales of non-current assets		25,636,410
Gain on contra-accounts for provision for bonuses*		1,149,179,910
Gain on contra-accounts for provision for retirement benefits*		14,867,609,708
		<u>16,042,426,028</u>
<b>Net loss</b>		
		<u>1,338,177,483</u>
<b>Reversal of reserve fund carried over from the previous Mid-term Objective period*</b>		
		<u>4,458,997,343</u>
<b>Total income for the current business year</b>		
		<u>3,120,819,860</u>

\* Accounts prepared in accordance with special accounting practices of incorporated administrative agencies.

## Statement of Changes in Net Assets (April 1, 2019–March 31, 2020)

(Unit: Yen)

	I. Capital		II. Capital surplus					
	Government investment	Total capital	Capital surplus	Accumulated other administrative service operation cost				Total capital surplus
				Accumulated depreciation not included in expenses	Accumulated impairment loss not included in expenses	Accumulated interest expenses not included in expenses	Accumulated disposal and sale differential not included in expenses	
Balance at the beginning of the business year	62,452,442,661	62,452,442,661	5,188,699,203	(20,179,229,898)	(537,303,803)	(7,189,037)	(6,421,691,069)	(21,956,714,604)
Changes during the period								
I. Changes in capital during the period								
II. Changes in capital surplus during the period								
Purchase of non-current assets			862,694,333					862,694,333
Sale and retirement of non-current assets				329,148,381			(595,778,518)	(266,630,137)
Depreciation				(1,179,452,541)				(1,179,452,541)
Increase in long-term guarantee deposits			98,208,983					98,208,983
III. Changes in retained earnings (loss carried forward) during the period								
(1) Appropriation of income or loss								
Increase in reserve fund derived from profit appropriation								
(2) Others								
Net income (Net loss)								
Reversal of reserve fund carried over from the previous Mid-term Objective period								
Total changes during the period	—	—	960,903,316	(850,304,160)	—	—	(595,778,518)	(485,179,362)
Balance at the end of the business year	62,452,442,661	62,452,442,661	6,149,602,519	(21,029,534,058)	(537,303,803)	(7,189,037)	(7,017,469,587)	(22,441,893,966)

	III. Retained earnings (Loss carried forward)					Total net assets
	Reserve fund carried over from the previous Mid-term Objective period	Reserve fund	Unappropriated income for the current business year (Unappropriated loss for the current business year)	Total income for the current business year (Total loss for the current business year)	Total retained earnings (Loss carried forward)	
Balance at the beginning of the business year	7,013,416,150	4,303,840,433	3,167,746,428	3,167,746,428	14,485,003,011	54,980,731,068
Changes during the period						
I. Changes in capital during the period						
II. Changes in capital surplus during the period						
Purchase of non-current assets	(138,682,043)				(138,682,043)	724,012,290
Sale and retirement of non-current assets						(266,630,137)
Depreciation						(1,179,452,541)
Increase in long-term guarantee deposits						98,208,983
III. Changes in retained earnings (loss carried forward) during the period						
(1) Appropriation of income or loss						
Increase in reserve fund derived from profit appropriation		3,167,746,428	(3,167,746,428)	(3,167,746,428)	—	—
(2) Others						
Net income (Net loss)			(1,338,177,483)	(1,338,177,483)	(1,338,177,483)	(1,338,177,483)
Reversal of reserve fund carried over from the previous Mid-term Objective period	(4,458,997,343)		4,458,997,343	4,458,997,343	—	—
Total changes during the period	(4,597,679,386)	3,167,746,428	(46,926,568)	(46,926,568)	(1,476,859,526)	(1,962,038,888)
Balance at the end of the business year	2,415,736,764	7,471,586,861	3,120,819,860	3,120,819,860	13,008,143,485	53,018,692,180

(Note) The balance of capital surplus in the balance sheet as of March 31, 2019 is not consistent with the balance of capital surplus at the beginning of the period in the statement of changes in net assets for the business year ended March 31, 2020.

## Statement of Cash Flows (April 1, 2019–March 31, 2020)

(Unit: Yen)

<b>I. Cash flows from operating activities</b>	
Payments of operating expenses	(120,976,687,599)
Payments for grant aid	(88,120,694,229)
Payments for contracted programs	(91,204,504)
Payments of personnel expenses	(17,345,605,830)
Payments of specific purpose expenses	(235,937,474)
Payments for other operations	(874,290,389)
Proceeds from operational grants	150,476,059,000
Proceeds from grant aid	93,258,121,237
Proceeds from contracted programs	43,690,708
Proceeds from interest on loans	482,697
Proceeds from donations	45,947,184
Proceeds from other operations	4,381,335,209
Subtotal	20,561,216,010
Interest income received	5,884,319
Payments to national treasury	(28,987,722)
Net cash provided by operating activities	20,538,112,607
<b>II. Cash flows from investing activities</b>	
Payments for purchase of non-current assets	(2,704,321,794)
Proceeds from sales of non-current assets	39,175,152
Proceeds from collection of loans	57,337,102
Payments into time deposits	(60,000,000,000)
Proceeds from time deposit refund	60,300,000,000
Payments into long-term deposits	(216,000,000)
Net cash used in investing activities	(2,523,809,540)
<b>III. Cash flows from financing activities</b>	
Repayments of lease obligations	(115,486,847)
Net cash used in financing activities	(115,486,847)
<b>IV. Effect of exchange rate changes on funds</b>	(39,624,973)
<b>V. Net increase (decrease) in funds</b>	17,859,191,247
<b>VI. Funds at the beginning of the business year</b>	208,625,917,228
<b>VII. Funds at the end of the business year</b>	226,485,108,475

## Significant Accounting Policies

Effective the year ended March 31, 2020, JICA adopted the "Accounting Standards for Incorporated Administrative Agencies and Notes to Accounting Standards for Incorporated Administrative Agencies" (February 16, 2000 (Revised September 3, 2018), and the "Q&A on Accounting Standards for Incorporated Administrative Agencies and Notes to Accounting Standards for Incorporated Administrative Agencies" (August 2000 (Last revised March 2019)).

### 1 Revenue recognition method of operational grants

Revenue from operational grants is recognized based on the level of operational achievement.

The revenue recognition method based on term is applied for administrative operations except the operations which have been specified as having a direct correlation between the operational achievement and operational grants.

The revenue from disaster relief operations, which are relief operations for unexpected disasters during the period, is recognized as the related expenses are incurred, since it is difficult to estimate the budget and terms, and specify a correlation between the operational achievement and operational grants.

### 2 Depreciation method

#### (1) Tangible assets (except for lease assets)

Straight-line method

The useful lives of major assets are as follows:

Buildings:	1-50 years
Structures:	1-42 years
Machinery and equipment:	1-17 years
Vehicles:	2- 6 years
Tools, furniture, and fixtures:	1-15 years

The estimated depreciation costs for specific depreciable assets (Accounting Standard for Incorporated Administrative Agencies No. 87) and specific removal costs, etc., associated with asset retirement obligations (Accounting Standard for Incorporated Administrative Agencies No. 91) are indirectly deducted from capital surplus and reported as accumulated depreciation not included in expenses.

#### (2) Intangible assets (except for lease assets)

Straight-line method

Software used by JICA is depreciated over its useful life (5 years).

#### (3) Lease assets

Lease assets are depreciated by the straight-line method over the lease term. Depreciation for lease assets is calculated with zero residual value being assigned to the asset.

### 3 Provision for bonuses

The provision for bonuses is calculated and provided for based on estimated amounts of future payments attributable to the services that have been rendered by officers and employees applicable to the current business year. Contra-accounts for provision for bonuses are equally accrued since the financial source is secured by operational grants.

(Changes in accounting policy)

Pursuant to the revision of Accounting Standards for Incorporated Administrative Agencies, accounting treatment for provision of bonuses has been revised. Provision for bonuses which the financial source is secured by operational grants is now required to be accrued where an accrual was not required in previous years. There is no impact on profit or loss due to this revision.

### 4 Provision for retirement benefits

The provision for retirement benefits is calculated and provided for based on estimated amounts of future payments attributable to the retirement

of employees, and is accrued in line with the retirement benefit obligations and estimated plan assets applicable to the business year ended March 31, 2020. In calculating the retirement benefit obligations, the estimated amount of retirement benefit payments is attributed to the period based on the straight-line basis. The profit and loss appropriation method for actuarial differences and past service costs is as follows:

Actuarial differences are recognized as a lump-sum gain or loss in the business year in which they occur.

Past service costs are recognized as a lump-sum gain or loss in the business year in which they occur.

The financial source for lump-sum severance indemnities is secured by operational grants. The estimated amount of retirement benefits are reported as retirement benefits obligations and contra-accounts for provision for retirement benefits. Therefore an equal amount is accrued for both accounts. The financial source for defined benefit corporate pension plan insurance fees and reserve shortfall is secured by operational grants. Therefore an equal amount of provision for retirement benefits is accrued as contra-accounts for provision for retirement benefits.

(Changes in accounting policy)

Pursuant to the revision of Accounting Standards for Incorporated Administrative Agencies, accounting treatment for provision of retirement benefits has been revised. Provision for retirement benefits and defined benefit corporate pension plan insurance fees and reserve shortfall which the financial source is secured by operational grants is now required to be accrued where an accrual was not required in previous years. There is no impact on profit or loss due to this revision.

### 5 Basis and standard for the accrual of allowance and loss contingencies

#### Allowance for loan losses

To provide for loan losses, JICA records the estimated amount of default as an allowance, taking into account the transition rate to delinquent loans for the ordinary loans. For doubtful loans, collectability is individually taken into consideration and the estimated amount of default is recorded as an allowance.

### 6 Standard and method for the valuation of inventories

#### Stored goods

Stored goods valuation is based on the lower of cost or market using the first-in, first-out (FIFO) method.

### 7 Translation standard for foreign currency-denominated assets and liabilities into yen

Foreign currency monetary claims and liabilities are translated into Japanese yen at the spot exchange rate at the balance sheet date. Exchange differences are recognized as profit or loss.

### 8 Standard for expected amount to be granted from the national budget

For the expenses related to facilities for which JICA receives a subsidy, the expected amount to be granted from the national budget in the upcoming business years is reported as asset and revenue according to Accounting Standard for Incorporated Administrative Agency No.84.

### 9 Accounting treatment for consumption taxes

Consumption taxes and local consumption taxes are included in transaction amounts.

### 10 Changes in reporting

Accumulated depreciation not included in expenses, accumulated impairment loss not included in expenses, and accumulated interest expense not included in expenses were reported as a deduction in capital surplus in previous years. Pursuant to the revision of Accounting Standards

for Incorporated Administrative Agencies, the expenses previously noted are reported as accumulated depreciation not included in expenses, accumulated impairment loss not included in expenses, and accumulated interest expense not included in expenses under accumulated other administrative service operation cost from the current business year.

Accumulated disposal and sale differential not included in expenses was included in capital surplus in previous years. Pursuant to the revision of Accounting Standards for Incorporated Administrative Agencies, the

certain amounts excluding the amounts related to differences on payments to national treasury are separately presented as accumulated disposal and sale differential not included in expenses under accumulated other administrative service operation cost from the current business year.

Accordingly, the beginning balance of capital surplus increased by ¥6,421,691,069 and the beginning balance of accumulated disposal and sale differential not included in expenses decreased by ¥6,421,691,069.

## Notes to the financial statements

### (Balance Sheet)

#### 1 Donated funds for grant aid

Grant aid is received in the form of donated funds from the government of Japan. JICA administers this grant aid based on grant agreements with the government of the recipient country. At the end of the business year 2019, the outstanding balance of unexecuted grant agreements stood at ¥277,688,607,564.

#### 2 Assets acquired through the investment from the government to Incorporated Administrative Agency

Of accumulated other administrative service operation cost, the amount of assets acquired through the investment from the government is ¥22,409,189,800.

### (Statement of Accumulated Other Administrative Service Operation Cost)

#### 1 Cost being borne by the public for the operation of Incorporated Administrative Agency

Administrative service operation cost	¥252,176,710,984
Self-revenues, etc.	¥(3,577,516,418)
Opportunity cost	¥19,043,043
Cost being borne by the public for the operation of Incorporated Administrative Agency	¥248,618,237,609

#### 2 Method for computing opportunity cost

##### (1) Interest rate used to compute opportunity cost concerning government investment

0.005% with reference to the yield of 10-year fixed-rate Japanese government bonds at March 31, 2020.

##### (2) Method for computing opportunity cost for public officers temporarily transferred to JICA

Of the estimated increase in retirement allowance during service rendered in JICA, costs are calculated in accordance with JICA's internal rules.

3 Of extraordinary losses, provision for bonuses due to revision of accounting standards is ¥1,149,179,910 and provision for retirement benefits due to revision of accounting standards is ¥14,867,609,708. These losses relate to business years prior to the year ended March 31, 2019.

### (Statement of Income)

The provision for bonuses due to revision of accounting standards recorded as extraordinary losses is ¥1,149,179,910 and the provision for retirement benefits due to revision of accounting standards recorded as extraordinary losses is ¥14,867,609,708. These losses relate to business years prior to the year ended March 31, 2019.

Gains on contra-accounts for provision for bonuses and provision for retirement benefits are recorded as extraordinary income. These gains were recognized at the beginning of the period due to the revision of the the accounting standards and amount to ¥1,149,179,910 and ¥14,867,609,708 respectively.

### (Statement of Cash Flows)

The funds shown in the statement of cash flows consist of cash, deposit

accounts, and checking accounts.

#### 1 Breakdown of balance sheet items and ending balance of funds (as of March 31, 2020)

Cash and deposits	¥232,485,108,475
Time deposits	¥(6,000,000,000)
Ending balance of funds	¥226,485,108,475

#### 2 Description of significant non-cash transactions

Assets acquired under finance leases	
Tools, furniture, and fixtures	¥27,654,560

### (Financial Instruments)

#### 1 Status of financial instruments

The General Account's fund management is limited to short-term deposits and public and corporate bonds while fund-raising consists mainly of operational grants approved by the competent minister. The General Account does not borrow from the government fund for Fiscal Investment and Loan Program (FILP), nor does it borrow funds from financial institutions or issue FILP Agency Bonds.

#### 2 Fair value of financial instruments

Balance sheet amount, fair value, and difference at the balance sheet date are as follows:

	Balance sheet amount	Fair value	Difference
(1) Cash and deposits	232,485,108,475	232,485,108,475	0
(2) Accounts payable	(20,009,071,826)	(20,009,071,826)	0

\* Liabilities are shown in parentheses ( ).

(Note) Calculation method for fair value of financial instruments and matters concerning accounts payable

##### [1] Cash and deposits

Cash and deposits are valued at book value because fair value approximates book value since these items are settled in a short period of time.

##### [2] Accounts payable

Accounts payable are valued at book value because fair value approximates book value since these items are settled in a short period of time.

### (Retirement benefits)

#### 1 Overview of retirement benefit plans

To provide retirement benefits for employees, JICA has a defined benefit pension plan comprised of a defined benefit corporate pension plan and a lump-sum severance indemnity plan, and a defined contribution plan comprised of a defined contribution pension plan.

#### 2 Defined benefit pension plan

##### (1) The changes in the retirement benefit obligation are as follows:

	(Unit: Yen)
Retirement benefit obligation at the beginning of the business year	23,158,662,420
Current service cost	956,778,466
Interest cost	119,530,109
Actuarial differences	55,776,716
Retirement benefit paid	(1,320,025,883)
Past service cost	0
Contribution by employees	58,520,314
Retirement benefit obligation at the end of the business year	23,029,242,142

**(2) The changes in the plan assets are as follows:**

	(Unit: Yen)
Plan assets at the beginning of the business year	8,291,052,712
Expected return on plan assets	165,821,054
Actuarial differences	(524,114,747)
Contribution by the company	392,967,766
Retirement benefit paid	(336,860,868)
Contribution by the employees	58,520,314
Plan assets at the end of the business year	8,047,386,231

**(3) Reconciliation of the projected benefit obligations and plan assets and provision for retirement benefits and prepaid pension expenses in the balance sheets**

	(Unit: Yen)
Funded retirement benefit obligation	10,069,133,944
Plan assets	(8,047,386,231)
Unfunded benefit obligations of funded pension plan	2,021,747,713
Unfunded benefit obligations of unfunded pension plan	12,960,108,198
Subtotal	14,981,855,911
Unrecognized actuarial differences	0
Unrecognized past service cost	0
Net amount of assets and liabilities in the balance sheets	14,981,855,911
Provision for retirement benefits	14,981,855,911
Prepaid pension expenses	0
Net amount of assets and liabilities in the balance sheets	14,981,855,911

**(4) Components of retirement benefit expenses**

	(Unit: Yen)
Current service cost	956,778,466
Interest cost	119,530,109
Expected return on plans assets	(165,821,054)
Realized actuarial differences	579,891,463
Amortization of past service cost	0
Extraordinary additional retirement payments	0
Total	1,490,378,984

**(5) Major components of plan assets**

Percentages of components to the total are as follows:

Bonds	38%
Stocks	32%
General account of life insurance company	20%
Others	10%
Total	100%

**(6) Method of determining the long-term expected rate of return on plan assets**

The long-term expected rate of return on plan assets is determined based on components of plan assets, the actual historical returns, and market condition, etc.

**(7) Assumptions used**

Principal assumptions used in actuarial calculations at the end of the business year

Discount rate	Defined benefit corporate pension plan	0.23%
	Retirement benefits	0.74%
Long-term expected rate of return on plan assets		2.00%

**3 Defined contribution plan**

The amount of contribution required to be made to the defined contribution plan is ¥44,454,776.

**(Lease transactions)****1 Future minimum lease payments related to operating lease transactions**

Future minimum lease payments due within one year of the balance sheet date	¥27,440,911
Future minimum lease payments corresponding to periods more than one year from the balance sheet date	¥24,889,751

**2** The impact of the finance lease transactions on the current business year's profits and losses was ¥6,091,809. Total income for the current business year after the deduction of this amount was ¥3,114,728,051.

**(Asset retirement obligations)**

JICA has a building lease agreement for its head office building, and has obligations to restore the building to its original state at the termination of the lease period. Therefore, these asset retirement obligations have been recorded. The estimate for the asset retirement obligations assumes a five-year lease period for the projected period of use and a discount rate of 0.529%.

The balance of the asset retirement obligations at the end of the current business year was ¥276,125,850.

**(Significant contractual liabilities)**

N/A

**(Significant subsequent events)**

N/A

The financial statements have been audited by an accounting auditor as prescribed in Article 39 of the Act on General Rules for Incorporated Administrative Agencies.



## 2 Finance and Investment Account

## Balance Sheet (as of March 31, 2020)

<b>Assets</b>			
<b>I. Current assets</b>			
Cash and deposits		180,955,826,489	
Loans	12,614,846,099,374		
Allowance for loan losses	<u>(142,052,753,983)</u>	12,472,793,345,391	
Advance payments		16,209,089,386	
Prepaid expenses		10,641,604	
Accrued income			
Accrued interest on loans	25,929,096,839		
Accrued commitment charges	405,875,382		
Accrued interest	<u>44,731,372</u>	26,379,703,593	
Accounts receivable		1,195,900,211	
Goods in transit		16,317,462	
Suspense payments		47,470,872	
Advances paid		193,614	
Short-term guarantee deposits		<u>8,630,000,000</u>	
	Total current assets		12,706,238,488,622
<b>II. Non-current assets</b>			
<b>1. Tangible assets</b>			
Buildings	4,030,423,078		
Accumulated depreciation	(1,229,114,042)		
Accumulated impairment loss	<u>(664,850,656)</u>	2,136,458,380	
Structures	98,256,953		
Accumulated depreciation	(30,025,751)		
Accumulated impairment loss	<u>(11,670,468)</u>	56,560,734	
Machinery and equipment	199,154,780		
Accumulated depreciation	(75,487,995)		
Accumulated impairment loss	<u>(102,287,680)</u>	21,379,105	
Vehicles	551,924,127		
Accumulated depreciation	<u>(265,977,287)</u>	285,946,840	
Tools, furniture, and fixtures	779,093,874		
Accumulated depreciation	<u>(521,720,646)</u>	257,373,228	
Land	12,703,270,000		
Accumulated impairment loss	<u>(6,091,196,973)</u>	6,612,073,027	
Construction in progress		321,626	
	Total tangible assets		9,370,112,940
<b>2. Intangible assets</b>			
Trademark rights		223,818	
Software		5,299,618,858	
Software in progress		<u>355,029,191</u>	
	Total intangible assets		5,654,871,867
<b>3. Investments and other assets</b>			
Investment securities		3,875,388,472	
Shares of affiliated companies		46,732,120,903	
Money held in trust		52,912,364,816	
Claims probable in bankruptcy, claims probable in rehabilitation, and other	87,062,884,239		
Allowance for loan losses	<u>(87,062,884,239)</u>	0	
Long-term prepaid expenses		1,311,036	
Long-term guarantee deposits		<u>679,312,894</u>	
	Total investments and other assets		104,200,498,121
	Total non-current assets		119,225,482,928
	Total assets		<u>12,825,463,971,550</u>

(Unit: Yen)

<b>Liabilities</b>			
<b>I. Current liabilities</b>			
Current portion of borrowings from government fund for Fiscal Investment and Loan Program		106,613,302,000	
Accounts payable		8,424,523,601	
Accrued expenses		5,779,381,916	
Derivatives		11,632,988,540	
Lease obligations		147,443,564	
Deposits received		11,615,308,071	
Unearned revenue		2,643,574	
Provisions			
Provision for bonuses	336,838,488		
Provision for contingent losses	2,042,877,932	2,379,716,420	
Suspense receipts		359,190,096	
	<b>Total current liabilities</b>		<b>146,954,497,782</b>
<b>II. Non-current liabilities</b>			
Bonds		791,079,300,000	
Discounts on bonds payable		(340,991,560)	
Borrowings from government fund for Fiscal Investment and Loan Program		1,962,569,056,000	
Long-term lease obligations		39,817,171	
Long-term deposits received		5,586,963,087	
Provision for retirement benefits		4,225,651,668	
Asset retirement obligations		70,374,150	
	<b>Total non-current liabilities</b>		<b>2,763,230,170,516</b>
	<b>Total liabilities</b>		<b>2,910,184,668,298</b>
<b>Net assets</b>			
<b>I. Capital</b>			
Government investment		8,150,727,840,510	
	<b>Total capital</b>		<b>8,150,727,840,510</b>
<b>II. Retained earnings</b>			
Reserve fund		1,703,880,995,457	
Unappropriated income for the current business year [Total income for the current business year]		95,644,581,991	
	<b>Total retained earnings</b>		<b>1,799,525,577,448</b>
<b>III. Valuation and translation adjustments</b>			
Valuation difference on available-for-sale securities		6,492,694,355	
Deferred gains or losses on hedges		(41,466,809,061)	
	<b>Total valuation and translation adjustments</b>		<b>(34,974,114,706)</b>
	<b>Total net assets</b>		<b>9,915,279,303,252</b>
	<b>Total liabilities and net assets</b>		<b>12,825,463,971,550</b>

## Statement of Administrative Service Operation Cost (April 1, 2019–March 31, 2020)

(Unit: Yen)

<b>I. Expenses in the statement of income</b>			
Expenses related to operations of cooperation through finance and investment	86,836,506,649		
Extraordinary losses	8,736,371		
Total expenses in the statement of income			<u>86,845,243,020</u>
<b>II. Administrative service operation cost</b>			<u>86,845,243,020</u>

## Statement of Income (April 1, 2019–March 31, 2020)

(Unit: Yen)

<b>Ordinary expenses</b>			
Expenses related to operations of cooperation through finance and investment			
Interest on bonds and notes	9,515,197,208		
Interest on borrowings	21,707,037,722		
Interest on interest rate swaps	6,221,717,774		
Other Interest expenses	723,257		
Operations outsourcing expenses	29,137,663,373		
Bond issuance cost	361,143,401		
Personnel expenses	4,169,865,831		
Provision for bonuses	336,838,488		
Retirement benefit expenses	432,554,856		
Operating and administrative expenses	12,295,523,154		
Depreciation	1,725,715,015		
Taxes	95,043,215		
Other operating expenses	837,483,355	86,836,506,649	
Total ordinary expenses			<u>86,836,506,649</u>
<b>Ordinary revenues</b>			
Revenues from operations of cooperation through finance and investment			
Interest on loans	131,739,115,244		
Interest on bonds	47,943		
Dividends on investments	15,851,572,120		
Commissions	2,589,758,586		
Foreign exchange gains	1,311,196,125		
Gain on valuation of investment securities	11,097,174		
Gain on sales of investment securities	2,004,913,517		
Gain on valuation of shares of affiliated companies	15,961,319		
Gain on investment in money held in trust	199,123,265		
Reversal of provision for allowance for loan losses	19,921,761,980		
Reversal of provision for allowance for contingent losses	7,242,738,843		
Other ordinary revenues	17,089,890	180,904,376,006	
Financial revenues			
Interest income	686,901,158	686,901,158	
Miscellaneous income		875,333,659	
Recoveries of written-off claims		19,878,116	
Total ordinary revenues			<u>182,486,488,939</u>
Ordinary income			<u>95,649,982,290</u>
<b>Extraordinary losses</b>			
Loss on disposal of non-current assets		8,281,721	
Loss on sales of non-current assets		454,650	8,736,371
<b>Extraordinary income</b>			
Gain on sales of non-current assets		3,336,072	3,336,072
<b>Net income</b>			<u>95,644,581,991</u>
<b>Total income for the current business year</b>			<u>95,644,581,991</u>

## Statement of Changes in Net Assets (April 1, 2019–March 31, 2020)

(Unit: Yen)

	I. Capital		II. Retained earnings (Loss carried forward)			
	Government investment	Total capital	Reserve fund	Unappropriated income for the current business year (Unappropriated loss for the current business year)	Total income for the current business year (Total loss for the current business year)	Total retained earnings (loss carried forward)
Balance at the beginning of the business year	8,083,417,840,510	8,083,417,840,510	1,626,109,623,623	77,771,371,834	77,771,371,834	1,703,880,995,457
Changes during the period						
I. Changes in capital during the period						
Receipts of investment	67,310,000,000	67,310,000,000				
II. Changes in retained earnings (loss carried forward) during the period						
(1) Appropriation of income or loss						
Increase in reserve fund derived from profit appropriation			77,771,371,834	(77,771,371,834)	(77,771,371,834)	—
(2) Others						
Net income (Net loss)				95,644,581,991	95,644,581,991	95,644,581,991
III. Changes in valuation and translation adjustments during the period						
Total changes during the period	67,310,000,000	67,310,000,000	77,771,371,834	17,873,210,157	17,873,210,157	95,644,581,991
Balance at the end of the business year	8,150,727,840,510	8,150,727,840,510	1,703,880,995,457	95,644,581,991	95,644,581,991	1,799,525,577,448

	III. Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of the business year	3,390,920,585	(47,360,281,584)	(43,969,360,999)	9,743,329,474,968
Changes during the period				
I. Changes in capital during the period				
Receipts of investment				67,310,000,000
II. Changes in retained earnings (loss carried forward) during the period				
(1) Appropriation of income or loss				
Increase in reserve fund derived from profit appropriation				—
(2) Others				
Net income (Net loss)				95,644,581,991
III. Changes in valuation and translation adjustments during the period	3,101,773,770	5,893,472,523	8,995,246,293	8,995,246,293
Total changes during the period	3,101,773,770	5,893,472,523	8,995,246,293	171,949,828,284
Balance at the end of the business year	6,492,694,355	(41,466,809,061)	(34,974,114,706)	9,915,279,303,252

## Statement of Cash Flows (April 1, 2019–March 31, 2020)

(Unit: Yen)

<b>I. Cash flows from operating activities</b>	
Payments for loans	(1,090,516,473,654)
Repayments of borrowings from the private sector	(33,361,189,500)
Repayments of borrowings from government fund for Fiscal Investment and Loan Program	(200,151,638,000)
Redemption of bonds	(67,305,000,000)
Interest expenses paid	(35,405,619,880)
Payments for personnel expenses	(4,888,660,033)
Payments for other operations	(58,611,500,090)
Proceeds from collection of loans	779,398,164,191
Proceeds from borrowings from the private sector	33,344,089,600
Proceeds from borrowings from government fund for Fiscal Investment and Loan Program	231,900,000,000
Proceeds from issuance of bonds	59,638,856,599
Proceeds from interest on loans	128,416,287,016
Proceeds from commissions	2,345,530,035
Proceeds from other operations	37,629,700,025
Subtotal	(217,567,453,691)
Interest and dividend income received	16,767,558,124
Net cash used in operating activities	(200,799,895,567)
<b>II. Cash flows from investing activities</b>	
Payments for purchase of non-current assets	(1,570,214,425)
Proceeds from sales of non-current assets	10,080,691
Payments for purchase of investment securities	(2,037,700,549)
Proceeds from sales and redemption of investment securities	4,213,505,817
Payments for purchase of shares of affiliated companies	(2,673,662,500)
Payments for increase of money held in trust	(8,104,730,697)
Proceeds from decrease of money held in trust	1,328,350,000
Payments into time deposits	(82,220,115,000)
Proceeds from time deposit refund	95,638,625,000
Payments for purchase of negotiable deposits	(20,000,000,000)
Proceeds from refund of negotiable deposits	20,000,000,000
Net cash provided by investing activities	4,584,138,337
<b>III. Cash flows from financing activities</b>	
Repayments of lease obligations	(153,960,574)
Receipts of government investment	67,310,000,000
Net cash provided by financing activities	67,156,039,426
<b>IV. Effect of exchange rate fluctuation on funds</b>	68,329
<b>V. Net increase (decrease) in funds</b>	(129,059,649,475)
<b>VI. Funds at the beginning of the business year</b>	304,617,625,964
<b>VII. Funds at the end of the business year</b>	175,557,976,489

## Significant Accounting Policies

Effective the year ended March 31, 2020, JICA adopted the "Accounting Standards for Incorporated Administrative Agencies and Notes to Accounting Standards for Incorporated Administrative Agencies" (February 16, 2000 (Revised September 3, 2018)), and the "Q&A on Accounting Standards for Incorporated Administrative Agencies and Notes to Accounting Standards for Incorporated Administrative Agencies" (August 2000 (Last revised March 2019)).

### 1 Depreciation method

#### (1) Tangible assets (except for lease assets)

Straight-line method

The useful lives of major assets are as follows:

Buildings:	2–50 years
Structures:	2–46 years
Machinery and equipment:	2–17 years
Vehicles:	2– 6 years
Tools, furniture, and fixtures:	2–15 years

#### (2) Intangible assets (except for lease assets)

Straight-line method

Software used by JICA is depreciated over its useful life (5 years).

#### (3) Lease assets

Lease assets are depreciated by the straight-line method over the lease term. Depreciation for lease assets is calculated with zero residual value being assigned to the asset.

### 2 Provision for bonuses

The provision for bonuses is calculated and provided for based on estimated amounts of future payments attributable to the services that have been rendered by officers and employees applicable to the current business year.

### 3 Provision for retirement benefits

The provision for retirement benefits is calculated and provided for based on estimated amounts of future payments attributable to the retirement of employees, and is accrued in line with the retirement benefit obligations and estimated plan assets applicable to the business year ended March 31, 2020. In calculating the retirement benefit obligations, the estimated amount of retirement benefit payments is attributed to the period based on the straight-line basis. The profit and loss appropriation method for actuarial differences and past service costs is as follows:

Actuarial differences are recognized as a lump-sum gain or loss in the business year in which they occur.

Past service costs are recognized as a lump-sum gain or loss in the business year in which they occur.

### 4 Basis and standard for the accrual of allowance and loss contingencies

#### (1) Allowance for loan losses

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 for the business year ended March 31, 2020.

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.

#### (2) Provision for contingent losses

Provision for contingent losses is provided to prepare for the occurrence of contingent losses for a portion of the undisbursed balance of loan commitments, which JICA is absolutely obligated to extend. The amount of the provision is estimated based on the possibility of losses in the future.

#### (Changes in Accounting Estimates)

Formerly, allowance for loan losses and provision for contingent losses for Normal assets, Watch assets, and Special attention assets of sovereign debtors were estimated based on the former internal credit rating system. Starting this business year, allowance for loan losses and provision for contingent losses are estimated based on the current internal credit rating system which is more precise than the former rating system. In addition, expected loss periods have been changed from predetermined periods for Normal assets, Watch assets, and Special attention assets to average periods for each claim.

Due to these updates, the amount of allowance for loan losses decreased by ¥34,246 million and allowance for contingent losses decreased by ¥6,129 million, and ordinary income and net income increased by ¥40,376 million, respectively, as of and for the year ended March 31, 2020.

### 5 Standard and method for the valuation of securities

#### (1) Shares of affiliated companies

Shares of affiliated companies are stated at cost, determined using the moving-average method.

However, when the amount corresponding to the equity holding has fallen below the cost at acquisition, the amount corresponding to the equity holding is used.

#### (2) Other investment securities

##### [1] Securities whose fair value can be readily determined

Such investment securities are stated at fair value.

##### [2] Securities whose fair value cannot be readily determined

Such investment securities are carried at cost based on the moving average method.

Investments in limited partnerships and other similar partnerships, which are regarded as securities under Article 2, Clause 2 of the Japanese Financial Instruments and Exchange Law, Act No. 25 of 1948, are recognized at an amount equivalent to JICA's percentage share of the net assets of such partnerships, based upon the most recent financial statements available depending on the report date stipulated in the partnership agreement.

#### (3) Securities held as trust assets in money-held-in trust account

The securities are valued in the same way as (2) above.

### 6 Standard and method for the valuation of derivative transactions

All derivative financial instruments are carried at fair value.

### 7 Method for amortization of discount on bonds payable

Discount on bonds payable is amortized over the duration of the bonds.

**8 Translation standard for foreign currency-denominated assets and liabilities into yen**

Foreign currency money claims and liabilities are translated into Japanese yen mainly at the spot exchange rate at the balance sheet date. Exchange differences are recognized as profit or loss.

**9 Method of hedge accounting****(1) Method of hedge accounting**

Interest rate swaps are accounted for using the deferral hedge accounting method or the exceptional accrual method. Currency swaps are accounted for by the assignment method.

**(2) Hedging instruments and hedged items**

- [1] Hedging instruments...Interest rate swaps  
Hedged items...Loans and foreign currency bonds
- [2] Hedging instruments...Currency swaps  
Hedged items...Foreign currency loans and foreign currency bonds

**(3) Hedging policy**

JICA enters into interest rate swaps or currency swaps for the purpose of hedging interest rate or currency fluctuation risks.

**(4) Method of evaluation of hedge effectiveness**

Hedges that offset market fluctuations of loans are assessed based on discrepancies with regard to maturity and notional principal and others between hedged loans and hedging instruments.

As for interest rate swaps that satisfy the requirements of the exceptional accrual method and currency swaps that satisfy the requirements of the assignment method, JICA is not required to periodically evaluate hedge effectiveness.

**10 Accounting treatment for consumption taxes**

Consumption taxes and local consumption taxes are included in transaction amounts.

**Notes to the financial statements****(Balance Sheet)****1 Joint obligations**

JICA is jointly liable for obligations arising from the following bonds issued by the former Japan Bank for International Cooperation which was succeeded by the Japan Bank for International Cooperation:

Fiscal Investment and Loan Program (FILP) Agency Bonds  
¥40,000,000,000

**2 Financial assets received as collateral**

The fair value of financial assets received as collateral at JICA's disposal was ¥8,567,223,535.

**3 Undisbursed balance of loan commitments**

Most of JICA's loans are long term. Ordinarily, when receiving a request for disbursement of a loan from a borrower, corresponding to the intended use of funds as stipulated by the loan agreement, and upon confirming the fulfillment of conditions prescribed under the loan agreement, JICA promises to loan a certain amount of funds within a certain range of the amount required by the borrower, with an outstanding balance within the limit of loan commitments. The undisbursed balance of loan commitments as of March 31, 2020 was ¥7,164,167,683,508.

**(Statement of Administrative Service Operation Cost)****1 Cost being borne by the public for the operation of Incorporated Administrative Agency**

Administrative service operation cost	¥86,845,243,020
Self-revenues, etc.	¥(182,489,825,011)
Opportunity cost	¥410,568,064
Cost being borne by the public for the operation of Incorporated Administrative Agency	¥(95,234,013,927)

**2 Method for computing opportunity cost****(1) Interest rate used to compute opportunity cost concerning government investment**

0.005% with reference to the yield of 10-year fixed-rate Japanese government bonds at March 31, 2020.

**(2) Method for computing opportunity cost for public officers temporarily transferred to JICA**

Of the estimated increase in retirement allowance during service rendered

in JICA, costs are calculated in accordance with JICA's internal rules.

**(Statement of Income)**

Recoveries of written-off claims include the amount recovered in excess of book value of the loans transferred to JICA on October 1, 2008, that are associated with the Overseas Economic Cooperation Account of the former Japan Bank for International Cooperation.

**(Statement of Cash Flows)**

The funds shown in the statement of cash flows are deposit accounts and checking accounts.

**1 Breakdown of balance sheet items and ending balance of funds**

(as of March 31, 2020)

Cash and deposits	¥180,955,826,489
Time deposits	¥(5,397,850,000)
Ending balance of funds	¥175,557,976,489

**2 Description of significant non-cash transactions**

Assets acquired under finance leases	
Tools, furniture, and fixtures	¥7,800,004

**(Financial instruments)****1 Status of financial instruments****(1) Policy regarding financial instruments**

The Finance and Investment Account undertakes financial cooperation operations by providing debt and equity financing. In undertaking these operations, it raises funds by borrowing from the Japanese Government under the FILP, borrowing from financial institutions, issuing bonds, and receiving capital investment from the Japanese Government. From the perspective of asset-liability management (ALM), derivative transactions are entered into for mitigating the adverse impact caused by interest rate and foreign exchange fluctuations.

**(2) Details of financial instruments and related risks**

The financial assets held in the Finance and Investment Account are loans mainly to the Developing Area, and are exposed to credit risk attributed to defaults by its borrowers and interest rate risk. Securities, investment securities, shares of affiliated companies and money held in trust are held for policy-oriented purposes, and are exposed to credit risk of issuers and

others, interest rate risk, and market price volatility risk.

Borrowings and bonds are exposed to liquidity risk as their payments or repayments cannot be duly serviced in such a situation where the account is unable to have access to markets for certain reasons.

In addition to the above, foreign currency claims and liabilities are exposed to foreign exchange fluctuation risk.

### (3) Risk management system for financial instruments

#### [1] Credit risk management

The Finance and Investment Account has established and operates a system for credit management. This system encompasses credit appraisal, credit limit setting, credit information monitoring, internal rating, guarantee and collateral setting, problem loan management, etc., in accordance with integrated risk management rules and various credit risk-monitoring rules. This credit management is carried out by the operational departments (including region department), in addition to the Credit Risk Analysis and Environmental Review Department and General Affairs Department. Additionally, the Risk Management Committee of the Finance and Investment Account and Board Meeting convene on a regular basis for the purpose of deliberating or reporting. Moreover, the Office of Audit monitors the status of credit management.

The credit risks of issuers of investment securities and shares of affiliated companies and trustees of money held in trust are monitored by the Private Sector Partnership and Finance Department, which regularly confirms their credit information, etc.

Counterparty risk in derivative transactions is monitored by regularly confirming the exposure and credit standing of counterparties and by securing collateral as necessary.

#### [2] Market risk management

##### (i) Interest rate risk management

Interest rates are determined in accordance with the methods prescribed by laws or statements of operational procedures. Interest rate swap transactions are conducted to hedge against the risk of interest rate fluctuations in light of their possible adverse impact.

##### (ii) Foreign exchange risk management

Foreign currency claims and liabilities are exposed to foreign exchange fluctuation risk; as such, foreign currency claims are funded by foreign currency liabilities, and currency swaps and other approaches are employed to avert or reduce foreign exchange risk.

##### (iii) Price volatility risk management

Stocks and other securities that are held for policy-oriented purposes are monitored for changes in value affected by the market environment or financial condition of the companies, exchange rates, and other factors.

This information is reported on a regular basis to the Risk Management Committee of the Finance and Investment Account and Board Meeting.

#### [3] Liquidity risk management related to fund raising

The Finance and Investment Account prepares a funding plan and executes fund raising based on the government-affiliated agencies' budgets, as resolved by the National Diet of Japan.

#### [4] Derivative transaction management

Pursuant to rules concerning swaps, derivative transactions are implemented and managed by separating the sections related to execution of transactions, assessment of hedge effectiveness, and logistics management based on a mechanism with an established internal system of checks and balances.

## 2 Fair value of financial instruments

Balance sheet amount, fair value, and difference at the balance sheet date are as follows:

	Balance sheet amount	Fair value	Difference
(1) Loans	12,614,846,099,374		
Allowance for loan losses	(142,052,753,983)		
	12,472,793,345,391	13,206,709,334,101	733,915,988,710
(2) Claims probable in bankruptcy, claims probable in rehabilitation, and other	87,062,884,239		
Allowance for loan losses	(87,062,884,239)		
	—	—	—
(3) Borrowings from government fund for FILP (including borrowings due within one year)	(2,069,182,358,000)	(2,126,303,780,151)	(57,121,422,151)
(4) Bonds	(791,079,300,000)	(842,885,764,083)	(51,776,464,083)
(5) Derivative transactions			
Derivative transactions not qualifying for hedge accounting	(492,654,198)	(492,654,198)	—
Derivative transactions qualifying for hedge accounting	(11,140,334,342)	(11,140,334,342)	—
	(11,632,988,540)	(11,632,988,540)	—

\* Liabilities are shown in parentheses ( ).

#### (Note 1) Method for calculating fair values of financial instruments

##### [1] Loans

The fair values of loans with floating interest rates are calculated at their book values, as policy interest rates (bank rates) are immediately reflected in their floating interest rates, and therefore, fair value approximates book value. On the other hand, fair values of loans with fixed interest rates are calculated by discounting the total amount of the principal and interest using a rate that combines a risk-free rate with the respective borrowers' credit risk. As for hedged loans for which the assignment method is applied, the fair value of such currency swaps is applied.

##### [2] Claims probable in bankruptcy, claims probable in rehabilitation, and other

Regarding claims probable in bankruptcy, claims probable in rehabilitation, and other, the estimated uncollectible amount is calculated based on the expected recoverable amount through collateral and guarantees. Therefore, fair value approximates the balance sheet amount, less the current estimated uncollectible amount, and hence is calculated accordingly.

##### [3] Borrowings from government fund for FILP (including borrowings due within one year)

The fair value of borrowings from government fund for FILP (including borrowings due within one year) is calculated by discounting the total amount of principal and interest using interest rates expected to be applied to new borrowings for the same total amount.

##### [4] Bonds

The fair value of bonds is determined using market observable prices if available. For bonds without market observable prices, the fair values are calculated by discounting contractual cash flows at the risk free rate. As for hedged bonds for which the exceptional accrual method and assignment method are applied, the fair value of such interest rate swaps and currency swaps is applied.

##### [5] Derivative transactions

Derivative transactions are interest rate-related transactions (interest rate swaps), and fair values are based on discounted present values. Interest rate swaps for which the exceptional accrual method is applied and currency swaps for which the assignment method is applied are accounted for together with the corresponding loan or bond. The fair value of these hedging instruments is included in the fair value of the underlying loans or bonds.

(Note 2) The following are financial instruments whose fair values are deemed to be extremely difficult to determine. They are not included in the fair value information of financial instruments.



	(Unit: Yen)
	Balance sheet amount
Investment securities *1	3,875,388,472
Shares of affiliated companies *1	46,732,120,903
Money held in trust *2	52,912,364,816
Undisbursed balance of loan commitments *3	0

\*1 These financial instruments have no market prices, and the calculation of their fair values is deemed to be impractical.

\*2 The money held in trust is composed of the assets in the trust for which it is difficult to determine the fair value.

\*3 The fair values of the undisbursed balances of loan commitments are deemed to be extremely difficult to determine. The main reason is the difficulty of reasonably estimating future extensions of loans, because of the extremely diverse range of implementation formats for projects in the Developing Area where these loans are provided.

### (Money held in trust)

#### 1 Money held in trust for the purpose of investment

Not applicable.

#### 2 Money held in trust for the purpose of investment and held-to-maturity

Not applicable.

#### 3 Other (other than for the purpose of investment and held-to-maturity)

	(Unit: Yen)				
	Balance sheet amount	Acquisition cost	Difference	The amount by which the balance sheet amount exceeds the acquisition cost	The amount by which the balance sheet amount does not exceed the acquisition cost
Money held in trust for others	52,912,364,816	47,185,820,938	5,726,543,878	5,726,543,878	0

(Note) "The amount by which the balance sheet amount exceeds the acquisition cost" and "The amount by which the balance sheet amount does not exceed the acquisition cost" are the breakdown of "Difference".

### (Retirement benefits)

#### 1 Overview of retirement benefit plans

To provide retirement benefits for employees, JICA has a defined benefit pension plan comprised of a defined benefit corporate pension plan and a lump-sum severance indemnity plan, and a defined contribution plan comprised of a defined contribution pension plan.

#### 2 Defined benefit pension plan

##### (1) The changes in the retirement benefit obligation are as follows:

	(Unit: Yen)
Retirement benefit obligation at the beginning of the business year	6,531,930,426
Current service cost	269,860,588
Interest cost	33,713,620
Actuarial differences	15,731,896
Retirement benefit paid	(372,314,993)
Past service cost	0
Contribution by employees	16,505,734
Retirement benefit obligation at the end of the business year	6,495,427,271

##### (2) The changes in the plan assets are as follows:

	(Unit: Yen)
Plan assets at the beginning of the business year	2,338,502,047
Expected return on plan assets	46,770,041
Actuarial differences	(147,480,271)
Contribution by the company	110,490,092
Retirement benefit paid	(95,012,040)
Contribution by employees	16,505,734
Plan assets at the end of the business year	2,269,775,603

### (3) Reconciliation of the retirement benefit obligations and plan assets and provision for retirement benefits and prepaid pension expenses in the balance sheets

	(Unit: Yen)
Funded retirement benefit obligation	2,840,012,138
Plan assets	(2,269,775,603)
Unfunded benefit obligations of funded pension plan	570,236,535
Unfunded benefit obligations of unfunded pension plan	3,655,415,133
Subtotal	4,225,651,668
Unrecognized actuarial differences	0
Unrecognized past service cost	0
Net amount of assets and liabilities in the balance sheets	4,225,651,668
Provision for retirement benefits	4,225,651,668
Prepaid pension expenses	0
Net amount of assets and liabilities in the balance sheets	4,225,651,668

### (4) Components of retirement benefit expenses

	(Unit: Yen)
Current service cost	269,860,588
Interest cost	33,713,620
Expected return on plans assets	(46,770,041)
Realized actuarial differences	163,212,167
Amortization of past service cost	0
Extraordinary additional retirement payments	0
Total	420,016,334

### (5) Major components of plan assets

Percentages of components to the total are as follows:

Bonds	38%
Stocks	32%
General account of life insurance company	20%
Others	10%
Total	100%

### (6) Method of determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined based on components of plan assets, its performance and market condition, etc.

### (7) Assumptions used

Principal assumptions used in actuarial calculations at the end of the business year

Discount rate	Defined benefit corporate pension plan	0.23%
	Retirement benefits	0.74%
Long-term expected rate of return on plan assets		2.00%

### 3 Defined contribution plan

The amount of contribution required to be made to the defined contribution plan is ¥12,538,522.

### (Lease transactions)

Future minimum lease payments related to operating lease transactions	
Future minimum lease payments due within one year of the balance sheet date	¥377,505
Future minimum lease payments corresponding to periods more than one year from the balance sheet date	¥129,367

### (Asset retirement obligations)

JICA has a building lease agreement for its head office building, and has an obligation to restore the building to its original state at the termination of the lease period. Therefore, the asset retirement obligations have been recorded. The estimate for the asset retirement obligations assumes a five-year lease period for the projected period of use and a discount rate of 0.529%.

The balance of the asset retirement obligations at the end of the current business year was ¥70,374,150.

**(Profit and loss under the equity method)**

JICA does not have any specific affiliated companies and, as such, does not prepare consolidated financial statements. However, profit or loss under the equity method related to affiliated companies is as follows:

Investment amount in affiliated companies	¥46,732,120,903
Investment amount when applying the equity method	¥74,623,313,236
Valuation gain on investments when applying the equity method	¥19,613,376,621

**(Additional information)**

Allowance for loan losses of ¥229,116 million and provision for contingent losses of ¥2,043 million were estimated based on the circumstances of each debtor and based on the assumption that the spread of COVID-19 will slow and prevention measures will be gradually lifted, resulting in an economic

recovery toward the end of 2020. These assumptions are consistent with the baseline scenario of the World Economic Outlook (WEO) announced by the International Monetary Fund (IMF) in April 2020. Since the situation related to COVID-19 is expected to remain highly uncertain worldwide, JICA may need to increase the allowance for loan losses and provision for contingent losses in subsequent business years if, for example, the debtors' credit rating deteriorates beyond current expectations over the medium to long term.

**(Significant contractual liabilities)**

Contract liabilities JICA is obliged to pay during the next business year and thereafter are ¥9,889,143,608.

**(Significant subsequent events)**

N/A

**Details of loans**

(Unit: Yen)

Classification	Balance at the beginning of the period	Increase during the period	Decrease during the period		Balance at the end of the period	Remarks
			Collection, etc.	Write-off		
Loans	12,300,293,753,275	1,097,084,894,053	782,532,547,954	0	12,614,846,099,374	
Claims probable in bankruptcy, claims probable in rehabilitation, and other	87,062,884,239	0	0	0	87,062,884,239	
Total	12,387,356,637,514	1,097,084,894,053	782,532,547,954	0	12,701,908,983,613	

**Details of borrowings**

(Unit: Yen)

Classification	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate (%)	Maturity date	Remarks
Borrowings from government fund for FILP	2,037,433,996,000	231,900,000,000	200,151,638,000	2,069,182,358,000 (106,613,302,000)	0.566	June 2020– January 2060	

\* Figures in parentheses ( ) indicate the amount of borrowings repayable within one year.

**Details of bonds**

(Unit: Millions of Yen, Thousands of US\$)

Security name	Balance at the beginning of the period	Increase during the period	Decrease during the period	Translation Adjustments	Balance at the end of the period	Coupon (%)	Maturity date	Remarks
FILP Agency Bonds	580,000	60,000	10,000	—	630,000 (0)	0.055– 2.470	December 2021– December 2049	
Japan International Cooperation Agency Government-guaranteed bonds	220,604 [2,000,000]	0 [0]	57,305 [500,000]	(2,219)	161,079 [1,500,000] (0)	2.125– 3.375	October 2026– June 2028	

\* Figures in parentheses ( ) indicate the amount of bonds redeemable within one year. The amount in [ ] is denominated in a foreign currency.

The financial statements have been audited by an accounting auditor as prescribed in Article 39 of the Act on General Rules for Incorporated Administrative Agencies.