

# Financial Conditions

## 1 Two-Year Financial Statements

### 1-1 General Account

#### Balance Sheet

(Unit: Millions of yen)

|  | As of<br>March 31, 2012 | As of<br>March 31, 2013 |   | As of<br>March 31, 2012 | As of<br>March 31, 2013 |
|--|-------------------------|-------------------------|---|-------------------------|-------------------------|
| <b>Assets</b>  |                         |                         | <b>Liabilities</b>                                    |                         |                         |
| I Current assets   |                         |                         | I Current liabilities                                 |                         |                         |
| Cash and bank deposits                                   | 57,339                  | 48,350                  | Management grant liabilities                          | —                       | 22,624                  |
| Marketable securities                                    | 76,000                  | 80,000                  | Funds for grant aid projects                          | 90,199                  | 95,993                  |
| Inventories  |                         |                         | Donations received                                    | 419                     | 449                     |
| Stored goods   | 411                     | 441                     | Accrued payments                                      | 21,831                  | 14,275                  |
| Costs on uncompleted programs                            | —                       | 146                     | Accrued expenses                                      | 291                     | 192                     |
| Advance payments   | 16,676                  | 13,044                  | Lease liabilities                                     | 95                      | 87                      |
| Prepaid expenses   | 190                     | 196                     | Deposit received                                      | 373                     | 662                     |
| Accrued income   | 18                      | 12                      | Deferred revenue                                      | 0                       | —                       |
| Accrued revenues   | 1,682                   | 1,509                   | Total current liabilities                             | 113,208                 | 134,282                 |
| Short-term loans of development investment and financing | 437                     | 418                     |   |                         |                         |
| Allowance for possible loan losses                       | (2)                     | (1)                     | II Fixed liabilities                                  |                         |                         |
| Short-term loans of migration investment and financing   | 267                     | 162                     | Property liabilities                                  |                         |                         |
| Allowance for possible loan losses                       | (2)                     | (6)                     | Property management grants                            | 2,059                   | 2,151                   |
| Consignment goods  | 3                       | 36                      | Property grants, etc                                  | 118                     | 99                      |
| Suspense payments  | 31                      | 20                      | Long-term lease liabilities                           | 38                      | 194                     |
| Advances paid  | 5                       | 4                       | Long-term deposits received                           | 114                     | 106                     |
| Total current assets                                     | 153,056                 | 144,331                 | Asset retirement obligation                           | 273                     | 274                     |
|  |                         |                         | Total fixed liabilities                               | 2,601                   | 2,825                   |
| II Fixed assets  |                         |                         | Total liabilities                                     | 115,809                 | 137,106                 |
| 1 Tangible fixed assets                                  |                         |                         |   |                         |                         |
| Buildings  | 45,937                  | 41,402                  | <b>Net assets</b>                                     |                         |                         |
| Accumulated depreciation                                 | (13,996)                | (13,812)                | I Capital   |                         |                         |
| Accumulated impairment loss                              | (2,823)                 | (242)                   | Governmental investment                               | 79,986                  | 67,279                  |
| Structures   | 1,583                   | 1,483                   | Total capital   | 79,986                  | 67,279                  |
| Accumulated depreciation                                 | (885)                   | (858)                   |   |                         |                         |
| Accumulated impairment loss                              | (18)                    | (0)                     | II Capital surplus                                    |                         |                         |
| Machines and equipment                                   | 195                     | 201                     | Capital surplus                                       | (770)                   | (954)                   |
| Accumulated depreciation                                 | (124)                   | (128)                   | Accumulated depreciation not included in expenses     | (15,496)                | (15,081)                |
| Vehicles and other transportation devices                | 1,948                   | 1,828                   | Accumulated impairment loss not included in expenses  | (3,377)                 | (647)                   |
| Accumulated depreciation                                 | (1,114)                 | (1,115)                 | Accumulated interest expense not included in expenses | (4)                     | (5)                     |
| Tools, instruments, and fixtures                         | 2,051                   | 2,077                   | Total capital surplus                                 | (19,646)                | (16,687)                |
| Accumulated depreciation                                 | (1,188)                 | (1,139)                 |   |                         |                         |
| Land   | 17,967                  | 16,990                  | III Retained earnings                                 |                         |                         |
| Accumulated impairment loss                              | (542)                   | (399)                   | Carryover reserve in the midterm period               | 1,946                   | 6,392                   |
| Construction in process                                  | 17                      | 10                      | Reserve   | 2,825                   | —                       |
| Total fixed assets                                       | 49,009                  | 46,297                  | Unappropriated income for the current year            | 24,750                  | (261)                   |
|  |                         |                         | [Total income for the current year]                   | [24,750]                | (261)                   |
| 2 Intangible fixed assets                                |                         |                         | Total retained earnings                               | 29,521                  | 6,131                   |
| Trademarks   | 2                       | 1                       |   |                         |                         |
| Telephone subscription rights                            | 4                       | 4                       | Total net assets                                      | 89,861                  | 56,723                  |
| Total intangible fixed assets                            | 6                       | 5                       |   |                         |                         |
| 3 Investment and other assets                            |                         |                         |   |                         |                         |
| Long-term deposits                                       | —                       | 210                     |   |                         |                         |
| Long-term loans of development investment and financing  | 1,842                   | 1,433                   |   |                         |                         |
| Allowance for possible loan losses                       | (137)                   | (131)                   |   |                         |                         |
| Long-term loans of migration investment and financing    | 1,354                   | 1,337                   |   |                         |                         |
| Allowance for possible loan losses                       | (981)                   | (1,195)                 |   |                         |                         |
| Long-term installment principal on sales of settlement   | 25                      | 18                      |   |                         |                         |
| Allowance for possible loan losses                       | (25)                    | (18)                    |   |                         |                         |
| Long-term prepaid expenses                               | 22                      | 24                      |   |                         |                         |
| Guarantee money paid                                     | 1,499                   | 1,519                   |   |                         |                         |
| Total investment and other assets                        | 3,599                   | 3,197                   |   |                         |                         |
| Total fixed assets                                       | 52,615                  | 49,499                  |   |                         |                         |
|  |                         |                         |   |                         |                         |
| Total assets   | 205,670                 | 193,830                 | Total of liabilities and net assets                   | 205,670                 | 193,830                 |

| Statement of Income  |                                  | (Unit: Millions of yen)          |  |
|--|----------------------------------|----------------------------------|--|
|  | April 1, 2011–<br>March 31, 2012 | April 1, 2012–<br>March 31, 2013 |  |
| <b>Ordinary expenses</b>   |                                  |                                  |  |
| Operating expenses   |                                  |                                  |  |
| Expenses for technical cooperation projects  | 76,595                           | 72,017                           |  |
| Expenses for grant aid projects  | 118                              | 193                              |  |
| Expenses for public participation based cooperation  | 16,847                           | 14,738                           |  |
| Expenses for emigration program  | 301                              | 300                              |  |
| Expenses for disaster relief activities  | 1,072                            | 629                              |  |
| Expenses for aid personnel recruitment and training  | 520                              | 351                              |  |
| Expenses for assistance promotion  | 11,844                           | 13,333                           |  |
| Expenses for operation support   | 6,423                            | 5,932                            |  |
| Expenses for accounting support  | 28,695                           | 28,242                           |  |
| Expenses for grant aid programs  | 83,433                           | 96,618                           |  |
| Contracted program expenses  | 868                              | 665                              |  |
| Expenses for donation projects   | 8                                | 15                               |  |
| Depreciation expenses  | 453                              | 494                              |  |
| General administrative expenses  | 8,837                            | 8,451                            |  |
| Provision of allowance for possible loan losses  | —                                | 226                              |  |
| Financial expenses   |                                  |                                  |  |
| Interest expense   | 0                                | —                                |  |
| Foreign exchange loss  | 468                              | 36                               |  |
| Miscellaneous loss   |                                  |                                  |  |
|  | 22                               | 7                                |  |
| Total ordinary expenses  | 236,503                          | 242,247                          |  |
| <b>Ordinary revenues</b>   |                                  |                                  |  |
| Revenues from management grants  |                                  |                                  |  |
|  | 173,619                          | 126,465                          |  |
| Revenues from grant aid programs   |                                  |                                  |  |
|  | 83,433                           | 96,618                           |  |
| Revenues from contracted programs  |                                  |                                  |  |
| Revenues from contracted programs from Japanese government and the local government agencies | 861                              | 614                              |  |
| Revenues from contracted programs from the other parties                                     | 9                                | 52                               |  |
| Revenues from development investment and financing   |                                  |                                  |  |
|  | 57                               | 44                               |  |
| Revenues from settlement affairs   |                                  |                                  |  |
|  | 3                                | 7                                |  |
| Revenues from migration investment and financing   |                                  |                                  |  |
|  | 47                               | 30                               |  |
| Donation revenues  |                                  |                                  |  |
|  | 8                                | 15                               |  |
| Transfer from allowance for possible loan losses   |                                  |                                  |  |
|  | 129                              | —                                |  |
| Transfer from liabilities for property management grants                                     |                                  |                                  |  |
|  | 549                              | 475                              |  |
| Transfer from liabilities for property grants  |                                  |                                  |  |
|  | 37                               | 32                               |  |
| Financial revenues   |                                  |                                  |  |
| Interest income  | 50                               | 16                               |  |
| Miscellaneous profits  |                                  |                                  |  |
|  | 2,327                            | 2,177                            |  |
| Total ordinary revenues  | 261,129                          | 226,546                          |  |
| Ordinary profits (Ordinary loss)   | 24,626                           | (15,701)                         |  |
| <b>Extraordinary losses</b>  |                                  |                                  |  |
| Loss on retirement of fixed assets   |                                  |                                  |  |
|  | 16                               | 16                               |  |
| Loss on sales of fixed assets  |                                  |                                  |  |
|  | 2                                | 5                                |  |
| Payment to national treasury   |                                  |                                  |  |
|  | 2                                | 1,999                            |  |
| Impairment loss  |                                  |                                  |  |
|  | 15                               | 3                                |  |
| <b>Extraordinary profit</b>  |                                  |                                  |  |
| Profit on sales of fixed assets  |                                  |                                  |  |
|  | 13                               | 8                                |  |
| <b>Net income (Net loss)</b>   | 24,604                           | (17,715)                         |  |
| <b>Reversal of surplus deposits from the previous mid-term period</b>                        |                                  |                                  |  |
|  | 146                              | 17,454                           |  |
| <b>Total income for the current year (Net loss)</b>  | 24,750                           | (261)                            |  |

| Statement of Cash Flows                                     |                                  | (Unit: Millions of yen)          |  |
|---|----------------------------------|----------------------------------|--|
|   | April 1, 2011–<br>March 31, 2012 | April 1, 2012–<br>March 31, 2013 |  |
| <b>I Cash flow from operating activities</b>                |                                  |                                  |  |
| Payment of operating expenses                               | (140,438)                        | (132,224)                        |  |
| Payments for grant aid projects                             | (83,496)                         | (98,052)                         |  |
| Payment of contracted program expenses                      | (1,536)                          | (765)                            |  |
| Payment of personnel costs                                  | (15,228)                         | (14,662)                         |  |
| Other operation payments                                    | (948)                            | (117)                            |  |
| Proceeds from management grants                             | 143,301                          | 149,663                          |  |
| Proceeds from grant aid programs                            | 106,702                          | 102,413                          |  |
| Proceeds from contracted programs                           | 1,024                            | 777                              |  |
| Loan interest income  | 109                              | 80                               |  |
| Proceeds from settlement affairs                            |                                  |                                  |  |
| Interest revenues   | 3                                | 7                                |  |
| Installment principal                                       | 6                                | 12                               |  |
| Donation revenues   | 27                               | 46                               |  |
| Other operation proceeds                                    | 3,040                            | 2,522                            |  |
| Subtotal  | 12,565                           | 9,698                            |  |
| Interest received   |                                  |                                  |  |
|   | 54                               | 16                               |  |
| Interest paid   |                                  |                                  |  |
|   | (0)                              | —                                |  |
| Payment to national treasury                                |                                  |                                  |  |
|   | —                                | (5,670)                          |  |
| Cash flow from operating activities                         | 12,619                           | 4,044                            |  |
| <b>II Cash flow from investing activities</b>               |                                  |                                  |  |
| Payments for purchase of fixed assets                       | (1,320)                          | (756)                            |  |
| Proceeds from sales of fixed assets                         | 1,016                            | 427                              |  |
| Proceeds from loans receivable                              | 940                              | 701                              |  |
| Putting money for time deposits                             | (450,000)                        | (178,000)                        |  |
| Proceeds from time deposit refund                           | 548,500                          | 178,323                          |  |
| Putting money for long-term deposits                        | —                                | (210)                            |  |
| Payments for purchase of negotiable certificates of deposit | (328,000)                        | (562,000)                        |  |
| Proceeds from negotiable certificates of deposit refunds    | 252,000                          | 558,000                          |  |
| Cash flow from investing activities                         | 23,136                           | (3,515)                          |  |
| <b>III Cash flow from financing activities</b>              |                                  |                                  |  |
| Repayment of lease liabilities                              | (99)                             | (138)                            |  |
| Payment to national treasury                                | —                                | (5,127)                          |  |
| Payment to national treasury of unnecessary property        | (1,166)                          | (3,831)                          |  |
| Cash flow from financing activities                         | (1,265)                          | (9,095)                          |  |
| <b>IV Effect of exchange rate fluctuation on funds</b>      |                                  |                                  |  |
|   | (393)                            | (100)                            |  |
| <b>V Net decrease in funds</b>                              |                                  |                                  |  |
|   | —                                | (8,666)                          |  |
| <b>VI Net increase in funds</b>                             |                                  |                                  |  |
|   | 34,096                           | —                                |  |
| <b>VII Funds at the beginning of year</b>                   |                                  |                                  |  |
|   | 17,920                           | 52,016                           |  |
| <b>VIII Funds at the end of year</b>                        |                                  |                                  |  |
|   | 52,016                           | 43,350                           |  |

## 1-2 Finance and Investment Account

## Balance Sheet

(Unit: Millions of yen)

|   | As of<br>March 31, 2012 | As of<br>March 31, 2013 |  | As of<br>March 31, 2012 | As of<br>March 31, 2013 |
|---|-------------------------|-------------------------|--|-------------------------|-------------------------|
| <b>Assets</b>   |                         |                         | <b>Liabilities</b>   |                         |                         |
| I Current assets  |                         |                         | I Current liabilities  |                         |                         |
| Cash and bank deposits  | 74,880                  | 58,820                  | Borrowings from government fund for Fiscal Investment and Loan Program due within one year | 323,204                 | 317,109                 |
| Loans   | 11,032,404              | 11,020,269              | Accrued payments   | 7,471                   | 5,557                   |
| Allowance for possible loan losses  | (131,589)               | (140,847)               | Accrued expenses   | 10,576                  | 9,446                   |
| Advance payments  | 4,701                   | 3,704                   | Derivatives  | 9,202                   | 33,989                  |
| Prepaid expenses  | 74                      | 77                      | Lease liabilities  | 86                      | 79                      |
| Accrued income  |                         |                         | Deposit received   | 46                      | 29                      |
| Accrued interest on loans receivable  | 46,170                  | 41,539                  | Allowance  |                         |                         |
| Accrued commitment charges  | 816                     | 1,307                   | Allowance for bonuses  | 207                     | 188                     |
| Accrued interest receivable   | 2                       | 2                       | Allowance for contingent losses  | —                       | 20,196                  |
| Accrued revenues  | 410                     | 358                     | Suspense receipt   | 723                     | 213                     |
| Consignment goods   | 1                       | 9                       | Total current liabilities  | 351,514                 | 386,807                 |
| Suspense payments   | 3                       | 2                       |  |                         |                         |
| Advances paid   | 0                       | 0                       | II Fixed liabilities   |                         |                         |
| Emission reduction assets   | 303                     | —                       | Bonds  | 200,000                 | 260,000                 |
| Derivatives   | —                       | —                       | Borrowings from government fund for Fiscal Investment and Loan Program                     | 1,896,771               | 1,662,561               |
| Guarantee money paid  | 7,621                   | 25,833                  | Long-term lease liabilities  | 194                     | 164                     |
| Total current assets  | 11,035,796              | 11,011,073              | Allowance for retirement benefits  | 7,777                   | 8,018                   |
|   |                         |                         | Asset retirement obligation  | 70                      | 70                      |
| II Fixed assets   |                         |                         | Total fixed liabilities  | 2,104,810               | 1,930,813               |
| 1 Tangible fixed assets   |                         |                         | Total liabilities  | 2,456,324               | 2,317,620               |
| Buildings   | 3,150                   | 3,159                   |  |                         |                         |
| Accumulated depreciation  | (496)                   | (614)                   | <b>Net assets</b>  |                         |                         |
| Accumulated impairment loss   | (675)                   | (675)                   | I Capital  |                         |                         |
| Structures  | 50                      | 50                      | Governmental investment  | 7,664,456               | 7,714,798               |
| Accumulated depreciation  | (12)                    | (14)                    | Total capital  | 7,664,456               | 7,714,798               |
| Accumulated impairment loss   | (12)                    | (12)                    |  |                         |                         |
| Machines and equipment  | 194                     | 195                     | II Retained earnings   |                         |                         |
| Accumulated depreciation  | (48)                    | (52)                    | Reserve  | 942,223                 | 1,036,291               |
| Accumulated impairment loss   | (102)                   | (102)                   | Unappropriated income for the current year   | 94,068                  | 93,497                  |
| Vehicles and other transportation devices                                       | 294                     | 313                     | [Total income for the current year]  | [94,068]                | [93,497]                |
| Accumulated depreciation  | (126)                   | (169)                   | Total retained earnings  | 1,036,291               | 1,129,789               |
| Tools, instruments, and fixtures  | 547                     | 555                     |  |                         |                         |
| Accumulated depreciation  | (157)                   | (214)                   | III Valuation and translation adjustments  |                         |                         |
| Land  | 12,703                  | 12,703                  | Net unrealized gains on other securities   | (45)                    | (1)                     |
| Accumulated impairment loss   | (6,091)                 | (6,091)                 | Deferred gains or losses on hedges   | (8,382)                 | (32,706)                |
| Construction in process   | 3                       | 2                       | Total valuation and translation adjustments  | (8,427)                 | (32,708)                |
| Total fixed assets  | 9,222                   | 9,035                   | Total net assets   | 8,692,321               | 8,811,879               |
| 2 Intangible fixed assets   |                         |                         |  |                         |                         |
| Trademarks  | 0                       | 0                       |  |                         |                         |
| Total intangible fixed assets   | 0                       | 0                       |  |                         |                         |
| 3 Investment and other assets   |                         |                         |  |                         |                         |
| Investment securities   | 5,502                   | 46                      |  |                         |                         |
| Affiliated companies stock  | 97,312                  | 76,473                  |  |                         |                         |
| Claims in bankruptcy, rehabilitation, reorganization or other equivalent claims | 24,557                  | 72,617                  |  |                         |                         |
| Allowance for possible loan losses  | (24,557)                | (40,577)                |  |                         |                         |
| Long-term prepaid expenses  | 5                       | 6                       |  |                         |                         |
| Guarantee money paid  | 807                     | 827                     |  |                         |                         |
| Total investment and other assets   | 103,626                 | 109,391                 |  |                         |                         |
| Total fixed assets  | 112,849                 | 118,426                 |  |                         |                         |
| Total assets  | 11,148,645              | 11,129,499              | Total of liabilities and net assets  | 11,148,645              | 11,129,499              |

| Statement of Income  |                                  | (Unit: Millions of yen)          |  |
|--|----------------------------------|----------------------------------|--|
|  | April 1, 2011–<br>March 31, 2012 | April 1, 2012–<br>March 31, 2013 |  |
| <b>Ordinary expenses</b>   |                                  |                                  |  |
| Expenses related to operations of cooperation through finance and investment |                                  |                                  |  |
| Interest on bonds and notes  | 3,627                            | 4,334                            |  |
| Interest on borrowings   | 35,646                           | 31,348                           |  |
| Interest on interest swaps   | 6,126                            | 8,297                            |  |
| Outsourcing expenses   | 22,564                           | 21,031                           |  |
| Bond issuance expenses   | 346                              | 354                              |  |
| Foreign exchange loss  | 39                               | 5                                |  |
| Personnel expenses   | 3,351                            | 2,993                            |  |
| Provision for allowance for bonuses  | 6                                | 188                              |  |
| Retirement benefit expenses  | 543                              | 665                              |  |
| Property expenses  | 11,749                           | 12,795                           |  |
| Depreciation expenses  | 405                              | 281                              |  |
| Taxes  | 120                              | 90                               |  |
| Loss on valuation of investment securities                                   | 314                              | 43                               |  |
| Loss on valuation of affiliated companies stock                              | 4,184                            | 196                              |  |
| Interest expenses  | 0                                | 0                                |  |
| Provision of allowance for possible loan losses                              | 35,535                           | 25,278                           |  |
| Provision of allowance for contingent losses                                 | —                                | 20,196                           |  |
| Other operating expenses   | —                                | 124                              |  |
| Other ordinary expenses  | 0                                | 486                              |  |
| Total ordinary expenses  | 124,557                          | 128,703                          |  |
| <b>Ordinary revenues</b>   |                                  |                                  |  |
| Revenues from operations of cooperation through finance and investment       |                                  |                                  |  |
| Interest on loans  | 196,680                          | 184,958                          |  |
| Interest on government bonds, etc.   | 22                               | 13                               |  |
| Dividends on investments   | 19,964                           | 27,520                           |  |
| Commissions  | 2,124                            | 2,775                            |  |
| Profit on valuation of investment securities                                 | —                                | 5,778                            |  |
| Profit on valuation of affiliated companies stock                            | —                                | 505                              |  |
| Other ordinary revenues  | 245                              | —                                |  |
| Financial revenues   |                                  |                                  |  |
| Interest income  | 13                               | 26                               |  |
| Miscellaneous profits  | 479                              | 477                              |  |
| Recoveries of written-off claims   | —                                | 150                              |  |
| Total ordinary revenues  | 219,527                          | 222,202                          |  |
| Ordinary profits   | 94,970                           | 93,499                           |  |
| <b>Extraordinary losses</b>  |                                  |                                  |  |
| Loss on retirement of fixed assets   | 1                                | 1                                |  |
| Loss on sales of fixed assets  | 903                              | 1                                |  |
| Total extraordinary loss   | 904                              | 2                                |  |
| <b>Extraordinary profit</b>  |                                  |                                  |  |
| Profit on sales of fixed assets  | 2                                | 0                                |  |
| Total extraordinary profits  | 2                                | 0                                |  |
| <b>Net income</b>  | 94,068                           | 93,497                           |  |
| <b>Total income for the current year</b>                                     | 94,068                           | 93,497                           |  |

| Statement of Cash Flows  |                                  | (Unit: Millions of yen)          |  |
|--|----------------------------------|----------------------------------|--|
|  | April 1, 2011–<br>March 31, 2012 | April 1, 2012–<br>March 31, 2013 |  |
| <b>I Cash flow from operating activities</b>   |                                  |                                  |  |
| Payments for loans   | (609,734)                        | (665,481)                        |  |
| Repayment of borrowings from the private sector                                      | (31,000)                         | (66,800)                         |  |
| Repayment of borrowings from government fund for Fiscal Investment and Loan Program  | (318,067)                        | (323,204)                        |  |
| Interest paid  | (45,835)                         | (44,754)                         |  |
| Payment of personnel costs   | (3,817)                          | (3,628)                          |  |
| Other operation payments   | (48,069)                         | (92,758)                         |  |
| Proceeds from collection of loans receivable   | 629,000                          | 629,557                          |  |
| Proceeds from borrowings from the private sector                                     | 31,000                           | 66,800                           |  |
| Proceeds from borrowings from government fund for Fiscal Investment and Loan Program | 78,200                           | 82,900                           |  |
| Proceeds from issuance of bonds  | 59,654                           | 59,646                           |  |
| Loan interest income   | 198,163                          | 189,588                          |  |
| Commission income  | —                                | 2,285                            |  |
| Other operation proceeds   | 11,289                           | 39,842                           |  |
| Subtotal   | (49,215)                         | (126,007)                        |  |
| Interest and dividend income   | 19,999                           | 27,555                           |  |
| Cash flow from operating activities  | (29,215)                         | (98,452)                         |  |
| <b>II Cash flow from investing activities</b>  |                                  |                                  |  |
| Payments for purchase of fixed assets  | (72)                             | (45)                             |  |
| Proceeds from sales of fixed assets  | 412                              | 2                                |  |
| Payments for purchase of investment securities                                       | (11)                             | (46)                             |  |
| Proceeds from the sales and collection of investment securities                      | 143                              | 11,096                           |  |
| Payments for purchase of affiliated companies stock                                  | —                                | (228)                            |  |
| Proceeds from the sales and collection of affiliated companies stock                 | 10,539                           | 21,367                           |  |
| Payments for purchase of negotiable certificates of deposit                          | (658,300)                        | (292,900)                        |  |
| Proceeds from negotiable certificates of deposit refunds                             | 658,300                          | 292,900                          |  |
| Cash flow from investing activities  | 11,010                           | 32,144                           |  |
| <b>III Cash flow from financing activities</b>                                       |                                  |                                  |  |
| Repayment of lease liabilities   | (208)                            | (94)                             |  |
| Proceeds from government investment  | 41,900                           | 50,342                           |  |
| Cash flow from financing activities  | 41,692                           | 50,248                           |  |
| <b>IV Net increase/decrease in funds</b>   | 23,487                           | (16,060)                         |  |
| <b>V Funds at the beginning of year</b>  | 51,393                           | 74,880                           |  |
| <b>VI Funds at the end of year</b>   | 74,880                           | 58,820                           |  |

## 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, %)

|                              | FY2011          |           |       | FY2012          |           |       |
|------------------------------|-----------------|-----------|-------|-----------------|-----------|-------|
|                              | Average Balance | Interest* | Yield | Average Balance | Interest* | Yield |
| Interest-earning assets      | 11,185,503      | 214,305   | 1.92  | 11,186,221      | 221,337   | 1.98  |
| Loans                        | 10,998,877      | 198,804   | 1.81  | 11,002,761      | 187,733   | 1.71  |
| Investments                  | 108,199         | 15,466    | 14.29 | 84,868          | 33,564    | 39.55 |
| Deposits + Securities        | 78,427          | 35        | 0.04  | 98,592          | 39        | 0.04  |
| Interest-bearing liabilities | 2,478,806       | 39,274    | 1.58  | 2,294,365       | 35,683    | 1.56  |
| Borrowings                   | 2,307,057       | 35,646    | 1.55  | 2,063,242       | 31,348    | 1.52  |
| Bonds                        | 171,749         | 3,627     | 2.11  | 231,123         | 4,334     | 1.88  |

\* Investments include investment securities and affiliated companies stock. Dividends received, profit and loss associated with the valuation of investment securities, and profit and loss associated with the valuation of affiliated companies stock are recorded as interest items.

### Balance of Deposits and Securities—Application of Surplus Funds

(Unit: Millions of yen)

|                       | End of FY2011 | End of FY2012 |
|-----------------------|---------------|---------------|
| Deposits + Securities | 74,880        | 58,820        |

### Yield/Interest rate

(Unit: %)

|                                       | FY2011 | FY2012 |
|---------------------------------------|--------|--------|
| Total average interest rate spread    | (1.49) | (1.62) |
| Yields on interest-earning assets     | 1.92   | 1.98   |
| Costs of interest-bearing liabilities | 3.41   | 3.60   |

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 Government Bonds, etc. + Dividends on Investments + Interest Income + Commissions + Profit and Loss Associated with the Valuation of Investment Securities / Affiliated Companies Stock

Average Balance of Interest-Earning Assets = Loans + Investments + Bank Deposits (excluding Checking Accounts)

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

Bonds and Notes Expenses = Bonds and Notes Issuance Costs

Other Expenses = Outsourcing Expenses + Personnel Expenses (including Provisions to Allowance for Retirement Benefits/Bonuses) + Property Expenses + Depreciation Costs + Tax

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

### Breakdown of Allowance for Possible Loan Losses

(Unit: Millions of yen)

|   | End of FY2011 | End of FY2012 |
|---|---------------|---------------|
| Loans   | 131,589       | 140,847       |
| Claims in bankruptcy, rehabilitation, reorganization or other equivalent claims | 24,557        | 40,577        |
| Total   | 156,147       | 181,424       |

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 and the deductions of the amount expected to be collected through the disposal of collateral and execution of guarantees. 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 assessment of the overall solvency of the debtors after deducting the amount expected to be collected through the disposal of collateral and the execution of guarantees or making a direct deduction. 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.

All claims are assessed initially by the operational departments and secondly by risk evaluation departments based on internal rules for self-assessment of asset quality. The internal audit department, which is independent from the operational departments, reviews these self-assessments, and the allowance is provided based on the results of the assessments.

### Principal Assets in Foreign Currency

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

|                                  | End of FY2011 | End of FY2012 |
|----------------------------------|---------------|---------------|
| Affiliated companies stock (PKR) | —             | 174,920       |
| Investment securities (US \$)    | 1,787         | 361           |
| Investment securities (INR)      | 33,603        | 2,895         |

**Maturity Structure of Loans as of March 31, 2013**

(Unit: Billions of yen)

| Maturity                      | Collection from Loans |
|-------------------------------|-----------------------|
| 1 year or less                | 6,718                 |
| over 1 year, up to 2 years    | 6,659                 |
| over 2 years, up to 3 years   | 6,755                 |
| over 3 years, up to 4 years   | 6,741                 |
| over 4 years, up to 5 years   | 6,915                 |
| over 5 years, up to 10 years  | 31,018                |
| over 10 years, up to 15 years | 20,018                |
| over 15 years, up to 20 years | 11,804                |
| over 20 years, up to 25 years | 8,238                 |
| over 25 years, up to 30 years | 4,254                 |
| over 30 years, up to 35 years | 1,365                 |
| over 35 years, up to 40 years | 181                   |
| over 40 years                 | 0                     |
| Total                         | 110,666               |

Note: The figures exclude principal in arrears for over three months as of the end of March 2013 from the total projected collection from "Loans" and "Claims in bankruptcy, rehabilitation, reorganization or other equivalent claims."

**Maturity Structure of Long-Term Borrowings as of March 31, 2013**

(Unit: Billions of yen)

| Maturity                      | Repayment of Borrowings |
|-------------------------------|-------------------------|
| 1 year or less                | 317.1                   |
| over 1 year, up to 2 years    | 275.9                   |
| over 2 years, up to 3 years   | 244.4                   |
| over 3 years, up to 4 years   | 218.5                   |
| over 4 years, up to 5 years   | 182.5                   |
| over 5 years, up to 10 years  | 498.6                   |
| over 10 years, up to 15 years | 135.3                   |
| over 15 years, up to 20 years | 69.5                    |
| over 20 years, up to 25 years | 37.8                    |
| over 25 years                 | 0.0                     |
| Total                         | 1,979.7                 |

**Maturity Structure of Bonds as of March 31, 2013**

(Unit: Billions of yen)

| Maturity                      | Redemption |
|-------------------------------|------------|
| 1 year or less                | 0.0        |
| over 1 year, up to 2 years    | 0.0        |
| 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   | 0.0        |
| over 5 years, up to 10 years  | 50.0       |
| over 10 years, up to 15 years | 15.0       |
| over 15 years, up to 20 years | 180.0      |
| over 20 years, up to 25 years | 0.0        |
| over 25 years, up to 30 years | 5.0        |
| over 30 years                 | 0.0        |
| Total                         | 260.0      |

## 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. 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).

### 1 Risk Monitored Loans

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 commercial financial institutions (under the Banking Act). Each category of Risk Monitored Loans is defined as follows:

#### (1) Loans to Debtor in Legal Bankruptcy

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. <sup>(Note 1)</sup>

#### (2) Past Due Loans

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” <sup>(Note 2)</sup>

(Unit: Millions of yen)

|                                      | March 2013 Reporting Period |
|--------------------------------------|-----------------------------|
| Loans to Debtor in Legal Bankruptcy  | —                           |
| Past Due Loans                       | 72,617                      |
| Loans in Arrears by 3 Months or More | 18,957                      |
| Restructured Loans                   | 822,681                     |
| Total (1)                            | 914,254                     |
| Balance of Loans Receivable (2)      | 11,092,886                  |
| (1)/(2)                              | 8.24%                       |

### 2 Loan Assets Required to Be Disclosed under the Financial Revitalization Act

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)”. <sup>(Note 2)</sup>

#### (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”.

(Unit: Millions of yen)

|   |  | March 2013 Reporting Period |         |
|---|--|-----------------------------|---------|
| Loans Payable*1<br>(% of total credit transactions) | Bankrupt or De Facto Bankrupt Assets                               | —                           | —       |
|   | Doubtful Assets  | 72,617                      | (0.65)  |
|   | Special Attention Assets   | 841,637                     | (7.56)  |
|   | Sub Total  | 914,254                     | (8.21)  |
|   | Normally Performing Assets   | 10,221,478                  | (91.79) |
| Loan-loss Reserve*1                                 | Bankrupt or De Facto Bankrupt Assets                               | —                           | —       |
|   | Doubtful Assets  | 40,577                      | —       |
|   | Special Attention Assets   | 88,453                      | —       |
|   | Sub Total  | 129,030                     | —       |
|   | General Loan-loss Reserve for loans not requiring close monitoring | 52,394                      | —       |
|   | Special Allowance for Foreign Debt                                 | —                           | —       |
| Total   | 181,424  | —                           |         |
| Collateral / Guarantees                             | Bankrupt or De Facto Bankrupt Assets                               | —                           | —       |
|   | Doubtful Assets  | —                           | —       |
|   | Special Attention Assets   | —                           | —       |
|   | Sub Total  | —                           | —       |
| Coverage Amount*2<br>Coverage Ratio, (%)            | Bankrupt or De Facto Bankrupt Assets                               | —                           | —       |
|   | Doubtful Assets  | 40,577                      | (55.88) |
|   | Special Attention Assets   | 88,453                      | (10.51) |
|   | Sub Total  | 129,030                     | (14.11) |

\*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.

## (Note 1)

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".

## (Note 2)

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 ¥1,066,485 million as of the end of FY2012. Debt from debtor nations classified as debtor nation of concern that received approval for rescheduling measures, in principle, classified as "Restructured Loans", excluding debt classified as "Loans in Arrears by 3 Months or More". These debts account for ¥822,681 million (of this amount the deferred principal totals ¥729,072 million) under the category "Restructured Loans" in the above chart.