

# JICA 2014

JAPAN INTERNATIONAL COOPERATION AGENCY

SUPPLEMENT TO THE ANNUAL REPORT





# Financial Conditions

## 1 Two-Year Financial Statements

### 1-1 General Account

#### Balance Sheet

(Unit: Millions of yen)

	As of March 31, 2013	As of March 31, 2014		As of March 31, 2013	As of March 31, 2014
<b>Assets</b>			<b>Liabilities</b>		
I. Current assets			I. Current liabilities		
Cash and deposits	48,350	54,695	Operational grant liabilities	22,624	31,732
Securities	80,000	100,000	Funds for grant aid	95,993	115,082
Inventories			Donations received	449	342
Stored goods	441	377	Accounts payable	14,275	16,764
Payments for uncompleted contracted programs	146	884	Accrued expenses	192	210
Advance payments	13,044	13,970	Lease obligations	87	119
Prepaid expenses	196	212	Advance payments received	—	1,000
Accrued income	12	9	Deposits received	662	559
Accounts receivable	1,509	3,281	<b>Total current liabilities</b>	<b>134,282</b>	<b>165,807</b>
Short-term loans for development projects	418	416			
Allowance for loan losses	(1)	(1)	II. Non-current liabilities		
Short-term loans for emigration projects	162	110	Contra accounts for assets		
Allowance for loan losses	(6)	(5)	Contra accounts for assets funded by operational grants	2,151	2,006
Consignment goods	36	—	Contra accounts for assets funded by subsidies, etc.	99	73
Suspense payments	20	16	Contra accounts for construction in progress funded by subsidy for facilities	—	19
Advances paid	4	3	Long-term lease obligations	194	249
<b>Total current assets</b>	<b>144,331</b>	<b>173,967</b>	Long-term deposits received	106	116
			Asset retirement obligations	274	276
II. Non-current assets			<b>Total non-current liabilities</b>	<b>2,825</b>	<b>2,740</b>
1. Tangible assets			<b>Total liabilities</b>	<b>137,106</b>	<b>168,547</b>
Buildings	41,402	42,556			
Accumulated depreciation	(13,812)	(14,798)	<b>Net assets</b>		
Accumulated impairment loss	(242)	(261)	I. Capital		
Structures	1,483	1,536	Government investment	67,279	66,701
Accumulated depreciation	(858)	(917)	<b>Total capital</b>	<b>67,279</b>	<b>66,701</b>
Accumulated impairment loss	(0)	(1)			
Machinery and equipment	201	189	II. Capital surplus		
Accumulated depreciation	(128)	(121)	Capital surplus	(954)	325
Vehicles	1,828	1,842	Accumulated depreciation not included in expenses	(15,081)	(16,055)
Accumulated depreciation	(1,115)	(1,188)	Accumulated impairment loss not included in expenses	(647)	(770)
Tools, furniture and fixtures	2,077	2,165	Accumulated interest expenses not included in expenses	(5)	(7)
Accumulated depreciation	(1,139)	(1,194)	<b>Total capital surplus</b>	<b>(16,687)</b>	<b>(16,507)</b>
Land	16,990	16,755			
Accumulated impairment loss	(399)	(503)	III. Retained earnings		
Construction in progress	10	19	Reserve fund carried over from the previous Mid-term Objective period	6,392	2,503
<b>Total tangible assets</b>	<b>46,297</b>	<b>46,077</b>	Unappropriated income for the current business year	(261)	1,682
			[Total income for the current business year]	[(261)]	[1,943]
2. Intangible assets			<b>Total retained earnings</b>	<b>6,131</b>	<b>4,185</b>
Trademark right	1	1			
Telephone subscription right	4	4	<b>Total net assets</b>	<b>56,723</b>	<b>54,378</b>
<b>Total intangible assets</b>	<b>5</b>	<b>5</b>			
3. Investments and other assets					
Long-term deposits	210	300			
Long-term loans for development projects	1,433	1,013			
Allowance for loan losses	(131)	(131)			
Long-term loans for emigration projects	1,337	1,036			
Allowance for loan losses	(1,195)	(919)			
Long-term installments receivable on settlement projects	18	11			
Allowance for loan losses	(18)	(11)			
Long-term prepaid expenses	24	34			
Long-term guarantee deposits	1,519	1,543			
<b>Total investments and other assets</b>	<b>3,197</b>	<b>2,876</b>			
<b>Total non-current assets</b>	<b>49,499</b>	<b>48,958</b>			
<b>Total assets</b>	<b>193,830</b>	<b>222,925</b>	<b>Total of liabilities and net assets</b>	<b>193,830</b>	<b>222,925</b>

## Statement of Income

(Unit: Millions of yen)

	April 1, 2012– March 31, 2013	April 1, 2013– March 31, 2014
<b>Ordinary expenses</b>		
Operating expenses		
Expenses for technical cooperation projects	72,017	75,659
Expenses for grant aid (operation support)	193	146
Expenses for public participation-based cooperation	14,738	14,683
Expenses for emigration projects	300	303
Expenses for disaster relief activities	629	800
Expenses for training and securing the personnel	351	176
Expenses for assistance promotion	13,333	13,804
Expenses related to operation	5,932	5,810
Expenses for operation support	28,242	27,743
Expenses for grant aid	96,618	85,423
Expenses for facilities	—	126
Expenses for contracted programs	665	396
Expenses for donation projects	15	121
Depreciation	494	434
General administrative expenses	8,451	8,676
Provision of allowance for possible loan losses	226	—
Financial expenses		
Foreign exchange losses	36	27
Miscellaneous loss	7	11
Total ordinary expenses	242,247	234,337
<b>Ordinary revenues</b>		
Revenues from operational grants	126,465	143,523
Revenues from grant aid	96,618	85,423
Revenues from contracted programs		
Revenues from contracted programs from Japanese government and local governments	614	311
Revenues from contracted programs from other parties	52	92
Revenues from interest on development projects	44	33
Revenues from settlement projects	7	12
Revenues from emigration projects	30	57
Donation revenues	15	121
Revenues from subsidy for facilities	—	109
Reversal of allowance for loan losses	—	284
Reversal of contra accounts for assets funded by operational grants	475	459
Reversal of contra accounts for assets funded by subsidies, etc.	32	34
Financial revenues		
Interest income	16	25
Miscellaneous income	2,177	1,929
Total ordinary revenues	226,546	232,411
Ordinary loss	(15,701)	(1,926)
<b>Extraordinary losses</b>		
Loss on disposal of non-current assets	16	29
Loss on sales of non-current assets	5	3
Payment to national treasury	1,999	—
Impairment loss	3	—
<b>Extraordinary income</b>		
Gain on sales of non-current assets	8	7
<b>Net loss</b>	(17,715)	(1,951)
<b>Reversal of reserve fund carried over from the previous Mid-term Objective period</b>	17,454	3,894
<b>Total income for the current business year (Net loss)</b>	(261)	1,943

## Statement of Cash Flows

(Unit: Millions of yen)

	April 1, 2012– March 31, 2013	April 1, 2013– March 31, 2014
<b>I. Cash flows from operating activities</b>		
Payments of operating expenses	(132,224)	(132,534)
Payments for grant aid	(98,052)	(85,366)
Payments for contracted programs	(765)	(1,020)
Payments of personnel expenses	(14,662)	(14,874)
Payments for other operations	(117)	(718)
Proceeds from operational grants	149,663	152,973
Proceeds from grant aid	102,413	104,512
Proceeds from contracted programs	777	1,279
Proceeds from interest on loans	80	94
Proceeds from settlement projects		
Interest revenues	7	12
Installments receivable	12	9
Donation revenues	46	14
Proceeds from other operations	2,522	2,283
Subtotal	9,698	26,665
Interest income received	16	25
Payment to national treasury	(5,670)	—
Net cash provided by operating activities	4,044	26,690
<b>II. Cash flows from investing activities</b>		
Payments for purchase of non-current assets	(756)	(1,065)
Proceeds from sales of non-current assets	427	453
Proceeds from collection of loans	701	883
Payments into time deposits	(178,000)	(346,000)
Proceeds from time deposit refund	178,323	331,000
Payments into long-term deposits	(210)	(90)
Payments for purchase of negotiable deposits	(562,000)	(786,000)
Proceeds from refund of negotiable deposits	558,000	766,000
Net cash used in investing activities	(3,515)	(34,818)
<b>III. Cash flows from financing activities</b>		
Repayments of lease obligations	(138)	(92)
Payment to national treasury	(5,127)	—
Payments to national treasury for unnecessary property	(3,831)	(425)
Net cash used in financing activities	(9,095)	(517)
<b>IV. Effect of exchange rate fluctuation on funds</b>	(100)	(9)
<b>V. Net decrease in funds</b>	(8,666)	(8,655)
<b>VI. Funds at the beginning of the business year</b>	52,016	43,350
<b>VII. Funds at the end of the business year</b>	43,350	34,695

## 1-2 Finance and Investment Account

## Balance Sheet

(Unit: Millions of yen)

	As of March 31, 2013	As of March 31, 2014		As of March 31, 2013	As of March 31, 2014
<b>Assets</b>			<b>Liabilities</b>		
<b>I. Current assets</b>			<b>I. Current liabilities</b>		
Cash and deposits	58,820	66,376	Current portion of borrowings from government fund for Fiscal Investment and Loan Program	317,109	275,876
Loans	11,020,269	11,068,669	Accounts payable	5,557	6,662
Allowance for loan losses	(140,847)	(142,613)	Accrued expenses	9,446	8,461
Advance payments	3,704	4,088	Derivatives	33,989	21,511
Prepaid expenses	77	81	Lease obligations	79	87
Accrued income			Deposits received	29	21
Accrued interest on loans	41,539	39,185	Unearned revenue	—	174
Accrued commitment charges	1,307	1,272	Provision		
Accrued interest	2	2	Provision for bonuses	188	209
Accounts receivable	358	449	Provision for contingent losses	20,196	9,220
Consignment goods	9	—	Suspense receipt	213	1
Suspense payments	2	2	<b>Total current liabilities</b>	<b>386,807</b>	<b>322,221</b>
Advances paid	0	0			
Short-term guarantee deposits	25,833	17,289	<b>II. Non-current liabilities</b>		
<b>Total current assets</b>	<b>11,011,073</b>	<b>11,054,800</b>	Bonds	260,000	320,000
			Borrowings from government fund for Fiscal Investment and Loan Program	1,662,561	1,506,086
<b>II. Non-current assets</b>			Long-term lease obligations	164	117
<b>1. Tangible assets</b>			Long-term deposits received	—	9
Buildings	3,159	3,193	Provision for retirement benefits	8,018	7,892
Accumulated depreciation	(614)	(711)	Asset retirement obligations	70	70
Accumulated impairment loss	(675)	(675)	<b>Total non-current liabilities</b>	<b>1,930,813</b>	<b>1,834,175</b>
Structures	50	50	<b>Total liabilities</b>	<b>2,317,620</b>	<b>2,156,396</b>
Accumulated depreciation	(14)	(17)			
Accumulated impairment loss	(12)	(12)	<b>Net assets</b>		
Machinery and equipment	195	195	<b>I. Capital</b>		
Accumulated depreciation	(52)	(55)	Government investment	7,714,798	7,765,398
Accumulated impairment loss	(102)	(102)	<b>Total capital</b>	<b>7,714,798</b>	<b>7,765,398</b>
Vehicles	313	342	<b>II. Retained earnings</b>		
Accumulated depreciation	(169)	(205)	Reserve fund	1,036,291	1,129,789
Tools, furniture and fixtures	555	594	Unappropriated income for the current business year	93,497	125,569
Accumulated depreciation	(214)	(307)	[Total income for the current business year]	[93,497]	[125,569]
Land	12,703	12,703	<b>Total retained earnings</b>	<b>1,129,789</b>	<b>1,255,358</b>
Accumulated impairment loss	(6,091)	(6,091)			
Construction in progress	2	—	<b>III. Valuation and translation adjustments</b>		
<b>Total tangible assets</b>	<b>9,035</b>	<b>8,902</b>	Net unrealized gains on other securities	(1)	—
			Deferred gains or losses on hedges	(32,706)	(23,303)
<b>2. Intangible assets</b>			<b>Total valuation and translation adjustments</b>	<b>(32,708)</b>	<b>(23,303)</b>
Trademark right	0	0	<b>Total net assets</b>	<b>8,811,879</b>	<b>8,997,452</b>
<b>Total intangible assets</b>	<b>0</b>	<b>0</b>			
			<b>Total of liabilities and net assets</b>	<b>11,129,499</b>	<b>11,153,848</b>
<b>3. Investments and other assets</b>					
Investment securities	46	0			
Shares of affiliated companies	76,473	67,298			
Claims probable in bankruptcy, claims probable in rehabilitation and other	72,617	68,575			
Allowance for loan losses	(40,577)	(46,566)			
Long-term prepaid expenses	6	8			
Long-term guarantee deposits	827	831			
<b>Total investments and other assets</b>	<b>109,391</b>	<b>90,146</b>			
<b>Total non-current assets</b>	<b>118,426</b>	<b>99,048</b>			
<b>Total assets</b>	<b>11,129,499</b>	<b>11,153,848</b>			

## Statement of Income

(Unit: Millions of yen)

	April 1, 2012– March 31, 2013	April 1, 2013– March 31, 2014
<b>Ordinary expenses</b>		
Expenses related to operations of cooperation through finance and investment		
Interest on bonds and notes	4,334	4,950
Interest on borrowings	31,348	27,388
Interest on interest rate swaps	8,297	10,147
Operations consignment expenses	21,031	21,278
Bond issuance cost	354	307
Foreign exchange losses	5	17
Personnel expenses	2,993	3,057
Provision for bonuses	188	209
Retirement benefit expenses	665	251
Operating and administrative expenses	12,795	12,669
Depreciation	281	257
Taxes	90	84
Loss on valuation of investment securities	43	2
Loss on valuation of shares of affiliated companies	196	3,906
Interest expenses	0	0
Provision of allowance for loan losses	25,278	7,755
Provision for contingent losses	20,196	—
Other operating expenses	124	—
Other ordinary expenses	486	0
Total ordinary expenses	128,703	92,278
<b>Ordinary revenues</b>		
Revenues from operations of cooperation through finance and investment		
Interest on loans	184,958	178,962
Interest on bonds	13	11
Dividends on investments	27,520	24,430
Commissions	2,775	3,126
Gain on valuation of investment securities	5,778	8
Gain on valuation of shares of affiliated companies	505	—
Reversal of provision for contingent losses	—	10,877
Other operating revenues	—	5
Financial revenues		
Interest income	26	23
Miscellaneous income	477	386
Recoveries of written-off claims	150	19
Total ordinary revenues	222,202	217,847
Ordinary income	93,499	125,570
<b>Extraordinary losses</b>		
Loss on disposal of non-current assets	1	1
Loss on sales of non-current assets	1	0
Total extraordinary losses	2	1
<b>Extraordinary income</b>		
Gain on sales of non-current assets	0	0
Total extraordinary income	0	0
<b>Net income</b>	93,497	125,569
<b>Total income for the current business year</b>	93,497	125,569

## Statement of Cash Flows

(Unit: Millions of yen)

	April 1, 2012– March 31, 2013	April 1, 2013– March 31, 2014
<b>I. Cash flows from operating activities</b>		
Payments for loans	(665,481)	(742,635)
Repayments of borrowings from the private sector	(66,800)	(91,700)
Repayments of borrowings from government fund for Fiscal Investment and Loan Program	(323,204)	(317,109)
Interest expenses paid	(44,754)	(46,551)
Payments of personnel expenses	(3,628)	(3,621)
Payments for other operations	(92,758)	(100,049)
Proceeds from collection of loans	629,557	705,353
Proceeds from borrowings from the private sector	66,800	91,700
Proceeds from borrowings from government fund for Fiscal Investment and Loan Program	82,900	119,400
Proceeds from issuance of bonds	59,646	59,693
Proceeds from interest on loans	189,588	174,240
Proceeds from commissions	2,285	3,193
Proceeds from other operations	39,842	75,523
Subtotal	(126,007)	(72,563)
Interest and dividend income received	27,555	24,464
Net cash used in operating activities	(98,452)	(48,098)
<b>II. Cash flows from investing activities</b>		
Payments for purchase of non-current assets	(45)	(81)
Proceeds from sales of non-current assets	2	1
Payments for purchase of investment securities	(46)	(101)
Proceeds from sales and collection of investment securities	11,096	46
Payments for purchase of shares of affiliated companies stock	(228)	—
Proceeds from sales and collection of shares of affiliated companies	21,367	5,269
Payments for purchase of negotiable deposits	(292,900)	(317,300)
Proceeds from refund of negotiable deposits	292,900	317,300
Net cash provided by investing activities	32,144	5,134
<b>III. Cash flows from financing activities</b>		
Repayments of lease obligations	(94)	(80)
Receipt of government investment	50,342	50,600
Net cash provided by financing activities	50,248	50,520
<b>IV. Net increase/decrease in funds</b>	(16,060)	7,556
<b>V. Funds at the beginning of the business year</b>	74,880	58,820
<b>VI. Funds at the end of the business year</b>	58,820	66,376

## 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, %)

	FY2012			FY2013		
	Average Balance	Interest*	Yield	Average Balance	Interest*	Yield
Interest-earning assets	11,186,221	221,337	1.98	11,197,935	202,653	1.81
Loans	11,002,761	187,733	1.71	11,027,462	182,088	1.65
Investments	84,868	33,564	39.55	72,673	20,530	28.25
Deposits + Securities	98,592	39	0.04	97,800	34	0.03
Interest-bearing liabilities	2,294,365	35,683	1.56	2,123,253	32,338	1.52
Borrowings	2,063,242	31,348	1.52	1,833,308	27,388	1.49
Bonds	231,123	4,334	1.88	289,945	4,950	1.71

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

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

(Unit: Millions of yen)

	End of FY2012	End of FY2013
Deposits + Securities	58,820	66,376

## Yield/Interest rate

(Unit: %)

	FY2012	FY2013
Total average interest rate spread	(1.62)	(1.99)
Yields on interest-earning assets	1.98	1.81
Costs of interest-bearing liabilities	3.60	3.80

Note:

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

cf.

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

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 = Operations Consignment Expenses  
 + Personnel Expenses

(Including Provisions to Allowance for Retirement Benefits / Bonuses)  
 + Operating and Administrative Expenses + Depreciation + Tax

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

## Breakdown of Allowance for Possible Loan Losses

(Unit: Millions of yen)

	End of FY2012	End of FY2013
Loans	140,847	142,613
Claims in bankruptcy, rehabilitation, reorganization or other equivalent claims	40,577	46,566
Total	181,424	189,180

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

All claims are assessed initially by the operational departments 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 an 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 FY2012	End of FY2013
Shares of affiliated companies (PKR)	174,920	196,871
Investment securities (US \$)	361	—
Investment securities (INR)	2,895	—

## Maturity Structure of Loans as of March 31, 2014

(Unit: Billions of yen)

Maturity	Collection from Loans
1 year or less	662.4
over 1 year, up to 2 years	674.8
over 2 years, up to 3 years	676.6
over 3 years, up to 4 years	698.9
over 4 years, up to 5 years	695.3
over 5 years, up to 10 years	3,050.6
over 10 years, up to 15 years	1,930.9
over 15 years, up to 20 years	1,244.0
over 20 years, up to 25 years	885.4
over 25 years, up to 30 years	415.0
over 30 years, up to 35 years	148.5
over 35 years, up to 40 years	24.8
over 40 years	0.0
Total	11,107.1

Note: The figures exclude principal in arrears for over three months as of the end of March 2014 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, 2014

(Unit: Billions of yen)

Maturity	Repayment of Borrowings
1 year or less	275.9
over 1 year, up to 2 years	244.4
over 2 years, up to 3 years	219.2
over 3 years, up to 4 years	187.5
over 4 years, up to 5 years	158.1
over 5 years, up to 10 years	424.7
over 10 years, up to 15 years	149.3
over 15 years, up to 20 years	84.1
over 20 years, up to 25 years	38.8
over 25 years	0.0
Total	1,782.0

## Maturity Structure of Bonds as of March 31, 2014

(Unit: Billions of yen)

Maturity	Redemption
1 year or less	0.0
over 1 year, up to 2 years	10.0
over 2 years, up to 3 years	0.0
over 3 years, up to 4 years	0.0
over 4 years, up to 5 years	20.0
over 5 years, up to 10 years	70.0
over 10 years, up to 15 years	45.0
over 15 years, up to 20 years	170.0
over 20 years, up to 25 years	0.0
over 25 years, up to 30 years	5.0
over 30 years	0.0
Total	320.0



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

(Unit: Millions of yen)

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>

	March 2014 Reporting Period
Loans to Debtor in Legal Bankruptcy	—
Past Due Loans	68,575
Loans in Arrears by 3 Months or More	17,729
Restructured Loans	794,570
Total (1)	880,874
Balance of Loans Receivable (2)	11,137,244
(1)/(2)	7.91%

### 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 2014 Reporting Period	
Loans Payable*1 (% of total credit transactions)	Bankrupt or De Facto Bankrupt Assets	—	(—)
	Doubtful Assets	68,575	(0.61)
	Special Attention Assets	812,299	(7.27)
	Sub Total	880,874	(7.88)
	Normally Performing Assets	10,296,968	(92.12)
Loan-loss Reserve*1	Bankrupt or De Facto Bankrupt Assets	—	
	Doubtful Assets	46,566	
	Special Attention Assets	78,756	
	Sub Total	125,323	
	General Loan-loss Reserve for loans not requiring close monitoring	63,838	
	Special Allowance for Foreign Debt	19	
	Total	189,180	
Collateral / Guarantees	Bankrupt or De Facto Bankrupt Assets	—	
	Doubtful Assets	—	
	Special Attention Assets	—	
	Sub Total	—	
Coverage Amount*2 (Coverage Ratio, %)	Bankrupt or De Facto Bankrupt Assets	—	(—)
	Doubtful Assets	46,566	(67.91)
	Special Attention Assets	78,756	(9.7)
	Sub Total	125,323	(14.23)

\*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 ¥1,026,985 million as of the end of FY2013. 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 ¥794,570 million (of this amount the deferred principal totals ¥714,988 million) under the category "Restructured Loans" in the above chart.