

# Financial Conditions

## 1 Two-Year Financial Statements

### 1-1 General Account

#### Balance Sheet

(Unit: Millions of yen)

	As of March 31, 2017	As of March 31, 2018		As of March 31, 2017	As of March 31, 2018
<b>Assets</b>			<b>Liabilities</b>		
I. Current assets			I. Current liabilities		
Cash and deposits	86,547	198,210	Operational grant liabilities	—	20,101
Securities	98,000	—	Funds for grant aid	145,895	164,071
Inventories			Donations received	410	389
Stored goods	492	426	Accounts payable	16,855	14,072
Advance payments	22,793	24,808	Accrued expenses	238	236
Prepaid expenses	386	177	Lease obligations	113	88
Accrued income	1	0	Advance payments received	2	1
Accounts receivable	2,576	3,798	Deposits received	622	611
Short-term loans for development projects	30	29	Unearned revenue	0	—
Allowance for loan losses	(1)	(0)	Suspense receipt	—	0
Short-term loans for emigration projects	1	1	<b>Total current liabilities</b>	<b>164,135</b>	<b>199,569</b>
Allowance for loan losses	(0)	(0)			
Suspense payments	24	31	II. Non-current liabilities		
Advances paid	6	2	Contra-accounts for assets		
<b>Total current assets</b>	<b>210,855</b>	<b>227,482</b>	Contra-accounts for assets funded by		
			operational grants	4,053	5,208
II. Non-current assets			Long-term lease obligations	72	84
1. Tangible assets			Long-term deposits received	115	123
Buildings	41,622	41,897	Asset retirement obligations	276	276
Accumulated depreciation	(17,130)	(18,204)	<b>Total non-current liabilities</b>	<b>4,517</b>	<b>5,690</b>
Structures	1,621	1,615			
Accumulated depreciation	(1,038)	(1,084)	<b>Total liabilities</b>	<b>168,652</b>	<b>205,260</b>
Machinery and equipment	174	209			
Accumulated depreciation	(113)	(125)	<b>Net assets</b>		
Vehicles	2,031	2,013	I. Capital		
Accumulated depreciation	(1,177)	(1,208)	Government investment	62,452	62,452
Tools, furniture, and fixtures	2,320	1,986	<b>Total capital</b>	<b>62,452</b>	<b>62,452</b>
Accumulated depreciation	(1,412)	(1,146)			
Land	14,398	14,398	II. Capital surplus		
Accumulated impairment loss	(9)	(9)	Capital surplus	(880)	(979)
Construction in progress	155	0	Accumulated depreciation not included in	(18,160)	(19,197)
<b>Total tangible assets</b>	<b>41,443</b>	<b>40,342</b>	expenses		
			Accumulated impairment loss not included in	(10)	(10)
2. Intangible assets			expenses		
Trademark rights	2	2	Accumulated interest expenses not included in	(7)	(7)
Telephone subscription right	2	2	expenses		
Software	145	163	<b>Total capital surplus</b>	<b>(19,057)</b>	<b>(20,193)</b>
Software in progress	455	1,570			
<b>Total intangible assets</b>	<b>604</b>	<b>1,736</b>	III. Retained earnings		
			Reserve fund carried over from the previous		
3. Investments and other assets			Mid-term Objective period	1,276	19,509
Long-term deposits	90	0	Reserve fund	5,014	—
Long-term loans for development projects	312	118	Unappropriated income for the current business		
Allowance for loan losses	(128)	(0)	year	36,619	4,304
Long-term loans for emigration projects	31	23	[Total income for the current business year]	[36,619]	[4,304]
Allowance for loan losses	(27)	(21)	<b>Total retained earnings</b>	<b>42,909</b>	<b>23,813</b>
Long-term installments receivable on settlement	0	0			
projects			<b>Total net assets</b>	<b>86,304</b>	<b>66,072</b>
Allowance for loan losses	(0)	(0)			
Claims probable in bankruptcy, claims probable					
in rehabilitation, and other pertaining to loans					
for development projects	—	162			
Allowance for loan losses	—	(117)			
Claims probable in bankruptcy, claims probable					
in rehabilitation, and other pertaining to loans					
for emigration projects	479	364			
Allowance for loan losses	(479)	(364)			
Claims probable in bankruptcy, claims probable					
in rehabilitation, and other pertaining to					
installments receivable on settlement projects	1	—			
Allowance for loan losses	(1)	—			
Long-term prepaid expenses	206	72			
Long-term guarantee deposits	1,571	1,535			
<b>Total investments and other assets</b>	<b>2,054</b>	<b>1,772</b>			
<b>Total non-current assets</b>	<b>44,101</b>	<b>43,849</b>			
<b>Total assets</b>	<b>254,956</b>	<b>271,332</b>	<b>Total liabilities and net assets</b>	<b>254,956</b>	<b>271,332</b>

## Statement of Income

(Unit: Millions of yen)

	April 1, 2016– March 31, 2017	April 1, 2017– March 31, 2018
<b>Ordinary expenses</b>		
Operating expenses		
Expenses for technical cooperation projects	80,681	—
Expenses for grant aid (operation support)	307	—
Expenses for public participation-based cooperation	15,776	—
Expenses for emigration projects	360	—
Expenses for disaster relief activities	600	—
Expenses for training and securing the personnel	1,477	—
Expenses for assistance promotion	22,118	—
Expenses related to operation	7,070	—
Expenses for priority sectors and regions	—	72,754
Expenses for private sector partnership	—	4,962
Expenses for domestic partnership	—	18,666
Expenses for other operations	—	3,814
Expenses for operation support	28,996	38,070
Expenses for grant aid	79,246	90,152
Expenses for facilities	9	11
Expenses for contracted programs	255	197
Expenses for donation projects	17	36
Depreciation	489	587
General administrative expenses	9,451	8,586
Financial expenses		
Foreign exchange losses	90	348
Miscellaneous loss	2	3
Total ordinary expenses	246,946	238,184
<b>Ordinary revenues</b>		
Revenues from operational grants	175,834	132,494
Revenues from grant aid	79,246	90,152
Revenues from contracted programs		
Revenues from contracted programs from Japanese government and local governments	239	193
Revenues from contracted programs from other parties	16	3
Revenues from interest on development projects	2	1
Revenues from settlement projects	0	0
Revenues from emigration projects	1	2
Donations	17	36
Revenues from subsidy for facilities	9	11
Reversal of allowance for loan losses	15	49
Reversal of contra-accounts for assets	472	575
Financial revenues		
Interest income	11	10
Miscellaneous income	3,054	4,191
Total ordinary revenues	258,918	227,716
Ordinary income	11,972	(10,468)
<b>Extraordinary losses</b>		
Loss on disposal of non-current assets	41	76
Loss on sales of non-current assets	4	4
Payments to national treasury	—	611
<b>Extraordinary income</b>		
Settlement revenues from operational grants	24,128	—
Reversal of contra-accounts for assets	36	59
Gain on sales of non-current assets	26	31
<b>Net income</b>	36,117	(11,068)
<b>Reversal of reserve fund carried over from the previous Mid-term Objective period</b>	501	15,372
<b>Total income for the current business year</b>	36,619	4,304

## Statement of Cash Flows

(Unit: Millions of yen)

	April 1, 2016– March 31, 2017	April 1, 2017– March 31, 2018
<b>I. Cash flows from operating activities</b>		
Payments of operating expenses	(150,814)	(134,815)
Payments for grant aid	(80,012)	(89,465)
Payments for contracted programs	(449)	(197)
Payments of personnel expenses	(16,390)	(16,867)
Payments for other operations	(284)	(660)
Proceeds from operational grants	155,450	154,316
Proceeds from grant aid	98,142	108,614
Proceeds from contracted programs	339	291
Proceeds from interest on loans	5	3
Proceeds from settlement projects	1	(0)
Interest revenues	0	0
Installments receivable	1	(0)
Proceeds from donations	48	15
Proceeds from other operations	2,880	3,374
Subtotal	8,916	24,608
Interest income received	11	10
Payments to national treasury	(3,538)	(8,392)
Net cash provided by operating activities	5,389	16,227
<b>II. Cash flows from investing activities</b>		
Payments for purchase of non-current assets	(2,834)	(1,820)
Proceeds from sales of non-current assets	571	44
Proceeds from subsidy for facilities	139	—
Proceeds from collection of loans	229	49
Payments into time deposits	(422,000)	(130,210)
Proceeds from time deposit refund	422,000	130,210
Payments for purchase of negotiable deposits	(752,000)	(425,000)
Proceeds from refund of negotiable deposits	738,000	523,000
Net cash used in investing activities	(15,895)	96,273
<b>III. Cash flows from financing activities</b>		
Repayments of lease obligations	(142)	(141)
Payments to national treasury for unnecessary property	(520)	(611)
Net cash used in financing activities	(662)	(752)
<b>IV. Effect of exchange rate fluctuation on funds</b>	(109)	(175)
<b>V. Net increase (decrease) in funds</b>	(11,277)	111,573
<b>VI. Funds at the beginning of the business year</b>	91,615	80,337
<b>VII. Funds at the end of the business year</b>	80,337	191,910

## 1-2 Finance and Investment Account

## Balance Sheet

(Unit: Millions of yen)

	As of March 31, 2017	As of March 31, 2018		As of March 31, 2017	As of March 31, 2018
<b>Assets</b>			<b>Liabilities</b>		
I. Current assets			I. Current liabilities		
Cash and deposits	208,993	255,639	Current portion of bonds	—	20,000
Securities	2,000	5,000	Current portion of borrowings from government fund for Fiscal Investment and Loan Program	188,060	150,179
Loans	11,661,980	12,005,004	Accounts payable	5,763	9,698
Allowance for loan losses	(165,531)	(171,804)	Accrued expenses	6,128	5,788
Advance payments	19,943	22,629	Derivatives	17,598	14,786
Prepaid expenses	118	47	Lease obligations	26	147
Accrued income			Deposits received	1,161	1,475
Accrued interest on loans	31,940	29,394	Unearned revenue	5	30
Accrued commitment charges	705	585	Provision		
Accrued interest	0	2	Provision for bonuses	284	299
Accounts receivable	908	1,553	Provision for contingent losses	13,149	10,598
Suspense payments	5	5	Suspense receipt	252	254
Advances paid	1	0			
Short-term guarantee deposits	17,706	23,686	<b>Total current liabilities</b>	<b>232,426</b>	<b>213,256</b>
<b>Total current assets</b>	<b>11,778,767</b>	<b>12,171,739</b>			
II. Non-current assets			II. Non-current liabilities		
1. Tangible assets			Bonds	590,596	683,132
Buildings	3,267	3,249	Discounts on bonds payable	(335)	(512)
Accumulated depreciation	(985)	(1,037)	Borrowings from government fund for Fiscal Investment and Loan Program	1,552,259	1,761,334
Accumulated impairment loss	(680)	(665)	Long-term lease obligations	7	264
Structures	50	50	Long-term deposits received	2,484	3,482
Accumulated depreciation	(22)	(24)	Provision for retirement benefits	4,293	4,203
Accumulated impairment loss	(12)	(12)	Asset retirement obligations	70	70
Machinery and equipment	195	196	<b>Total non-current liabilities</b>	<b>2,149,375</b>	<b>2,451,974</b>
Accumulated depreciation	(65)	(69)			
Accumulated impairment loss	(102)	(102)	<b>Total liabilities</b>	<b>2,381,801</b>	<b>2,665,229</b>
Vehicles	408	399			
Accumulated depreciation	(206)	(210)	<b>Net assets</b>		
Tools, furniture and fixtures	371	714	I. Capital		
Accumulated depreciation	(245)	(229)	Government investment	7,992,228	8,037,408
Land	12,703	12,703	<b>Total capital</b>	<b>7,992,228</b>	<b>8,037,408</b>
Accumulated impairment loss	(6,091)	(6,091)	II. Retained earnings		
Construction in progress	23	30	Reserve fund	1,472,558	1,546,921
<b>Total tangible assets</b>	<b>8,607</b>	<b>8,904</b>	Unappropriated income for the current business year	74,363	79,188
2. Intangible assets			[Total income for the current business year]	[74,363]	[79,188]
Trademark rights	0	0	<b>Total retained earnings</b>	<b>1,546,921</b>	<b>1,626,110</b>
Software	116	4,360			
Software in progress	532	875	III. Valuation and translation adjustments		
<b>Total intangible assets</b>	<b>647</b>	<b>5,236</b>	Valuation difference on available-for-sale securities	(40)	826
3. Investments and other assets			Deferred gains or losses on hedges	(56,762)	(50,631)
Investment securities	2,646	4,701	<b>Total valuation and translation adjustments</b>	<b>(56,803)</b>	<b>(49,805)</b>
Shares of affiliated companies	43,634	43,546			
Money held in trust	15,511	32,551	<b>Total net assets</b>	<b>9,482,347</b>	<b>9,613,713</b>
Claims probable in bankruptcy, claims probable in rehabilitation, and other	87,063	87,063			
Allowance for loan losses	(73,484)	(75,454)			
Long-term prepaid expenses	54	19			
Long-term guarantee deposits	701	638			
<b>Total investments and other assets</b>	<b>76,125</b>	<b>93,064</b>			
<b>Total non-current assets</b>	<b>85,380</b>	<b>107,204</b>			
<b>Total assets</b>	<b>11,864,147</b>	<b>12,278,942</b>	<b>Total liabilities and net assets</b>	<b>11,864,147</b>	<b>12,278,942</b>

## Statement of Income

(Unit: Millions of yen)

	April 1, 2016– March 31, 2017	April 1, 2017– March 31, 2018
<b>Ordinary expenses</b>		
Expenses related to operations of cooperation through finance and investment		
Interest on bonds and notes	6,116	7,327
Interest on borrowings	18,633	17,130
Interest on interest rate swaps	8,270	7,395
Other Interest expenses	0	1
Operations consignment expenses	24,432	32,484
Bond issuance cost	591	557
Personnel expenses	3,812	3,896
Provision for bonuses	284	299
Retirement benefit expenses	514	137
Operating and administrative expenses	12,605	14,212
Depreciation	187	461
Taxes	81	80
Loss on valuation of investment securities	548	174
Loss on valuation of shares of affiliated companies	126	144
Loss on investment in money held in trust	838	1,497
Provision for allowance for loan losses	21,961	8,244
Other operating expenses	105	10
Other ordinary expenses	0	0
<b>Total ordinary expenses</b>	<b>99,105</b>	<b>94,049</b>
<b>Ordinary revenues</b>		
Revenues from operations of cooperation through finance and investment		
Interest on loans	152,761	145,294
Interest on bonds	0	0
Dividends on investments	13,645	19,319
Commissions	2,920	3,308
Foreign exchange gains	750	1,248
Reversal of provision for allowance for contingent losses	2,600	2,532
Financial revenues		
Interest income	18	266
Miscellaneous income	769	1,342
Recoveries of written-off claims	20	20
<b>Total ordinary revenues</b>	<b>173,483</b>	<b>173,328</b>
<b>Ordinary income</b>	<b>74,378</b>	<b>79,279</b>
<b>Extraordinary losses</b>		
Loss on disposal of non-current assets	5	20
Loss on sales of non-current assets	1	0
Impairment loss	15	—
Loss on transfer of benefit obligation relating to Employees' Pension Fund	—	77
<b>Total extraordinary losses</b>	<b>21</b>	<b>97</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	6	6
<b>Total extraordinary income</b>	<b>6</b>	<b>6</b>
<b>Net income</b>	<b>74,363</b>	<b>79,188</b>
<b>Total income for the current business year</b>	<b>74,363</b>	<b>79,188</b>

## Statement of Cash Flows

(Unit: Millions of yen)

	April 1, 2016– March 31, 2017	April 1, 2017– March 31, 2018
<b>I. Cash flows from operating activities</b>		
Payments for loans	(878,084)	(1,112,261)
Repayments of borrowings from government fund for Fiscal Investment and Loan Program	(219,212)	(231,406)
Interest expenses paid	(48,601)	(28,807)
Payments for personnel expenses	(4,356)	(4,485)
Payments for other operations	(85,257)	(77,893)
Proceeds from collection of loans	700,863	774,113
Proceeds from borrowings from government fund for Fiscal Investment and Loan Program	203,000	402,600
Proceeds from issuance of bonds	110,389	114,429
Proceeds from interest on loans	149,643	142,494
Proceeds from commissions	3,520	2,959
Proceeds from other operations	66,347	29,035
<b>Subtotal</b>	<b>(1,747)</b>	<b>10,779</b>
Interest and dividend income received	13,663	19,583
<b>Net cash provided by (used in) operating activities</b>	<b>11,916</b>	<b>30,362</b>
<b>II. Cash flows from investing activities</b>		
Payments for purchase of non-current assets	(651)	(4,966)
Proceeds from sales of non-current assets	23	58
Payments for purchase of investment securities	(2,328)	(2,316)
Proceeds from sales and redemption of investment securities	10	373
Payments for purchase of shares of affiliated companies	(2,062)	(1,525)
Proceeds from sales and redemption of shares of affiliated companies	—	927
Payments for increase of money held in trust	(16,349)	(17,449)
Payments into time deposits	(14,771)	(221,593)
Proceeds from time deposit refund	16,551	215,201
Payments for purchase of negotiable deposits	(5,000)	(30,100)
Proceeds from refund of negotiable deposits	3,000	27,100
<b>Net cash used in investing activities</b>	<b>(21,577)</b>	<b>(34,289)</b>
<b>III. Cash flows from financing activities</b>		
Repayments of lease obligations	(32)	(76)
Receipt of government investment	130,070	45,180
<b>Net cash provided by financing activities</b>	<b>130,038</b>	<b>45,104</b>
<b>IV. Effect of exchange rate fluctuation on funds</b>	<b>1,084</b>	<b>(1,216)</b>
<b>V. Net increase (decrease) in funds</b>	<b>121,461</b>	<b>39,962</b>
<b>VI. Funds at the beginning of the business year</b>	<b>87,531</b>	<b>208,993</b>
<b>VII. Funds at the end of the business year</b>	<b>208,993</b>	<b>248,954</b>

## 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, %)

	FY2016			FY2017		
	Average Balance	Interest*	Yield	Average Balance	Interest*	Yield
Interest-earning assets	11,809,871	167,831	1.42	12,086,191	166,370	1.38
Loans	11,589,373	155,681	1.34	11,821,297	148,602	1.26
Investments	49,010	12,133	24.76	72,673	17,504	24.09
Deposits + Securities	171,488	18	0.01	192,220	265	0.14
Interest-bearing liabilities	2,242,176	24,749	1.10	2,342,000	24,456	1.04
Borrowings	1,706,360	18,633	1.09	1,668,759	17,130	1.03
Bonds	535,817	6,116	1.14	673,241	7,327	1.09

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

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

(Unit: Millions of yen)

	End of FY2016	End of FY2017
Deposits + Securities	210,993	260,639

## Yield/Interest rate

(Unit: %)

	End of FY2016	End of FY2017
Total average interest rate spread	(1.95)	(2.21)
Yields on interest-earning assets	1.42	1.38
Costs of interest-bearing liabilities	3.37	3.59

Note:

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

cf.

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

Average Balance of Interest-Earning Assets =  
 Loans + Investments + Bank Deposits (excluding Checking Accounts)  
 Interest Expenses = Interest on Borrowings + Interest on Bonds and Notes  
 + Interest on Interest Rate Swaps

Bonds and Notes Expenses = Bonds and Notes Issuance Costs

Other Expenses = Operations Consignment Expenses

+ Personnel Expenses

(including Provisions for Allowance for Retirement Benefits / Bonuses)

+ Operating and Administrative Expenses + Depreciation + Tax

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

## Breakdown of Allowance for Possible Loan Losses

(Unit: Millions of yen)

	End of FY2016	End of FY2017
Loans	165,531	171,804
Claims probable in bankruptcy, claims probable in rehabilitation, and other	73,484	75,454
Total	239,015	247,259

Note: The allowance for claims on debtors who are legally bankrupt ("Bankrupt borrowers") or substantially bankrupt ("Substantially bankrupt borrowers") is provided based on the outstanding balance of loan claims after the deductions of the amount expected to be collected through the disposal of collateral and execution of guarantees, or the same amount is written off directly. The allowance for claims on debtors who are not legally bankrupt, but are likely to become bankrupt ("Potentially bankrupt borrowers") is provided based on an overall assessment of the solvency of the debtors after the deductions of the amount expected to be collected through the disposal of collateral and the execution of guarantees, or the same amount is written off directly. There were no write-offs from the above-mentioned outstanding balance of loan claims.

The allowance for claims on debtors other than Bankrupt borrowers, Substantially bankrupt borrowers, and Potentially bankrupt borrowers is provided primarily based on the default rate, which is calculated based on the actual defaults during a certain period in the past. The allowance for possible losses on specific overseas loans is provided based on the expected loss amount taking into consideration the political and economic situation of these countries.

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

## Principal Assets in Foreign Currency

(Units: Thousands of US\$, Thousands of PHP, Thousands of PKR, Millions of KHR)

	End of FY2016	End of FY2017
Cash and deposits (US\$)	27,531	200,243
Cash and deposits (PHP)	—	20
Loans (US\$)	33,214	102,152
Shares of affiliated companies (US\$)	18,940	30,000
Shares of affiliated companies (PKR)	240,000	—
Investment securities (US\$)	23,819	27,344
Investment securities (PKR)	—	240,000
Investment securities (KHR)	—	59,054
Money held in trust (US\$)	139,636	306,778

**Maturity Structure of Loans as of March 31, 2018**

(Unit: Billions of yen)

Maturity	Collection from Loans
1 year or less	780.4
over 1 year, up to 2 years	705.9
over 2 years, up to 3 years	699.6
over 3 years, up to 4 years	675.9
over 4 years, up to 5 years	664.2
over 5 years, up to 10 years	2,841.3
over 10 years, up to 15 years	2,092.4
over 15 years, up to 20 years	1,620.6
over 20 years, up to 25 years	1,054.1
over 25 years, up to 30 years	555.9
over 30 years, up to 35 years	279.0
over 35 years, up to 40 years	79.0
over 40 years	0.0
Total	12,048.4

Note: The figures exclude principal in arrears for over three months as of the end of March 2018 from the total projected collection from "Loans" and "Claims in bankruptcy, rehabilitation, reorganization or other equivalent claims."

**Maturity Structure of Borrowings from Government Fund for Fiscal Investment and Loan Program (FILP) as of March 31, 2018**

(Unit: Billions of yen)

Maturity	Repayment of Borrowings
1 year or less	150.2
over 1 year, up to 2 years	138.0
over 2 years, up to 3 years	110.8
over 3 years, up to 4 years	106.9
over 4 years, up to 5 years	82.7
over 5 years, up to 10 years	809.7
over 10 years, up to 15 years	218.9
over 15 years, up to 20 years	230.7
over 20 years, up to 25 years	63.6
over 25 years	0.0
Total	1,911.5

**Maturity Structure of Bonds as of March 31, 2018**

(Unit: Billions of yen)

**Fiscal Investment and Loan Program (FILP) Agency Bonds**

Maturity	Redemption
1 year or less	20.0
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	10.0
over 4 years, up to 5 years	30.0
over 5 years, up to 10 years	135.0
over 10 years, up to 15 years	180.0
over 15 years, up to 20 years	135.0
over 20 years, up to 25 years	5.0
over 25 years, up to 30 years	15.0
over 30 years	0.0
Total	540.0

**Government-Guaranteed Bonds**

Maturity	Redemption
1 year or less	0.0
over 1 year, up to 2 years	57.3 [\$500 million]*
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	0.0
over 5 years, up to 10 years	105.8 [\$1 billion]*
over 10 years	0.0
Total	163.1

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

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

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

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

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

Note 1. An international consensus was reached at the creditor nation conference (Paris Club Meeting) on rescheduling foreign government debt (where the debtor is a country, and debt originates from such government entities as trade insurance or export credit agencies) of debtor nations temporarily unable to make payments due to a deterioration in their balance of payments. As a result, a temporary liquidity support program for debtor nation governments (balance of payments assistance under the framework of international cooperation) will be shortly executed. In conjunction with this temporary liquidity assistance, debtor nations will implement an economic reform program agreed upon with the International Monetary Fund (IMF), making it possible for the country to continue to service its debt obligations. The total foreign government debt principal applicable to the debt rescheduling agreement at the Paris Club Meeting held in JICA's Finance and Investment Account was ¥798,649 million as of the end of FY2017.

### 1 Risk Monitored Loans <sup>(Note 2)</sup>

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

#### (1) Loans to Debtor in Legal Bankruptcy <sup>(Note 3)</sup>

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

#### (2) Past Due Loans <sup>(Note 3)</sup>

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

#### (3) Loans in Arrears by 3 Months or More

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

#### (4) Restructured Loans

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

(Unit: Millions of yen)

	March 2018 Reporting Period
Loans to Debtor in Legal Bankruptcy	—
Past Due Loans	87,063
Loans in Arrears by 3 Months or More	—
Restructured Loans	654,814
Total (1)	741,877
Balance of Loans Receivable (2)	12,092,066
(1)/(2)	6.14%

Note 2. Deferred principal included in loans as shown in the chart above accounts for ¥22,306 million of the Past Due Loans of ¥87,063 million, and for ¥610,562 million of the Restructured Loans of ¥654,814 million. Other deferred principal, accounting for a total of ¥165,781 million, are of loans that are not categorized as Risk Monitored Loans.

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

### 2 Loan Assets Required to Be Disclosed under the Financial Revitalization Act <sup>(Note 4)</sup>

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

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

#### (1) Bankrupt or De Facto Bankrupt Assets

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

#### (2) Doubtful Assets

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

#### (3) Special Attention Assets

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

**(4) Normally Performing Assets**

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

Note 4. Deferred principal included in loans as shown in the chart above accounts for ¥22,306 million of the Doubtful Assets of ¥87,063 million, for ¥610,562 million of the Special Attention Assets of 654,814 million, and for ¥165,781 million of the Normally Performing Assets of ¥11,380,784 million.

(Unit: Millions of yen)

		March 2018 Reporting Period	
Loans Payable*1 (% of total credit transactions)	Bankrupt or De Facto Bankrupt Assets	—	(—)
	Doubtful Assets	87,063	(0.72)
	Special Attention Assets	654,814	(5.40)
	Sub Total	741,877	(6.12)
	Normally Performing Assets	11,380,784	(93.88)
Loan-loss Reserve*1	Bankrupt or De Facto Bankrupt Assets	—	
	Doubtful Assets	75,454	
	Special Attention Assets	52,968	
	Sub Total	128,422	
	General Loan-loss Reserve for loans not requiring close monitoring	118,319	
	Special Allowance for Foreign Debt	518	
	Total	247,259	
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	75,454	(86.67)
	Special Attention Assets	52,968	(8.09)
	Sub Total	128,422	(17.31)

\*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.