

BALANCE SHEETS (UNAUDITED)**JAPAN BANK FOR INTERNATIONAL COOPERATION**

	In millions of yen		In millions of yen		In millions of yen		In millions of U.S. dollars	
	September 30, 2007		September 30, 2006		March 31, 2007		September 30, 2007	
Assets								
Cash and due from banks (Note 3)	¥	393,135	¥	692,981	¥	328,991	\$	3,406
Securities (Notes 4 and 18)		104,953		114,650		110,079		909
Loans (Note 5)		18,626,870		18,690,837		18,828,849		161,369
Miscellaneous assets (Note 6)		306,871		275,349		261,162		2,659
Tangible fixed assets (Note 7)		24,694		25,091		25,060		214
Intangible fixed assets		3,752		3,897		3,514		33
Deferred charges on bonds and notes		964		1,419		1,066		8
Customers' liabilities for acceptances and guarantees		1,603,695		1,139,823		1,496,958		13,893
Allowance for possible loan losses		(213,340)		(264,435)		(232,959)		(1,848)
Total assets	¥	20,851,597	¥	20,679,615	¥	20,822,723	\$	180,643
Liabilities and net assets								
Liabilities								
Bonds and notes (Note 8)	¥	2,041,606	¥	2,130,440	¥	1,976,086	\$	17,687
Borrowings		7,873,320		8,428,324		8,094,826		68,209
Miscellaneous liabilities		170,975		204,381		208,734		1,481
Reserve for bonus payments		1,004		969		1,027		9
Reserve for employee retirement benefits		16,227		16,317		16,179		140
Acceptances and guarantees (Note 9)		1,603,695		1,139,823		1,496,958		13,893
Total liabilities		11,706,830		11,920,258		11,793,812		101,419
Net assets								
Capital:								
Capital attributable to the International Financial Account		985,500		985,500		985,500		8,538
Capital attributable to the Overseas Economic Cooperation Account		7,231,508		7,085,044		7,231,508		62,648
		8,217,008		8,070,544		8,217,008		71,186
Retained earnings:								
Other retained earnings								
Reserve attributable to the International Financial Account (Note 15)		780,375		745,236		745,236		6,760
Reserve attributable to the Overseas Economic Cooperation Account (Note 15)		305,464		166,062		166,062		2,647
Accumulated deficit		(149,069)		(240,330)		(98,273)		(1,291)
		936,770		670,968		813,025		8,116
Total stockholders' equity		9,153,778		8,741,512		9,030,033		79,302
Net deferred gains (losses) on hedges		(9,011)		17,845		(1,122)		(78)
Total valuation differences and translation adjustments		(9,011)		17,845		(1,122)		(78)
Total net assets		9,144,767		8,759,357		9,028,911		79,224
Total liabilities and net assets	¥	20,851,597	¥	20,679,615	¥	20,822,723	\$	180,643

See accompanying "Notes to Financial Statements" which are an integral part of these statements.

STATEMENTS OF OPERATIONS (UNAUDITED)**JAPAN BANK FOR INTERNATIONAL COOPERATION**

	In millions of yen		In millions of yen		In millions of U.S. dollars	
	First half of FY 2007	First half of FY 2006	FY 2006	First half of FY 2007		
Income						
Interest income	¥ 306,027	¥ 290,274	¥ 587,793	\$ 2,651		
Interest on loans	296,255	284,293	572,467	2,566		
Interest and dividend income on securities	5,282	2,048	6,781	46		
Interest on due from banks	4,489	3,932	8,544	39		
Fees and commissions	5,177	4,076	8,320	45		
Other operating income	21	512	1,123	0		
Other ordinary income (Note 11)	14,424	168	363	125		
Grant from general account (Note 12)	10,000	15,000	30,000	87		
Other extraordinary income (Note 13)	20,582	10,544	42,829	178		
Total income	356,232	320,577	670,431	3,086		
Expenses						
Interest expenses	182,224	175,216	361,859	1,579		
Fees and commissions	1,154	1,239	5,917	10		
Other operating expenses	1,395	682	1,203	12		
General and administrative expenses	12,245	11,557	25,951	106		
Other ordinary expenses (Note 14)	293	48	1,540	3		
Other extraordinary losses	35	13	81	0		
Total expenses	197,348	188,758	396,554	1,710		
Net income	¥ 158,884	¥ 131,819	¥ 273,876	\$ 1,376		

See accompanying "Notes to Financial Statements" which are an integral part of these statements.

STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)
JAPAN BANK FOR INTERNATIONAL COOPERATION

First half of FY 2007

(In millions of yen)

	Stockholders' equity							Valuation differences and translation adjustments		Total net assets	
	Capital			Retained earnings				Total stockholders' equity	Net deferred losses on hedges		Total valuation differences and translation adjustments
	Capital attributable to the International Financial Account	Capital attributable to the Overseas Economic Cooperation Account	Total capital stock	Other retained earnings			Total retained earnings				
				Reserve attributable to the International Financial Account	Reserve attributable to the Overseas Economic Cooperation Account	Accumulated deficit					
Balance at March 31, 2007	985,500	7,231,508	8,217,008	745,236	166,062	(98,273)	813,025	9,030,033	(1,122)	(1,122)	9,028,911
Changes during the interim accounting period:											
Proceeds from issuance of capital stocks attributable to the International Financial Account	-	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of capital stocks attributable to the Overseas Economic Cooperation Account	-	-	-	-	-	-	-	-	-	-	-
Transfer to reserve attributable to the International Financial Account from accumulated deficit	-	-	-	35,139	-	(35,139)	-	-	-	-	-
Payment to National Treasury from the International Financial Account	-	-	-	-	-	(35,139)	(35,139)	(35,139)	-	-	(35,139)
Transfer to reserve attributable to the Overseas Economic Cooperation Account from accumulated deficit	-	-	-	-	139,401	(139,401)	-	-	-	-	-
Net income	-	-	-	-	-	158,884	158,884	158,884	-	-	158,884
Net changes in the items other than stockholder's equity	-	-	-	-	-	-	-	-	(7,888)	(7,888)	(7,888)
Net changes during the interim accounting period	-	-	-	35,139	139,401	(50,795)	123,745	123,745	(7,888)	(7,888)	115,856
Balance at September 30, 2007	985,500	7,231,508	8,217,008	780,375	305,464	(149,069)	936,770	9,153,778	(9,011)	(9,011)	9,144,767

STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)
JAPAN BANK FOR INTERNATIONAL COOPERATION

First half of FY 2007

(In millions of U.S. dollars)

	Stockholders' equity							Valuation differences and translation adjustments		Total net assets	
	Capital			Retained earnings				Total stockholders' equity	Net deferred losses on hedges		Total valuation differences and translation adjustments
	Capital attributable to the International Financial Account	Capital attributable to the Overseas Economic Cooperation Account	Total capital stock	Other retained earnings			Total retained earnings				
				Reserve attributable to the International Financial Account	Reserve attributable to the Overseas Economic Cooperation Account	Accumulated deficit					
Balance at March 31, 2007	8,538	62,648	71,186	6,456	1,439	(851)	7,043	78,230	(10)	(10)	78,220
Changes during the interim accounting period											
Proceeds from issuance of capital stocks attributable to the International Financial Account	-	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of capital stocks attributable to the Overseas Economic Cooperation Account	-	-	-	-	-	-	-	-	-	-	-
Transfer to reserve attributable to the International Financial Account from accumulated deficit	-	-	-	304	-	(304)	-	-	-	-	-
Payment to National Treasury from the International Financial Account	-	-	-	-	-	(304)	(304)	(304)	-	-	(304)
Transfer to reserve attributable to the Overseas Economic Cooperation Account from accumulated deficit	-	-	-	-	1,208	(1,208)	-	-	-	-	-
Net income	-	-	-	-	-	1,376	1,376	1,376	-	-	1,376
Net changes in the items other than stockholder's equity	-	-	-	-	-	-	-	-	(68)	(68)	(68)
Net changes during the interim accounting period	-	-	-	304	1,208	(440)	1,072	1,072	(68)	(68)	1,004
Balance at September 30, 2007	8,538	62,648	71,186	6,760	2,647	(1,291)	8,116	79,302	(78)	(78)	79,224

STATEMENTS OF CASH FLOWS (UNAUDITED)**JAPAN BANK FOR INTERNATIONAL COOPERATION**

	In millions of yen		In millions of yen		In millions of yen		In millions of U.S. dollars	
	First half of FY 2007		First half of FY 2006		FY 2006		First half of FY 2007	
Cash flows from operating activities								
Net income	¥	158,884	¥	131,819	¥	273,876	\$	1,376
Depreciation and amortization		1,021		933		1,919		9
Decrease in allowance for possible loan losses		(19,618)		(8,684)		(40,160)		(170)
Increase (decrease) in reserve for bonus payments		(22)		(50)		7		(0)
Increase (decrease) in reserve for employee retirement benefits		47		(155)		(294)		0
Interest income		(306,027)		(290,274)		(587,793)		(2,651)
Interest expenses		182,224		175,216		361,859		1,579
Net (gain) loss on securities		(13,978)		61		1,479		(121)
Foreign exchange gain		(2)		(9,847)		(10,453)		(0)
Net loss on sales of tangible fixed assets		29		3		59		0
Net decrease in loans		201,978		370,346		260,239		1,750
Net increase (decrease) in bonds and notes		65,400		50,000		(132,204)		567
Net decrease in borrowings		(221,505)		(498,464)		(831,963)		(1,919)
Net decrease (increase) in due from banks (excluding cash equivalents)		(89,666)		(273,742)		108,035		(777)
Interest received		302,367		293,532		600,014		2,619
Interest paid		(175,003)		(170,560)		(368,651)		(1,516)
Others, net		(108,554)		(8,860)		7,691		(940)
Net cash used in operating activities		(22,427)		(238,728)		(356,339)		(194)
Cash flows from investing activities								
Purchases of securities		(102)		(374)		(573)		(1)
Sales of securities		19,197		5,066		8,443		166
Purchases of tangible fixed assets		(179)		(188)		(719)		(2)
Purchases of intangible fixed assets		(752)		(225)		(305)		(6)
Proceeds from sales of tangible fixed assets		10		12		28		0
Net cash provided by investing activities		18,172		4,291		6,873		157
Cash flows from financing activities								
Proceeds from issuance of capital stocks to government		-		19,400		165,864		-
Payment to National Treasury		(21,267)		(22,179)		(36,314)		(184)
Net cash (used in) provided by financing activities		(21,267)		(2,779)		129,549		(184)
Effect of exchange rate changes on cash and cash equivalents		(0)		0		0		(0)
Net decrease in cash and cash equivalents		(25,522)		(237,216)		(219,915)		(221)
Cash and cash equivalents at the beginning of the period		98,692		318,608		318,608		855
Cash and cash equivalents at the end of the period	¥	73,169	¥	81,391	¥	98,692	\$	634

See accompanying "Notes to Financial Statements" which are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)
JAPAN BANK FOR INTERNATIONAL COOPERATION

1. Basis of presentation

The accompanying financial statements have been prepared from the accounts maintained by Japan Bank for International Cooperation ("JBIC" or the "Bank") in accordance with the provisions set forth in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The Bank's accounts are separated into the International Financial Account and the Overseas Economic Cooperation Account as required under Article 41 of the Japan Bank for International Cooperation Law ("JBIC Law") whereby the accounting shall be separated according to the categories of international financial operations and overseas economic cooperation operations and be recorded by establishing a separate account for each operation. In separating the accounts, transactions directly related to either of the operations are attributed to the account for these operations and overhead expenses and others are allocated to both of the accounts in accordance with certain pre-defined allocation rate.

Consolidated financial statements are not prepared since JBIC has no subsidiaries.

The amounts indicated in millions of yen are rounded down by omitting figures less than one million. Totals may therefore not add up exactly because of such omission.

Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥115.43=\$1.00, the exchange rate as of September 30, 2007 has been used in translation. The presentation of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

2. Significant accounting policies

(a) Cash and cash equivalents

"Cash and cash equivalents" as stated in the statements of cash flows consists of cash on hand and due from Bank of Japan included in "Cash and due from banks" in the balance sheets.

(b) Securities

All securities are classified as "Available-for-sale securities" which have no market value and are carried at cost based on the moving average method.

(c) Valuation method for derivative financial instruments

All derivative financial instruments are carried at fair value, except for certain derivatives that are designated as hedging instruments as discussed below.

(d) Accounting for hedges of interest rate risks

(i) Hedge accounting

JBIC accounts for derivatives used for interest rate risk hedging purposes under the deferral method.

(ii) Hedging instruments and hedged items

Hedging instruments: interest rate swaps

Hedged items: loans, borrowings, bonds and notes

(iii) Hedging policy

JBIC enters into hedging transactions up to the amount of the hedged assets and liabilities.

() Assessment of hedge effectiveness

JBIC assesses the effectiveness of designated hedges by measuring and comparing the change of fair value or cumulative change of cash flows of both hedging instruments and corresponding hedged items from the date of inception of the hedges to the assessment date.

(e) Accounting for hedge of foreign exchange risks

Hedge instruments used to hedge foreign exchange risks associated with various foreign currency denominated monetary assets and liabilities are accounted for using the deferral method, in accordance with the standard treatment of The Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 25.

The effectiveness of the hedging instruments described above, such as currency-swaps, exchange swaps and similar transactions, hedging the foreign exchange risks of monetary assets and liabilities denominated in foreign currencies is assessed by comparing the foreign currency position of the hedged monetary assets and liabilities with that of the hedging instruments.

(f) Foreign currency translation and revaluation method

JBIC maintains its accounting records in Japanese yen. Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the market exchange rate prevailing at the interim fiscal period end.

(g) Depreciation basis for fixed assets

(i) Tangible fixed assets

Tangible fixed assets are depreciated under the declining balance method over their useful economic lives except for buildings (excluding installed facilities) acquired on or after April 1, 1998, which are depreciated under the straight-line method, and the applicable share of estimated annual depreciation costs for the interim fiscal period is recorded based on the following range of useful lives.

The principal estimated useful economic lives are as follows:

Buildings: 38 years to 50 years

Equipment: 2 years to 20 years

In accordance with the amendment of the corporate tax laws in this fiscal year, the tangible fixed assets acquired on or after April 1, 2007 are depreciated based on the depreciation method under the amended corporate tax laws. Formerly, the assets were depreciated to the uniform residual values determined by the tax laws. Under the amended tax laws, the uniform residual values were removed. As for the tangible fixed assets acquired before April 1, 2007, from this interim period, their residual values are depreciated over five years using the straight line method after the regular depreciation to the uniform residual values completes. This accounting change had no material impact on the interim financial statements of this interim fiscal period.

(ii) Intangible fixed assets

Amortization of intangible fixed assets is computed by the straight-line method. Software used by JBIC is amortized over its useful life (5 years).

(h) Allowance for possible loan losses

The allowance for claims on debtors who are legally bankrupt ("Bankrupt borrowers") or substantially bankrupt ("Substantially bankrupt borrowers") is provided based on the outstanding balance after the write-offs described in Note 5 (i) 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.

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 situations of these countries.

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.

(i) Reserve for bonus payments

"Reserve for bonus payments" is calculated and provided for based on estimated amounts of future payments attributable to the services that have been rendered by employees to the date of the interim balance sheet. Reserve for bonus payments to executive directors is included in the account.

(j) Reserve for employee retirement benefits

"Reserve for employee retirement benefits" represents the future payment for pension and retirement benefits to employees and executive directors, and is accrued based on the projected benefit obligations and the estimated pension plan assets at the interim fiscal period end.

The actuarial gain or loss is recognized in the year in which it arises.

(k) Lease transactions

Finance leases that do not involve the transfer of ownership to the lessee at the end of the lease term are accounted for as an operating lease.

(l) Consumption taxes

Consumption taxes, including local consumption tax, are excluded from the transaction amounts.

(m) Significant changes in accounting policies

The definitions of securities in "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10) and in "Practical Guidelines on Accounting Standards for Financial Instruments" (JICPA Laws and Regulations Committee Report No. 14) were partially revised on June 15, 2007 and on July 4, 2007 respectively, which is applicable from the fiscal year and the interim fiscal period ending on or after the enforcement date of the

Financial Instruments and Exchange Law. JBIC has adopted the revised standards and guidelines commencing with this interim fiscal period.

3. Cash and cash equivalents

The reconciliation between the balance of cash and cash equivalents at the end of each (interim) fiscal year and the amount of cash and due from banks reported in the (interim) balance sheets as of September 30, 2007 and 2006, and March 31, 2007 were as follows:

	September 30, 2007 (In millions of yen)	September 30, 2006 (In millions of yen)	March 31, 2007 (In millions of yen)	September 30, 2007 (In millions of U.S. dollars)
Cash and due from banks	¥ 393,135	¥ 692,981	¥ 328,991	\$ 3,406
Due from banks (*)	(319,965)	(611,590)	(230,299)	(2,772)
Cash and cash equivalents	¥ 73,169	¥ 81,391	¥ 98,692	\$ 634

(*) Excluding Due from Bank of Japan

4. Securities

Securities as of September 30, 2007 and 2006, and March 31, 2007 were as follows:

	September 30, 2007 (In millions of yen)	September 30, 2006 (In millions of yen)	March 31, 2007 (In millions of yen)	September 30, 2007 (In millions of U.S. dollars)
Equity	¥ 102,999	¥ 112,804	¥ 108,008	\$ 892
Other securities	1,953	1,845	2,070	17
	¥ 104,953	¥ 114,650	¥ 110,079	\$ 909

5. Loans

All of Loans are loans on deeds. The amounts reported in the (interim) balance sheets as of September 30, 2007 and 2006, and March 31, 2007 were as follows:

International Financial Account	September 30, 2007 (In millions of yen)	September 30, 2006 (In millions of yen)	March 31, 2007 (In millions of yen)	September 30, 2007 (In millions of U.S. dollars)
Bankrupt loans	¥ 44,847	¥ 47,333	¥ 47,333	\$ 389
Non-accrual loans	127,689	125,628	126,610	1,106
Past due loans (3 months or more)	-	-	-	-
Restructured loans	68,013	136,419	112,868	589
	¥ 240,549	¥ 309,380	¥ 286,813	\$ 2,084

Overseas Economic Cooperation Account	September 30, 2007 (In millions of yen)	September 30, 2006 (In millions of yen)	March 31, 2007 (In millions of yen)	September 30, 2007 (In millions of U.S. dollars)
Bankrupt loans	¥ -	¥ -	¥ -	\$ -
Non-accrual loans	76,876	76,460	76,876	666
Past due loans (3 months or more)	-	-	-	-
Restructured loans	182,900	183,665	185,191	1,585
	¥ 259,777	¥ 260,126	¥ 262,068	\$ 2,251

(a) "Bankrupt loans" refer to loans, after write-offs, on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are

past due for a considerable period of time or for other reasons, and to borrowers who fall into the following categories:

- who have begun bankruptcy, settlement, reorganization, winding-up or special liquidation proceedings under the Bankruptcy Law, the Corporate Reorganization Law, the Civil Rehabilitation Law, the Corporate Law or other similar laws of Japan
 - who have had their transactions with the promissory note clearinghouse suspended, or
 - who have begun similar proceedings under any foreign law
- (b) "Non-accrual loans" are loans on which accrued interest income is not recognized, excluding loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.
- (c) "Past due loans (3 month or more)" are loans whose principal or interest payment is past due for three months or more, and which do not fall under the category of "Bankrupt loans" and "Non-accrual loans".
- (d) "Restructured loans" are loans whose repayment terms and conditions have been amended in favor of the borrowers (e.g. reduction of or exemption from the stated interest rate, the deferral of interest payments, the extension of principal repayments or renunciation of claims) in order to support the borrowers' recovery from financial difficulties, and which do not fall under the category of "Bankrupt loans," "Non-accrual loans," and "Past due loans (3 months or more)."
- (e) The amounts of loans indicated in the table above are the gross amounts prior to deduction of allowance for possible loan losses.
- (f) In the event that a debtor country encounters temporary payment difficulties and requests debt rescheduling with respect to external public debt (whose creditors are Sovereigns, Trade Insurance Institutions and Export Credit Institutions, etc.) due to an unfavorable balance of international payment, meetings of creditor countries (the "Paris Club") would be held to discuss debt relief measures (rescheduling). When creditor countries agree on debt relief measures, debt-rescheduling agreements between the creditors and a debtor are agreed. Under such temporary liquidity assistance, the debtor carries out the Economic Restructuring Program that was agreed with the International Monetary Fund ("IMF") and continues to make repayments of the debt. The principal amount of loans for which JBIC has agreed to provide debt relief pursuant to the Paris Club agreements is as follows:

	September 30, 2007 (In millions of yen)	September 30, 2006 (In millions of yen)	March 31, 2007 (In millions of yen)	September 30, 2007 (In millions of U.S. dollars)
International Financial Account	¥ 343,050	¥ 355,033	¥ 347,972	\$ 2,972
Overseas Economic Cooperation Account	1,240,837	1,252,609	1,246,893	10,750

In terms of repayment probability of the loans rescheduled in the Paris Club, their nature as public debt, unlike loans provided by private financial institutions, provides an asset securing mechanism under such an international framework. Nonetheless, in order to facilitate comparison with private financial institutions, JBIC classifies those loans to borrowers classified under the assessment as "Watchlisted" (but not "Past due loans (3 months or more)"), that were rescheduled under the Paris Club as "Restructured loans". The amount of such loans, included in "Restructured loans" in the above table, is ¥9,438 million (\$82 million) of which ¥5,687 million (\$49 million) represents original principal attributable to the International Financial Account and ¥182,900 million (\$1,585 million) of which ¥103,458 million (\$896 million) represents original principal attributable to the Overseas Economic Cooperation Account as of September 30, 2007. The amount of such loans, included in "Restructured loans" in above tables, is ¥21,544 million of which ¥12,956 million represents original principal attributable to the International Financial Account and ¥183,665 million of which ¥96,611 million represents original principal attributable to the Overseas Economic Cooperation Account as of September 30, 2006 and ¥7,753 million of which ¥3,838 million represents original principal attributable to the International Financial Account and ¥185,191 million of which ¥101,267 million represents original principal attributable to the Overseas Economic Cooperation Account as of March 31, 2007 respectively.

- (g) Upon special request, major creditor countries, including Japan, agreed at the Paris Club to offer a grace period ("Moratorium") for countries affected by the Sumatra Earthquake and India Tsunami in December 2004, in order to support their reconstruction and recovery. During this Moratorium period creditor countries will not expect any debt payment on the due dates up to December 31, 2005, and will reschedule the repayment period of deferred debts for 5 years including a 1 year grace period.

As of the end of September 2007, of the affected countries, Indonesia and Sri Lanka had requested the Paris Club for the Moratorium. The amounts rescheduled repayment period for affected countries, as of the end of September 2007, were ¥6,208 million (\$54 million) in the International Financial Account and

¥120,807 million (\$1,047 million) in the Overseas Economic Cooperation Account.

Loans related to this Moratorium are not included in the loans described in (a) to (d) above, since lending terms has been modified based on an international agreement under this Moratorium to offer a grace period in order to support reconstruction and recovery of affected countries, and is therefore irrelevant to their debt-repayment ability.

- (h) As JBIC's debtors mainly require long-term loans, JBIC generally enters into commitment line contracts with these debtors. JBIC provides commitment lines under which it lends necessary funds up to a predetermined amount, which is within the borrowers' financing needs for the projects and up to the agreed maximum to lend, upon borrowers' request, provided that the request meets terms and conditions for disbursement prescribed in the Loan Agreement. The total balances of unused commitment lines as of September 30, 2007 and 2006, and March 31, 2007 were ¥4,417,611 million (\$38,271 million), ¥4,969,998 million and ¥4,899,076 million, respectively.
- (i) With respect to claims with collateral or guarantees on debtors who are legally or substantially bankrupt ("Bankrupt borrowers and Substantially bankrupt borrowers"), the residual booked amount of the claims after deduction of the amount which is deemed collectible through the disposal of collateral or the execution of guarantees is written-off against the respective claims. The amounts of the accumulated write-offs as of September 30, 2007 and 2006, and March 31, 2007 were ¥5,351 million (\$46 million), ¥5,508 million and ¥5,472 million, respectively.

6. Miscellaneous assets

A part of the net earnings on the International Financial Account is paid to the National Treasury, pursuant to Article 44 of the JBIC law. Preliminary payments to the National Treasury, made on a best estimation basis amounted to ¥6,247 million (\$54 million) for the interim fiscal year ended September 30, 2007, ¥5,984 million for the interim year ended September 30, 2006 and ¥20,119 million for the fiscal year ended March 31, 2007 respectively, and accounted for under Miscellaneous assets on the interim balance sheets.

7. Depreciation

Depreciation expense in First half of FY 2007, 2006 and FY 2007 and Accumulated Depreciation as of September 30, 2007 and 2006, and March 31, 2007 were as follows:

	First half of FY2007 (In millions of yen)	First half of FY2006 (In millions of yen)	FY2006 (In millions of yen)	First half of FY2007 (In millions of U.S. dollars)
Depreciation Expense				
International Financial Account	¥ 673	¥ 618	¥ 1,267	\$ 6
Overseas Economic Cooperation Account	348	315	651	3
	September 30, 2007 (In millions of yen)	September 30, 2006 (In millions of yen)	March 31, 2007 (In millions of yen)	September 30, 2007 (In millions of U.S. dollars)
Accumulated Depreciation on Tangible Fixed Assets				
International Financial Account	¥ 14,591	¥ 14,673	¥ 14,303	\$ 126
Overseas Economic Cooperation Account	4,652	5,063	4,655	40

8. Bonds and notes

Based on debt assumption agreements with financial institutions, JBIC has transferred the debt repayment obligation for certain bonds to such financial institutions. JBIC had contingent obligations in respect to the following bonds as of September 30, 2007 and 2006, and March 31, 2007:

	September 30, 2007 (In millions of yen)	September 30, 2006 (In millions of yen)	March 31, 2007 (In millions of yen)	September 30, 2007 (In millions of U.S. dollars)
	¥	¥	¥	\$
FILP Agency Bond 5	-	50,000	50,000	-
FILP Agency Bond 7	60,000	60,000	60,000	520
FILP Agency Bond 9	50,000	50,000	50,000	433
FILP Agency Bond 11	50,000	50,000	50,000	433

9. Acceptances and guarantees

Acceptances and Guarantees as of September 30, 2007 and 2006, and March 31, 2007 were as follows:

	September 30, 2007 (In millions of yen)	September 30, 2006 (In millions of yen)	March 31, 2007 (In millions of yen)	September 30, 2007 (In millions of U.S. dollars)
	¥	¥	¥	\$
Acceptances	-	-	-	-
Guarantees	1,603,695	1,139,823	1,496,958	13,893
	¥ 1,603,695	¥ 1,139,823	¥ 1,496,958	\$ 13,893

10. Assets pledged as collateral

There were no assets pledged as collateral as of September 30, 2007 and 2006, and March 31, 2007.

11. Other ordinary income

"Other ordinary income" include "Gain on sales of stock", ¥14,307 million (\$124 million) for the interim fiscal year ended September 30, 2007.

12. Grant from general account

In accordance with the "Changes of the Debt Relief Method" announced by the Japanese government on December 10, 2002, JBIC reported the extraordinary loss ("ODA-loan related losses") for the year ended March 31, 2003. Under the policy to maintain the financial soundness of JBIC, the government provided JBIC with a grant totaling ¥10 billion (\$87 million) corresponding to "ODA-loan related losses" out of its general account for the interim fiscal year ended September 30, 2007, ¥15 billion for the interim fiscal year ended September 30, 2006 and ¥30 billion for the fiscal year ended March 31, 2007, respectively.

13. Other extraordinary income

"Other extraordinary income" include "Reversal of allowance for possible loan losses", ¥19,618 million (\$170 million) for the interim year ended September 30, 2007.

14. Other ordinary expenses

"Other ordinary expenses" include Losses on devaluation of stocks, ¥282 million (\$2 million) for the interim fiscal year ended September 30, 2007.

15. Reserve

Pursuant to Article 44 of the JBIC Law, "Reserve attributable to the International Financial Account" is provided from net earnings from the International Financial Account, and "Reserve attributable to the Overseas Economic Cooperation Account" is provided from or reversed to net earnings from the Overseas Economic Cooperation Account, respectively.

16. Lease transactions

Lease transactions in the (interim) fiscal year ended September 30, 2007 and 2006, and March 31, 2007 were as follows. There were no impairment losses for the leased asset.

(a) Finance lease transactions, excluding leases that ownership of the property are deemed to be substantially transferred to the lessee:

- Acquisition cost, accumulated depreciation and net balance of leased property as of September 30, 2007 and 2006, and March 31, 2007, were as follows:

	September 30, 2007 (In millions of yen)	September 30, 2006 (In millions of yen)	March 31, 2007 (In millions of yen)	September 30, 2007 (In millions of U.S. dollars)
	¥	¥	¥	\$
Acquisition cost				
Equipment	899	615	658	8
Others	795	506	549	7
Total	¥ 1,695	¥ 1,121	¥ 1,207	\$ 15
Accumulated depreciation				
Equipment	587	390	476	5
Others	436	303	357	4
Total	¥ 1,023	¥ 694	¥ 833	\$ 9
Net balance				
Equipment	312	225	182	3
Others	359	202	191	3
Total	¥ 671	¥ 427	¥ 373	\$ 6

- Future lease payment obligations as of September 30, 2007 and 2006, and March 31, 2007 are summarized below:

	September 30, 2007 (In millions of yen)	September 30, 2006 (In millions of yen)	March 31, 2007 (In millions of yen)	September 30, 2007 (In millions of U.S. dollars)
	¥	¥	¥	\$
Due within 1 year	280	271	237	2
Due after 1 year	399	168	146	4
Total	¥ 680	¥ 439	¥ 384	\$ 6

- Lease payment, depreciation expense and interest expense for the (interim) fiscal year ended September 30, 2007 and 2006, and March 31, 2007 were as follows:

	September 30, 2007 (In millions of yen)	September 30, 2006 (In millions of yen)	March 31, 2007 (In millions of yen)	September 30, 2007 (In millions of U.S. dollars)
	¥	¥	¥	\$
Lease payment	198	140	285	2
Depreciation expense	190	133	273	2
Interest expense	6	5	10	0

- Depreciation expense is calculated using the straight-line method over the useful economic life of the respective leased assets with zero residual value.

- The difference between total lease payments and the acquisition cost of leased assets is debited to effective interest expense, and is allocated to each fiscal year using the interest method.

(b) Operating lease transactions:

- Future lease payment obligations as of September 30, 2007 and 2006, and March 31, 2007 are summarized below:

	September 30, 2007 (In millions of yen)	September 30, 2006 (In millions of yen)	March 31, 2007 (In millions of yen)	September 30, 2007 (In millions of U.S. dollars)
Due within 1 year	¥ 0	¥ 2	¥ 5	\$ 0
Due after 1 year	-	0	-	-
Total	¥ 0	¥ 3	¥ 5	\$ 0

17. Derivative transactions

Notes to derivative transactions in the interim fiscal period ended September 30, 2007 are as follows:

(a) Interest rate-related transactions

Gains or losses arising from changes in fair value of interest rate-related derivatives are not included in the interim statements of operations.

Hedge accounting is applied to all interest rate-related derivative transactions.

(b) Currency-related transactions

Gains or losses arising from changes in fair value of currency-related derivatives are not included in the interim statements of operations.

Hedge accounting is applied to all currency-related derivative transactions.

(c) Equity-related transactions

Not applicable

(d) Bond-related transactions

Not applicable

(e) Commodity-related transactions

Not applicable

(f) Credit derivatives transactions

Not applicable

Notes to derivative transactions in the interim fiscal period ended September 30, 2006 are as follows:

(a) Interest rate-related transactions

Gains or losses arising from changes in fair value of interest rate-related derivatives are not included in the interim statements of operations.

Hedge accounting is applied to all interest rate-related derivative transactions.

(b) Currency-related transactions

Gains or losses arising from changes in fair value of currency-related derivatives are not included in the interim statements of operations.

Hedge accounting is applied to all currency-related derivative transactions.

(c) Equity-related transactions

Not applicable

(d) Bond-related transactions

Not applicable

(e) Commodity-related transactions

Not applicable

(f) Credit derivatives transactions

Not applicable

Notes to derivative transactions in the fiscal year ended March 31, 2007 are as follows:

(a) Interest rate-related transactions

Gains or losses arising from changes in fair value of interest rate-related derivatives are not included in the statements of operations.

Hedge accounting is applied to all interest rate-related derivative transactions.

(b) Currency-related transactions

Gains or losses arising from changes in fair value of currency-related derivatives are not included in the statements of operations.

Hedge accounting is applied to all currency-related derivative transactions.

(c) Equity-related transactions

Not applicable

(d) Bond-related transactions

Not applicable

(e) Commodity-related transactions

Not applicable

(f) Credit derivatives transactions

Not applicable

18. Market value of securities

Notes to market value of securities as of September 30, 2007 are as follows:

(a) Held-to-maturity debt securities

Not applicable

(b) Available-for-sale securities with market value

Not applicable

(c) Held-to-maturity debt securities and available-for-sale securities whose market value is not readily determinable were as follows:

	September 30, 2007 (In millions of yen)	September 30, 2007 (In millions of U.S. dollars)
	¥	\$
Held-to-maturity debt securities		
Unlisted foreign securities	-	-
Available-for-sale securities		
Unlisted Japanese equities other than over-the-counter	102,934	892
Unlisted foreign equities	65	0
Other unlisted Japanese securities	251	2
Other unlisted foreign securities	1,702	15
Others	27,000	234
Total	<u>¥ 131,953</u>	<u>\$ 1,143</u>

Notes to market value of securities as of September 30, 2006 are as follows:

(a) Held-to-maturity debt securities

Not applicable

(b) Available-for-sale securities with market value

Not applicable

(c) Held-to-maturity debt securities and available-for-sale securities whose market value is not readily determinable were as follows:

		September 30, 2006 (In millions of yen)
		¥
Held-to-maturity debt securities		
Unlisted foreign securities		-
Available-for-sale securities		
Unlisted Japanese equities other than over-the-counter		110,817
Unlisted foreign equities		1,987
Other unlisted Japanese securities		250
Other unlisted foreign securities		1,594
Others		460,800
	Total	¥ 575,450

Notes to market value of securities as of March 31, 2007 are as follows:

(a) Held-to-maturity debt securities

Not applicable

(b) Available-for-sale securities with market value

Not applicable

(c) Held-to-maturity debt securities and available-for-sale securities whose market value is not readily determinable were as follows:

		March 31, 2007 (In millions of yen)
		¥
Held-to-maturity debt securities		
Unlisted foreign securities		-
Available-for-sale securities		
Unlisted Japanese equities other than over-the-counter		107,194
Unlisted foreign equities		814
Other unlisted Japanese securities		253
Other unlisted foreign securities		1,817
Others		-
	Total	¥ 110,079