

## Report of Independent Auditors

To the Governor of Japan Bank for International Cooperation

We have audited the accompanying Overseas Economic Cooperation Account balance sheets of Japan Bank for International Cooperation as of March 31, 2007 and 2008, and the related statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in Japanese Yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Overseas Economic Cooperation Account of Japan Bank for International Cooperation as of March 31, 2007 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

*Ernst & Young ShinNihon*

June 27, 2008

**BALANCE SHEETS****JAPAN BANK FOR INTERNATIONAL COOPERATION****Overseas Economic Cooperation Account**

	In millions of yen	In millions of yen	In millions of U.S.dollars
	March 31, 2008	March 31, 2007	March 31, 2008
<b>Assets</b>			
Cash and due from banks (Note 3)	¥ 1,858	¥ 68,258	\$ 18
Securities (Notes 4 and 17)	103,701	109,275	1,035
Loans (Note 5)	10,962,845	10,940,343	109,421
Miscellaneous assets (Note 6)	58,897	62,913	588
Tangible fixed assets (Note 7)	6,496	6,603	65
Intangible fixed assets (Note 7)	1,618	1,334	16
Allowance for possible loan losses (Note 8)	(87,609)	(102,897)	(874)
<b>Total assets</b>	<b>¥ 11,047,808</b>	<b>¥ 11,085,830</b>	<b>\$ 110,269</b>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Borrowings (Note 9)	¥ 3,306,703	¥ 3,714,803	\$ 33,004
Miscellaneous liabilities (Note 10)	14,062	14,105	141
Reserve for bonus payments	393	390	4
Reserve for employee retirement benefits (Note 11)	6,541	6,148	65
<b>Total liabilities</b>	<b>3,327,701</b>	<b>3,735,446</b>	<b>33,214</b>
<b>Net assets</b>			
<b>Capital:</b>			
Capital attributable to the Overseas Economic Cooperation Account	7,390,572	7,231,508	73,766
<b>Retained earnings:</b>			
Other retained earnings			
Reserve attributable to the Overseas Economic Cooperation Account (Note 14)	305,464	166,062	3,049
Accumulated earnings (deficit)	24,069	(47,187)	240
	329,534	118,875	3,289
<b>Total stockholders' equity</b>	<b>7,720,106</b>	<b>7,350,383</b>	<b>77,055</b>
<b>Total valuation differences and translation adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net assets</b>	<b>7,720,106</b>	<b>7,350,383</b>	<b>77,055</b>
<b>Total liabilities and net assets</b>	<b>¥ 11,047,808</b>	<b>¥ 11,085,830</b>	<b>\$ 110,269</b>

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

**STATEMENTS OF OPERATIONS**  
**JAPAN BANK FOR INTERNATIONAL COOPERATION**  
**Overseas Economic Cooperation Account**

	In millions of yen		In millions of yen		In millions of U.S.dollars	
		FY 2007		FY 2006		FY 2007
<b>Income</b>						
Interest income	¥	247,097	¥	246,837	\$	2,466
Interest on loans		231,875		240,025		2,314
Interest and dividend income on securities		15,014		6,781		150
Interest on due from banks		207		29		2
Fees and Commissions		669		560		7
Other operating income		-		23		-
Foreign exchange gains		-		23		-
Other ordinary income		14,530		157		145
Grant from general account (Note 13)		20,000		30,000		200
Reversal of allowance for possible loan losses		11,539		22,259		115
Recovery of written-off claims		15		822		0
Profits on sales of tangible fixed assets		10		4		0
<b>Total income</b>		<b>293,861</b>		<b>300,665</b>		<b>2,933</b>
<b>Expenses</b>						
Interest expenses		68,317		81,141		682
Interest on bonds and notes		-		183		-
Interest on borrowings		68,317		80,957		682
Fees and Commissions		4,174		3,874		42
Other operating expenses		220		10		2
Foreign exchange losses		220		-		2
Others		-		10		-
General and administrative expenses		10,159		9,773		101
Other ordinary expenses		282		1,497		3
Write-off of equities, securities, etc.		282		1,481		3
Others		-		16		-
Losses on disposal of tangible fixed assets		48		37		0
<b>Total expenses</b>		<b>83,202</b>		<b>96,336</b>		<b>830</b>
<b>Net income</b>	¥	<b>210,658</b>	¥	<b>204,329</b>	\$	<b>2,103</b>

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

**STATEMENTS OF CASH FLOWS**

JAPAN BANK FOR INTERNATIONAL COOPERATION

**Overseas Economic Cooperation Account**

	In millions of yen		In millions of yen		In millions of U.S.dollars	
	FY 2007		FY 2006		FY 2007	
<b>Cash flows from operating activities</b>						
Net income	¥	210,658	¥	204,329	\$	2,103
Depreciation and amortization		705		651		7
Decrease in allowance for possible loan losses		(15,288)		(22,259)		(153)
Increase in reserve for bonus payments		2		2		0
Increase (decrease) in reserve for employee retirement benefits		393		(111)		4
Interest income		(247,097)		(246,837)		(2,466)
Interest expenses		68,317		81,141		682
Net (gain) loss on securities		(14,142)		1,436		(141)
Foreign exchange loss (gain)		177		(33)		2
Net loss on sales of tangible fixed assets		37		33		0
Net increase (decrease) in loans		(22,502)		3,298		(225)
Net decrease in bonds and notes		-		(10,000)		-
Net decrease in borrowings		(408,099)		(305,417)		(4,073)
Net increase (decrease) in due from banks (excluding cash equivalents)		(585)		186		(6)
Interest received		251,022		253,676		2,505
Interest paid		(68,361)		(83,452)		(682)
Others, net		45		(730)		0
<b>Net cash used in operating activities</b>		<b>(244,715)</b>		<b>(124,086)</b>		<b>(2,443)</b>
<b>Cash flows from investing activities</b>						
Purchases of securities		(32)		(135)		(0)
Sales of securities		19,619		8,443		196
Purchases of tangible fixed assets		(255)		(273)		(3)
Purchases of intangible fixed assets		(678)		(116)		(7)
Proceeds from sales of tangible fixed assets		13		6		0
<b>Net cash provided by investing activities</b>		<b>18,666</b>		<b>7,925</b>		<b>186</b>
<b>Cash flows from financing activities</b>						
Proceeds from issuance of capital stocks from government		159,064		165,864		1,588
<b>Net cash provided by financing activities</b>		<b>159,064</b>		<b>165,864</b>		<b>1,588</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>(0)</b>		<b>0</b>		<b>(0)</b>
<b>Net decrease (increase) in cash and cash equivalents</b>		<b>(66,985)</b>		<b>49,703</b>		<b>(668)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>67,569</b>		<b>17,865</b>		<b>674</b>
<b>Cash and cash equivalents at the end of the period</b>	¥	<b>583</b>	¥	<b>67,569</b>	\$	<b>6</b>

**STATEMENTS OF CHANGES IN NET ASSETS**  
**JAPAN BANK FOR INTERNATIONAL COOPERATION**  
**Overseas Economic Cooperation Account**

For the year ended March 31, 2008

(In millions of yen)

	Stockholders' equity					Valuation differences and translation adjustments	Total net assets
	Capital	Retained earnings			Total stockholders' equity	Total valuation differences and translation adjustments	
	Capital attributable to the Overseas Economic Cooperation Account	Other retained earnings		Total retained earnings			
		Reserve attributable to the Overseas Economic Cooperation Account	Accumulated earnings (deficit)				
Balance at March 31, 2007	7,231,508	166,062	(47,187)	118,875	7,350,383	-	7,350,383
Changes during the accounting period							
Proceeds from issuance of capital stocks attributable to the Overseas Economic Cooperation Account	159,064	-	-	-	159,064	-	159,064
Transfer to reserve attributable to the Overseas Economic Cooperation Account from accumulated deficit	-	139,401	(139,401)	-	-	-	-
Net income	-	-	210,658	210,658	210,658	-	210,658
Net changes in the items other than stockholders' equity	-	-	-	-	-	-	-
Net changes during the accounting period	159,064	139,401	71,257	210,658	369,722	-	369,722
Balance at March 31, 2008	7,390,572	305,464	24,069	329,534	7,720,106	-	7,720,106

**STATEMENTS OF CHANGES IN NET ASSETS**  
**JAPAN BANK FOR INTERNATIONAL COOPERATION**  
**Overseas Economic Cooperation Account**

For the year ended March 31, 2008

(In millions of U.S. dollars)

	Stockholders' equity					Valuation differences and translation adjustments	Total net assets
	Capital	Retained earnings			Total stockholders' equity	Total valuation differences and translation adjustments	
	Capital attributable to the Overseas Economic Cooperation Account	Other retained earnings		Total retained earnings			
		Reserve attributable to the Overseas Economic Cooperation Account	Accumulated earnings (deficit)				
Balance at March 31, 2007	72,178	1,657	(471)	1,186	73,364	-	73,364
Changes during the accounting period							
Proceeds from issuance of capital stocks attributable to the Overseas Economic Cooperation Account	1,588	-	-	-	1,588	-	1,588
Transfer to reserve attributable to the Overseas Economic Cooperation Account from accumulated deficit	-	1,391	(1,391)	-	-	-	-
Net income	-	-	2,103	2,103	2,103	-	2,103
Net changes in the items other than stockholders' equity	-	-	-	-	-	-	-
Net changes during the accounting period	1,588	1,391	711	2,103	3,690	-	3,690
Balance at March 31, 2008	73,766	3,049	240	3,289	77,055	-	77,055

**STATEMENTS OF CHANGES IN NET ASSETS**  
**JAPAN BANK FOR INTERNATIONAL COOPERATION**  
**Overseas Economic Cooperation Account**

For the year ended March 31,2007

(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 Overseas Economic Cooperation Account	Other retained earnings		Total retained earnings				
Reserve attributable to the Overseas Economic Cooperation Account		Accumulated deficit						
Balance at March 31, 2006	7,065,644	111,324	(196,778)	(85,454)	6,980,190	-	-	6,980,190
Changes during the accounting period								
Proceeds from issuance of capital stocks attributable to the Overseas Economic Cooperation Account	165,864	-	-	-	165,864	-	-	165,864
Transfer to reserve attributable to the Overseas Economic Cooperation Account from accumulated deficit	-	54,737	(54,737)	-	-	-	-	-
Net income	-	-	204,329	204,329	204,329	-	-	204,329
Net changes in the items other than stockholders' equity	-	-	-	-	-	-	-	-
Net changes during the accounting period	165,864	54,737	149,591	204,329	370,193	-	-	370,193
Balance at March 31, 2007	7,231,508	166,062	(47,187)	118,875	7,350,383	-	-	7,350,383

**NOTES TO FINANCIAL STATEMENTS**  
**JAPAN BANK FOR INTERNATIONAL COOPERATION**  
**Overseas Economic Cooperation Account**

**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 ¥100.19=\$1.00, the exchange rate as of March 31, 2008, 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) Foreign currency translation and revaluation method**

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

**(d) 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 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 fiscal 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 financial statements of this 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).

**(e) 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 the 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 assessment.

**(f) 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 balance sheet. Reserve for bonus payments to executive directors is included in the account.

**(g) 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 fiscal period end.

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

**(h) 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.

**(i) Consumption taxes**

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

**(j) 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 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 fiscal period.

**3. Cash and cash equivalents**

The reconciliation between the balance of cash and cash equivalents at the end of each fiscal year and the amount of cash and due from banks reported in the balance sheets as of March 31, 2008 and 2007 were as follows:

	March 31, 2008 (In millions of yen)	March 31, 2007 (In millions of yen)	March 31, 2008 (In millions of U.S.dollars)
Cash and due from banks	¥ 1,858	¥ 68,258	\$ 18
Due from banks (*)	(1,275)	(689)	(12)
Cash and cash equivalents	¥ 583	¥ 67,569	\$ 6

(\*) Excluding Due from Bank of Japan

**4. Securities**

Securities as of March 31, 2008 and 2007 were as follows:

	March 31, 2008 (In millions of yen)	March 31, 2007 (In millions of yen)	March 31, 2008 (In millions of U.S.dollars)
Equity	¥ 102,921	¥ 107,996	\$ 1,027
Other securities	779	1,279	8
	¥ 103,701	¥ 109,275	\$ 1,035

## 5. Loans

All of Loans are loans on deeds. The amounts reported in the balance sheets as of March 31, 2008 and 2007 were as follows:

	March 31, 2008 (In millions of yen)	March 31, 2007 (In millions of yen)	March 31, 2008 (In millions of U.S.dollars)
Bankrupt loans	¥ -	¥ -	\$ -
Non-accrual loans	73,367	76,876	732
Past due loans (3 months or more)	-	-	-
Restructured loans	139,647	185,191	1,394
	¥ 213,015	¥ 262,068	\$ 2,126

- (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 months 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 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:

	March 31, 2008 (In millions of yen)	March 31, 2007 (In millions of yen)	March 31, 2008 (In millions of U.S.dollars)
Overseas Economic Cooperation Account	¥ 1,228,905	¥ 1,246,893	\$ 12,266

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 ¥139,647 million (\$1,394 million) of which ¥63,663 million (\$635 million) represents original principal attributable to the Overseas Economic Cooperation Account as of March 31, 2008, and ¥185,191 million of which ¥101,267 million represents original principal as of March 31, 2007.

- (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 date 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 March 2008, 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 March 2008, were ¥96,645 million (\$965 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 balance of unused commitment lines as of March 31, 2008 and 2007 were ¥3,803,800 million (\$37,966 million), and ¥3,656,740 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. There were no corresponding amounts as of March 31, 2008 and 2007.

## 6. Miscellaneous assets

Miscellaneous assets as of March 31, 2008 and 2007 were as follows:

	March 31, 2008 ( In millions of yen )	March 31, 2007 ( In millions of yen )	March 31, 2008 (In millions of U. S. dollars)
Prepaid expenses	¥ 369	¥ 493	\$ 4
Accrued income (a)	57,714	61,599	576
Other (b)	813	819	8
	<u>¥ 58,897</u>	<u>¥ 62,913</u>	<u>\$ 588</u>

(Notes)

- (a) "Accrued income" includes ¥57,475 million (\$574 million) and ¥61,391 million of accrued interest on loans and other as of March 31, 2008 and 2007, respectively.
- (b) "Other" includes ¥0 million (\$0 million) of suspense payments and other as of March 31, 2008 and ¥0 million of suspense payments and other as of March 31, 2007.

## 7. Fixed assets

Fixed assets as of March 31, 2008 and 2007 were as follows:

	March 31, 2008 ( In millions of yen )		March 31, 2007 ( In millions of yen )		March 31, 2008 (In millions of U. S. dollars)
	¥		¥		\$
<b>Tangible fixed assets</b>					
Buildings		6,867		6,985	68
Land		2,994		2,994	30
Construction in progress		13		27	0
Other		1,258		1,250	13
<b>Total</b>	¥	<b>11,134</b>	¥	<b>11,258</b>	<b>\$ 111</b>
Less-accumulated depreciation		4,637		4,655	46
<b>Net book value</b>	¥	<b>6,496</b>	¥	<b>6,603</b>	<b>\$ 65</b>
<b>Intangible fixed assets</b>					
Software		2,408		2,179	24
Other		449		0	5
<b>Total</b>	¥	<b>2,858</b>	¥	<b>2,179</b>	<b>\$ 29</b>
Less-accumulated depreciation		1,239		845	13
<b>Net book value</b>	¥	<b>1,618</b>	¥	<b>1,334</b>	<b>\$ 16</b>

## 8. Allowance for possible loan losses

Allowance for possible loan losses as of March 31, 2008 and 2007 were as follows:

	March 31, 2008 ( In millions of yen )		March 31, 2007 ( In millions of yen )		March 31, 2008 (In millions of U. S. dollars)
	¥		¥		\$
General allowance for possible loan losses		37,289		48,869	372
Specific allowance for possible loan losses		50,319		54,028	502
Allowance for possible losses on specific overseas loans		-		-	-
<b>Total</b>	¥	<b>87,609</b>	¥	<b>102,897</b>	<b>\$ 874</b>

## 9. Borrowings

Borrowings as of March 31, 2008 and 2007 were as follows:

	Average interest rate	Due date of repayment	March 31, 2008 ( In millions of yen )	March 31, 2007 ( In millions of yen )	March 31, 2008 (In millions of U. S. dollars)
			¥	¥	\$
<b>Long-term borrowings</b>					
Borrowings from the Government Fund for Fiscal Investment and Loan Program	1.72	November 2009- October 2022	3,306,703	3,687,708	33,004
Borrowings from the Government Post Office Life Insurance Fund	-	-	-	27,095	-
<b>Total</b>			<b>¥ 3,306,703</b>	<b>¥ 3,714,803</b>	<b>\$ 33,004</b>

Long-term borrowings with maturities for the next five years as of March 31, 2008 were as follows:

	In millions of yen		In millions of U.S. dollars	
	¥		\$	
Fiscal year 2008		386,562		3,858
2009		407,112		4,063
2010		398,858		3,981
2011		363,804		3,631
2012		346,016		3,454

## 10. Miscellaneous liabilities

Miscellaneous liabilities as of March 31, 2008 and 2007 were as follows:

	March 31, 2008		March 31, 2007		March 31, 2008	
	( In millions of yen )		( In millions of yen )		(In millions of U. S. dollars)	
	¥		¥		\$	
Accrued expenses (a)		13,738		13,991		137
Other (b)		324		113		4
	¥	14,062	¥	14,105	\$	141

(Notes)

- (a) "Accrued expenses" includes ¥13,589 million (\$136 million) of accrued interest on borrowings and other as of March 31, 2008 (March 31, 2007: ¥13,633 million).
- (b) "Other" includes ¥324 million (\$3 million) of suspense receipts as of March 31, 2008 (March 31, 2007: ¥113 million).

## 11. Employee retirement benefits

JBIC has a defined benefit pension plan comprising of a welfare pension fund plan and lump-sum severance indemnity plan.

### (a) The funded status of the pension plans

Disposition		March 31, 2008		March 31, 2007		March 31, 2008	
		( In millions of yen )		( In millions of yen )		(In millions of U. S. dollars)	
		¥		¥		\$	
Projected benefit obligation	(A)		(9,073)		(8,898)		(90)
Fair value of plans' assets	(B)		2,531		2,750		25
Unfunded pension obligation	(C) = (A) + (B)		(6,541)		(6,148)		(65)
Unrecognized net obligation at transition	(D)		-		-		-
Unrecognized net actuarial gains/losses	(E)		-		-		-
Unrecognized prior service cost	(F)		-		-		-
Net amount recognized on the balance sheet	(G) = (C) + (D) + (E) + (F)		(6,541)		(6,148)		(65)
Prepaid pension cost	(H)		-		-		-
Allowance for employee retirement benefits	(G) - (H)	¥	(6,541)	¥	(6,148)	\$	(65)

(Note) The projected benefit obligation above includes a portion in which the pension fund acts for the government welfare program.

**(b) Component of pension cost**

Disposition	March 31, 2008	March 31, 2007	March 31, 2008
	( In millions of yen )	( In millions of yen )	(In millions of U. S. dollars)
	¥	¥	\$
Service cost	324	335	3
Interest cost	177	175	2
Expected return on plans' assets	(41)	(38)	(1)
Amortization of prior service cost	-	-	-
Amortization of net actuarial gains/losses	381	14	4
Amortization of net obligation at transition	-	-	-
Other costs	-	-	-
Net pension cost	¥ 841	¥ 487	\$ 8

**(c) Principal assumptions made**

	March 31, 2008	March 31, 2007
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	1.5%	1.5%
Method of attributing the projected benefits to periods of services	Straight-line basis	Straight-line basis
Amortization period of prior service costs	-	-
Amortization period of actuarial gains/losses	Gains/losses are charged to net income for the year	Gains/losses are charged to net income for the year
Amortization period of net obligation at transition	-	-

**12. Assets pledged as collateral**

There were no assets pledged as collateral as of March 31, 2008 and 2007.

**13. 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 an 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 ¥20 billion (\$200 million) and ¥30 billion corresponding to "ODA-loan related losses" out of its general account for the fiscal year ended March 31, 2008 and 2007 respectively.

**14. Reserve**

Pursuant to Article 44 of JBIC Law, "Reserve attributable to the Overseas Economic Cooperation Account" is provided from net earnings from the Overseas Economic Cooperation Account.

**15. Lease transactions**

Lease transactions in the fiscal year ended March 31, 2008 and 2007 were as follows. There are no impairment losses for the leased assets:

**(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 March 31, 2008 and 2007 were as follows:

	March 31, 2008 ( In millions of yen )	March 31, 2007 ( In millions of yen )	March 31, 2008 ( In millions of U.S. dollars )
	¥	¥	\$
Acquisition cost			
Equipment	228	250	2
Other	316	208	3
Total	¥ 544	¥ 458	\$ 5
Accumulated depreciation			
Equipment	126	180	1
Other	196	135	2
Total	¥ 323	¥ 316	\$ 3
Net balance			
Equipment	101	69	1
Other	120	72	1
Total	¥ 221	¥ 142	\$ 2

• Future lease payment obligations as of March 31, 2008 and 2007 are summarized below:

	March 31, 2008 ( In millions of yen )	March 31, 2007 ( In millions of yen )	March 31, 2008 ( In millions of U.S. dollars )
	¥	¥	\$
Due within 1 year	78	90	1
Due after 1 year	145	55	1
Total	¥ 224	¥ 145	\$ 2

• Lease payment, depreciation expense and interest expense for the fiscal year ended March 31, 2008 and 2007 were as follows:

	March 31, 2008 ( In millions of yen )	March 31, 2007 ( In millions of yen )	March 31, 2008 ( In millions of U.S. dollars )
	¥	¥	\$
Lease payment	130	108	1
Depreciation expense	125	103	1
Interest expense	4	3	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 March 31, 2008 and 2007 are summarized below:

	March 31, 2008 ( In millions of yen )	March 31, 2007 ( In millions of yen )	March 31, 2008 ( In millions of U.S. dollars )
	¥	¥	\$
Due within 1 year	-	1	-
Due after 1 year	-	-	-
Total	¥ -	¥ 1	\$ -

**16. Derivative transactions**

There were no derivative transactions in the fiscal year ended March 31, 2008 and 2007.

## 17. Market value of securities

Notes to market value of securities as March 31, 2008 were as follows:

- (a) **Trading securities**  
Not applicable
- (b) **Held-to-maturity debt securities with market value**  
Not applicable
- (c) **Available-for-sale securities with market value**  
Not applicable
- (d) **Held-to-maturity debt securities sold**  
Not applicable
- (e) **Available-for-sale securities sold**

	March 31, 2008 ( In millions of yen )	March 31, 2008 ( In millions of U.S. dollars)
	¥	\$
Sales amount	18,567	185
Gains on sales	14,307	143
Losses on sales	-	-

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

	March 31, 2008 ( In millions of yen )	March 31, 2008 ( 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	102,921	1,027
Unlisted foreign equities	0	0
Other unlisted Japanese securities	-	-
Other unlisted foreign securities	779	8
Total	¥ 103,701	\$ 1,035

- (g) **Change in classification of securities**  
Not applicable
- (h) **Redemption schedule of available-for-sale securities with maturity and held-to maturity debt securities**  
Not applicable
- (i) **Equity securities of subsidiaries and affiliates with market value**  
Not applicable
- (j) **Money held in trust**  
Not applicable
- (k) **Net unrealized gain (loss) on available-for-sale securities**  
Not applicable

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

- (a) **Trading securities**  
Not applicable
- (b) **Held-to-maturity debt securities with market value**  
Not applicable
- (c) **Available-for-sale securities with market value**  
Not applicable

**(d) Held-to-maturity debt securities sold**

Not applicable

**(e) Available-for-sale securities sold**

March 31, 2007  
( In millions of yen )

	¥
Sales amount	5,000
Gains on sales	-
Losses on sales	-

**(f) 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	107,181
Unlisted foreign equities	814
Other unlisted Japanese securities	-
Other unlisted foreign securities	1,279
Total	<u>¥ 109,275</u>

**(g) Change in classification of securities**

Not applicable

**(h) Redemption schedule of available-for-sale securities with maturity and held-to maturity debt securities**

Not applicable

**(i) Equity securities of subsidiaries and affiliates with market value**

Not applicable

**(j) Money held in trust**

Not applicable

**(k) Net unrealized gain (loss) on available-for-sale securities**

Not applicable