

## Summary of Japanese GAAP-Based Financial Statements for Fiscal Year Ending September 2008

Japan International Cooperation Agency (JICA; President: Sadako Ogata) and Japan Bank for International Cooperation (JBIC; Governor: Hiroshi Watanabe) (former Japan Bank for International Cooperation) made public its financial statements for the fiscal year ending September 2008 in accordance with generally accepted accounting principles and practices for Japanese private corporations (Japanese GAAP) on December 26, 2008. In order to ensure its objectivity, JBIC obtained an auditor's report from ERNST & YOUNG SHINNIHON LLC pursuant to paragraph 1 of Article 193.2 of the Financial Products Exchange Law.

Financial highlights of the Japanese GAAP-based financial statements for the fiscal year ending September 2008 are as follows.

### I. Income (Loss)

JBIC's asset-liability structure is characterized by long maturities of both assets and liabilities, with the overall loan assets having a longer maturity than the liabilities. Thus low and stable interest rates in recent years have enabled JBIC to post consistently robust levels of net interest income. As there was no significant change in this trend during FY2008, net operating income of the International Financial Account amounted to 23.5 billion yen, the Overseas Economic Cooperation Account 80.5 billion yen and The Bank Account 104.0 billion yen. Net ordinary income, subsequent to provision for allowance for possible loan losses and other ordinary gain and loss, of the International Financial Account amounted to 13.5 billion yen, the Overseas Economic Cooperation Account 48.7 billion yen and The Bank Account 62.2 billion yen. Due to a grant provided by the Japanese government and other extraordinary income and loss, net income of the International Financial Account amounted to 10.7 billion yen, the Overseas Economic Cooperation Account 55.3 billion yen and The Bank Account 66.0 billion yen.

This grant has been provided since FY 2003 in accordance with the policy of the Japanese government to ensure fiscal soundness of JBIC under the "Changes of the Debt Relief Method" announced in FY2002. (6.8 billion yen for FY2008)

#### <The Bank Account>

(Unit: hundred millions of yen)

|  | Fiscal Year ending<br>September 2008 | First Half of FY2007 |
|--|--------------------------------------|----------------------|
| Gross Operating Profit   | 1,192                                | 1,265                |
| Net Interest Income  | 1,191                                | 1,238                |
| Net Fees and Commissions   | 11                                   | 40                   |
| Net Other Operating Income   | △10                                  | △14                  |
| General and Administrative Expenses  | △152                                 | △122                 |
| Net Operating Income (Prior to Provision for General Allowance for Possible Loan Losses) | 1,040                                | 1,142                |
| Provision for General Allowance for Possible Loan Losses                                 | △379                                 | —                    |
| Other Ordinary Gain/Loss (△)   | △39                                  | 141                  |
| Net Gain/Loss on Stocks  | —                                    | 140                  |
| Write-off of Loans   | —                                    | —                    |
| Provision for Specific Allowance for Possible Loan Losses                                | △0                                   | —                    |
| Provision for Allowance for Possible Losses on Specific Overseas Loans                   | △41                                  | —                    |
| Others   | 1                                    | 1                    |
| Net Ordinary Income  | 622                                  | 1,283                |
| Net Extraordinary Income   | 39                                   | 305                  |
| Grant from General Account   | 68                                   | 100                  |
| Reversal of Allowance for Possible Loan Losses   | —                                    | 196                  |
| Others   | △28                                  | 9                    |
| Net Income   | 661                                  | 1,589                |

## &lt;International Financial Account&gt;

(Unit: hundred millions of yen)

|  | Fiscal Year ending<br>September 2008 | First Half of FY2007 |
|--|--------------------------------------|----------------------|
| Gross Operating Profit   | 330                                  | 374                  |
| Net Interest Income  | 315                                  | 343                  |
| Net Fees and Commissions   | 24                                   | 45                   |
| Net Other Operating Income   | △10                                  | △14                  |
| General and Administrative Expenses  | 95                                   | △76                  |
| Net Operating Income (Prior to Provision for General Allowance for Possible Loan Losses) | 235                                  | 298                  |
| Provision for General Allowance for Possible Loan Losses                                 | △60                                  | —                    |
| Other Ordinary Gain/Loss (△)   | △40                                  | 1                    |
| Net Gain/Loss on Stocks  | —                                    | —                    |
| Write-off of Loans   | —                                    | —                    |
| Provision for Specific Allowance for Possible Loan Losses                                | △0                                   | —                    |
| Provision for Allowance for Possible Losses on Specific Overseas Loans                   | △41                                  | —                    |
| Others   | 1                                    | 1                    |
| Net Ordinary Income  | 135                                  | 299                  |
| Net Extraordinary Income   | △28                                  | 122                  |
| Reversal of Allowance for Possible Loan Losses   | —                                    | 112                  |
| Others   | △28                                  | △10                  |
| Net Income   | 107                                  | 420                  |

## &lt;Overseas Economic Cooperation Account&gt;

(Unit: hundred millions of yen)

|  | Fiscal Year ending<br>September 2008 | First Half of FY2007 |
|--|--------------------------------------|----------------------|
| Gross Operating Profit   | 862                                  | 890                  |
| Net Interest Income  | 876                                  | 895                  |
| Net Fees and Commissions   | △13                                  | △5                   |
| Net Other Operating Income   | 0                                    | 0                    |
| General and Administrative Expenses  | 57                                   | △46                  |
| Net Operating Income (Prior to Provision for General Allowance for Possible Loan Losses) | 805                                  | 844                  |
| Provision for General Allowance for Possible Loan Losses                                 | △319                                 | —                    |
| Other Ordinary Gain/Loss (△)   | △0                                   | 141                  |
| Net Gain/Loss on Stocks  | —                                    | 140                  |
| Write-off of Loans   | —                                    | —                    |
| Provision for Specific Allowance for Possible Loan Losses                                | —                                    | —                    |
| Provision for Allowance for Possible Losses on Specific Overseas Loans                   | —                                    | —                    |
| Others   | △0                                   | 0                    |
| Net Ordinary Income  | 487                                  | 985                  |
| Net Extraordinary Income   | 67                                   | 184                  |
| Grant from General Account   | 68                                   | 100                  |
| Reversal of Allowance for Possible Loan Losses   | —                                    | 84                   |
| Others   | △1                                   | 0                    |
| Net Income   | 553                                  | 1,169                |

(Note) General allowance for possible loan losses is the allowance for claims on debtors other than Bankrupt Borrowers, Substantially Bankrupt Borrowers and Potentially Bankrupt Borrowers.

## II. Assets, Liabilities and Capital

As of September 30, 2008, the International Financial Account had total assets of 9,052.8 billion yen (increased 2.2 billion yen from the previous fiscal year), total liabilities of 7,288.2 billion yen (decreased 21.7 billion yen from the previous fiscal year), and total net assets of 1,764.6 billion yen. The Overseas Economic Cooperation Account had total assets of 10,976.4 billion yen (decreased 71.4 billion yen from the previous fiscal year), total liabilities of 3,134.8 billion yen (decreased 192.9 billion yen from the previous fiscal year), and total net assets of 7,841.6 billion yen. Overall, the Bank had total assets of 20,029.1 billion yen (decreased 69.3 billion yen from the previous fiscal year), total liabilities of 10,422.9 billion yen (decreased 214.7 billion yen from the previous fiscal year), and total net assets of 9,606.2 billion yen.

(Unit: hundred millions of yen)

|   | As of September 30, 2008 |                                 |                                       | As of March 31, 2008 |                                 |                                       |
|---|--------------------------|---------------------------------|---------------------------------------|----------------------|---------------------------------|---------------------------------------|
|   | The Bank Account         | International Financial Account | Overseas Economic Cooperation Account | The Bank Account     | International Financial Account | Overseas Economic Cooperation Account |
| Total Assets  | 200,291                  | 90,528                          | 109,764                               | 200,984              | 90,506                          | 110,478                               |
| Cash and Due from Banks                               | 2,471                    | 2,430                           | 41                                    | 3,073                | 3,054                           | 19                                    |
| Securities  | 1,143                    | 107                             | 1,036                                 | 1,045                | 8                               | 1,037                                 |
| Loans   | 177,316                  | 68,105                          | 109,211                               | 176,255              | 66,627                          | 109,628                               |
| Miscellaneous Assets                                  | 5,736                    | 5,152                           | 585                                   | 6,981                | 6,392                           | 589                                   |
| Customer's Liabilities for Acceptances and Guarantees | 15,775                   | 15,775                          | 0                                     | 15,369               | 15,369                          | —                                     |
| Allowance for Possible Loan Losses                    | △2,458                   | △1,263                          | △1,195                                | △2,038               | △1,162                          | △876                                  |
| Total Liabilities                                     | 104,229                  | 72,882                          | 31,348                                | 106,376              | 73,099                          | 33,277                                |
| Bonds and Notes                                       | 22,124                   | 22,124                          | 0                                     | 20,534               | 20,534                          | —                                     |
| Borrowings  | 65,563                   | 34,421                          | 31,143                                | 69,722               | 36,655                          | 33,067                                |
| Miscellaneous Liabilities                             | 585                      | 450                             | 136                                   | 569                  | 428                             | 141                                   |
| Acceptances and Guarantees                            | 15,775                   | 15,775                          | 0                                     | 15,369               | 15,369                          | —                                     |
| Total Net Assets                                      | 96,062                   | 17,646                          | 78,416                                | 94,608               | 17,407                          | 77,201                                |
| Capital   | 84,623                   | 10,055                          | 74,568                                | 83,761               | 9,855                           | 73,906                                |
| Retained Earnings and Reserve                         | 10,897                   | 7,049                           | 3,849                                 | 10,525               | 7,229                           | 3,295                                 |
| Valuation and Translation Adjustments                 | 542                      | 542                             | 0                                     | 322                  | 322                             | —                                     |

### III. Loans

The results of self-assessment, including the classification of risk-monitored loans shown below and loan assets required to be disclosed in accordance with disclosure requirements set forth in the Financial Revitalization Law (FRL), were audited by ERNST & YOUNG SHINNIHON LLC based on the Practical Guidelines for Examining Internal Control Regarding Self-Assessment of Assets in Banks and Other Financial Institutions and Auditing Writeoffs for Defaulted Loans and Provisioning for Possible Loan Losses,” (Japanese Institute of Certified Public Accountants, Special Committee Report No. 4, April 30, 1999).

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

As for the probability of repayment for the loans rescheduled in the Paris Club, this needs to reflect their nature as official credit, whereby the above international framework provides an asset-securing mechanism which is not found with private financial institutions. Nevertheless, to facilitate comparison between JBIC and private financial institutions, JBIC, in principle, treats the loans rescheduled in the Paris Club and whose debtor countries are categorized as “needs attention” in its self assessment of asset quality as loan assets required to be disclosed, classifying them either as restructured loans (under the Banking Law of Japan) or substandard loans (under the Financial Revitalization Law).

<Risk-Monitored Loans>

In the following table, loans were classified based on self-assessment on asset quality and in accordance with the disclosure standard of risk-monitored loans adopted by private financial institutions under the relevant regulations of the Banking Law of Japan.

(Unit: hundred millions of yen, %)

| <The Bank Account>                    | As of the end of September 2008 | Change from the end of March 2008 | As of the end of March 2008 | Ratio to Total Loans  |                   |
|---------------------------------------|---------------------------------|-----------------------------------|-----------------------------|-----------------------|-------------------|
|                                       |                                 |                                   |                             | End of September 2008 | End of March 2008 |
| Total Amounts of Risk-Monitored Loans | 9,951                           | 5,936                             | 4,015                       | 5.61                  | 2.28              |
| Bankrupt Loans                        | 359                             | —                                 | 359                         | 0.20                  | 0.20              |
| Non-Accrual Loans                     | 1,825                           | △6                                | 1,832                       | 1.03                  | 1.04              |
| Past Due Loans (Three months or more) | —                               | —                                 | —                           | —                     | —                 |
| Restructured Loans                    | 7,767                           | △5,943                            | 1,825                       | 4.38                  | 1.04              |
| Total Amounts of Outstanding Loans    | 177,316                         | 1,061                             | 176,255                     | 100.00                | 100.00            |

(Unit: hundred millions of yen, %)

| <International Financial Account>     | As of the end of September 2008 | Change from the end of March 2008 | As of the end of March 2008 | Ratio to Total Loans  |                   |
|---------------------------------------|---------------------------------|-----------------------------------|-----------------------------|-----------------------|-------------------|
|                                       |                                 |                                   |                             | End of September 2008 | End of March 2008 |
| Total Amounts of Risk-Monitored Loans | 2,530                           | 645                               | 1,885                       | 3.71                  | 2.83              |
| Bankrupt Loans                        | 359                             | —                                 | 359                         | 0.53                  | 0.54              |
| Non-Accrual Loans                     | 1,092                           | △6                                | 1,098                       | 1.60                  | 1.65              |
| Past Due Loans (Three months or more) | —                               | —                                 | —                           | —                     | —                 |
| Restructured Loans                    | 1,079                           | 651                               | 428                         | 1.58                  | 0.64              |
| Total Amounts of Outstanding Loans    | 68,105                          | 1,478                             | 66,627                      | 100.00                | 100.00            |

(Unit: hundred millions of yen, %)

| <Overseas Economic Cooperation Account > | As of the end of September 2008 | Change from the end of March 2008 | As of the end of March 2008 | Ratio to Total Loans  |                   |
|--|---------------------------------|-----------------------------------|-----------------------------|-----------------------|-------------------|
|  |                                 |                                   |                             | End of September 2008 | End of March 2008 |
| Total Amounts of Risk-Monitored Loans    | 7,422                           | 5,291                             | 2,130                       | 6.80                  | 1.94              |
| Bankrupt Loans                           | —                               | —                                 | —                           | —                     | —                 |
| Non-Accrual Loans                        | 734                             | —                                 | 734                         | 0.67                  | 0.67              |
| Past Due Loans (Three months or more)    | —                               | —                                 | —                           | —                     | —                 |
| Restructured Loans                       | 6,688                           | 5,291                             | 1,396                       | 6.12                  | 1.27              |
| Total Amounts of Outstanding Loans       | 109,211                         | △417                              | 109,628                     | 100.00                | 100.00            |

< Loan Assets Required to be Disclosed under the FRL >

In the following table, loan assets were classified based on self-assessment on asset quality and in accordance with disclosure requirements set forth in the Financial Revitalization Law (FRL).

(Unit: hundred millions of yen, %)

| <The Bank Account>                             | As of the end of September 2008 | Change from the end of March 2008 | As of the end of March 2008 | Ratio to Total Loans  |                   |
|--|---------------------------------|-----------------------------------|-----------------------------|-----------------------|-------------------|
|  |                                 |                                   |                             | End of September 2008 | End of March 2008 |
| Credits required to be disclosed under the FRL | 9,951                           | 5,936                             | 4,015                       | 5.12                  | 2.08              |
| Bankrupt and Quasi-bankrupt Assets             | 359                             | △3                                | 362                         | 0.18                  | 0.19              |
| Doubtful Assets                                | 1,825                           | △4                                | 1,829                       | 0.94                  | 0.95              |
| Substandard Loans                              | 7,767                           | 5,943                             | 1,825                       | 4.00                  | 0.95              |
| Normal Assets                                  | 184,312                         | △4,509                            | 188,821                     | 94.88                 | 97.92             |
| Total  | 194,263                         | 1,427                             | 192,836                     | 100.00                | 100.00            |

(Unit: hundred millions of yen, %)

| <International Financial Account>              | As of the end of September 2008 | Change from the end of March 2008 | As of the end of March 2008 | Ratio to Total Loans  |                   |
|--|---------------------------------|-----------------------------------|-----------------------------|-----------------------|-------------------|
|  |                                 |                                   |                             | End of September 2008 | End of March 2008 |
| Credits required to be disclosed under the FRL | 2,530                           | 645                               | 1,885                       | 2.99                  | 2.28              |
| Bankrupt and Quasi-bankrupt Assets             | 359                             | △3                                | 362                         | 0.42                  | 0.44              |
| Doubtful Assets                                | 1,092                           | △4                                | 1,095                       | 1.29                  | 1.33              |
| Substandard Loans                              | 1,079                           | 651                               | 428                         | 1.28                  | 0.52              |
| Normal Assets                                  | 81,958                          | 1,210                             | 80,748                      | 97.01                 | 97.72             |
| Total  | 84,488                          | 1,855                             | 82,633                      | 100.00                | 100.00            |

(Unit: hundred millions of yen, %)

| <Overseas Economic Cooperation Account>        | As of the end of September 2008 | Change from the end of March 2008 | As of the end of March 2008 | Ratio to Total Loans  |                   |
|--|---------------------------------|-----------------------------------|-----------------------------|-----------------------|-------------------|
|  |                                 |                                   |                             | End of September 2008 | End of March 2008 |
| Credits required to be disclosed under the FRL | 7,422                           | 5,291                             | 2,130                       | 6.76                  | 1.93              |
| Bankrupt and Quasi-bankrupt Assets             | —                               | —                                 | —                           | —                     | —                 |
| Doubtful Assets                                | 734                             | —                                 | 734                         | 0.67                  | 0.67              |
| Substandard Loans                              | 6,688                           | 5,291                             | 1,396                       | 6.09                  | 1.27              |
| Normal Assets                                  | 102,354                         | △5,719                            | 108,073                     | 93.24                 | 98.07             |
| Total  | 109,775                         | △428                              | 110,203                     | 100.00                | 100.00            |

End