

REPORT OF INDEPENDENT ACCOUNTANTS

To the Governor of
Japan Bank for International Cooperation

We have audited the accompanying non-consolidated balance sheets of Japan Bank for International Cooperation as of March 31, 2001 and 2002, and the related non-consolidated statements of operations, equity and cash flows for the years ended March 31, 2001 and 2002, all expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the non-consolidated financial statements referred to above present fairly the non-consolidated financial position of Japan Bank for International Cooperation as of March 31, 2001 and 2002, and the non-consolidated results of its operations for the years ended March 31, 2001 and 2002 in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying non-consolidated financial statements.

ChuoAoyama Audit Corporation
ChuoAoyama Audit Corporation
Independent Certified Public Accountants

Tokyo, Japan
June 26, 2002

BALANCE SHEETS**JAPAN BANK FOR INTERNATIONAL COOPERATION**

	In millions of yen		In millions of yen		In millions of dollars	
	March 31, 2002		March 31, 2001		March 31, 2002	
Assets						
Cash and due from banks	¥	452,933	¥	390,588	\$	3,399
Reverse repurchase agreement		-		105,418		-
Securities		124,273		124,158		933
Loans		22,027,407		21,658,986		165,309
Miscellaneous assets		350,481		362,596		2,630
Premises and equipment		29,480		29,984		221
Deferred charges on bonds and notes		2,596		2,623		19
Customer's liabilities for acceptances and guarantees		574,763		448,664		4,313
Allowance for possible loan losses		(487,827)		(527,999)		(3,661)
Allowance for possible investment losses		(1,119)		(2,762)		(8)
Total assets	¥	23,072,990	¥	22,592,258	\$	173,156
Liabilities, capital and retained earnings						
Liabilities						
Bonds and notes	¥	1,587,696	¥	1,427,393	\$	11,915
Borrowings		12,274,479		12,814,913		92,116
Miscellaneous liabilities		781,342		547,565		5,864
Allowance for employee bonuses		596		-		4
Allowance for employee retirement benefits		16,024		15,531		120
Acceptances and guarantees		574,763		448,664		4,313
Total liabilities	¥	15,234,902	¥	15,254,068	\$	114,333
Capital and retained earnings						
Capital of the International Financial Account	¥	985,500	¥	985,500	\$	7,396
Capital of the Overseas Economic Cooperation Account		6,285,244		6,000,744		47,169
Reserve of the International Financial Account		564,230		523,287		4,234
Special Reserve of the International Financial Account		-		5,423		-
Reserve of the Overseas Economic Cooperation Account		182,296		125,602		1,368
Accumulated deficit at the end of the current year		179,183		302,367		1,345
Total capital and retained earnings	¥	7,838,088	¥	7,338,190	\$	58,822
Total liabilities, capital and retained earnings	¥	23,072,990	¥	22,592,258	\$	173,156

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

STATEMENT OF OPERATIONS

JAPAN BANK FOR INTERNATIONAL COOPERATION

	In millions of yen		In millions of yen		In millions of dollars
	Fiscal 2001		Fiscal 2000		Fiscal 2001
Income					
Interest income	¥	708,360	¥	836,025	\$ 5,316
Interest on loans		696,274		820,690	5,225
Interest and dividend income on securities		2,761		2,214	21
Interest income on reverse repurchase agreement		3		139	0
Interest on due from banks		9,321		12,981	70
Fees and Commissions		6,370		6,565	48
Commissions		6,370		6,565	48
Other operating income		1,400		-	11
Foreign exchange gains		1,400		-	11
Other ordinary income		1,932		330	14
Reversal of allowance for possible investment losses		1,552		131	12
Others		380		198	3
Reversal of allowance for possible loan losses		38,931		-	292
Profits on sales of premises and equipment		5		315	0
Total income	¥	757,001	¥	843,237	\$ 5,681
Expenses					
Interest expenses	¥	462,690	¥	635,704	\$ 3,472
Interest on bonds and notes		82,019		89,118	616
Amortization of discounts on bonds and notes		5		5	0
Interest on borrowings		342,448		395,054	2,570
Interest on swaps (net)		38,217		151,526	287
Fees and Commissions		4,042		3,841	30
Commissions		4,042		3,841	30
Other operating expenses		867		5,700	7
Foreign exchange losses		-		3,944	-
Amortization of bonds and notes issuance costs		574		1,593	4
Others		293		162	2
General and administrative expenses		26,137		26,125	196
Other ordinary expenses		1,421		37,813	11
Provision for allowance for possible loan losses		-		8,738	-
Write-off of loans		489		-	4
Write-off of equities, securities, etc.		759		29,049	6
Others		171		25	1
Losses on disposal of premises and equipment		65		216	0
Other extraordinary loss		-		5,820	-
Total expense	¥	495,225	¥	715,221	\$ 3,717
Net income	¥	261,776	¥	128,016	\$ 1,965

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

STATEMENT OF CASH FLOWS

JAPAN BANK FOR INTERNATIONAL COOPERATION

	In millions of yen		In millions of yen		In millions of dollars	
	Fiscal 2001		Fiscal 2000		Fiscal 2001	
Cash flows from operating activities						
Net income	¥	261,776	¥	128,016	\$	1,965
Depreciation and amortization		1,721		1,561		13
Increase (decrease) in allowance for possible loan losses		(40,172)		8,713		(301)
Increase (decrease) in allowance for possible investment losses		(1,642)		(131)		(12)
Increase (decrease) in allowance for employee bonuses		596		-		4
Increase (decrease) in reserve for retirement allowances		-		(9,082)		-
Increase (decrease) in allowance for employee retirement benefits		492		15,531		4
Interest income		(708,360)		(836,025)		(5,316)
Interest expenses		462,690		635,704		3,472
Net loss (gain) on securities		800		29,049		6
Foreign exchange loss (gain)		(10,572)		709		(79)
Net loss (gain) on sales of premises and equipment		60		(99)		0
Net decrease (increase) in loans		14,460		281,014		109
Net increase (decrease) in bonds and notes		71,522		28,395		537
Net increase (decrease) in borrowings		(540,433)		(674,897)		(4,056)
Net decrease (increase) in due from banks (excluding cash equivalents)		(58,331)		36,984		(438)
Net decrease (increase) in reverse repurchase agreement		105,418		(105,418)		791
Interest received		715,939		831,239		5,373
Interest paid		(511,074)		(636,280)		(3,835)
Others, net		(13,585)		(7,612)		(102)
Net cash used in operating activities	¥	(248,694)	¥	(272,628)	\$	(1,866)
Cash flows from investing activities						
Purchases of securities	¥	(1,240)	¥	(429)	\$	(9)
Sales of securities		1,833		-		14
Expenditures on premises and equipment		(1,319)		(3,535)		(10)
Proceeds from sales of premises and equipment		42		343		0
Net cash used in investing activities	¥	(683)	¥	(3,622)	\$	(5)
Cash flows from financing activities						
Proceeds from issuance of capital from Government	¥	284,500	¥	306,300	\$	2,135
Payment to National Treasury		(46,314)		(34,254)		(348)
Net cash provided by financing activities	¥	238,185	¥	272,045	\$	1,788
Effect of exchange rate changes on cash and cash equivalents	¥	0	¥	1	\$	0
Net increase (decrease) in cash and cash equivalents	¥	(11,192)	¥	(4,204)	\$	(84)
Cash and cash equivalents at the beginning of the fiscal year	¥	18,630	¥	22,833	\$	140
Cash and cash equivalents at the end of the fiscal year	¥	7,437	¥	18,630	\$	56

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

STATEMENT OF EQUITY
JAPAN BANK FOR INTERNATIONAL COOPERATION

In millions of yen

	Capital of the International Financial Account	Capital of the Overseas Economic Cooperation Account	Reserve of the International Financial Account	Special Reserve of the International Financial Account	Reserve of the Overseas Economic Cooperation Account	Retained earnings (deficit) at the end of the current year	Total Equity
Balance at March 31, 2001	¥985,500	¥6,000,744	¥523,287	¥5,423	¥125,602	(¥302,367)	¥7,338,190
Transfer from retained earnings (deficit) to reserves			40,943	11	56,694	(97,648)	-
Payment to National Treasury				(5,435)		(40,944)	(46,379)
Issuance of capital from Government		284,500					284,500
Net income						261,776	261,776
Balance at March 31, 2002	¥985,500	¥6,285,244	¥564,230	-	¥182,296	(¥179,183)	¥7,838,088
Appropriations:							
Provision for reserve of the International Financial Account			44,105			(44,105)	-
Provision for reserve of the Overseas Economic Cooperation Account					98,422	(98,422)	-
Payment to National Treasury						(44,105)	(44,105)
Total			¥44,105		¥98,422	(¥186,633)	(¥44,105)
Unappropriated retained earnings						(¥365,817)	

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

STATEMENT OF EQUITY**JAPAN BANK FOR INTERNATIONAL COOPERATION**

In millions of dollars

	Capital of the International Financial Account	Capital of the Overseas Economic Cooperation Account	Reserve of the International Financial Account	Special Reserve of the International Financial Account	Reserve of the Overseas Economic Cooperation Account	Retained earnings (deficit) at the end of the current year	Total Equity
Balance at March 31, 2001	\$7,396	\$45,034	\$3,927	\$41	\$943	(\$2,269)	\$55,071
Transfer from retained earnings (deficit) to reserves			307	0	425	(733)	-
Payment to National Treasury				(41)		(307)	(348)
Issuance of capital from Government		2,135					2,135
Net income						1,965	1,965
Balance at March 31, 2002	\$7,396	\$47,169	\$4,234	-	\$1,368	(\$1,345)	\$58,822
Appropriations:							
Provision for reserve of the International Financial Account			331			(331)	-
Provision for reserve of the Overseas Economic Cooperation Account					739	(739)	-
Payment to National Treasury						(331)	(331)
Total			\$331		\$739	(\$1,401)	(\$331)
Unappropriated retained earnings						(\$2,745)	

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

NOTES TO FINANCIAL STATEMENTS

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") 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 Accounting Standards.

The financial statements are not intended to present the financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The Bank's accounts are separated into International Financial Account and Overseas Economic Cooperation Account under Article 41 of the Japan Bank for International Cooperation Law ("JBIC Law") whereby the accounting shall be separated in accordance with the categories of international financial operations and overseas economic cooperation operations and be recorded by establishing the respective account for each. In separating 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 by using a certain allocation rate.

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

The amounts indicated in millions of yen are rounded down by omitting the figures less than one million. Totals may 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 ¥133.25=\$1.00, the exchange rate as of March 31, 2002, 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 statement of cash flows consists of cash in hand and due from Bank of Japan included in "Cash and due from banks" in the balance sheet.

(b) Securities

All securities are classified as "Securities available-for-sale" which have no market value and are carried at cost based on a moving average cost valuation.

(c) Valuation method for derivative financial instruments

All derivative financial instruments are carried at fair value.

(d) Hedge accounting

Hedge accounting

JBIC applies the deferral method of hedge accounting.

Hedging instruments and hedged items

Hedging instrument: interest rate swaps

Hedged items: loans, bonds and notes

Hedging policy

To hedge interest rate risks, JBIC utilizes hedging instruments within the range of the hedged assets and liabilities.

Evaluation of hedge effectiveness

JBIC judges the effectiveness of the hedge by measuring and comparing the fluctuations of fair value or cumulative fluctuations of cash flows of hedging instruments and corresponding hedged items from the inception of the hedges to the judging point.

(e) Depreciation basis for fixed assets

Premises and Equipment

Premises and equipment are depreciated on the reducing balance basis except for the buildings (excluding furniture and equipment) acquired on or after April 1, 1998, which are depreciated on the straight-line basis. The principal estimated useful lives are as follows:

Buildings: 38 years to 50 years

Equipment: 2 years to 20 years

Software

Software used by JBIC is amortized on the straight-line basis over its useful life (5 years).

(f) Method of amortization for deferred charges

"Discounts on Bonds and Notes" are amortized over terms of redemption, and "Bonds and Notes Issuance Costs" are amortized over 3 years, on the straight-line basis in accordance with the Commercial Code of Japan.

(g) 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 fiscal year end.

In the fiscal year ended March 31, 2001, JBIC applied the "New Foreign Accounting Standards," pursuant to "Temporary Auditing Treatment for Continuous Application of the 'New Foreign Exchange Accounting Standard' in the Banking Industry" (the Japanese Institute of Certified Public Accountants, "JICPA", April 10, 2000). However, effective April 1, 2001, JBIC applied the revised accounting standard for foreign currency transactions ("Opinion Report Concerning Amendment of Accounting Standards Applied for Foreign Currency Transactions," issued by the Business Accounting Deliberation Council, October 22, 1999), except for the accounting treatment stipulated in "Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No.20).

In accordance with JICPA Industry Audit Committee Report No.20, regarding foreign exchange swaps relating to lending and funding transactions, nominal amounts of money lent and nominal amounts of money funded are translated into yen using the exchange rates in effect at the balance sheet date and stated in the Balance Sheet on a net basis. Premiums or discounts reflecting interest rate differences between the two currencies are charged to or credited to the Statement of Operations on an accrual basis over the period from the spot transaction's settlement date to the forward transaction's settlement date, and stated as accrued income under Miscellaneous assets or accrued expenses under Miscellaneous liabilities on the Balance Sheet. Such foreign exchange swaps relating to lending and funding transactions are swap transactions that are entered into for the purpose of loans which are sourced from funding in different currencies, where (1) the nominal amounts of funding or loans which are equal to the amounts of foreign exchange purchased or sold as spot transactions and (2) the amounts of future payment or proceed from loans or funding respectively, with the contractual interest payment or receipt denominated in foreign currency, are equal to the amounts of foreign exchange forward transaction sold or purchased.

With regard to flat currency swap transactions (including currency swap transactions for which the spot-forward is flat for each interest payment period) that are entered into for the purpose of loans which are sourced from funding in different currencies, where (1) the nominal amounts payable/receivable at the maturity date are equal to the nominal amounts receivable/payable at the contract date and where (2) the swap rate applied to the principal portion and the interest portion are rational, in accordance with JICPA Industry Audit Committee Report No.20, nominal amounts of money lent and nominal amounts of money funded are translated into yen using the exchange rates in effect at the balance sheet date and stated in the Balance Sheet on a net basis. An amount equivalent to the interest swapped are charged to or credited to the Statement of Operations on an accrual basis over the subject period, and stated as accrued income under Miscellaneous assets or accrued expenses under Miscellaneous liabilities on the Balance Sheet.

(h) Allowance for possible loan losses

JBIC provided "Allowance for possible loan losses" as follows:

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 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 or the execution of guarantees.

The allowance for claims on debtors other than the above (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 considering 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.

(i) Allowance for possible investment losses

"Allowance for possible investment losses" is provided based on the estimated liabilities of possible losses on securities and other investments.

(j) Allowance for employee bonuses

"Allowance for employee bonuses" is set aside to pay employee bonuses with respect to the portion of estimated bonus payments to employees that correspond to the current period. "Allowance for employee bonuses" includes allowance for bonuses to executive directors.

Although JBIC recorded the accrued employee bonuses as an accrued expense under Miscellaneous liabilities as of March 31, 2001, effective April 1, 2001, it is reporting the amount of accrued employee bonuses as Allowance for employee bonuses, in accordance with "Concerning Financial Statement Titles to Be Used for Accrued Bonuses for Employees"(JICPA Research Center Review Information No.15). As a result of this change, accrued expense under Miscellaneous liabilities decreased by ¥596 million, and Allowance for employee bonuses increased by the same amount.

(k) Allowance for employee retirement benefits

Allowance for employee retirement benefits represents the future payment for pension and retirement to employees, and is recorded as the amount accrued at the fiscal year end, based on the projected benefit obligations, and the estimated pension plan asset amount at the fiscal year end. The method of accounting for net actuarial gains/losses is as follows:

Net Actuarial Gains/Losses are charged to net income of the year.

"Allowance for employee retirement benefits" includes allowance for retirement benefits to executive directors.

(l) Consumption tax

Consumption tax including local consumption tax is excluded from the transaction amounts.

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, 2002 and 2001 are as follows:

	March 31, 2002 (In millions of yen)	March 31, 2001 (In millions of yen)	March 31, 2002 (In millions of dollars)
Cash and Due from Banks	¥ 452,933	¥ 390,588	\$ 3,399
Due from Banks (*)	(445,496)	(371,958)	(3,343)
Cash and Cash Equivalents	¥ 7,437	¥ 18,630	\$ 56

(*) Excluding Due from Bank of Japan

4. Securities

Securities as of March 31, 2002 and 2001 are as follows:

	March 31, 2002		March 31, 2001		March 31, 2002
	(In millions of yen)		(In millions of yen)		(In millions of dollars)
Held-to-maturity Debt Securities	¥		¥		\$
Unlisted Foreign Securities		-		-	-
Available-for-sale Securities		124,273		182,158	933
Unlisted Japanese Equities other than Over-the-counter		119,134		119,894	894
Unlisted Foreign Equities		4,443		3,585	33
Unlisted Japanese Local Government Bonds		-		-	-
Unlisted Japanese Corporate Bonds		-		-	-
Unlisted Foreign bonds		-		-	-
Other Japanese Securities		-		58,000	-
Other Unlisted Foreign Securities		695		677	5
	¥	124,273	¥	182,158	\$ 933

5. Loans

All of Loans are loans on deeds. The amounts reported in the balance sheets as of March 31, 2002 and 2001 are as follows:

International Financial Account	March 31, 2002		March 31, 2001		March 31, 2002
	(In millions of yen)		(In millions of yen)		(In millions of dollars)
Bankrupt Loans	¥	2,641	¥	240	\$ 20
Non-accrual Loans		310,446		248,712	2,330
Past Due Loans (3 Months or More)		39,044		9,117	293
Restructured Loans		172,754		138,502	1,296
	¥	524,887	¥	396,571	\$ 3,939

Overseas Economic Cooperation Account	March 31, 2002		March 31, 2001		March 31, 2002
	(In millions of yen)		(In millions of yen)		(In millions of dollars)
Bankrupt Loans	¥	-	¥	-	\$ -
Non-accrual Loans		381,146		379,981	2,860
Past Due Loans (3 Months or More)		81,880		30,621	614
Restructured Loans		900		2,020	7
	¥	463,928	¥	412,622	\$ 3,482

(a) "Bankrupt Loans", which are placed non-accrual status, are loans to borrowers who have begun bankruptcy, composition, reorganization, winding-up or special liquidation proceedings under the Bankruptcy Law, the Corporate Reorganization Law, the Civil Rehabilitation Law, the Commercial Code or other similar laws of Japan, or who have had their transactions with the promissory note clearinghouse suspended, or loans to borrowers who have begun similar proceedings under any foreign law. Those loans are categorized as loans to "Bankrupt Borrowers" under self-assessment of asset quality.

(b) "Non-accrual loans" are loans which are placed non-accrual status and are other than "Bankrupt loans." Those loans are categorized as loans to "Substantially Bankrupt Borrowers" or "Potentially Bankrupt Borrowers"

under self-assessment of asset quality.

- (c) "Past due loans (3 month or more)" are loans whose principal and/or interest is past due three months or more counted from the date following the scheduled payment date, and are other than "Bankrupt loans" and "Non-accrual loans." Those loans are also categorized as loans to "Watch borrowers" under self-assessment of asset quality.
- (d) "Restructured loans" are loans whose contracts were amended in favor of obligors (e.g. reduction of or exemption from stated interest, deferral of interest payments, extension of maturity dates, renunciation of claims) in order to assist or facilitate restructuring processes of the obligors in financial difficulties, and are other than "Bankrupt Loans", "Non-accrual loans", and "Past due loans (3 month or more)". Those loans are also categorized as loans to "Watch borrowers" under self-assessment of asset quality.
- (e) The amounts of Loans indicated above are the gross amounts prior to reduction of allowance for possible loan losses.
- (f) In the event that a debtor country which becomes temporarily difficult to pay and requests debt rescheduling with respect to external public debt (whose creditors are nations, Trade Insurance Institutions and Export Credit Institutions, etc.) because of the 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, and temporary liquidity assistance is made according to the agreements. Since the debtor carries out Economic Restructuring Program which was agreed with the International Monetary Fund ("IMF") and continues to make repayments of the debt, those loans are excluded, in principle, from the above amounts. 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, 2002 (In millions of yen)	March 31, 2001 (In millions of yen)	March 31, 2002 (In millions of dollars)
International Financial Account	¥	430,269	¥ 402,546	\$ 3,229
Overseas Economic Cooperation Account		1,265,900	732,298	9,500

Public creditors agreed to support the countries, which were regarded as Heavily Indebted Poor Countries ("HIPCs") by the World Bank and the IMF and also were identified as the "HIPCs Initiative", which was qualified and agreed to reduce a part of the debt of HIPCs after the establishment of economic reform programs by the international financial institutions (IMF, World Bank, etc.) in Lyon Summit in June, 1996 and in Cologne Summit in June, 1999. After the debtor countries agreed to the economic reform programs, the Paris Club creditors agreed to the application of the HIPCs Initiative. JBIC categorized HIPCs Initiative countries as follows:

The debtors whose economic reform programs and HIPCs Initiative schemes had been agreed are "Watch borrowers".

The others are "Potentially Bankrupt Borrowers".

Those loans are disclosed in accordance with the definitions in the above (a) – (e). The principal amount of loans to HIPCs Initiative countries is as follows:

		March 31, 2002 (In millions of yen)	March 31, 2001 (In millions of yen)	March 31, 2002 (In millions of dollars)
International Financial Account	¥	26,967	¥ 26,589	\$ 202
Overseas Economic Cooperation Account		716,367	721,598	5,376

JBIC's ODA Loans to the HIPCs Initiative countries are substantially secured by matching grants to the HIPCs extended by the Government of Japan, because, as to debt reduction of ODA Loans to HIPCs, Japanese government announced, in "Statements by Chief Cabinet Secretary on Japan's proposal for the Debt Initiative for the Heavily Indebted Poor Countries" dated April 28, 1999, expansion of bilateral grant aid for debt relief to provide HIPCs with the amount equivalent to repayment amount of principal and interest HIPCs owed under ODA Loans from Japan.

- (g) As JBIC's debtors need mostly long-term loans, JBIC generally enters into commitment line contracts with these debtors. JBIC is committed to lend necessary funds up to the predetermined amount, which shall be

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, 2002 and 2001 are ¥6,497,410 million and ¥6,934,763 million respectively.

- (h) With respect to the claims with collateral or guarantees on debtors who are legally or substantially bankrupt ("Bankrupt Borrowers and Substantially Bankrupt Borrowers"), the remaining booked amount of the claims after deduction of the amount which is deemed collectible through the disposal of collateral or the execution of guarantees was written-off against the respective claims. The amount of the accumulated write-offs as of March 31, 2002 and 2001 are ¥4,645 million and ¥2,914 million respectively.

6. Miscellaneous Assets

Miscellaneous assets as of March 31, 2001 are as follows:

- (a) **Accrued income** "Accrued income" includes ¥276,262 million of accrued interest on loans and ¥7,521 million of accrued interest on swaps and others.
- (b) **Other assets** "Other assets" includes ¥266 million of suspense payments and others.

A part of the net earnings on the General Account of the International Financial Account is paid to the National Treasury, pursuant to Article 44 of the JBIC Law. Preliminary payment to the National Treasury, made on a best estimation basis for the year ended March 31, 2001 amounted to ¥24,741 million and accounted for under Miscellaneous assets on the balance sheet (See Note 16).

Miscellaneous assets as of March 31, 2002 are as follows:

- (a) **Accrued income** "Accrued income" includes ¥263,967 million (\$1,981 million) of accrued interest on loans and ¥12,105 million (\$91 million) of accrued interest on swaps and others.
- (b) **Other assets** "Other assets" includes ¥42 million (\$0 million) of suspense payments and others.

A part of the net earnings on the General Account of the International Financial Account is paid to the National Treasury, pursuant to Article 44 of the JBIC Law. Preliminary payment to the National Treasury, made on a best estimation basis for the year ended March 31, 2002 amounted to ¥24,677 million (\$185 million) and accounted for under Miscellaneous assets on the balance sheet (See Note 16).

7. Premises and Equipment

Premises and Equipment as of March 31, 2002 and 2001 are as follows:

	March 31, 2002 (In millions of yen)	March 31, 2001 (In millions of yen)	March 31, 2002 (In millions of dollars)
Tangible Fixed Assets	¥	¥	\$
Land	12,574	12,574	94
Buildings	26,088	25,538	196
Equipment	5,328	5,685	40
Construction in Progress	227	498	2
Total	¥ 44,218	¥ 44,296	\$ 332
Less - Accumulated Depreciation	16,079	15,168	121
Net Book Value	¥ 28,139	¥ 29,128	\$ 211

	(In millions of yen)	(In millions of yen)	(In millions of dollars)
Intangible fixed assets	¥	¥	\$
Software	1,020	366	8
Guarantee deposit	495	516	4
Others	66	66	0
Total	¥ 1,582	¥ 949	\$ 12
Less - Accumulated Depreciation	228	78	2
Net Book Value	¥ 1,354	¥ 870	\$ 10

8. Deferred Charges on Bonds and Notes

Deferred charges on Bonds and Notes as of March 31, 2002 and 2001 are as follows:

	March 31,2002 (In millions of yen)	March 31,2001 (In millions of yen)	March 31,2002 (In millions of dollars)
Deferred Discount on Bonds and Notes	¥ 1,873	¥ 1,935	\$ 14
Deferred Bonds and Notes Issuance Costs	722	687	5
	¥ 2,596	¥ 2,623	\$ 19

9. Allowance for Possible Loan Losses

Allowance for possible loan losses as of March 31, 2002 and 2001 are as follows:

	March 31,2002 (In millions of yen)	March 31, 2001 (In millions of yen)	March 31,2002 (In millions of dollars)
General Allowance for Possible Loan Losses	¥ 313,006	¥ 356,016	\$ 2,349
Specific Allowance for Possible Loan Losses	166,343	157,994	1,248
Allowance for Possible Losses on Specific Overseas Loans	8,478	13,987	64
	487,827	527,999	3,661
Allowance for Possible Investment Losses	1,119	2,762	8
	¥ 488,946	¥ 530,761	\$ 3,669

10. Bonds and Notes

Bonds and Notes as of March 31, 2002 and 2001 are as follows:

Description of Bonds and Notes	Issue date	Currency and Amounts (In millions)	Interest Rate(%)	Maturity date	March 31, 2002	March 31, 2001	March 31, 2002
					(In millions of yen)	(In millions of yen)	(In millions of dollars)
					¥	¥	\$
Export-Import Bank of Japan Bonds guaranteed by Japan	May 1992- June 1999	JPY 165,000			1,062,946		7,977
24,25,27-30,32,33, 35-37,39-46		USD 3,600				1,154,593	
		CAD 350	2.875 ~	May 2002- June 2008			
		DEM 0	LIBOR				
		FRF 0	-0.0625				
		EUR 2,695					
		GBP 400					
Japan Bank for International Cooperation Bonds guaranteed by Japan 1-3	November 1999- December 2001	USD 3,000	7.000 ~	June 2005- November 2009	399,750	247,800	3,000
			LIBOR				
			+0.0625				
FILP Agency Bonds 1,2 (*)	October 2001	JPY 100,000	0.510 ~	September 2006- September 2011	100,000	-	750
			1.450				
Overseas Economic Cooperation Fund Bonds guaranteed by Japan 8,9	December 1995- November 1996	JPY 25,000	2.9 ~ 3.0	December 2005- November 2006	25,000	25,000	188
					¥	¥	\$
					1,587,696	1,427,393	11,915

(*) Non-government guaranteed bonds issued in domestic market.

Bonds and Notes with redemption of 5 years or less are shown in the following table.

Fiscal	2002	¥	215,970 million	\$	1,621 million
	2003		331,948		2,491
	2004		151,136		1,134
	2005		314,850		2,363
	2006		269,190		2,020

11. Borrowings

Borrowings as of March 31, 2002 and 2001 are as follows:

	Average interest rate	Due date of repayment	March 31, 2002	March 31, 2001	March 31, 2002
			(In millions of yen)	(In millions of yen)	(In millions of dollars)
Long-term borrowings			¥	¥	\$
Borrowings from the Government Fund for Fiscal Investment and Loan Program	2.56	April 2002 - December 2016	11,917,669	12,385,201	89,438
Borrowing from the Government Post Office Life Insurance Special Account	2.65		356,810	429,712	2,678
			¥ 12,274,479	¥ 12,814,913	\$ 92,116

Long-term borrowings with maturities within 5 years outstanding as of March 31, 2002 are as follows:

Fiscal 2002	¥	1,539,797 million	\$	11,556 million
2003		1,446,324		10,854
2004		1,339,762		10,054
2005		1,258,956		9,448
2006		1,236,537		9,280

12. Miscellaneous Liabilities

Miscellaneous liabilities as of March 31, 2001, are as follows:

- (a) **Accrued expenses** "Accrued expenses" includes ¥76,810 million of accrued interest on borrowings and ¥41,818 million of accrued interest on bonds and notes and others.
- (b) **Deferred income** "Deferred income" includes ¥3,035 million of unearned interest on bonds and notes and others.
- (c) **Other liabilities** "Other liabilities" includes ¥337,363 million of deferred foreign exchange and ¥2,124 million of suspense receipts and others.

Miscellaneous liabilities as of March 31, 2002, are as follows:

- (a) **Accrued expenses** "Accrued expenses" includes ¥64,832 million (\$487 million) of accrued interest on borrowings and ¥34,852 million (\$262 million) of accrued interest on bonds and notes and others.
- (b) **Deferred income** "Deferred income" includes ¥3,289 million (\$25 million) of unearned interest on bonds and notes and others.
- (c) **Other liabilities** "Other liabilities" includes ¥636,295 million (\$4,775 million) of deferred foreign exchange and ¥2,940 million (\$22 million) of suspense receipts and others.

13. Employee Retirement Benefits

JBIC has defined benefit pension plans which consist of welfare pension fund plan and lump-sum severance indemnity plan.

(a) The Funded Status of the Pension Plans

Disposition		March 31, 2002 (In millions of yen)	March 31, 2001 (In millions of yen)	March 31, 2002 (In millions of dollars)
Projected Benefit Obligation (A)	¥	(20,589)	(20,167)	\$ (155)
Fair Value of Plan Assets (B)	¥	4,565	4,636	34
Unfunded Pension Obligation (C)=(A)+(B)		(16,024)	(15,531)	(120)
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)		(16,024)	(15,531)	(120)
Prepaid Pension Cost (H)		-	-	-
Allowance for Employee Retirement Benefits (G)-(H)	¥	(16,024)	(15,531)	\$ (120)

(Note) The above Projected Benefit Obligations include a portion in which the pension fund acts for the government welfare program

(b) Component of Pension Cost

Disposition		March 31, 2002 (In millions of yen)	March 31, 2001 (In millions of yen)	March 31, 2002 (In millions of dollars)
Service Cost	¥	1,120	1,045	8
Interest Cost	¥	501	491	4
Expected Return on Plan Assets		(185)	(196)	(1)
Amortization of Prior Service Cost		-	-	-
Amortization of Net Actuarial Gains/Losses		505	664	4
Amortization of Net Obligation at Transition		-	5,820	-
Other Costs		-	-	-
Net Pension Cost	¥	1,941	7,826	\$ 15

(c) Principal Assumptions Used

	March 31, 2002	March 31, 2001
Discount Rate	2.5%	2.5%
Expected Rate of Return on Plan Assets	4.0%	4.0%
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 of the year	Gains/losses are charged to net income of the year
Amortization Period of Net Obligation at Transition	-	JBIC charged the entire net obligation to income for the year ended March 31, 2001

14. Acceptances and Guarantees

Acceptances and Guarantees as of March 31, 2002 and 2001 are as follows:

	March 31, 2002 (In millions of yen)	March 31, 2001 (In millions of yen)	March 31, 2002 (In millions of dollars)
Acceptances	¥ -	-	\$ -
Guarantees	574,763	448,664	4,313
	¥ 574,763	448,664	\$ 4,313

15. Assets Pledged as Collateral

There were no assets pledged as collateral as of March 31, 2002 and 2001.

16. Retained Earnings

A part of the net earnings on the International Financial Account was paid to the National Treasury pursuant to Article 44 of the JBIC Law. The payment to the National Treasury was accounted for the appropriation of net earnings.

Another part of the net earnings on the International Financial Account was appropriated for reserve of the International Financial Account and net earnings of the Overseas Economic Cooperation Account were entirely appropriated for reserve of the Overseas Economic Cooperation Account, pursuant to Article 44 of the JBIC Law, the related law and the related cabinet order. Also, up to fiscal 2000, the net earnings on the Special Account of the International Financial Account were entirely appropriated for special reserve of the International Financial Account, pursuant to "the Law of exceptional treatment of interest of the loan in Japan Bank for International Cooperation Law" and "the Cabinet Order of exceptional treatment of appropriation of net earnings in Special Account prescribed in the Law of exceptional treatment of interest of the loan in Japan Bank for International Cooperation Law".

However, in accordance with the new cabinet order effective on September 5, 2001, "The Cabinet Order to repeal the Cabinet Order of exceptional treatment of appropriation of net earnings in Special Account prescribed in the Law of exceptional treatment of interest of the loan in Japan Bank for International Cooperation Law", JBIC paid the amount of 5,435 million yen (an amount of 5,435 million yen which had been appropriated for special reserve of the International Financial Account pursuant to "the Cabinet Order of exceptional treatment of appropriation of net earnings in Special Account prescribed in the Law of exceptional treatment of interest of the loan in Japan Bank for International Cooperation Law" and the net earnings of 0 million yen which JBIC obtained from April 1, 2001 to September 25, 2001 on the International Financial Account) to the National Treasury on September 26, 2001.

Therefore, losses carried forward to the following fiscal year are simply the sum of "Accumulated deficit at the fiscal year ended March 31, 2002" and statutory appropriation of net earnings as stipulated by the related law of JBIC.

17. Leased Transactions

Leased transactions in the fiscal year ended March 31, 2001 are as follows:

(a) Finance lease transactions, excluding leases where the ownership of the property is deemed to be transferred to the lessee.

Not applicable

(b) Operating lease transactions:

• Future Lease Payment Obligations

	<u>Within 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
(In millions of yen)	¥56	¥28	¥84

Leased transactions in the fiscal year ended March 31, 2002 are as follows:

(a) Finance lease transactions, excluding leases where the ownership of the property is deemed to be transferred to the lessee.

Not applicable

(b) Operating lease transactions:

• Future Lease Payment Obligations

	<u>Within 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
(In millions of yen)	¥23	¥9	¥33
(In millions of dollars)	\$ 0	\$0	\$0

18. Derivative Transactions

Notes to derivative transactions in the fiscal year ended March 31, 2002 are as follows:

(a) Policy for Derivative Transactions

JBIC engages in derivatives transactions solely for the purpose of hedging foreign exchange rate risks and interest rate risks that are incurred in respect of its lending and funding operations.

(b) Transactions

Derivatives transactions include interest rate and currency swaps and forward exchange contracts.

(c) Risks Involved in Derivatives Transactions

Derivatives transactions involve the following risks.

Credit Risk

Potential loss from the failure of a counterparty to perform its obligations in accordance with terms and conditions under a contract governing transactions due to bankruptcy or deteriorating business.

Market Risk

Potential loss from changes in the market value of financial products due to fluctuations in interest rates or exchange rates.

(d) Policies of Risk Management for Derivatives Transactions

Credit Risk

JBIC consistently monitors the market value of its derivatives transactions with each counterparty and the amount of its credit exposure and creditworthiness of each counterparty in order to ascertain the appropriateness of entering into or maintaining a transaction with each counterparty.

Market Risk

JBIC uses derivatives transactions solely for the purpose of hedging. Therefore, the market risk on derivatives transactions and that on hedged (lending or funding) transactions basically offsets.

Credit Risk Amounts of Derivatives, etc.	(In 100 millions of yen)		(In 100 millions of dollars)	
	Contract Amount/Notional Amount	Credit Risk	Contract Amount/Notional Amount	Credit Risk
March 31, 2002	¥	¥	\$	\$
Interest Rate Swaps	17,629	899	132	7
Currency Swaps	50,909	4,329	382	32
Forward Exchange Contracts	10	0	0	0
Other Derivatives	-	-	-	-
Credit Risk Reductions through Netting		(3,028)	-	(23)
Total	¥ 68,549	¥ 2,200	\$ 514	\$ 17

(Note) Credit Risk amounts are calculated under Uniform International Standards in accordance with the Banking Law of Japan and the related regulations.

(e) Interest Rate-related Transactions

There is no interest rate-related derivative transaction whose valuated gain/(loss) by market value is accounted for in the Statement of Operations.

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

(f) Deferred Hedge Profits

JBIC recorded fair value of hedging instruments at the fiscal year ended March 31, 2001 as deferred hedge profits under Miscellaneous liabilities. From the fiscal year ended March 31, 2002, it records the net amount of fair value of hedging instruments at March 31, 2002 and realized profits and losses arising on hedging instruments as deferred hedge profits under Miscellaneous liabilities.

As a result of this, deferred hedge profits decreased by 14,240 million yen, and net income increased by the same amount.

(g) Currency-related Transactions

There is no currency-related derivative transaction whose valuated gain/(loss) by market value is accounted for in the Statement of Operations.

Certain currency swaps have been accounted for by using the accrual method of accounting based on "Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry", which is widely used by Japanese commercial banks. The Contractual Amount etc. of such currency swaps accounted for on an accrual method is as follows:

Type	March 31, 2002 (In millions of yen)		
	Contractual Amount	Market Value	Unrealized Gain/(Loss)
Currency Swaps	¥ 5,071,727	¥ (377,490)	¥ -

Type	March 31, 2002 (In millions of dollars)		
	Contractual Amount	Market Value	Unrealized Gain/(Loss)
Currency Swaps	\$ 38,062	\$ (2,833)	\$ -

(h) Equity-related

Not applicable

(i) Bond-related Transactions

Not applicable

(j) Commodity-related Transactions

Not applicable

(k) Credit Derivatives Transactions

Not applicable

Notes to derivative transactions in the fiscal year ended March 31, 2001 are as follows:

(a) Policy for Derivative Transactions

JBIC engages in derivatives transactions solely for the purpose of hedging foreign exchange rate risks and interest rate risks that are incurred in respect of its lending and funding operations.

(b) Transactions

Derivatives transactions include interest rate and currency swaps and forward exchange contracts.

(c) Risks Involved in Derivatives Transactions

Derivatives transactions involve the following risks.

Credit Risk

Potential loss from the failure of a counterparty to perform its obligations in accordance with terms and conditions under a contract governing transactions due to bankruptcy or deteriorating business.

Market Risk

Potential loss from changes in the market value of financial products due to fluctuations in interest rates or exchange rates.

(d) Policies of Risk Management for Derivatives Transactions

Credit Risk

JBIC consistently monitors the market value of its derivatives transactions with each counterparty and the amount of its credit exposure and creditworthiness of each counterparty in order to ascertain the appropriateness of entering into or maintaining a transactions with each counterparty.

Market Risk

JBIC uses derivatives transactions solely for the purpose of hedging. Therefore, the market risk on derivatives transactions and that on hedged (lending or funding) transactions basically offsets.

Credit Risk Amounts of Derivatives, etc.	(In 100 millions of yen)	
	Contract Amount/Notional Amount	Credit Risk
March 31, 2001	¥	¥
Interest Rate Swaps	15,191	849
Currency Swaps	47,619	5,165
Forward Exchange Contracts	20	1
Other Derivatives	-	-
Credit Risk Reductions through Netting		(2,260)
Total	¥ 62,830	¥ 3,754

(Note) Credit Risk amounts are calculated under Uniform International Standards in accordance with the Banking Law of Japan and the related regulations.

(e) Interest Rate-related Transactions

There is no interest rate-related derivative transaction whose valuated gain/(loss) by market value is accounted for in the Statement of Operations.

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

(f) Currency-related Transactions

There is no currency-related derivative transaction whose valuated gain/(loss) by market value is accounted for in the Statement of Operations.

Certain currency swaps have been accounted for by using the accrual method of accounting based on the "New Foreign Exchange Accounting Standards", which is widely used by Japanese commercial banks. The Contractual Amount etc. of such currency swaps accounted for on an accrual method is as follows:

Type	March 31, 2001 (In millions of yen)		
	Contractual Amount	Market Value	Unrealized Gain/(Loss)
	¥	¥	¥
Currency Swaps	4,761,891	(92,284)	-

(g) Equity-related

Not applicable

(h) Bond-related Transactions

Not applicable

(i) Commodity-related Transactions

Not applicable

(j) Credit Derivatives Transactions

Not applicable

19. Market Value of Securities

Notes to market value of securities as of March 31, 2002 are as follows:

The followings includes "Securities" and negotiable due from banks in "Cash and Due from Banks"

(a) Trading Securities

Not applicable

(b) Held-to-maturities Debt Securities

Not applicable

(c) Available-for-sale Securities with market value

Not applicable

(d) Held-to-maturities Debt Securities sold

Not applicable

(e) Available-for-sale Securities sold

Not applicable

(f) Held-to-maturity Debt Securities and Available-for-sale Securities whose market value is not readily determinable are as follows:

	March 31,2002 (In millions of yen)	March 31, 2002 (In millions of dollars)
	¥	\$
Held-to-maturity Debt Securities	-	-
Unlisted Foreign Securities	-	-
Available-for-sale Securities	124,273	933
Unlisted Japanese Equities other than Over-the-counter	119,134	894
Unlisted Foreign Equities	4,443	33
Unlisted Japanese Local Government Bonds	-	-
Unlisted Japanese Corporate Bonds	-	-
Unlisted Foreign bonds	-	-
Other Japanese securities	-	-
Other unlisted foreign securities	695	5
Total	¥ 124,273	\$ 933

(g) Change of Classification of Securities

Not applicable

(h) Redemption Schedule of Available-for-Securities with Maturity

Not applicable

(i) Money Held in Trust

Not applicable

(j) Net Unrealized Gain (Loss) on Available-for-sale Securities

Not applicable

Notes to market value of securities as of March 31, 2001 are as follows:

The followings includes "Securities" and negotiable due from banks in "Cash and Due from Banks"

(a) Trading Securities

Not applicable

(b) Held-to-maturities Debt Securities

Not applicable

(c) Available-for-sale Securities with market value

Not applicable

(d) Held-to-maturities Debt Securities sold

Not applicable

(e) Available-for-sale Securities sold

Not applicable

(f) Held-to-maturity Debt Securities and Available-for-sale Securities whose market value is not readily determinable are as follows:

	March 31,2001 (In millions of yen)
	¥
Held-to-maturity Debt Securities	-
Unlisted Foreign Securities	-
Available-for-sale Securities	182,158
Unlisted Japanese Equities other than Over-the-counter	119,894
Unlisted Foreign Equities	3,585
Unlisted Japanese Local Government Bonds	-
Unlisted Japanese Corporate Bonds	-
Unlisted Foreign bonds	-
Other Japanese securities	58,000
Other unlisted foreign securities	677
Total	¥ 182,158

(g) Change of Classification of Securities

Not applicable

(h) Redemption Schedule of Available-for-Securities with Maturity

March 31, 2001
(In millions of yen)

Maturity	Within 1 year	1 to 5 years	5 to 10 years	More than 10 years
Japanese Government Bonds	-	-	-	-
Japanese Local Government Bonds	-	-	-	-
Japanese Corporate Bonds	-	-	-	-
Others	58,000	-	-	-
Total	58,000	-	-	-

(i) Money Held in Trust

Not applicable

(j) Net Unrealized Gain (Loss) on Available-for-sale Securities

Not applicable