

INTERIM BALANCE SHEETS

JAPAN BANK FOR INTERNATIONAL COOPERATION

	In millions of yen		In millions of yen		In millions of dollars	
	September 30, 2002		March 31, 2002		September 30, 2002	
Assets						
Cash and due from banks	¥	824,635	¥	452,933	\$	6,726
Securities		122,748		124,273		1,001
Loans		20,311,523		22,027,407		165,673
Miscellaneous assets		312,158		350,481		2,546
Premises and equipment		28,793		29,480		235
Deferred charges on bonds and notes		2,614		2,596		21
Customer's liabilities for acceptances and guarantees		577,340		574,763		4,709
Allowance for possible loan losses		(399,044)		(487,827)		(3,255)
Allowance for possible investment losses		-		(1,119)		-
Total assets	¥	21,780,769	¥	23,072,990	\$	177,657

	In millions of yen		In millions of yen		In millions of dollars	
	September 30, 2002		March 31, 2002		September 30, 2002	
Liabilities, capital and retained earnings						
Liabilities						
Bonds and notes	¥	1,666,049	¥	1,587,696	\$	13,589
Borrowings		11,928,564		12,274,479		97,297
Miscellaneous liabilities		405,863		781,342		3,310
Allowance for employee bonuses		824		596		7
Allowance for employee retirement benefits		16,055		16,024		131
Acceptances and guarantees		577,340		574,763		4,709
Total liabilities	¥	14,594,696	¥	15,234,902	\$	119,043
Capital and retained earnings						
Capital of the International Financial Account	¥	985,500	¥	985,500	\$	8,038
Capital of the Overseas Economic Cooperation Account		6,361,344		6,285,244		51,887
Reserve of the International Financial Account		608,336		564,230		4,962
Reserve of the Overseas Economic Cooperation Account		280,719		182,296		2,290
Retained earnings (deficit)		(1,049,827)		(179,183)		(8,563)
Total capital and retained earnings	¥	7,186,072	¥	7,838,088	\$	58,614
Total liabilities, capital and retained earnings	¥	21,780,769	¥	23,072,990	\$	177,657

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

INTERIM STATEMENT OF OPERATIONS
JAPAN BANK FOR INTERNATIONAL COOPERATION

	In millions of yen		In millions of yen		In millions of dollars	
	First half of FY 2002		FY 2001		First half of FY 2002	
Income						
Interest income	¥	276,977	¥	708,360	\$	2,259
of which: Interest on loans		264,653		696,274		2,159
of which: Interest and dividend income on securities		590		2,761		5
Fees and commissions		2,996		6,370		24
Other operating income		-		1,400		-
Other ordinary income		126		1,932		1
Reversal of allowance for possible loan losses		96,934		38,931		791
Profits on sales of premises and equipment		9		5		0
Total income	¥	377,045	¥	757,001	\$	3,075
Expenses						
Interest expenses	¥	189,173	¥	462,690	\$	1,543
Fees and commissions		802		4,042		7
Other operating expenses		2,535		867		21
General and administrative expenses		12,550		26,137		102
Other ordinary expenses		351		1,421		3
ODA-loan related losses		855,616		-		6,979
Other extraordinary losses		25		65		0
Total expense	¥	1,061,054	¥	495,225	\$	8,655
Net income (loss)	¥	(684,009)	¥	261,776	\$	(5,579)

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

INTERIM STATEMENT OF CASH FLOWS
JAPAN BANK FOR INTERNATIONAL COOPERATION

	In millions of yen		In millions of yen		In millions of dollars	
	First half of FY 2002		FY 2001		First half of FY 2002	
Cash flows from operating activities						
Net income (loss)	¥	(684,009)	¥	261,776	\$	(5,579)
Depreciation and amortization		785		1,721		6
Increase (decrease) in allowance for possible loan losses		(88,782)		(40,172)		(724)
Increase (decrease) in allowance for possible investment losses		(1,119)		(1,642)		(9)
Increase (decrease) in allowance for employee bonuses		227		596		2
Increase (decrease) in allowance for employee retirement benefits		31		492		0
Interest income		(267,565)		(708,360)		(2,182)
Interest expenses		189,173		462,690		1,543
Net loss (gain) on securities		1,468		800		12
Foreign exchange loss (gain)		(4,185)		(10,572)		(34)
Net loss (gain) on sales of premises and equipment		15		60		0
Net decrease (increase) in loans		1,318,985		14,460		10,758
Net increase (decrease) in bonds and notes		138,700		71,522		1,131
Net increase (decrease) in borrowings		(345,914)		(540,433)		(2,821)
Net decrease (increase) in due from banks (excluding cash equivalents)		(373,546)		(58,331)		(3,047)
Net decrease (increase) in reverse repurchase agreement		-		105,418		-
Interest received		271,639		715,939		2,216
Interest paid		(185,759)		(511,074)		(1,515)
Others, net		(2,068)		(13,585)		(17)
Net cash used in operating activities	¥	(31,925)	¥	(248,694)	\$	(260)
Cash flows from investing activities						
Purchases of securities	¥	(234)	¥	(1,240)	\$	(2)
Sales of securities		116		1,833		1
Expenditures on premises and equipment		(139)		(1,319)		(1)
Proceeds from sales of premises and equipment		26		42		0
Net cash used in investing activities	¥	(231)	¥	(683)	\$	(2)
Cash flows from financing activities						
Proceeds from issuance of capital from Government	¥	76,100	¥	284,500	\$	621
Payment to National Treasury		(23,165)		(46,314)		(189)
Net cash provided by financing activities	¥	52,934	¥	238,185	\$	432
Effect of exchange rate changes on cash and cash equivalents	¥	(1)	¥	0	\$	(0)
Net increase (decrease) in cash and cash equivalents	¥	20,776	¥	(11,192)	\$	169
Cash and cash equivalents at the beginning of the period	¥	7,437	¥	18,630	\$	61
Cash and cash equivalents at the end of the period	¥	28,213	¥	7,437	\$	230

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 ¥122.60=\$1.00, the exchange rate as of September 30, 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 interim fiscal year end.

JBIC had adopted the "Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No.20). Since the current interim fiscal year, however, JBIC have adopted the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No.25).

In accordance with the transitional applications described in JICPA Industry Audit Committee Report No.25, 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 interim fiscal year end and stated in the Interim Balance Sheet on a net basis. Premiums or discounts reflecting interest rate differences between the two currencies are charged to or credited to the Interim 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 Interim 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 the transitional applications described in JICPA Industry Audit Committee Report No.25, nominal amounts of money lent and nominal amounts of money funded are translated into yen using the exchange rates in effect at the interim fiscal year end and stated in the Interim Balance Sheet on a net basis. An amount equivalent to the interest swapped are charged to or credited to the Interim 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 Interim 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 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.

(j) 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 interim fiscal year end, based on the projected benefit obligations, and the estimated pension plan asset amount at the interim 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.

(k) 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 (interim) fiscal year and the amount of cash and due from banks reported in the (interim) balance sheets as of September 30 and March 31, 2002 are as follows:

	September 30, 2002 (In millions of yen)		March 31, 2002 (In millions of yen)		September 30, 2002 (In millions of dollars)
Cash and Due from Banks	¥	824,635	¥	452,933	\$ 6,726
Due from Banks (*)		(796,422)		(445,496)	(6,496)
Cash and Cash Equivalents	¥	28,213	¥	7,437	\$ 230

(*) Excluding Due from Bank of Japan

4. Securities

Securities as of September 30 and March 31, 2002 are as follows:

	September 30, 2002 (In millions of yen)		March 31, 2002 (In millions of yen)		September 30, 2002 (In millions of dollars)
Held-to-maturity Debt Securities	¥	-	¥	-	\$ -
Unlisted Foreign Securities		-		-	-
Available-for-sale Securities		122,748		124,273	1,001
Unlisted Japanese Equities other than Over-the-counter		119,134		119,134	972
Unlisted Foreign Equities		2,968		4,443	24
Unlisted Japanese Local Government Bonds		-		-	-
Unlisted Japanese Corporate Bonds		-		-	-
Unlisted Foreign bonds		-		-	-
Other Japanese Securities		-		-	-
Other Unlisted Foreign Securities		645		695	5
	¥	122,748	¥	124,273	\$ 1,001

5. Loans

All of Loans are loans on deeds. The amounts reported in the (interim) balance sheets as of September 30 and March 31, 2002 are as follows:

International Financial Account	September 30, 2002 (In millions of yen)	March 31, 2002 (In millions of yen)	September 30, 2002 (In millions of dollars)
Bankrupt Loans	¥ 2,641	¥ 2,641	\$ 22
Non-accrual Loans	230,847	310,446	1,883
Past Due Loans (3 Months or More)	34,328	39,044	280
Restructured Loans	286,012	172,754	2,333
	¥ 553,829	¥ 524,887	\$ 4,517

Overseas Economic Cooperation Account	September 30, 2002 (In millions of yen)	March 31, 2002 (In millions of yen)	September 30, 2002 (In millions of dollars)
Bankrupt Loans	¥ -	¥ -	\$ -
Non-accrual Loans	99,212	381,146	809
Past Due Loans (3 Months or More)	66,335	81,880	541
Restructured Loans	-	900	-
	¥ 165,547	¥ 463,928	\$ 1,350

- (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:

		September 30, 2002 (In millions of yen)	March 31, 2002 (In millions of yen)	September 30, 2002 (In millions of dollars)
International Financial Account	¥	424,533	¥ 430,269	\$ 3,463
Overseas Economic Cooperation Account		1,204,376	1,265,900	9,824

The Government of Japan has provided debt relief under TDB (the Trade and Development Board) scheme in the form of grant aid for eligible ODA loan recipients in exchange for repayments of ODA loans based on the resolution of TDB of the UNCTAD in 1978. Therefore, JBIC's ODA Loans to eligible TDB countries had been substantially secured by matching grant aid for debt relief provided by the Government of Japan in the amount equivalent to repayment amount of principal and interest owed by such eligible TDB countries.

On the other hand, 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" and "Enhanced 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 respectively. After the debtor countries agreed to the economic reform programs, the Paris Club creditors agreed to the application of the (Enhanced) HIPCs Initiative. JBIC's ODA Loans to the HIPCs Initiative countries are substantially secured by matching grant aid for debt relief provided by the Government of Japan to the HIPCs, 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 the HIPCs.

However, the above-mentioned grant aid for debt relief under TDB and HIPCs scheme was replaced by a waiver of loans provided by JBIC in accordance with the "Changes in Debt Relief Method" announced by the Government of Japan on December 10, 2002. JBIC thus has written off all amounts of corresponding ODA loans to eligible TDB countries except for scheduled repayments within the current fiscal year which will be covered by TDB scheme and all amounts of corresponding ODA loans to the Enhanced HIPCs Initiative countries. JBIC has also provided 100% allowance for corresponding ODA loans to the HIPCs Initiative countries which are not determined to be applied by the Enhanced HIPCs Initiative.

- (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 September 30 and March 31, 2002 are ¥5,994,875 million and ¥6,497,410 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 September 30 and March 31, 2002 are ¥8,265 million and ¥4,645 million respectively.

6. Miscellaneous Assets

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 payments to the National Treasury, made on a best estimation basis amounted to ¥3,737 million (\$30 million) for the interim year ended September 30, 2002 and ¥24,677 million (\$185 million) for the year ended March 31, 2002 respectively, and accounted for under Miscellaneous assets on the (interim) balance sheet.

7. Acceptances and Guarantees

Acceptances and Guarantees as of September 30 and March 31, 2002 are as follows:

	September 30, 2002 (In millions of yen)	March 31, 2002 (In millions of yen)	September 30, 2002 (In millions of dollars)
Acceptances	¥ -	-	\$ -
Guarantees	577,340	574,763	4,709
	¥ 577,340	574,763	\$ 4,709

8. Assets Pledged as Collateral

There were no assets pledged as collateral as of September 30 and March 31, 2002.

9. 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.

10. Extraordinary Losses ("ODA-loan related losses")

The Government of Japan has provided debt relief under TDB (the Trade and Development Board) scheme in the form of grant aid for eligible ODA loan recipients in exchange for repayments of ODA loans based on the resolution of TDB of the UNCTAD in 1978. Therefore, JBIC's ODA Loans to eligible TDB countries had been substantially secured by matching grant aid for debt relief provided by the Government of Japan in the amount equivalent to repayment amount of principal and interest owed by such eligible TDB countries.

On the other hand, 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" and "Enhanced 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 respectively. After the debtor countries agreed to the economic reform programs, the Paris Club creditors agreed to the application of the (Enhanced) HIPCs Initiative. JBIC's ODA Loans to the HIPCs Initiative countries are substantially secured by matching grant aid for debt relief provided by the Government of Japan to the HIPCs, 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 the HIPCs.

However, the above-mentioned grant aid for debt relief under TDB and HIPCs scheme was replaced by a waiver of loans provided by JBIC in accordance with the "Changes in Debt Relief Method" announced by the Government of Japan on December 10, 2002. JBIC thus has written off all amounts of corresponding ODA loans to eligible TDB countries except for scheduled repayments within the current fiscal year which will be covered by TDB scheme and all amounts of corresponding ODA loans to the Enhanced HIPCs Initiative countries. JBIC has also provided 100% allowance for corresponding ODA loans to the HIPCs Initiative countries which are not determined to be applied by the Enhanced HIPCs Initiative. Those losses are reflected in the extraordinary losses ("ODA-loan related losses").

11. Leased Transactions

Leased transactions in the interim fiscal year ended September 30, 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)	¥14	¥4	¥18
(In millions of dollars)	\$0	\$0	\$0

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

12. Derivative Transactions

Notes to derivative transactions in the interim fiscal year ended September 30, 2002 are as follows:

(a) Interest Rate-related Transactions

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

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

(b) Currency-related Transactions

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

Certain currency swaps have been accounted for by using the accrual method of accounting based on the transitional applications described in "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:

September 30, 2002

(In millions of yen)

Type	<u>Contractual Amount</u>	<u>Market Value</u>	<u>Unrealized Gain/(Loss)</u>
	¥	¥	¥
Currency Swaps	4,669,319	23,001	-

September 30, 2002

(In millions of dollars)

Type	<u>Contractual Amount</u>	<u>Market Value</u>	<u>Unrealized Gain/(Loss)</u>
	\$	\$	\$
Currency Swaps	38,086	188	-

(c) Equity-related Transactions

Not applicable

(d) Bond-related Transactions

Not applicable

(e) Commodity-related Transactions

Not applicable

(f) Credit Derivatives Transactions

Not applicable

Notes to derivative transactions in the fiscal year ended March 31, 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 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 are basically offset.

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

(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)	-

(h) Equity-related Transactions

Not applicable

(i) Bond-related Transactions

Not applicable

(j) Commodity-related Transactions

Not applicable

(k) Credit Derivatives Transactions

Not applicable

13. Market Value of Securities

Notes to market value of securities as of September 30, 2002 are as follows:

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

(a) Held-to-maturities Debt Securities

Not applicable

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

Not applicable

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

	September 30, 2002	September 30, 2002
	(In millions of yen)	(In millions of dollars)
	¥	\$
Held-to-maturity Debt Securities	-	-
Unlisted Foreign Securities	-	-
Available-for-sale Securities	122,748	1,001
Unlisted Japanese Equities other than Over-the-counter	119,134	972
Unlisted Foreign Equities	2,968	24
Unlisted Japanese Local Government Bonds	-	-
Unlisted Japanese Corporate Bonds	-	-
Unlisted Foreign bonds	-	-
Other Japanese securities	-	-
Other unlisted foreign securities	645	5
Total	¥ 122,748	\$ 1,001

(d) Money Held in Trust

Not applicable

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

Not applicable

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)
	¥
Held-to-maturity Debt Securities	-
Unlisted Foreign Securities	-
Available-for-sale Securities	124,273
Unlisted Japanese Equities other than Over-the-counter	119,134
Unlisted Foreign Equities	4,443
Unlisted Japanese Local Government Bonds	-
Unlisted Japanese Corporate Bonds	-
Unlisted Foreign bonds	-
Other Japanese securities	-
Other unlisted foreign securities	695
Total	<u>¥ 124,273</u>

(g) Change of Classification of Securities

Not applicable

(h) Redemption Schedule of Available-for-sale Securities

Not applicable

(i) Money Held in Trust

Not applicable

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

Not applicable