

Japan Bank for International Cooperation

Summary of the Financial Statements for the Fiscal Year Ending March 2003 (In accordance with Japanese GAAP)

Japan Bank for International Cooperation prepared its financial statements for the fiscal year ending March 2003 (in accordance with generally accepted accounting principles and practices for Japanese private corporations (Japanese GAAP)) and released it on June 30, 2003. As in the past, in order to ensure objectivity, an audit report by ChuoAoyama Audit Corp. was obtained pursuant to Article 193.2 of the Securities Transaction Law, which certified the financial statements as being fairly presented.

Financial highlights of the financial statement for the fiscal year ending March 2003 (in accordance with Japanese GAAP) are shown below.

(Unit: Million yen)

	Fiscal Year Ending March 2003			Fiscal Year Ending March 2002		
	The Bank Account	International Financial Account	Overseas Economic Cooperation Account	The Bank Account	International Financial Account	Overseas Economic Cooperation Account
Ordinary Revenue	574,919	323,642	251,276	716,512	442,268	274,244
Net Ordinary Income	168,659	69,884	98,774	221,352	116,647	104,627
ODA-loan related Losses(Note 1)	855,616	39,188	816,428	-	-	-
Net income/Loss(△)	△495,051	88,232	△583,284	261,776	121,225	140,550
Capital	7,489,844	985,500	6,504,344	7,270,744	985,500	6,285,244
Retained Earnings	28,186	618,994	△590,807	567,343	574,867	△7,523
Capital and Retained Earnings / Total Assets (%)	35.3	15.0	55.9	34.0	13.0	56.9
Total Assets	21,294,849	10,717,200	10,577,649	23,072,990	12,044,980	11,028,009
Loans	20,164,343	9,738,760	10,425,582	22,027,407	11,003,074	11,024,333
Securities	122,912	-	122,912	124,273	1,599	122,674
Borrowings	11,218,681	6,606,964	4,611,717	12,274,479	7,574,648	4,699,830
Bonds and Notes	1,589,084	1,564,084	25,000	1,587,696	1,562,696	25,000

(Note 1) As to ODA-loan related losses, please refer to next section I.

I. States of Income and Loss

With net ordinary income of 69.8 billion yen from the International Financial Account and 98.7 billion yen from the Overseas Economic Cooperation Account, the Bank posted a consolidated net ordinary income of 168.6 billion yen and prolonged a firm profit level for the financial year ending March 2003. Since JBIC's asset-liability structure is such that the overall loan assets have longer maturity than liabilities, declining interest rates in recent years have contributed to an increase in income. There was no significant change in this trend during fiscal year ending March 2003.

The size of the Bank's net ordinary income declined in comparison with that of the fiscal year prior. The reduction was due to the decrease of the accrued lending interest caused by the change of the debt relief method described later in this report as well as the change this past year in the calculation of the deferred hedge profit pertaining to the Bank's interest-rate swap. The latter had contributed to a temporary rise in revenues for the last fiscal year.

On the other hand, what is noteworthy about the reported term is that "Grant aid for debt relief (Note 2)" was replaced by a waiver of loans provided by JBIC, in accordance with the "Changes of the Debt Relief method" announced by the Japanese government on December 10, 2002. JBIC thus has either written off or set aside allowance for corresponding ODA loans, which is reflected in the extraordinary loss ("ODA-loan related losses") of 39.1 billion yen for the International Financial Account, 816.4 billion yen for the Overseas Economic Cooperation Account and 855.6 billion yen for the Bank Account. As a result, net income/(loss) amounts to 88.2 billion yen for the International Financial Account and (583.2) billion yen for the Overseas Economic Cooperation Account and (495.0) billion yen for the Bank Account, which is a large decrease in profit compared with the previous fiscal year .

However, the announcement on the waiver of ODA loans for debt relief only refers to a shift in the method of providing debt relief, and it does not constitute any change in the coverage of the countries and the loan portfolio for which debt relief has been agreed upon in the international framework. The government announced that since the waiver of JBIC's loans is a government policy decision, it will continue to take all the necessary measures to maintain the financial soundness of JBIC. Besides, as it is mentioned in the following paragraph, the ratio of risk-monitored loans to outstanding loans decreased from the previous fiscal year end mainly due to the write-off of corresponding ODA loans. Considering such factors, the financial soundness of JBIC is continuously secured.

Note 2: The Government of Japan has provided debt relief in the form of grant aid for ODA loan recipients in exchange for repayments of ODA loans.

<The Bank Account>

(Unit: JPY 100 million)

	Fiscal Year ending March 2003	Fiscal Year ending March 2002
Gross operating profit	1,962	2,485
Net interest income	1,962	2,456
Net fees and commissions	9	23
Net other operating income	△9	5
General and Administrative Expenses (Δ)	△274	△261
Personnel expenses (Δ)	△138	△127
Premises and equipment expenses (Δ)	△131	△129
Taxes (Δ)	△4	△4
Net operating income (prior to provision for allowance for possible loan losses)	1,688	2,223
Provision for allowance for possible loan losses	-	-
Other ordinary gain/loss (Δ)	△2	△10
Write-off of securities	△3	△7
Write-off of Loans	-	△4
Others	1	2
Net ordinary income	1,686	2,213
Net extraordinary income/loss (Δ)	△6,637	404
ODA-loan related losses	△8,556	-
Net income/loss (Δ indicates net loss for the term)	△4,950	2,617

<International Financial Account>

(Unit: JPY 100 million)

	Fiscal Year ending March 2003	Fiscal Year ending March 2002
Gross operating profit	872	1,334
Net interest income	858	1,298
Net fees and commissions	22	31
Net other operating income	△7	4
General and Administrative Expenses (Δ)	△171	△163
Personnel expenses (Δ)	△86	△79
Premises and equipment expenses (Δ)	△82	△81
Taxes (Δ)	△2	△2
Net operating income (prior to provision for allowance for possible loan losses)	701	1,171
Provision for allowance for possible loan losses	-	-
Other ordinary gain/loss (Δ)	△2	△4
Write-off of securities	3	-
Write-off of Loans	-	△5
Others	1	0
Net ordinary income	698	1,166
Net extraordinary income/loss (Δ)	183	45
ODA-loan related losses	△392	-
Net income /loss(Δ indicates net loss for the term)	882	1,212

<Overseas Economic Cooperation Account>

(Unit: JPY 100 million)

	Fiscal Year ending March 2003	Fiscal Year ending March 2002
Gross operating profit	1,090	1,150
Net interest income	1,104	1,157
Net fees and commissions	△12	△8
Net other operating income	△1	0
General and Administrative Expenses (Δ)	△102	△97
Personnel expenses (Δ)	△52	△48
Premises and equipment expenses (Δ)	△48	△47
Taxes (Δ)	△1	△1
Net operating income (prior to provision for allowance for possible loan losses)	987	1,052
Provision for allowance for possible loan losses	-	-
Other ordinary gain/loss (Δ)	0	△6
Write-off of securities	-	△7
Write-off of Loans	-	-
Others	0	1
Net ordinary income/loss (Δ)	987	1,046
Net extraordinary income/loss (Δ)	△6,820	359
ODA-loan related losses	△8,164	-
Net income /loss (Δ indicates net loss for the term)	△5,832	1,405

II. States of Assets, Liabilities, and Capital

As of the end of March 2003, the International Financial Account had total assets of 10,717.2 billion yen (decreased 1,327.7 billion yen from the previous fiscal year), total liabilities of 9,112.7 billion yen (decreased 1,371.9 billion yen from the previous fiscal year), and total capital and retained earnings of 1,604.4 billion yen (increased 44.1 billion yen from the previous fiscal year). The Overseas Economic Cooperation Account had total assets of 10,577.6 billion yen (decreased 450.3 billion yen from the previous fiscal year), total liabilities of 4,664.1 billion yen (decreased 86.1 billion yen from the previous fiscal year), and total capital and retained earnings of 5,913.5 billion yen (decreased 364.1 billion yen from the previous fiscal year). Overall, the Bank had total assets of 21,294.8 billion yen (decreased 1,778.1 billion yen from the previous fiscal year), total liabilities of 13,776.8 billion yen (decreased 1,458.0 billion yen from the previous fiscal year), and total capital and retained earnings of 7,518 billion yen (decreased 320.0 billion yen from the previous fiscal year).

III. State of Loans

With regard to self-assessment on asset quality, including risk-monitored loans as described below and disclosure of assets in accordance with the Financial Revitalization Law, JBIC obtained an auditor's report from ChuoAoyama Audit Corp. in accordance with "Practical Guidelines for Evaluation of Internal Control over Valuation of Assets and Audits for Write-Offs and Reserve for Possible Loan Losses of Banks and Similar Institutions" (Report No. 4 of Ad Hoc Committee for Audits of Banks of the Japanese Institute of Certified Public Accountants), which certified the asset quality self-assessment as being fairly presented.

<Risk-Monitored Loans>

Based on self-assessment on asset quality, the loans in the following table were classified by their collectibility considering JBIC's status as a public lender and international treatment of public lenders' credits to foreign governments, referring to the disclosure standard of Risk-monitored loans adopted by commercial financial institutions under the Banking Law of Japan. The ratio of risk-monitored loans to outstanding loans as well as the total amount of risk-monitored loans declined from the previous fiscal year end.

(Unit: JPY 100 million, %)

<The Bank Account>	As of the end of March 2003	Change from the end of March 2002	As of the end of March 2002	Ratio to total loans	
				End of March 2003	End of March 2002
Total Amounts of Risk-Monitored Loans	7,545	△2,342	9,888	3.74%	4.49%
Past due Loans (Three months or more)	1,438	228	1,209	0.71%	0.55%
Restructured Loans	3,724	1,987	1,736	1.85%	0.79%
Non-accrual Loans	2,376	△4,539	6,915	1.18%	3.14%
Bankrupt Loans	6	△19	26	0.00%	0.01%
Total Amounts of Outstanding Loans	201,643	△18,630	220,274	100.00%	100.00%

(Unit: JPY 100 million, %)

<International Financial Account>	As of the end of March 2003	Change from the end of March 2002	As of the end of March 2002	Ratio to total loans	
				End of March 2003	End of March 2002
Total Amounts of Risk-Monitored Loans	6,127	878	5,248	6.29%	4.77%
Past due Loans (Three months or more)	926	535	390	0.95%	0.35%
Restructured Loans	3,724	1,996	1,727	3.82%	1.57%
Non-accrual Loans	1,470	△1,634	3,104	1.51%	2.82%
Bankrupt Loans	6	△19	26	0.01%	0.02%
Total Amounts of Outstanding Loans	97,387	△12,643	110,030	100.00%	100.00%

(Unit: JPY 100 million, %)

<Overseas Economic Cooperation Account>	As of the end of March 2003	Change from the end of March 2002	As of the end of March 2002	Ratio to total loans	
				End of March 2003	End of March 2002
Total Amounts of Risk-Monitored Loans	1,417	△3,221	4,639	1.36%	4.21%
Past due Loans (Three months or more)	511	△306	818	0.49%	0.74%
Restructured Loans	-	△9	9	-	0.01%
Non-accrual Loans	905	△2,905	3,811	0.87%	3.46%
Bankrupt Loans	-	-	-	-	-
Total Amounts of Outstanding Loans	104,255	△5,987	110,243	100.00%	100.00%

<Assets Based on the Financial Revitalization Law>

Based on self-assessment on asset quality, the loans in the following table were classified by their collectibility considering JBIC's status as a public lender and international treatment of public lenders' credits to foreign governments, referring to the disclosure standard based on the Financial Revitalization Law. The ratio of disclosed loans to the total loans as well as the total amount of disclosed credits (e.g. Loans, Acceptances and Guarantees, and other credits) declined from the previous year end.

(Unit: JPY 100 million, %)

<The Bank Account>	As of the end of March 2003	Change from the end of March 2002	As of the end of March 2002	Ratio to total loans	
				End of March 2003	End of March 2002
Loan Assets required to be disclosed under the Financial Revitalization Law	7,678	△2,209	9,888	3.64%	4.32%
Bankrupt and Quasi-bankrupt Assets	422	26	395	0.20%	0.17%
Doubtful Assets	2,093	△4,452	6,546	0.99%	2.86%
Substandard Loans	5,162	2,216	2,945	2.45%	1.29%
Normal Assets	203,057	△15,740	218,797	96.36%	95.68%
Total	210,736	△17,949	228,685	100.00%	100.00%

(Unit: JPY 100 million, %)

<International Financial Account>	As of the end of March 2003	Change from the end of March 2002	As of the end of March 2002	Ratio to total loans	
				End of March 2003	End of March 2002
Loan Assets required to be disclosed under the Financial Revitalization Law	6,260	1,012	5,248	5.96%	4.48%
Bankrupt and Quasi-bankrupt Assets	422	114	308	0.40%	0.26%
Doubtful Assets	1,187	△1,634	2,822	1.13%	2.41%
Substandard Loans	4,650	2,532	2,117	4.43%	1.81%
Normal Assets	98,810	△13,200	112,010	94.04%	95.52%
Total	105,071	△12,188	117,259	100.00%	100.00%

(Unit: JPY 100 million, %)

<Overseas Economic Cooperation Account>	As of the end of March 2003	Change from the end of March 2002	As of the end of March 2002	Ratio to total loans	
				End of March 2003	End of March 2002
Loan Assets required to be disclosed under the Financial Revitalization Law	1,417	△3,221	4,639	1.34%	4.16%
Bankrupt and Quasi-bankrupt Assets	-	△87	87	-	0.08%
Doubtful Assets	905	△2,818	3,723	0.86%	3.34%
Substandard Loans	511	△315	827	0.48%	0.74%
Normal Assets	104,247	△2,540	106,787	98.66%	95.84%
Total	105,664	△5,761	111,426	100.00%	100.00%

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