

**Report of Independent Auditors**

To the Governor of  
Japan Bank for International Cooperation

We have audited the accompanying non-consolidated Overseas Economic Cooperation Account balance sheets of Japan Bank for International Cooperation as of March 31, 2003 and 2002, and the related non-consolidated Overseas Economic Cooperation Account statements of operations, equity, and cash flows for the years then ended, all expressed in Japanese Yen. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audits.

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

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of Overseas Economic Cooperation Account of Japan Bank for International Cooperation as of March 31, 2003 and 2002, and the non-consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan (see Note 1).

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  
Tokyo, Japan  
June 25, 2003

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

	In millions of yen		In millions of yen		In millions of dollars	
	March 31, 2003		March 31, 2002		March 31, 2003	
<b>Assets</b>						
Cash and due from banks	¥	59,756	¥	49,823	\$	497
Securities		122,912		122,674		1,023
Loans		10,425,582		11,024,333		86,735
Miscellaneous assets		142,726		119,936		1,187
Premises and equipment		7,665		7,904		64
Deferred charges on bonds and notes		17		22		0
Allowance for possible loan losses		(181,011)		(296,684)		(1,506)
<b>Total assets</b>	<b>¥</b>	<b>10,577,649</b>	<b>¥</b>	<b>11,028,009</b>	<b>\$</b>	<b>88,000</b>

	In millions of yen		In millions of yen		In millions of dollars	
	March 31, 2003		March 31, 2002		March 31, 2003	
<b>Liabilities and equity</b>						
<b>Liabilities</b>						
Bonds and notes	¥	25,000	¥	25,000	\$	208
Borrowings		4,611,717		4,699,830		38,367
Miscellaneous liabilities		20,234		19,142		168
Allowance for employee bonuses		286		226		3
Allowance for employee retirement benefits		6,874		6,089		57
<b>Total liabilities</b>	<b>¥</b>	<b>4,664,112</b>	<b>¥</b>	<b>4,750,288</b>	<b>\$</b>	<b>38,803</b>
<b>Equity</b>						
Capital of the Overseas Economic Cooperation Account	¥	6,504,344	¥	6,285,244	\$	54,113
Reserve of the Overseas Economic Cooperation Account		280,719		182,296		2,335
Accumulated deficit at the end of the current year		(871,526)		(189,819)		(7,251)
<b>Total equity</b>	<b>¥</b>	<b>5,913,536</b>	<b>¥</b>	<b>6,277,721</b>	<b>\$</b>	<b>49,197</b>
<b>Total liabilities and equity</b>	<b>¥</b>	<b>10,577,649</b>	<b>¥</b>	<b>11,028,009</b>	<b>\$</b>	<b>88,000</b>

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

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

	In millions of yen		In millions of yen		In millions of dollars	
	Fiscal 2002		Fiscal 2001		Fiscal 2002	
<b>Income</b>						
Interest income	¥	250,598	¥	273,183	\$	2,085
Interest on loans		247,935		270,407		2,063
Interest and dividend income on securities		2,659		2,761		22
Interest on due from banks		3		13		0
Fees and Commissions		606		688		5
Other operating income		-		91		-
Foreign exchange gains		-		91		-
Other ordinary income		71		281		0
Reversal of allowance for possible loan losses		130,405		34,316		1,085
Recovery of Written-off Claims		3,960		-		33
Reversal of allowance for possible investment losses		-		1,631		-
Profits on sales of premises and equipment		9		2		0
<b>Total income</b>	¥	<b>385,652</b>	¥	<b>310,193</b>	\$	<b>3,208</b>
<b>Expenses</b>						
Interest expenses	¥	140,122	¥	157,389	\$	1,166
Interest on bonds and notes		740		740		6
Amortization of discounts on bonds and notes		5		5		0
Interest on borrowings		139,377		156,644		1,160
Fees and Commissions		1,882		1,536		16
Other operating expenses		192		1		2
Foreign exchange losses		190		-		2
Others		1		1		0
General and administrative expenses		10,256		9,758		85
Other ordinary expenses		49		931		0
Write-off of equities, securities, etc.		-		759		-
Others		49		171		0
Losses on disposal of premises and equipment		6		26		0
ODA-loan related losses		816,428		-		6,792
<b>Total expense</b>	¥	<b>968,936</b>	¥	<b>169,643</b>	\$	<b>8,061</b>
<b>Net (loss) income</b>	¥	<b>(583,284)</b>	¥	<b>140,550</b>	\$	<b>(4,853)</b>

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

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

	In millions of yen		In millions of yen		In millions of dollars	
	Fiscal 2002		Fiscal 2001		Fiscal 2002	
<b>Cash flows from operating activities</b>						
Net (loss) income	¥	(583,284)	¥	140,550	\$	(4,853)
Depreciation and amortization		466		489		4
Increase (decrease) in allowance for possible loan losses		(115,673)		(34,316)		(962)
Increase (decrease) in allowance for possible investment losses		-		(1,721)		-
Increase (decrease) in allowance for employee bonuses		60		226		0
Increase (decrease) in allowance for employee retirement benefits		785		187		7
Interest income		(250,598)		(273,183)		(2,085)
Interest expenses		140,122		157,389		1,166
Net loss (gain) on securities		49		800		0
Foreign exchange loss (gain)		177		(105)		1
Net loss (gain) on sales of premises and equipment		(2)		24		(0)
Net decrease (increase) in loans		598,750		(306,921)		4,981
Net increase (decrease) in borrowings		(88,113)		(83,481)		(733)
Net decrease (increase) in due from banks (excluding cash equivalents)		46,311		18,041		385
Interest received		228,002		255,258		1,897
Interest paid		(140,074)		(157,267)		(1,165)
Others, net		688		45		6
<b>Net cash used in operating activities</b>	¥	<b>(162,333)</b>	¥	<b>(283,985)</b>	\$	<b>(1,351)</b>
<b>Cash flows from investing activities</b>						
Purchases of securities	¥	(474)	¥	(1,240)	\$	(4)
Sales of securities		189		1,833		2
Expenditures on premises and equipment		(239)		(502)		(2)
Proceeds from sales of premises and equipment		15		19		0
<b>Net cash (used in) provided by investing activities</b>	¥	<b>(508)</b>	¥	<b>109</b>	\$	<b>(4)</b>
<b>Cash flows from financing activities</b>						
Proceeds from issuance of capital from Government	¥	219,100	¥	284,500	\$	1,823
<b>Net cash provided by financing activities</b>	¥	<b>219,100</b>	¥	<b>284,500</b>	\$	<b>1,823</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	¥	<b>(0)</b>	¥	<b>0</b>	\$	<b>0</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	¥	<b>56,257</b>	¥	<b>624</b>	\$	<b>468</b>
<b>Cash and cash equivalents at the beginning of the fiscal year</b>	¥	<b>2,615</b>	¥	<b>1,991</b>	\$	<b>22</b>
<b>Cash and cash equivalents at the end of the fiscal year</b>	¥	<b>58,873</b>	¥	<b>2,615</b>	\$	<b>490</b>

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	Reserve of the Overseas Economic Cooperation Account	Accumulated deficit at the end of the current year	Total Equity
Balance at March 31, 2002	¥985,500	¥6,285,244	¥564,230	¥182,296	(¥179,183)	¥7,838,088
Transfer from net earnings accounted under the JBIC law to reserves			44,105	98,422	(142,528)	-
Payment to National Treasury					(44,105)	(44,105)
Issuance of capital from Government		219,100				219,100
Net income					(495,051)	(495,051)
Balance at March 31, 2003	¥985,500	¥6,504,344	¥608,336	¥280,719	(¥860,868)	¥7,518,031
<b>Appropriations:</b>						
Transfer from net earnings to reserve of the International Financial Account			30,246		(30,246)	-
Transfer from reserve of the Overseas Economic Cooperation Account				(260,051)	260,051	-
Payment to National Treasury					(30,246)	(30,246)
Total			¥30,246	(260,051)	¥199,559	(¥30,246)
Unappropriated Accumulated deficit					(¥661,309)	

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	Reserve of the Overseas Economic Cooperation Account	Accumulated deficit at the end of the current year	Total Equity
Balance at March 31, 2002	\$8,199	\$52,290	\$4,694	\$1,516	(\$1,491)	\$65,208
Transfer from net earnings accounted under the JBIC law to reserves			367	819	(1,186)	-
Payment to National Treasury					(367)	(367)
Issuance of capital from Government		1,823				1,823
Net income					(4,118)	(4,118)
Balance at March 31, 2003	\$8,199	\$54,113	\$5,061	\$2,335	(\$7,162)	\$62,546
<b>Appropriations:</b>						
Transfer from net earnings to reserve of the International Financial Account			252		(252)	-
Transfer from reserve of the Overseas Economic Cooperation Account				(2,164)	2,164	-
Payment to National Treasury					(252)	(252)
Total			\$252	(2,164)	\$1,660	(\$252)
Unappropriated Accumulated deficit					(\$5,502)	

*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	Accumulated 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 net earnings accounted under the JBIC law 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
<b>Appropriations:</b>							
Transfer from net earnings to reserve of the International Financial Account			44,105			(44,105)	-
Transfer from net earnings accounted under the JBIC law to reserve of the Overseas Economic Cooperation Account					98,422	(98,422)	-
Payment to National Treasury						(44,105)	(44,105)
<b>Total</b>			¥44,105		¥98,422	(¥186,633)	(¥44,105)
Unappropriated							
Accumulated deficit						(¥365,817)	

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

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

**1. Basis of Presentation**

The accompanying financial statements have been prepared from the accounts maintained by Japan Bank for International Cooperation ("JBIC") in accordance with the provisions set forth in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The 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 ¥120.20=\$1.00, the exchange rate as of March 31, 2003, has been used in translation. The presentation of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

**2. Significant Accounting Policies**

**(a) Cash and cash equivalents**

"Cash and cash equivalents" as stated in the statements of cash flows consists of cash in hand and due from Bank of Japan included in "Cash and due from banks" in the balance sheets.

**(b) Securities**

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

**(c) Depreciation basis for fixed assets**

**(i) Premises and equipment**

Premises and equipment are depreciated on the declining 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

**(ii) Software**

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

**(d) Method of amortization for deferred charges**

"Discounts on Bonds and Notes" are amortized over terms of redemption.

**(e) 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.

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 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).

Foreign currency differences arising from futures currency transactions are recognized on the balance sheets on a net basis.



**(f) 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 (h) 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.

**(g) 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 bonuses to executive directors included in as of March 31, 2002, are not included in as of March 31, 2003.

**(h) 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 prior service cost and net actuarial gains/losses is as follows:

Prior service cost is charged to net income of the year.

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.

**(i) 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, 2003 and 2002 are as follows:

	March 31, 2003 (In millions of yen)		March 31, 2002 (In millions of yen)		March 31, 2003 (In millions of dollars)	
Cash and Due from Banks	¥	59,756	¥	49,823	\$	497
Due from Banks (*)		(883)		(47,207)		(7)
Cash and Cash Equivalents	¥	58,873	¥	2,615	\$	490

(\*) Excluding Due from Bank of Japan

### 4. Securities

Securities as of March 31, 2003 and 2002 are as follows:

	March 31, 2003 (In millions of yen)		March 31, 2002 (In millions of yen)		March 31, 2003 (In millions of dollars)	
Equity	¥	122,269	¥	121,979	\$	1,017
Other Securities		642		695		5
	¥	122,912	¥	122,674	\$	1,022

### 5. Loans

All of Loans are loans on deeds. The amounts reported in the balance sheets as of March 31, 2003 and 2002 are as follows:

	March 31, 2003 (In millions of yen)		March 31, 2002 (In millions of yen)		March 31, 2003 (In millions of dollars)	
Bankrupt Loans	¥	-	¥	-	\$	-
Non-accrual Loans		90,596		381,146		754
Past Due Loans (3 Months or More)		51,186		81,880		426
Restructured Loans		-		900		-
	¥	141,783	¥	463,928	\$	1,180

- (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 Months 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 Months 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, 2003 (In millions of yen)	March 31, 2002 (In millions of yen)	March 31, 2003 (In millions of dollars)
Overseas Economic Cooperation Account ¥	1,203,975 ¥	1,265,900 \$	10,016

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 fiscal year 2002 which is 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 March 31, 2003 and 2002 are ¥4,221,727 million (\$35,123 million) and ¥4,424,721 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, 2003 and 2002 are ¥105 million (\$1 million) and ¥105 million respectively.

## 6. Miscellaneous assets

Miscellaneous assets as of March 31, 2003 are as follows:

- (a) **Accrued income** "Accrued income" includes ¥140,769 million(\$1,171 million) of accrued interest on loans and others.
- (b) **Other assets** "Other assets" includes ¥148 million(\$1 million) of suspense payments and others.

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

- (a) **Accrued income** "Accrued income" includes ¥118,201 million of accrued interest on loans and others.
- (b) **Other assets** "Other assets" includes ¥10 million of suspense payments and others.

## 7. Premises and equipment

Premises and equipment as of March 31, 2003 and 2002 are as follows:

	March 31, 2003 (In millions of yen)	March 31, 2002 (In millions of yen)	March 31, 2003 (In millions of dollars)
<b>Tangible Fixed Assets</b>	¥	¥	\$
Land	3,054	3,016	25
Buildings	7,032	6,933	59
Equipment	1,241	1,275	10
Construction in Progress	90	86	1
Total	¥ 11,418	¥ 11,312	\$ 95
Less - Accumulated Depreciation	4,353	4,060	36
Net Book Value	¥ 7,065	¥ 7,252	\$ 59
<b>Intangible Fixed Assets</b>	¥	¥	\$
Software	411	387	3
Guarantee deposit	334	331	3
Total	¥ 745	¥ 718	\$ 6
Less - Accumulated Depreciation	145	66	1
Net Book Value	¥ 599	¥ 652	\$ 5

## 8. Deferred charges on bonds and notes

Deferred charges on bonds and notes as of March 31, 2003 and 2002 are as follows:

	March 31, 2003 (In millions of yen)	March 31, 2002 (In millions of yen)	March 31, 2003 (In millions of dollars)
Deferred discount on bonds and notes	¥ 17	¥ 22	\$ 0
	¥ 17	¥ 22	\$ 0

## 9. Allowance for possible loan losses

Allowance for possible loan losses as of March 31, 2003 and 2002 are as follows:

	March 31, 2003 (In millions of yen)	March 31, 2002 (In millions of yen)	March 31, 2003 (In millions of dollars)
General Allowance for Possible Loan Losses	¥ 108,878	¥ 238,865	\$ 906
Specific Allowance for Possible Loan Losses	72,133	57,819	600
Allowance for Possible Losses on Specific Overseas Loans	-	-	-
	¥ 181,011	¥ 296,684	\$ 1,506

## 10. Bonds and notes

Bonds and notes as of March 31, 2003 and 2002 are as follows:

Description of Bonds and notes	Issue date	Currency and Amounts March 31, 2003 (In millions)	Interest Rate(%)	Maturity date	March 31, 2003	March 31, 2002	March 31, 2003
					(In millions of yen)	(In millions of yen)	(In millions of dollars)
					¥	¥	\$
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	208
					¥ 25,000	¥ 25,000	\$ 208

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

Fiscal	2003	¥	- million	\$	- million
2004			-		-
2005			15,000		125
2006			10,000		83
2007			-		-

## 11. Borrowings

Borrowings as of March 31, 2003 and 2002 are as follows:

	Average interest rate(%)	Due date of repayment	March 31, 2003 (In millions of yen)	March 31, 2002 (In millions of yen)	March 31, 2003 (In millions of dollars)
Long-term borrowings			¥	¥	\$
Borrowings from the Government Fund for Fiscal Investment and Loan Program	2.76	September 2003-December 2017	4,507,637	4,571,520	37,501
Borrowing from the Government Post Office Life Insurance Special Account	2.42		104,080	128,310	866
			¥ 4,611,717	¥ 4,699,830	\$ 38,367

Long-term borrowings with maturities within 5 years outstanding as of March 31, 2003 are as follows:

Fiscal 2003	¥	540,310 million	\$	4,495 million
2004		534,348		4,445
2005		524,038		4,360
2006		492,387		4,096
2007		433,953		3,610

## 12. Miscellaneous liabilities

Miscellaneous liabilities as of March 31, 2003 are as follows:

- (a) Accrued expenses "Accrued expenses" includes ¥17,634million (\$147 million) of accrued interest on borrowings and ¥22 million (\$0 million) of accrued interest on bonds and notes and others.
- (b) Other liabilities "Other liabilities" includes ¥2,299million (\$19 million) of suspense receipts and others.

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

- (a) Accrued expenses "Accrued expenses" includes ¥17,591 million of accrued interest on borrowings and ¥22 million of accrued interest on bonds and notes and others.
- (b) Other liabilities "Other liabilities" includes ¥1,341 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, 2003 (In millions of yen)	March 31, 2002 (In millions of yen)	March 31, 2003 (In millions of dollars)
Projected Benefit Obligation	(A)	¥ (8,487)	¥ (7,824)	\$ (71)
Fair Value of Plan Assets	(B)	1,613	1,735	14
Unfunded Pension Obligation	(C)=(A)+(B)	(6,874)	(6,089)	(57)
Unrecognized Net Obligation at Transition	(D)	-	-	-
Unrecognized Net Actuarial Gains/Losses	(E)	-	-	-
Unrecognized Prior Service Cost	(F)	-	-	-
Net Amount Recognized on the Balance Sheet	(G)=(C)+(D)+(E)+(F)	(6,874)	(6,089)	(57)
Prepaid Pension Cost	(H)	-	-	-
Allowance for Employee Retirement Benefits	(G)-(H)	¥ (6,874)	¥ (6,089)	\$ (57)

(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, 2003 (In millions of yen)	March 31, 2002 (In millions of yen)	March 31, 2003 (In millions of dollars)
Service Cost		¥ 359	¥ 425	\$ 3
Interest Cost		193	190	1
Expected Return on Plan Assets		(26)	(70)	(0)
Amortization of Prior Service Cost		(114)	-	(1)
Amortization of Net Actuarial Gains/Losses		825	192	7
Amortization of Net Obligation at Transition		-	-	-
Other Costs		-	-	-
Net Pension Cost		¥ 1,238	¥ 737	\$ 10

#### (c) Principal Assumptions Used

	March 31, 2003	March 31, 2002
Discount Rate	2.0%	2.5%
Expected Rate of Return on Plan Assets	1.5%	4.0%
Method of Attributing the Projected Benefits to Periods of Services	Straight-line basis	Straight-line basis
Amortization Period of Prior Service Costs	Prior service cost is charged to net income of the year	-
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	-	-

#### 14. Assets Pledged as Collateral

There were no assets pledged as collateral as of March 31, 2003 and 2002.

#### 15. 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 fiscal year 2002 which is 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").

#### 16. Accumulated deficit

JBIC accounts for "Transfer from Reserve of the Overseas Economic Cooperation Account" for the fiscal year ended March 31, 2003, pursuant to Article 44 of the JBIC Law, the related law and the related cabinet order.

Therefore, losses carried forward to the following fiscal year are simply the sum of "Accumulated deficit at the fiscal year ended March 31, 2003" and statutory appropriation of net earnings as stipulated by the related law of JBIC. Deficit, which represents shortage of net assets from capital of the Overseas Economic Cooperation Account as of March 31, 2003, was ¥590,807million(\$4,915 million).

#### 17. Leased Transactions

Leased transactions in the fiscal year ended March 31, 2003 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)	¥3	¥0	¥4
(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)	¥8	¥3	¥12

## 18. Derivative Transactions

There were no derivative transactions in the fiscal year ended March 31, 2003 and 2002.

## 19. Market Value of Securities

Notes to market value of securities as of March 31, 2003 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, 2003 (In millions of yen)	March 31, 2003 (In millions of dollars)
Held-to-maturity Debt Securities	¥ -	\$ -
Unlisted Foreign Securities	-	-
Available-for-sale Securities	122,912	1,023
Unlisted Japanese Equities other than Over-the-counter	119,084	991
Unlisted Foreign Equities	3,184	27
Unlisted Japanese Local Government Bonds	-	-
Unlisted Japanese Corporate Bonds	-	-
Unlisted Foreign bonds	-	-
Other Japanese securities	-	-
Other unlisted foreign securities	642	5
Total	¥ 122,912	\$ 1,023

- (g) Change of Classification of Securities  
 Not applicable
- (h) Redemption Schedule of Available-for-sale 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, 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		122,674
Unlisted Japanese Equities other than Over-the-counter		119,134
Unlisted Foreign Equities		2,844
Unlisted Japanese Local Government Bonds		-
Unlisted Japanese Corporate Bonds		-
Unlisted Foreign bonds		-
Other Japanese securities		-
Other unlisted foreign securities		695
Total	¥	<u>122,674</u>

- (g) Change of Classification of Securities
  - Not applicable
- (h) Redemption Schedule of Available-for-sale Securities with Maturity
  - Not applicable
- (i) Money Held in Trust
  - Not applicable
- (j) Net Unrealized Gain (Loss) on Available-for-sale Securities
  - Not applicable