

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

	In millions of yen		In millions of yen		In millions of yen		In millions of U.S.dollars	
	September 30, 2003		September 30, 2002		March 31, 2003		September 30, 2003	
Assets								
Cash and due from banks	¥	21,519	¥	23,004	¥	59,756	\$	194
Securities		122,852		122,748		122,912		1,104
Loans		10,422,849		10,318,474		10,425,582		93,689
Miscellaneous assets		85,814		116,185		142,726		771
Premises and equipment		7,380		7,722		7,665		66
Deferred charges on bonds and notes		15		20		17		0
Allowance for possible loan losses		(116,951)		(225,765)		(181,011)		(1,051)
Total assets	¥	10,543,479	¥	10,362,390	¥	10,577,649	\$	94,773

	In millions of yen		In millions of yen		In millions of yen		In millions of U.S.dollars	
	September 30, 2003		September 30, 2002		March 31, 2003		September 30, 2003	
Liabilities and equity								
Liabilities								
Bonds and notes	¥	25,000	¥	25,000	¥	25,000	\$	225
Borrowings		4,424,386		4,647,789		4,611,717		39,770
Miscellaneous liabilities		19,743		19,875		20,234		177
Allowance for employee bonuses		358		313		286		3
Allowance for employee retirement benefits		6,863		6,101		6,874		62
Total liabilities	¥	4,476,352	¥	4,699,079	¥	4,664,112	\$	40,237
Equity								
Capital of the Overseas Economic Cooperation Account	¥	6,563,344	¥	6,361,344	¥	6,504,344	\$	58,996
Reserve of the Overseas Economic Cooperation Account		20,667		280,719		280,719		186
Retained earnings (deficit)		(516,884)		(978,752)		(871,526)		(4,646)
Total equity	¥	6,067,127	¥	5,663,311	¥	5,913,536	\$	54,536
Total liabilities and equity	¥	10,543,479	¥	10,362,390	¥	10,577,649	\$	94,773

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

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

	In millions of yen		In millions of yen		In millions of yen		In millions of U.S.dollars	
	First half of FY 2003		First half of FY 2002		FY 2002		First half of FY 2003	
Income								
Interest income	¥	126,016	¥	117,462	¥	250,598	\$	1,133
of which: Interest on loans		125,051		116,868		247,935		1,124
of which: Interest and dividend income on securities		965		590		2,659		9
Fees and Commissions		248		242		606		2
Other ordinary income		59		47		71		1
Grant from general account		15,000		-		-		135
Other extraordinary income		22,053		85,660		134,375		198
Total income	¥	163,378	¥	203,412	¥	385,652	\$	1,469
Expenses								
Interest expenses	¥	63,210	¥	72,332	¥	140,122	\$	568
Fees and Commissions		417		304		1,882		4
Other operating expenses		98		158		192		1
General and administrative expenses		4,872		4,697		10,256		44
Other ordinary expenses		186		-		49		2
ODA-loan related losses		-		816,428		816,428		-
Other extraordinary losses		2		1		6		0
Total expenses	¥	68,787	¥	893,922	¥	968,936	\$	619
Net income (loss)	¥	94,591	¥	(690,509)	¥	(583,284)	\$	850

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

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

	In millions of yen		In millions of yen		In millions of yen		In millions of U.S.dollars	
	First half of FY 2003		First half of FY 2002		FY 2002		First half of FY 2003	
Cash flows from operating activities								
Net income (loss)	¥	94,591	¥	(690,509)	¥	(583,284)	\$	850
Depreciation and amortization		211		228		466		2
Increase (decrease) in allowance for possible loan losses		(64,060)		(70,919)		(115,673)		(576)
Increase (decrease) in allowance for employee bonuses		71		86		60		1
Increase (decrease) in allowance for employee retirement benefits		(10)		11		785		(0)
Interest income		(126,016)		(117,462)		(250,598)		(1,133)
Interest expenses		63,210		72,332		140,122		568
Net loss (gain) on securities		186		(2)		49		2
Foreign exchange loss (gain)		123		156		177		1
Net loss (gain) on sales of premises and equipment		(264)		(6)		(2)		(2)
Net decrease (increase) in loans		2,733		705,858		598,750		25
Net increase (decrease) in borrowings		(187,330)		(52,041)		(88,113)		(1,684)
Net decrease (increase) in due from banks (excluding cash equivalents)		(2,477)		28,952		46,311		(22)
Interest received		182,928		121,002		228,002		1,644
Interest paid		(63,498)		(72,122)		(140,074)		(571)
Others, net		(26)		641		688		(0)
Net cash used in operating activities	¥	(99,628)	¥	(73,795)	¥	(162,333)	\$	(895)
Cash flows from investing activities								
Purchases of securities	¥	(239)	¥	(234)	¥	(474)	\$	(2)
Sales of securities		50		116		189		0
Expenditures on premises and equipment		(208)		(52)		(239)		(2)
Proceeds from sales of premises and equipment		320		12		15		3
Net cash used in investing activities	¥	(76)	¥	(158)	¥	(508)	\$	(1)
Cash flows from financing activities								
Proceeds from issuance of capital from Government	¥	59,000	¥	76,100	¥	219,100	\$	530
Net cash provided by financing activities	¥	59,000	¥	76,100	¥	219,100	\$	530
Effect of exchange rate changes on cash and cash equivalents	¥	(0)	¥	0	¥	(0)	\$	(0)
Net increase (decrease) in cash and cash equivalents	¥	(40,704)	¥	2,146	¥	56,257	\$	(366)
Cash and cash equivalents at the beginning of the period	¥	58,873	¥	2,615	¥	2,615	\$	529
Cash and cash equivalents at the end of the period	¥	18,168	¥	4,761	¥	58,873	\$	163

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 ¥111.25=\$1.00, the exchange rate as of September 30, 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) 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.

(d) 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. JBIC appropriates necessary depreciation cost for this interim fiscal year by divided estimated annual cost into those of correspond to current period.

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).

(e) Method of amortization for deferred charges

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

(f) Allowance for possible loan losses

JBIC provides "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 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 employee bonuses to executive directors are included in the account as of September 30, 2003 and 2002, and 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 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 prior service cost and 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.

(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 (interim) fiscal year and the amount of cash and due from banks reported in the (interim) balance sheets as of September 30, 2003, 2002 and March 31, 2003 are as follows:

		September 30, 2003 (In millions of yen)		September 30, 2002 (In millions of yen)		March 31, 2003 (In millions of yen)		September 30, 2003 (In millions of U.S.dollars)
Cash and Due from Banks	¥	21,519	¥	23,004	¥	59,756	\$	193
Due from Banks (*)		(3,350)		(18,242)		(883)		(30)
Cash and Cash Equivalents	¥	18,168	¥	4,761	¥	58,873	\$	163

(*) Excluding Due from Bank of Japan

4. Securities

Securities as of September 30, 2003, 2002 and March 31, 2003 are as follows:

		September 30, 2003 (In millions of yen)		September 30, 2002 (In millions of yen)		March 31, 2003 (In millions of yen)		September 30, 2003 (In millions of U.S.dollars)
Equity	¥	122,232	¥	122,103	¥	122,269	\$	1,099
Other Securities		620		645		642		5
	¥	122,852	¥	122,748	¥	122,912	\$	1,104

5. Loans

All of Loans are loans on deeds. The amounts reported in the (interim) balance sheets as of September 30, 2003, 2002 and March 31, 2003 are as follows:

	September 30, 2003 (In millions of yen)	September 30, 2002 (In millions of yen)	March 31, 2003 (In millions of yen)	September 30, 2003 (In millions of U.S.dollars)
Bankrupt Loans	¥ -	¥ -	- \$	-
Non-accrual Loans	51,584	99,212	90,596	463
Past Due Loans (3 Months or More)	19,338	66,335	51,186	174
Restructured Loans	765,930	-	-	6,885
	¥ 836,853	¥ 165,547	¥ 141,783	\$ 7,522

- (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 in September 30, 2003, 2002 and March 31, 2003. 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, 2003 (In millions of yen)	September 30, 2002 (In millions of yen)	March 31, 2003 (In millions of yen)	September 30, 2003 (In millions of U.S.dollars)
Overseas Economic Cooperation Account	¥ 1,225,426	¥ 1,204,376	¥ 1,203,975	\$ 11,015

In the past, JBIC did not categorize loans rescheduled in the Paris Club, indicated above under “Restructured Loans”. This was based on the consideration that, unlike loans provided by private financial institutions, their nature as public creditor provides an asset securing mechanism under such international framework which accords a high probability of repayment.

However, JBIC has shifted its focus to easy-to-understand operational comparison with private financial institutions. Therefore, starting from the current interim fiscal year, JBIC classifies assets rescheduled in the Paris Club, which are categorized as loans to “Watch Borrowers” under self-assessment of asset quality and are not “Past due Loans (3 months or more)”, as “Restructured Loans”. The amounts of such loans, among “Restructured Loans” indicated above, are ¥765,930 million (\$6,885 million) of which ¥554,030 million (\$4,980 million) is the amount of principal for Overseas Economic Cooperation Account.

(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, 2003, 2002 and March 31, 2003 are ¥4,012,623 million (\$36,069 million), ¥4,220,167 million and ¥4,221,727 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, 2003, 2002 and March 31, 2003 are ¥105 million (\$1 million), ¥105 million and ¥105 million respectively.

6. Premises and Equipment

Depreciation expense in First half of FY 2003, 2002 and FY 2002 and Accumulated Depreciation as of September 30, 2003, 2002 and March 31, 2003 are as follows:

	First Half of FY2003 (In millions of yen)	First Half of FY2002 (In millions of yen)	FY2002 (In millions of yen)	First Half of FY2003 (In millions of U.S. dollars)
Depreciation Expense	¥ 211	¥ 228	¥ 466	\$ 2
	September 30, 2003 (In millions of yen)	September 30, 2002 (In millions of yen)	March 31, 2003 (In millions of yen)	September 30, 2003 (In millions of U.S. dollars)
Accumulated Depreciation	¥ 4,451	¥ 4,192	¥ 4,353	\$ 40

7. Assets Pledged as Collateral

There are no assets pledged as collateral as September 30, 2003, 2002 and March 31, 2002.

8. Grant from general account

In accordance with the “Changes of the Debt Relief Method” announced by the Japanese government on December 10, 2002, JBIC reported the extraordinary loss (“ODA-loan related losses”) in the previous fiscal year. The government declared a policy to maintain the financial soundness of JBIC. Under this policy, the government provided JBIC a grant totaling ¥ 15 billion (\$135 million) corresponding to “ODA-loan related losses” out of its general account for the current interim fiscal year. This amount is reported as part of extraordinary income (“Revenue from government grant”).

9. Reserve

Reserve of the Overseas Economic Cooperation Account is provided from or reserved to net earnings on the Overseas Economic Cooperation Account, pursuant to Article 44 of the JBIC Law.

10. Leased Transactions

Leased transactions in the interim fiscal year ended September 30, 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)	¥1	¥0	¥1
(In millions of U.S.dollars)	\$0	\$0	\$0

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)	¥5	¥1	¥6

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

11. Market Value of Securities

Notes to market value of securities as of September 30, 2003 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, 2003 (In millions of yen)	September 30, 2003 (In millions of U.S.dollars)
	¥	\$
Held-to-maturity Debt Securities	-	-
Unlisted Foreign Securities	-	-
Available-for-sale Securities	122,852	1,104
Unlisted Japanese Equities other than Over-the-counter	118,848	1,068
Unlisted Foreign Equities	3,383	30
Unlisted Japanese Local Government Bonds	-	-
Unlisted Japanese Corporate Bonds	-	-
Unlisted Foreign bonds	-	-
Other Japanese securities	-	-
Other unlisted foreign securities	620	6
Total	¥	\$
	122,852	1,104

Notes to market value of securities as 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 (In millions of yen)
	¥
Held-to-maturity Debt Securities	-
Unlisted Foreign Securities	-
Available-for-sale Securities	122,748
Unlisted Japanese Equities other than Over-the-counter	119,134
Unlisted Foreign Equities	2,968
Unlisted Japanese Local Government Bonds	-
Unlisted Japanese Corporate Bonds	-
Unlisted Foreign bonds	-
Other Japanese securities	-
Other unlisted foreign securities	645
Total	¥ 122,748

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) 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

	March 31, 2003 (In millions of yen)
	¥
Held-to-maturity Debt Securities	-
Unlisted Foreign Securities	-
Available-for-sale Securities	122,912
Unlisted Japanese Equities other than Over-the-counter	119,084
Unlisted Foreign Equities	3,184
Unlisted Japanese Local Government Bonds	-
Unlisted Japanese Corporate Bonds	-
Unlisted Foreign bonds	-
Other Japanese securities	-
Other unlisted foreign securities	642
Total	¥ 122,912