

Japan Bank for International Cooperation

Summary of Japanese GAAP-Based Financial Statements for Fiscal Year Ending March 2004

Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) prepared its financial statements for the fiscal year ending March 2004 in accordance with generally accepted accounting principles and practices for Japanese private corporations (Japanese GAAP) and released it on June 29, 2004. In order to ensure its objectivity, JBIC obtained an auditor's certification from ChuoAoyama PricewaterhouseCoopers pursuant to Article 193.2 of the Securities Transaction Law.

Financial highlights of the Japanese GAAP-based financial statements for the fiscal year ending March 2004 are as follows.

(Unit: Million yen)

	Fiscal year ending March 2004			Fiscal year ending March 2003		
	The Bank Account	International Financial Account	Overseas Economic Cooperation Account	The Bank Account	International Financial Account	Overseas Economic Cooperation Account
Ordinary Revenue	527,003	271,282	255,721	574,919	323,642	251,276
Ordinary Expenses	352,851	225,271	135,362	406,259	253,757	152,502
Net Ordinary Income	174,152	46,010	120,358	168,659	69,884	98,774
Net Extraordinary Income/ Loss (△)	33,759	443	41,098	△663,711	18,348	△682,059
Net Income/Loss (△)	207,910	46,453	161,457	△495,051	88,232	△583,284

(Unit: Million yen, %)

	As of March 31, 2004			As of March 31, 2003		
	The Bank Account	International Financial Account	Overseas Economic Cooperation Account	The Bank Account	International Financial Account	Overseas Economic Cooperation Account
Total Assets	20,839,757	10,146,237	10,693,520	21,294,849	10,717,200	10,577,649
Cash and Due from Banks	217,328	182,404	34,924	288,284	228,527	59,756
Securities	120,514	-	120,514	122,912	-	122,912
Loans	19,306,245	8,727,720	10,578,524	20,164,343	9,738,760	10,425,582
Miscellaneous Assets	704,284	622,481	81,802	367,673	224,946	142,726
Customer's Liabilities for Acceptances and Guarantees	724,924	724,924	-	629,082	629,082	-
Allowance for Possible Loan Losses	△263,425	△133,868	△129,557	△308,163	△127,151	△181,011
Total Liabilities	12,943,761	8,525,535	4,418,226	13,776,818	9,112,705	4,664,112
Bonds and Notes	1,561,373	1,536,373	25,000	1,589,084	1,564,084	25,000
Borrowings	10,392,925	6,027,018	4,365,907	11,218,681	6,606,964	4,611,717
Miscellaneous Liabilities	246,191	225,843	20,347	321,126	300,891	20,234
Acceptances and Guarantees	724,924	724,924	-	629,082	629,082	-
Total Capital and Retained Earnings	7,895,995	1,620,702	6,275,293	7,518,031	1,604,494	5,913,536
Capital	7,690,144	985,500	6,704,644	7,489,844	985,500	6,504,344
Retained Earnings and Reserve	205,851	635,202	△429,350	28,186	618,994	△590,807
Capital and Retained Earnings / Total Assets (%)	37.9	16.0	58.7	35.3	15.0	55.9

I. States of Income and Loss

Since JBIC's asset-liability structure is such that the maturity of both assets and liabilities is long and the overall loan assets have longer maturity than liabilities, the recent trend of interest rates has led to an increase in net ordinary income. There was no significant change in this trend over the fiscal year ending March 2004. As a result, net ordinary income amounts to 46.0 billion yen for the International Financial Account, 120.3 billion yen for the Overseas Economic Cooperation Account and 174.1 billion yen for the Bank Account.

One noteworthy point about the fiscal year ending March 2003 was that grant aid for debt relief provided by the Japanese government 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 entirely set aside allowance for corresponding ODA loans, which is reflected in the extraordinary loss ("ODA loan-related loss") of 855.6 billion yen. As a result, net loss for the fiscal year ending March 2003 totaled 495.0 billion yen.

Meanwhile, to maintain the financial soundness of JBIC, the Japanese government provided JBIC a grant totaling 30 billion yen out of its general account for the reported fiscal year. This amount was reported as part of extraordinary income ("Revenue from government grant").

<The Bank Account>

(Unit: 100 Million yen)

	Fiscal year 2004	Fiscal year 2003
Gross operating profit	2,101	1,962
Net interest income	2,139	1,962
Net fees and commissions	9	9
Net other operating income	△48	△9
General and Administrative Expenses (△)	△244	△274
Net operating income (prior to provision for general allowance for possible loan losses)	1,856	1,688
Other ordinary gain/loss (△)	△115	△2
Provision for general allowance for possible loan losses	△99	-
Write-off of securities	△19	△3
Write-off of loans	△1	-
Others	4	1
Net ordinary income	1,741	1,686
Net extraordinary income/loss (△)	337	△6,637
ODA-loan related losses	-	△8,556
Net income/loss (△ indicates net loss for the term)	2,079	△4,950

(Note) General allowance for possible loan losses is the allowance for claims on debtors other than Bankrupt Borrowers, Substantially Bankrupt Borrowers and Potentially bankrupt Borrowers.

<International Financial Account>

(Unit: 100 Million yen)

	Fiscal year 2004	Fiscal year 2003
Gross operating profit	787	872
Net interest income	807	858
Net fees and commissions	25	22
Net other operating income	△46	△7
General and Administrative Expenses (△)	△152	△171
Net operating income (prior to provision for general allowance for possible loan losses)	634	701
Other ordinary gain/loss (△)	△174	△2
Provision for general allowance for possible loan losses	△177	-
Write-off of securities	-	△3
Write-off of Loans	△1	-
Others	4	1
Net ordinary income	460	698
Net extraordinary income/loss (△)	4	183
ODA-loan related losses	-	△392
Net income /loss(△ indicates net loss for the term)	464	882

<Overseas Economic Cooperation Account>

(Unit: 100 Million yen)

	Fiscal year 2004	Fiscal year 2003
Gross operating profit	1,314	1,090
Net interest income	1,331	1,104
Net fees and commissions	△15	△12
Net other operating income	△1	△1
General and Administrative Expenses (△)	△91	△102
Net operating income (prior to provision for general allowance for possible loan losses)	1,222	987
Other ordinary gain/loss (△)	△19	0
Provision for general allowance for possible loan losses	-	-
Write-off of securities	△19	-
Write-off of Loans	-	-
Others	0	0
Net ordinary income	1,203	987
Net extraordinary income/loss (△)	410	△6,820
ODA-loan related losses	0	△8,164
Net income /loss(△ indicates net loss for the term)	1,614	△5,832

II. States of Assets, Liabilities, and Capital

As of March 31, 2004, the International Financial Account had total assets of 10,146.2 billion yen (decreased 570.9 billion yen from the previous fiscal year), total liabilities of 8,525.5 billion yen (decreased 587.1 billion yen from the previous fiscal year), and total capital and retained earnings of 1,620.7 billion yen (increased 16.2 billion yen from the previous fiscal year). The Overseas Economic Cooperation Account had total assets of 10,693.5 billion yen (increased 115.8 billion yen from the previous fiscal year), total liabilities of 4,418.2 billion yen (decreased 245.8 billion yen from the previous fiscal year), and total capital and retained earnings of 6,275.2 billion yen (increased 361.7 billion yen from the previous fiscal year). Overall, the Bank had total assets of 20,839.7 billion yen (decreased 455.0 billion yen from the previous fiscal year), total liabilities of 12,943.7 billion yen (decreased 833.0 billion yen from the previous fiscal year), and total capital and retained earnings of 7,895.9 billion yen (increased 377.9 billion yen from the previous fiscal year).

III. State of Loans

The results of self-assessment, including the classification of risk-monitored loans shown below and loan assets required to be disclosed in accordance with disclosure requirements set forth in the Financial Revitalization Law (FRL), were audited by ChuoAoyama PricewaterhouseCoopers based on the Practical Guidelines for Examining Internal Control Regarding Self-Assessment of Assets in Banks and Other Financial Institutions and Auditing Writeoffs for Defaulted Loans and Provisioning for Possible Loan Losses, (Japanese Institute of Certified Public Accountants, Special Committee Report No. 4, April 15, 1997).

What is unique about JBIC's operations is that its loans for developing country governments are taken to be official credit. Thus when an indebted country is temporarily unable to service debt due to economic difficulties, debt rescheduling will sometimes take place, based on an international agreement among the creditor countries in the Paris Club, in order to ensure sustainable debt service. A debtor country receiving such temporary support for overcoming the liquidity problem will implement economic restructuring programs agreed upon with the IMF to acquire sustainable debt service capacity.

Until FY2002, JBIC did not, in principle, enter loan assets rescheduled in the Paris Club either under Risk-Monitored Loans or Loan Assets Required to be Disclosed Based on the Financial Revitalization Law. Instead, the outstanding amount of their principals was cited in a note to the financial statements. This was based on the consideration that, unlike loans provided by private financial institutions, their nature as official credit provides an asset-securing mechanism under the above international framework, which accords a high probability of repayment.

Although this international framework will remain unchanged in the foreseeable future, JBIC has shifted its focus to easy-to-understand comparison between JBIC and private financial institutions. Therefore, starting from FY2003, JBIC, in principle, disclosed the loans rescheduled in the Paris Club and whose debtor countries are categorized as "needs attention" in its self assessment of asset quality, classifying them either as restructured loans (under the Banking Law of Japan) or substandard loans (under the Financial Revitalization Law).

<Risk-Monitored Loans>

In the following table, loans were classified based on self-assessment on asset quality and in accordance with the disclosure standard of risk-monitored loans adopted by private financial institutions under the relevant regulations of the Banking Law of Japan.

(Unit: 100 Million yen, %)

<The Bank Account>				Ratio to total loans	
	As of the end of March 2004	Change from the end of March 2003	As of the end of March 2003	End of March 2004	End of March 2003
Total Amounts of Risk-Monitored Loans	14,542	6,997	7,545	7.53%	3.74%
Bankrupt Loans	0	△5	6	0.00%	0.00%
Non-Accrual Loans	2,680	303	2,376	1.39%	1.18%
Past Due Loans (Three months or more)	702	△735	1,438	0.36%	0.71%
Restructured Loans	11,158	7,434	3,724	5.78%	1.85%
Total Amounts of Outstanding Loans	193,062	△8,580	201,643	100.00%	100.00%

(Unit: 100 Million yen, %)

<International Financial Account>				Ratio to total loans	
	As of the end of March 2004	Change from the end of March 2003	As of the end of March 2003	End of March 2004	End of March 2003
Total Amounts of Risk-Monitored Loans	6,177	50	6,127	7.08%	6.29%
Bankrupt Loans	0	△5	6	0.00%	0.01%
Non-Accrual Loans	2,164	694	1,470	2.48%	1.51%
Past Due Loans (Three months or more)	160	△765	926	0.18%	0.95%
Restructured Loans	3,852	127	3,724	4.41%	3.82%
Total Amounts of Outstanding Loans	87,277	△10,110	97,387	100.00%	100.00%

(Unit: 100 Million yen, %)

<Overseas Economic Cooperation Account>				Ratio to total loans	
	As of the end of March 2004	Change from the end of March 2003	As of the end of March 2003	End of March 2004	End of March 2003
Total Amounts of Risk-Monitored Loans	8,365	6,947	1,417	7.91%	1.36%
Bankrupt Loans	-	-	-	-	-
Non-Accrual Loans	515	△390	905	0.49%	0.87%
Past Due Loans (Three months or more)	542	30	511	0.51%	0.49%
Restructured Loans	7,306	7,306	-	6.91%	-
Total Amounts of Outstanding Loans	105,785	1,529	104,255	100.00%	100.00%

< Loan Assets Required to be Disclosed Based on the FRL >

In the following table, loan assets were classified based on self-assessment on asset quality and in accordance with disclosure requirements set forth in the Financial Revitalization Law (FRL).

(Unit: 100 Million yen, %)

<The Bank Account>	As of the end of March 2004	Change from the end of March 2003	As of the end of March 2003	Ratio to total loans	
				End of March 2004	End of March 2003
Credits required to be disclosed under the Financial Revitalization Law	14,554	6,876	7,678	7.20%	3.64%
Bankrupt and Quasi-bankrupt Assets	683	261	422	0.34%	0.20%
Doubtful Assets	2,009	△84	2,093	0.99%	0.99%
Substandard Loans	11,861	6,699	5,162	5.87%	2.45%
Normal Assets	187,601	△15,456	203,057	92.80%	96.36%
Total	202,156	△8,580	210,736	100.00%	100.00%

(Unit: 100 Million yen, %)

<International Financial Account>	As of the end of March 2004	Change from the end of March 2003	As of the end of March 2003	Ratio to total loans	
				End of March 2004	End of March 2003
Credits required to be disclosed under the Financial Revitalization Law	6,189	△70	6,260	6.48%	5.96%
Bankrupt and Quasi-bankrupt Assets	683	261	422	0.72%	0.40%
Doubtful Assets	1,493	305	1,187	1.56%	1.13%
Substandard Loans	4,012	△638	4,650	4.20%	4.43%
Normal Assets	89,386	△9,424	98,810	93.52%	94.04%
Total	95,576	△9,495	105,071	100.00%	100.00%

(Unit: 100 Million yen, %)

<Overseas Economic Cooperation Account>	As of the end of March 2004	Change from the end of March 2003	As of the end of March 2003	Ratio to total loans	
				End of March 2004	End of March 2003
Credits required to be disclosed under the Financial Revitalization Law	8,365	6,947	1,417	7.85%	1.34%
Bankrupt and Quasi-bankrupt Assets	-	-	-	-	-
Doubtful Assets	515	△390	905	0.48%	0.86%
Substandard Loans	7,849	7,337	511	7.36%	0.48%
Normal Assets	98,215	△6,032	104,247	92.15%	98.66%
Total	106,580	915	105,664	100.00%	100.00%

End