

Report of Independent Auditors

To the Governor of
Japan Bank for International Cooperation

We have audited the accompanying Overseas Economic Cooperation Account balance sheets of Japan Bank for International Cooperation as of March 31, 2004 and 2003, and the related Overseas Economic Cooperation Account statements of operations, equity, and cash flows for the years then ended, all expressed in Japanese Yen. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Overseas Economic Cooperation Account of Japan Bank for International Cooperation as of March 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

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 financial statements.

ChuoAoyama PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers
Tokyo, Japan
June 25, 2004

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

	In millions of yen	In millions of yen	In millions of U.S.dollars
	March 31, 2004	March 31, 2003	March 31, 2004
Assets			
Cash and due from banks (Note 3)	¥ 34,924	¥ 59,756	\$ 331
Securities (Notes 4 and 19)	120,514	122,912	1,140
Loans (Note 5)	10,578,524	10,425,582	100,090
Miscellaneous assets (Note 6)	81,802	142,726	774
Premises and equipment (Note 7)	7,297	7,665	69
Deferred charges on bonds and notes (Note 8)	12	17	0
Allowance for possible loan losses (Note 9)	(129,557)	(181,011)	(1,226)
Total assets	¥ 10,693,520	¥ 10,577,649	\$ 101,178

	In millions of yen	In millions of yen	In millions of U.S.dollars
	March 31, 2004	March 31, 2003	March 31, 2004
Liabilities and equity			
Liabilities			
Bonds and notes (Note 10)	¥ 25,000	¥ 25,000	\$ 237
Borrowings (Note 11)	4,365,907	4,611,717	41,309
Miscellaneous liabilities (Note 12)	20,347	20,234	192
Allowance for bonus payments	348	286	3
Allowance for employee retirement benefits (Note 13)	6,623	6,874	63
Total liabilities	4,418,226	4,664,112	41,804
Equity (Note 16)			
Capital attributable to the Overseas Economic Cooperation Account	6,704,644	6,504,344	63,437
Reserve attributable to the Overseas Economic Cooperation Account	20,667	280,719	195
Accumulate deficit	(450,018)	(871,526)	(4,258)
Total equity	6,275,293	5,913,536	59,374
Total liabilities and equity	¥ 10,693,520	¥ 10,577,649	\$ 101,178

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 U.S.dollar	
	FY 2003		FY 2002		FY 2003	
Income						
Interest income	¥	255,000	¥	250,598	\$	2,413
Interest on loans		252,720		247,935		2,391
Interest and dividend income on securities		2,280		2,659		22
Interest on due from banks		0		3		0
Fees and Commissions		630		606		6
Other ordinary income		90		71		1
Grant from general account (Note 15)		30,000		-		284
Reversal of allowance for possible loan losses		7,782		130,405		74
Recovery of Written-off Claims		3,051		3,960		29
Profits on sales of premises and equipment		268		9		2
Total income		296,823		385,652		2,809
Expenses						
Interest expenses		121,834		140,122		1,153
Interest on bonds and notes		744		740		7
Amortization of discounts on bonds and notes		-		5		-
Interest on borrowings		121,089		139,377		1,146
Fees and Commissions		2,180		1,882		20
Other operating expenses		199		192		2
Foreign exchange losses		197		190		2
Others		1		1		0
General and administrative expenses		9,156		10,256		87
Other ordinary expenses		1,992		49		19
Write-off of equities and securities, etc.		1,924		-		18
Others		67		49		1
Losses on disposal of premises and equipment		4		6		0
ODA-loan related losses (Note 15)		-		816,428		-
Total expense		135,366		968,936		1,281
Net income (loss)	¥	161,457	¥	(583,284)	\$	1,528

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 U.S. dollars	
	FY 2003		FY 2002		FY 2003	
Cash flows from operating activities						
Net income (loss)	¥	161,457	¥	(583,284)	\$	1,528
Depreciation and amortization		436		466		4
Decrease in allowance for possible loan losses		(51,454)		(115,673)		(487)
Increase in allowance for bonus payments		62		60		0
(Decrease) increase in allowance for employee retirement benefits		(251)		785		(2)
Interest income		(255,000)		(250,598)		(2,413)
Interest expenses		121,834		140,122		1,153
Net loss on securities		1,992		49		19
Foreign exchange loss		194		177		2
Net gain on sales of premises and equipment		(264)		(2)		(3)
Net increase in loans		(152,942)		598,750		(1,447)
Net decrease in borrowings		(245,810)		(88,113)		(2,326)
Net (increase) decrease in due from banks (excluding cash equivalents)		(645)		46,311		(6)
Interest received		316,308		228,002		2,993
Interest paid		(122,287)		(140,074)		(1,157)
Others, net		223		688		2
Net cash used in operating activities		(226,146)		(162,333)		(2,140)
Cash flows from investing activities						
Purchases of securities		(262)		(474)		(2)
Sales of securities		635		189		6
Expenditures on premises and equipment		(319)		(239)		(3)
Proceeds from sales of premises and equipment		333		15		3
Net cash provided by (used in) investing activities		386		(508)		4
Cash flows from financing activities						
Proceeds from issuance of capital from Government		200,300		219,100		1,895
Net cash provided by financing activities		200,300		219,100		1,895
Effect of exchange rate changes on cash and cash equivalents		(0)		(0)		(0)
Net increase (decrease) in cash and cash equivalents		(25,460)		56,257		(241)
Cash and cash equivalents at the beginning of the period		58,873		2,615		557
Cash and cash equivalents at the end of the period	¥	33,412	¥	58,873	\$	316

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

STATEMENTS OF EQUITY
JAPAN BANK FOR INTERNATIONAL COOPERATION
Overseas Economic Cooperation Account

In millions of yen

	Capital attributable to the Overseas Economic Cooperation Account	Reserve attributable to the Overseas Economic Cooperation Account	Accumulated deficit	Total Equity
Balance at March 31, 2003	¥ 6,504,344	¥ 280,719	¥ (871,526)	¥ 5,913,536
Transfer from net earnings accounted under the JBIC Law to reserve	-	-	-	-
Transfer from reserve to net earnings accounted under JBIC Law	-	(260,051)	260,051	-
Payment to National Treasury	-	-	-	-
Issuance of capital from Government	200,300	-	-	200,300
Net income	-	-	161,457	161,457
Balance at March 31, 2004	¥ 6,704,644	¥ 20,667	¥ (450,018)	¥ 6,275,293
Appropriations:				
Transfer from net earnings accounted under the JBIC Law to reserve	-	64,823	(64,823)	-
Transfer from reserve to net earnings under the JBIC Law to reserve	-	-	-	-
Payment to National Treasury	-	-	-	-
Total	¥ -	¥ 64,823	¥ (64,823)	¥ -
Unappropriated Accumulated deficit	¥ -	¥ -	¥ (514,841)	¥ -

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

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

In millions of dollars

	Capital attributeable to the Overseas Economic Cooperation Account	Reserve attributable to the Overseas Economic Cooperation Account	Accumulated deficit	Total Equity
Balance at March 31, 2003	\$ 61,542	\$ 2,656	\$ (8,246)	\$ 55,952
Transfer from net earnings accounted under the JBIC Law to reserve	-	-	-	-
Transfer from reserve to net earnings accounted under JBIC Law	-	(2,461)	2,461	-
Payment to National Treasury	-	-	-	-
Issuance of capital from Government	1,895	-	-	1,895
Net income	-	-	1,527	1,527
Balance at March 31, 2004	\$ 63,437	\$ 195	\$ (4,258)	\$ 59,374
Appropriations:				
Transfer from net earnings accounted under the JBIC Law to reserve	-	613	(613)	-
Transfer from reserve to net earnings accounted under the JBIC Law	-	-	-	-
Payment to National Treasury	-	-	-	-
Total	\$ -	\$ 613	\$ (613)	\$ -
Unappropriated Accumulated deficit	\$ -	\$ -	\$ (4,871)	\$ -

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

STATEMENTS OF EQUITY
JAPAN BANK FOR INTERNATIONAL COOPERATION
Overseas Economic Cooperation Account

In millions of yen

	Capital attributable to the Overseas Economic Cooperation Account	Reserve attributable to the Overseas Economic Cooperation Account	Accumulated deficit	Total Equity
Balance at March 31, 2002	¥ 6,285,244	¥ 182,296	¥ (189,819)	¥ 6,277,721
Transfer from net earnings accounted under the JBIC Law to reserve	-	98,422	(98,422)	-
Transfer from reserve to net earnings accounted under JBIC Law	-	-	-	-
Payment to National Treasury	-	-	-	-
Issuance of capital from Government	219,100	-	-	219,100
Net loss	-	-	(583,284)	(583,284)
Balance at March 31, 2003	¥ 6,504,344	¥ 280,719	¥ (871,526)	¥ 5,913,536
Appropriations:				
Transfer from net earnings accounted under the JBIC Law to reserve	-	-	-	-
Transfer from reserve to net earnings accounted under the JBIC Law	-	(260,051)	260,051	-
Payment to National Treasury	-	-	-	-
Total	¥ -	¥ (260,051)	¥ 260,051	¥ -
Unappropriated Accumulated deficit	¥ -	¥ -	¥ (611,475)	¥ -

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, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The Bank's accounts are separated into the International Financial Account and the Overseas Economic Cooperation Account as required under Article 41 of the Japan Bank for International Cooperation Law ("JBIC Law") whereby the accounting shall be separated according to the categories of international financial operations and overseas economic cooperation operations and be recorded by establishing a separate account for each operation. In separating the 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 in accordance with certain pre-defined allocation rate.

Consolidated financial statements are not prepared since JBIC has no subsidiaries.

The amounts indicated in millions of yen are rounded down by omitting figures less than one million. Totals may therefore 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 ¥105.69=\$1.00, the exchange rate as of March 31, 2004, 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 record 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.

(d) Depreciation basis for fixed assets

(i) Premises and equipment

Premises and equipment are depreciated on the declining balance basis over their useful economic lives except for buildings (excluding installed facilities) acquired on or after April 1, 1998, which are depreciated on a straight-line basis.

The principal estimated useful economic 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 a straight-line basis over its useful economic life (5 years).

(e) Accounting standard for impairment of fixed assets

On August 9, 2002, the Business Accounting Council in Japan issued the "Accounting Standard for Impairment of Fixed Assets." The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss shall be recognized in the statements of operations by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price and value in use.

The standard shall be effective for fiscal years beginning April 1, 2005. However, an earlier adoption is permitted for fiscal year beginning April 1, 2004 and for fiscal years ending between March 31, 2004 and March 30, 2005.

JBIC has not yet applied this new standard nor has determined the effect of applying it on the financial statements.

(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 a straight-line basis in accordance with the Commercial Code of Japan.

Until the fiscal year ended March 31, 2003, the amounts of amortization of discounts on bonds and notes had been

presented in "Amortization of discounts on bonds and notes" as their own account. In accordance with the amendment of the applicable law which regulates the reporting standards, from April 1, 2003, they are presented in "Interest on bonds and notes" combined with interest.

(g) 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 taking into consideration 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.

(h) Allowance for bonus payments

"Allowance for bonus payments" is calculated and provided for based on estimated amounts of future payments attributable to the services that have been rendered by employees to the date of the balance sheet. Allowance for bonus payments to executive directors are included in the account as of March 31, 2004 but not included in the previous fiscal year.

(i) Allowance for employee retirement benefits

Allowance for employee retirement benefits represents the future payment for pension and retirement to employees and executive directors, and is accrued based on the projected benefit obligations and the estimated pension plan assets at fiscal year end.

The actuarial gain or loss is recognized in the year in which it arises.

(j) Consumption taxes

Consumption taxes including local consumption tax are 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, 2004, and 2003 is as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
Cash and due from banks	¥ 34,924	¥ 59,756	\$ 331
Due from banks (*)	(1,511)	(883)	(15)
Cash and cash equivalents	¥ 33,412	¥ 58,873	\$ 316

(*) Excluding Due from Bank of Japan

4. Securities

Securities as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
Equity	¥ 119,902	¥ 122,269	\$ 1,134
Other securities	612	642	6
	¥ 120,514	¥ 122,912	\$ 1,140

5. Loans

All loans are loans on deeds. The amounts reported in the balance sheets as of March 31, 2004 and 2003 are as follows:

Overseas Economic Cooperation Account	March 31, 2004		March 31, 2003		March 31, 2004	
	(In millions of yen)		(In millions of yen)		(In millions of U. S. dollars)	
	¥	¥	¥	¥	\$	
Bankrupt loans		-		-		-
Non-accrual loans		51,584		90,596		488
Past due loans (3 months or more)		54,245		51,186		513
Restructured loans		730,673		-		6,914
	¥	836,504	¥	141,783	\$	7,915

- (a) "Bankrupt loans," which are classified as non-accrual (i.e. interest receivable is admitted to be no longer accrued), are loans to borrowers who fall into the following categories:
- who have begun bankruptcy, settlement, 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
 - who have had their transactions with the promissory note clearinghouse suspended
 - who have begun similar proceedings under any foreign law.
- These loans are categorized as loans to "Bankrupt borrowers" under the self-assessment of asset quality.
- (b) "Non-accrual loans" are loans that are classified as non-accrual and which do not fall into the "Bankrupt loans" category. These loans are categorized as loans to "Substantially bankrupt borrowers" or "Potentially bankrupt borrowers" under the 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 which do not fall into the "Bankrupt loans" and "Non-accrual loans" categories. These loans are also categorized as loans to "Watchlist borrowers" under the 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 the restructuring processes of the obligors in financial difficulties, and which do not fall into the "Bankrupt loans," "Non-accrual loans," and "Past due loans (3 month or more)" categories. These loans are also categorized as loans to "Watchlist borrowers" under the self-assessment of asset quality.
- (e) The amounts of Loans indicated in the table above are shown the gross amounts prior to deduction of allowance for possible loan losses.
- (f) In the event that a debtor country encounters temporary payment difficulties and requests debt rescheduling with respect to external public debt (whose creditors are Sovereigns, Trade Insurance Institutions and Export Credit Institutions, etc.) due to an 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. Under such temporary liquidity assistance, the debtor carries out Economic Restructuring Program that was agreed with the International Monetary Fund ("IMF") and continues to make repayments of the debt. The principal amount of loans for which JBIC has agreed to provide debt relief pursuant to the Paris Club agreements is as follows:

Overseas Economic Cooperation Account	March 31, 2004		March 31, 2003		March 31, 2004	
	(In millions of yen)		(In millions of yen)		(In millions of U. S. dollars)	
	¥	¥	¥	¥	\$	
Overseas Economic Cooperation Account		1,251,786		1,203,975		11,844

In the past, JBIC had not categorized the loans rescheduled under the Paris Club agreements, indicated above, under "Restructured loans." This was based on the assumption that, unlike loans provided by private financial institutions, their nature as public creditor provides an asset securing mechanism under the international framework which accords a high probability of repayment.

However, in order to facilitate comparison with private financial institutions, effective from the current fiscal year, JBIC now classifies those loans to borrowers classified under the self assessment as "Watchlisted" (but not "Past due loans (3 months or more)") that were rescheduled under the Paris Club as "Restructured loans." The amount of such loans, included in "Restructured loans" in the above table, is ¥730,673 million (\$6,913 million) of which ¥565,183 million (\$5,348 million) represents original principal attributable to the Overseas Economic Cooperation Account.

- (g) As JBIC's debtors mainly require long-term loans, JBIC generally enters into commitment line contracts with these debtors. JBIC provides commitment lines under which it lends necessary funds up to a predetermined amount, that is 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, 2004 and 2003 are ¥4,040,961 million (\$38,234 million) and ¥4,221,727 million, respectively.
- (h) With respect to claims with collateral or guarantees on debtors who are legally or substantially bankrupt ("Bankrupt borrowers and Substantially bankrupt borrowers"), the residual booked amount of the claims after deduction of the amount which is deemed collectible through the disposal of collateral or the execution of guarantees in written-off against the respective claims. The amounts of the accumulated write-offs as of March 31, 2003 were ¥105 million. There are no corresponding amounts as of March 31, 2004.

6. Miscellaneous assets

Miscellaneous assets as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Prepaid expenses	446	625	4
Accrued income (a)	79,807	141,098	755
Others (b)	1,549	1,003	15
	¥ 81,802	¥ 142,726	\$ 774

(Notes)

- (a) "Accrued income" includes ¥79,489 million (\$752 million) of accrued interest on loans and others as of March 31, 2004, and ¥140,769 million of accrued interest on loans as of March 31, 2003.
- (b) "Others" includes ¥641 million (\$6 million) of suspense payments and others as of March 31, 2004, and ¥148 million of suspense payments and others as of March 31, 2003.

7. Premises and equipment

Premises and equipment as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Tangible fixed assets			
Land	3,019	3,054	29
Buildings	7,220	7,032	68
Equipment	1,257	1,241	12
Construction in progress	82	90	1
Total	¥ 11,580	¥ 11,418	\$ 110
Less-accumulated depreciation	4,611	4,353	44
Net book value	¥ 6,968	¥ 7,065	\$ 66
Intangible fixed assets			
Software	427	411	4
Guarantee deposit	328	334	3
Total	¥ 755	¥ 745	\$ 7
Less-accumulated depreciation	228	145	2
Net book value	¥ 527	¥ 599	\$ 5

8. Deferred charges on bonds and notes

Deferred charges on bonds and notes as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
Deferred discounts on bonds and notes	¥ 12	¥ 17	\$ 0
Total	¥ 12	¥ 17	\$ 0

9. Allowance for possible loan losses

Allowance for possible loan losses as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
General allowance for possible loan losses	¥ 79,884	¥ 108,878	\$ 756
Specific allowance for possible loan losses	¥ 49,672	¥ 72,133	\$ 470
Allowance for possible losses on specific overseas loans	¥ -	¥ -	\$ -
Total	¥ 129,557	¥ 181,011	\$ 1,226

10. Bonds and notes

Bonds and notes as of March 31, 2004 and 2003 are as follows:

Description of bonds and notes	Date of issuance	Currency and amounts		Interest rate (%)	Maturity date	March 31, 2004	March 31, 2003	March 31, 2004
		March 31, 2004 (In millions)				(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
Overseas Economic Cooperation Fund Bonds guaranteed by Japanese govt. 8,9	December 1995- November 1996	JPY	25,000	2.9- 3.0	December 2005- November 2006	¥ 25,000	¥ 25,000	\$ 237
						¥ 25,000	¥ 25,000	\$ 237

(*) Non-government guaranteed bonds issued in domestic market

Scheduled redemptions of bonds and notes for each of the next five years as of March 31, 2004 are as follows:

	In millions of yen	In millions of U.S. dollars
Fiscal year 2004	¥ -	\$ -
2005	¥ 15,000	\$ 142
2006	¥ 10,000	\$ 95
2007	¥ -	\$ -
2008	¥ -	\$ -

11. Borrowings

Borrowings as of March 31, 2004 and 2003 are as follows:

	Average interest rate	Due date of repayment	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
Long-term borrowings			¥	¥	\$
Borrowings from the Government Fund for Fiscal Investment and Loan Program	2.51	September 2004-December 2018	4,283,887	4,507,637	40,533
Borrowings from the Government Post Office Life Insurance Fund	2.24		82,020	104,080	776
			¥ 4,365,907	¥ 4,611,717	\$ 41,309

Long-term borrowings with maturities for the next five years as of March 31, 2004 are as follows:

	In millions of yen		In millions of U.S. dollars	
	¥		\$	
Fiscal year 2004	534,348		5,056	
2005	524,038		4,958	
2006	500,113		4,732	
2007	458,495		4,338	
2008	419,662		3,971	

12. Miscellaneous liabilities

Miscellaneous liabilities as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Accrued expenses (a)	17,697	17,935	167
Others (b)	2,650	2,299	25
	¥ 20,347	¥ 20,234	\$ 192

(Notes)

- (a) "Accrued expenses" includes ¥17,176 million (\$163 million) of accrued interest on borrowings and ¥22 million (\$0 million) of accrued interest on bonds and notes and others as of March 31, 2004, and ¥17,634 million of accrued interest on borrowings and ¥22 million of accrued interest on bonds and notes and others as of March 31, 2003.
- (b) "Others" includes ¥2,650 million (\$25 million) of suspense receipts and others as of March 31, 2004, and ¥2,299 million of suspense receipts and others as of March 31, 2003.

13. Employee retirement benefits

JBIC has a defined benefits pension plan comprising welfare pension fund plan and lump-sum severance indemnity plan.

(a) The funded status of the pension plans

Disposition		March 31, 2004	March 31, 2003	March 31, 2004
		(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
		¥	¥	\$
Projected benefit obligation	(A)	(8,622)	(8,487)	(82)
Fair value of plans assets	(B)	1,999	1,613	19
Unfunded pension obligation	(C) = (A) + (B)	(6,623)	(6,874)	(63)
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)	(6,623)	(6,874)	(63)
Prepaid pension cost	(H)	-	-	-
Allowance for employee retirement benefits	(G) - (H)	¥ (6,623)	¥ (6,874)	\$ (63)

(Note) The projected benefit obligation above includes a portion in which the pension fund acts for the government welfare program.

(b) Component of pension cost

Disposition	March 31, 2004	March 31, 2003	March 31, 2004
	(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
	¥	¥	\$
Service cost	355	359	3
Interest cost	168	193	2
Expected return on plan assets	(24)	(26)	(0)
Amortization of prior service cost	-	(114)	-
Amortization of net actuarial gains/losses	(237)	825	(2)
Amortization of net obligation at transition	-	-	-
Other Costs	-	-	-
Net pension cost	¥ 261	¥ 1,238	\$ 3

(c) Principal assumptions made

	March 31, 2004	March 31, 2003
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	1.5%	1.5%
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 for the year
Amortization period of actuarial gains/losses	Gains/losses are charged to net income for the year	Gains/losses are charged to net income for 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, 2004 and 2003.

15. 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 an extraordinary loss ("ODA-loan related losses") in the previous fiscal year. Under the policy to

maintain the financial soundness of JBIC, the government provided JBIC with a grant totaling ¥30 billion (\$284 million) corresponding to "ODA-loan related losses" out of its general account for the current fiscal year.

16. Equity

Pursuant to Article 44 of the JBIC Law, the reserve attributable to the Overseas Economic Cooperation Account is provided from or reversed to net earnings on the Overseas Economic Cooperation Account.

Losses carried forward to the following fiscal year are simply the sum of "Accumulated deficit at the fiscal year end" and statutory appropriation of net earnings as stipulated by the related law of JBIC. The deficit, which represents the shortfall of net assets to capital attributable to the Overseas Economic Cooperation Account as of March 31, 2004 and 2003, are ¥429,350 million (\$4,062 million) and ¥590,807 million, respectively.

17. Lease transactions

Lease transactions in the fiscal year ended March 31, 2004 and 2003 are as follows:

(a) Finance lease transactions, excluding leases that ownership of the property are deemed to be transferred to the lessee:

- Acquisition cost, accumulated depreciation and net balance of leased of leased property as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U.S. dollars)
	¥	¥	\$
Acquisition cost			
Equipment	122	-	1
Others	192	-	2
Total	¥ 314	¥ -	\$ 3
Accumulated depreciation			
Equipment	14	-	0
Others	19	-	0
Total	¥ 33	¥ -	\$ 1
Net balance			
Equipment	107	-	1
Others	173	-	2
Total	¥ 280	¥ -	\$ 3

- Future lease payment obligations as of March 31, 2004 and 2003 are summarized below:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U.S. dollars)
	¥	¥	\$
Due within 1 year	61	-	1
Due after 1 year	220	-	2
Total	¥ 282	¥ -	\$ 3

- Lease payment, depreciation expenses and interest expense for the fiscal year ended March 31, 2004 are ¥ 36 million (\$0 million), ¥ 34 million (\$0 million) and ¥2 million (\$0 million) respectively. There are no corresponding amounts for the fiscal year ended March 31, 2003.

- Depreciation expense is calculated using the straight-line method over the useful economic life of the respective leased assets with zero residual value.

- The difference between total lease payments and the acquisition cost of leased assets is debited to interest expenses, and is allocated to each fiscal year using the interest method.

(b) Operating lease transactions:

- Future lease payment obligations as of March 31, 2004 and 2003 are summarized below:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U.S. dollars)
Due within 1 year	¥ 0	¥ 3	\$ 0
Due after 1 year	-	0	-
Total	¥ 0	¥ 4	\$ 0

18. Derivative transactions

There were no derivative transactions in the fiscal year ended March 31, 2004 and 2003.

19. Market value of securities

Notes to market value of securities as March 31, 2004 are as follows:

(a) Trading securities

Not applicable

(b) Held-to-maturity debt securities

Not applicable

(c) Available-for-sale securities with market value

Not applicable

(d) Held-to-maturity 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, 2004 (In millions of yen)	March 31, 2004 (In millions of U.S. dollars)
Held-to-maturity debt securities	¥	\$
Unlisted foreign securities	-	-
Available-for-sale securities		
Unlisted Japanese equities other than over-the-counter	117,110	1,108
Unlisted foreign equities	2,791	26
Unlisted Japanese local government bonds	-	-
Unlisted Japanese corporate bonds	-	-
Unlisted foreign bonds	-	-
Other Japanese securities	-	-
Other unlisted foreign securities	612	6
Total	¥ 120,514	\$ 1,140

(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 March 31, 2003 are as follows:

- (a) **Trading securities**
Not applicable
- (b) **Held-to-maturity debt securities**
Not applicable
- (c) **Available-for-sale securities with market value**
Not applicable
- (d) **Held-to-maturity 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)	
	¥	
Held-to-maturity debt securities		
Unlisted foreign securities	-	
Available-for-sale securities		
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

- (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