

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

	In millions of yen		In millions of U.S.dollars	
	September 30, 2004	September 30, 2003	March 31, 2004	September 30, 2004
Assets				
Cash and due from banks (Note 3)	¥ 31,263	¥ 21,519	¥ 34,924	\$ 281
Securities (Notes 4 and 12)	119,840	122,852	120,514	1,079
Loans (Note 5)	10,578,610	10,422,849	10,578,524	95,260
Miscellaneous assets	76,401	85,814	81,802	688
Premises and equipment	7,119	7,380	7,297	64
Deferred charges on bonds and notes	10	15	12	0
Allowance for possible loan losses	(124,647)	(116,951)	(129,557)	(1,122)
Total assets	¥ 10,688,598	¥ 10,543,479	¥ 10,693,520	\$ 96,250

	In millions of yen		In millions of U.S.dollars	
	September 30, 2004	September 30, 2003	March 31, 2004	September 30, 2004
Liabilities and equity				
Liabilities				
Bonds and notes	¥ 25,000	¥ 25,000	¥ 25,000	\$ 225
Borrowings	4,216,568	4,424,386	4,365,907	37,970
Miscellaneous liabilities	19,279	19,743	20,347	174
Allowance for bonus payments	371	358	348	3
Allowance for employee retirement benefits	6,563	6,863	6,623	59
Total liabilities	4,267,782	4,476,352	4,418,226	38,431
Equity (Note 10)				
Capital attributable to the Overseas Economic Cooperation Account	6,763,144	6,563,344	6,704,644	60,902
Reserve attributable to the Overseas Economic Cooperation Account	85,490	20,667	20,667	770
Accumulated deficit	(427,818)	(516,884)	(450,018)	(3,853)
Total equity	6,420,816	6,067,127	6,275,293	57,819
Total liabilities and equity	¥ 10,688,598	¥ 10,543,479	¥ 10,693,520	\$ 96,250

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 2004		First half of FY 2003		FY 2003		First half of FY 2004	
Income								
Interest income	¥	125,168	¥	126,016	¥	255,000	\$	1,127
Interest on loans		123,802		125,051		252,720		1,115
Interest and dividend income on securities		1,366		965		2,280		12
Fees and Commissions		231		248		630		2
Other operating income		58		-		-		1
Other ordinary income		44		59		90		0
Grant from general account (Note 8)		15,000		15,000		30,000		135
Other extraordinary income		5,552		22,053		11,102		50
Total income		146,055		163,378		296,823		1,315
Expenses								
Interest expenses		54,083		63,210		121,834		487
Fees and Commissions		610		417		2,180		5
Other operating expenses		0		98		199		0
General and administrative expenses		4,336		4,872		9,156		39
Other ordinary expenses		1		186		1,992		0
Other extraordinary losses		0		2		4		0
Total expenses		59,033		68,787		135,366		531
Net income	¥	87,022	¥	94,591	¥	161,457	\$	784

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 2004		First half of FY 2003		FY 2003		First half of FY 2004	
Cash flows from operating activities								
Net income	¥	87,022	¥	94,591	¥	161,457	\$	784
Depreciation and amortization		203		211		436		2
Decrease in allowance for possible loan losses		(4,909)		(64,060)		(51,454)		(44)
Increase in allowance for bonus payments		22		71		62		0
Decrease in allowance for employee retirement benefits		(59)		(10)		(251)		(1)
Interest income		(125,168)		(126,016)		(255,000)		(1,127)
Interest expenses		54,083		63,210		121,834		487
Net loss on securities		-		186		1,992		-
Foreign exchange (gain) loss		(64)		123		194		(1)
Net gain on sales of premises and equipment		(15)		(264)		(264)		(0)
Net decrease (increase) in loans		(85)		2,733		(152,942)		(1)
Net decrease in borrowings		(149,339)		(187,330)		(245,810)		(1,345)
Net decrease (increase) in due from banks (excluding cash equivalents)		279		(2,477)		(645)		3
Interest received		130,677		182,928		316,308		1,177
Interest paid		(54,569)		(63,498)		(122,287)		(491)
Others, net		(637)		(26)		223		(6)
Net cash used in operating activities		(62,562)		(99,628)		(226,146)		(563)
Cash flows from investing activities								
Purchases of securities		(58)		(239)		(262)		(0)
Sales of securities		693		50		635		6
Expenditures on premises and equipment		(11)		(208)		(319)		(0)
Proceeds from sales of premises and equipment		47		320		333		0
Net cash provided by (used in) investing activities		670		(76)		386		6
Cash flows from financing activities								
Proceeds from issuance of capital from Government		58,500		59,000		200,300		526
Net cash provided by financing activities		58,500		59,000		200,300		526
Effect of exchange rate changes on cash and cash equivalents		0		(0)		(0)		0
Net decrease in cash and cash equivalents		(3,391)		(40,704)		(25,460)		(31)
Cash and cash equivalents at the beginning of the period		33,412		58,873		58,873		301
Cash and cash equivalents at the end of the period	¥	30,020	¥	18,168	¥	33,412	\$	270

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 ¥111.05=\$1.00, the exchange rate as of September 30, 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 interim 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 the buildings (excluding installed facilities) 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) 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 31 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.

(g) Allowance or 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.

(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 the interim fiscal year end.

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

(j) Lease transactions

Finance leases that do not involve the transfer of ownership to the lessee at the end of the lease term are accounted for as operating lease.

(k) 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 (interim) fiscal year and the amount of cash and due from banks reported in the (interim) balance sheets as of September 30, 2004, 2003 and March 31, 2004 are as follows:

	September 30, 2004 (In millions of yen)	September 30, 2003 (In millions of yen)	March 31, 2004 (In millions of yen)	September 30, 2004 (In millions of U.S.dollars)
Cash and due from banks	¥ 31,263	¥ 21,519	¥ 34,924	\$ 281
Due from banks (*)	(1,243)	(3,350)	(1,511)	(11)
Cash and cash equivalents	¥ 30,020	¥ 18,168	¥ 33,412	\$ 270

(*) Excluding Due from Bank of Japan

4. Securities

Securities as of September 30, 2004, 2003 and March 31, 2004 are as follows:

	September 30, 2004 (In millions of yen)		September 30, 2003 (In millions of yen)		March 31, 2004 (In millions of yen)		September 30, 2004 (In millions of U.S.dollars)	
Equity	¥	119,225	¥	122,232	¥	119,902	\$	1,074
Other securities		615		620		612		5
	¥	119,840	¥	122,852	¥	120,514	\$	1,079

5. Loans

All of Loans are loans on deeds. The amounts reported in the (interim) balance sheets as of September 30, 2004, 2003 and March 31, 2004 are as follows:

	September 30, 2004 (In millions of yen)		September 30, 2003 (In millions of yen)		March 31, 2004 (In millions of yen)		September 30, 2004 (In millions of U.S.dollars)	
Bankrupt loans	¥	-	¥	-	¥	-	\$	-
Non-accrual loans		51,584		51,584		51,584		464
Past due loans (3 months or more)		50,424		19,338		54,245		454
Restructured loans		743,680		765,930		730,673		6,697
	¥	845,689	¥	836,853	¥	836,504	\$	7,615

- (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:

	September 30, 2004 (In millions of yen)	September 30, 2003 (In millions of yen)	March 31, 2004 (In millions of yen)	September 30, 2004 (In millions of U.S.dollars)
Overseas Economic Cooperation Account	¥ 1,250,091	¥ 1,225,426	¥ 1,251,786	\$ 11,257

In terms of repayment probability of the loans rescheduled in the Paris Club, their nature as public credit, unlike loans provided by private financial institutions, provides an asset securing mechanism under such an international framework. Nonetheless, in order to facilitate comparison with private financial institutions, JBIC 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 ¥743,680 million (\$6,697 million) of which ¥565,842 million (\$5,095 million) represents original principal for the interim year ended September 30, 2004, ¥765,930 million of which ¥554,030 million represents original principal for the interim year ended September 30, 2003 and ¥730,673 million of which ¥565,183 million represents original principal for the year ended March 31, 2004 respectively.

(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 September 30, 2004, 2003 and March 31, 2004 are ¥3,771,907 million (\$33,966 million), ¥4,012,623 million and ¥4,040,961 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 was written-off against the respective claims. The amount of the accumulated write-offs as of September 30, 2003 was ¥105 million. There are no corresponding amounts as of September 30, 2004 and March 31, 2004.

6. Premises and equipment

Depreciation expense in First half of FY 2004, 2003 and FY 2004 and Accumulated Depreciation as of September 30, 2004, 2003 and March 31, 2004 are as follows:

	First Half of FY2004 (In millions of yen)	First Half of FY2003 (In millions of yen)	FY2004 (In millions of yen)	First Half of FY2004 (In millions of U.S. dollars)
Depreciation Expense	¥ 202	¥ 211	¥ 435	\$ 2

	September 30, 2004 (In millions of yen)	September 30, 2003 (In millions of yen)	March 31, 2004 (In millions of yen)	September 30, 2004 (In millions of U.S. dollars)
Accumulated Depreciation	¥ 4,759	¥ 4,451	¥ 4,611	\$ 43

7. Assets pledged as collateral

There are no assets pledged as collateral as September 30, 2004, 2003 and March 31, 2003.

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 FY2002. Under the policy to maintain the financial soundness of JBIC, the government provided JBIC with a grant totaling ¥ 15 billion (\$135 million) corresponding to "ODA-loan related losses" out of its general account for interim fiscal year ending September 30, 2004 and September 30, 2003 respectively, and ¥30 billion for fiscal year ending March 31, 2004.

9. Other ordinary expenses

Other ordinary expenses include write-off of equities and securities, etc, ¥1,924 million for the years ended March 31, 2004.

10. 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 September 30, 2004 and March 31, 2004 are ¥342,328 million (\$3,083 million) and ¥429,350 million, respectively.

11. Lease transactions

Lease transactions in the (interim) fiscal year ended September 30, 2004, 2003 and March 31, 2004 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 September 30, 2004, 2003 and March 31, 2004 are as follows:

	September 30, 2004 (In millions of yen)	September 30, 2003 (In millions of yen)	March 31, 2004 (In millions of yen)	September 30, 2004 (In millions of U.S. dollars)
	¥	¥	¥	\$
Acquisition cost				
Equipment	120	-	122	1
Others	192	-	192	2
Total	¥ 312	¥ -	¥ 314	\$ 3
Accumulated depreciation				
Equipment	25	-	14	0
Others	38	-	19	1
Total	¥ 64	¥ -	¥ 33	\$ 1
Net balance				
Equipment	94	-	107	1
Others	153	-	173	1
Total	¥ 248	¥ -	¥ 280	\$ 2

- Future lease payment obligations as of September 30, 2004, 2003 and March 31, 2004 are summarized below:

	September 30, 2004 (In millions of yen)	September 30, 2003 (In millions of yen)	March 31, 2004 (In millions of yen)	September 30, 2004 (In millions of U.S. dollars)
	¥	¥	¥	\$
Due within 1 year	62	-	61	0
Due after 1 year	189	-	220	2
Total	¥ 251	¥ -	¥ 282	\$ 2

- Lease payment, depreciation expenses and interest expense for the (interim) fiscal year ended September 30, 2004, 2003 and March 31, 2004 are as follows.

	September 30, 2004 (In millions of yen)	September 30, 2003 (In millions of yen)	March 31, 2004 (In millions of yen)	September 30, 2004 (In millions of U.S. dollars)
	¥	¥	¥	\$
Lease payment	33	-	36	0
Depreciation expense	31	-	34	0
Interest expense	2	-	2	0

- 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 September 30, 2004, 2003 and March 31, 2004 are summarized below:

	September 30, 2004 (In millions of yen)	September 30, 2003 (In millions of yen)	March 31, 2004 (In millions of yen)	September 30, 2004 (In millions of U.S. dollars)
Due within 1 year	¥ 0	¥ 1	¥ 0	\$ 0
Due after 1 year	-	0	-	-
Total	¥ 0	¥ 1	¥ 0	\$ 0

12. Market value of securities

Notes to market value of securities as of September 30, 2004 are as follows:

(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, 2004 (In millions of yen)	September 30, 2004 (In millions of U.S.dollars)
	¥	\$
Held-to-maturity debt securities	-	-
Unlisted foreign securities	-	-
Available-for-sale securities	119,840	1,079
Unlisted Japanese equities other than over-the-counter	116,417	1,048
Unlisted foreign equities	2,808	25
Unlisted Japanese local government bonds	-	-
Unlisted Japanese corporate bonds	-	-
Unlisted foreign bonds	-	-
Other Japanese securities	-	-
Other unlisted foreign securities	615	6
Total	¥ 119,840	\$ 1,079

Notes to market value of securities as of September 30, 2003 are as follows:

(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)	
	¥	
Held-to-maturity debt securities		-
Unlisted foreign securities		-
Available-for-sale securities		122,852
Unlisted Japanese equities other than over-the-counter		118,848
Unlisted foreign equities		3,383
Unlisted Japanese local government bonds		-
Unlisted Japanese corporate bonds		-
Unlisted foreign bonds		-
Other Japanese securities		-
Other unlisted foreign securities		620
Total	¥	<u>112,852</u>

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

(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, 2004 (In millions of yen)	
	¥	
Held-to-maturity debt securities		-
Unlisted foreign securities		-
Available-for-sale securities		120,514
Unlisted Japanese equities other than over-the-counter		117,110
Unlisted foreign equities		2,791
Unlisted Japanese local government bonds		-
Unlisted Japanese corporate bonds		-
Unlisted foreign bonds		-
Other Japanese securities		-
Other unlisted foreign securities		612
Total	¥	<u>120,514</u>