

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, 2005 and 2004, 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, 2005 and 2004, 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
Tokyo, Japan
June 24, 2005

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, 2005		March 31, 2004		March 31, 2005	
Assets						
Cash and due from banks (Note 3)	¥	63,924	¥	34,924	\$	595
Securities (Notes 4 and 19)		119,877		120,514		1,117
Loans (Note 5)		10,740,793		10,578,524		100,017
Miscellaneous assets (Note 6)		76,631		81,802		714
Premises and equipment (Note 7)		7,002		7,297		65
Deferred charges on bonds and notes (Note 8)		8		12		0
Allowance for possible loan losses (Note 9)		(182,511)		(129,557)		(1,700)
Total assets	¥	10,825,726	¥	10,693,520	\$	100,808

	In millions of yen		In millions of yen		In millions of U.S.dollars	
	March 31, 2005		March 31, 2004		March 31, 2005	
Liabilities and equity						
Liabilities						
Bonds and notes (Note 10)	¥	25,000	¥	25,000	\$	233
Borrowings (Note 11)		4,200,459		4,365,907		39,114
Miscellaneous liabilities (Note 12)		17,363		20,347		162
Allowance for bonus payments		365		348		3
Allowance for employee retirement benefits (Note 13)		6,565		6,623		61
Total liabilities		4,249,752		4,418,226		39,573
Equity (Note 16)						
Capital attributable to the Overseas Economic Cooperation Account		6,891,244		6,704,644		64,171
Reserve attributable to the Overseas Economic Cooperation Account		85,490		20,667		796
Accumulate deficit		(400,761)		(450,018)		(3,732)
Total equity		6,575,973		6,275,293		61,235
Total liabilities and equity	¥	10,825,726	¥	10,693,520	\$	100,808

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 2004		FY 2003		FY 2004	
Income						
Interest income	¥	253,095	¥	255,000	\$	2,357
Interest on loans		249,456		252,720		2,323
Interest and dividend income on securities		3,638		2,280		34
Interest on due from banks		0		0		0
Fees and Commissions		685		630		6
Other operating income		21		-		0
Foreign exchange gain		21		-		0
Other ordinary income		76		90		1
Grant from general account (Note 15)		30,000		30,000		279
Reversal of allowance for possible loan losses		-		7,782		-
Recovery of Written-off Claims		1,077		3,051		10
Profits on sales of premises and equipment		17		268		0
Total income		284,974		296,823		2,653
Expenses						
Interest expenses		103,954		121,834		968
Interest on bonds and notes		744		744		7
Interest on borrowings		103,209		121,089		961
Fees and Commissions		2,143		2,180		20
Other operating expenses		354		199		3
Foreign exchange losses		-		197		-
Others		354		1		3
General and administrative expenses		8,613		9,156		80
Other ordinary expenses		55,825		1,992		520
Provision for allowance for possible loan losses		52,953		-		493
Write-off of equities and securities, etc.		2,867		1,924		27
Others		3		67		0
Losses on disposal of premises and equipment		2		4		0
Total expense		170,894		135,366		1,591
Net income	¥	114,079	¥	161,457	\$	1,062

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 2004		FY 2003		FY 2004	
Cash flows from operating activities						
Net income	¥	114,079	¥	161,457	\$	1,062
Depreciation and amortization		413		436		4
Increase(decrease) in allowance for possible loan losses		52,953		(51,454)		493
Increase in allowance for bonus payments		16		62		0
Decrease in allowance for employee retirement benefits		(58)		(251)		(1)
Interest income		(253,095)		(255,000)		(2,357)
Interest expenses		103,954		121,834		968
Net loss on securities		2,867		1,992		27
Foreign exchange (gain)loss		(32)		194		(0)
Net gain on sales of premises and equipment		(14)		(264)		(0)
Net increase in loans		(162,268)		(152,942)		(1,511)
Net decrease in borrowings		(165,448)		(245,810)		(1,541)
Net decrease in due from banks (excluding cash equivalents)		(18,298)		(645)		(170)
Interest received		258,304		316,308		2,405
Interest paid		(104,780)		(122,287)		(975)
Others, net		(2,771)		223		(26)
Net cash used in operating activities		(174,177)		(226,146)		(1,622)
Cash flows from investing activities						
Purchases of securities		(2,416)		(262)		(22)
Sales of securities		693		635		6
Expenditures on premises and equipment		(70)		(319)		(1)
Proceeds from sales of premises and equipment		65		333		1
Net cash (used in)provided by investing activities		(1,727)		386		(16)
Cash flows from financing activities						
Proceeds from issuance of capital from Government		186,600		200,300		1,738
Net cash provided by financing activities		186,600		200,300		1,738
Effect of exchange rate changes on cash and cash equivalents		0		(0)		0
Net increase (decrease) in cash and cash equivalents		10,694		(25,460)		100
Cash and cash equivalents at the beginning of the period		33,412		58,873		311
Cash and cash equivalents at the end of the period	¥	44,106	¥	33,412	\$	411

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, 2004	¥ 6,704,644	¥ 20,667	¥ (450,018)	¥ 6,275,293
Transfer from net earnings accounted under the JBIC Law to reserve	-	64,823	(64,823)	-
Issuance of capital from Government	186,600	-	-	186,600
Net income	-	-	114,079	114,079
Balance at March 31, 2005	¥ 6,891,244	¥ 85,490	¥ (400,761)	¥ 6,575,973
Appropriations:				
Transfer from net earnings accounted under the JBIC Law to reserve	-	25,833	(25,833)	-
Total	¥ -	¥ 25,833	¥ (25,833)	¥ -
Unappropriated Accumulated deficit	¥ -	¥ -	¥ (426,595)	¥ -

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, 2004	\$ 62,433	\$ 192	\$ (4,190)	\$ 58,435
Transfer from net earnings accounted under the JBIC Law to reserve	-	604	(604)	-
Issuance of capital from Government	1,738	-	-	1,738
Net income	-	-	1,062	1,062
Balance at March 31, 2005	\$ 64,171	\$ 796	\$ (3,732)	\$ 61,235
Appropriations:				
Transfer from net earnings accounted under the JBIC Law to reserve	-	241	(241)	-
Total	\$ -	\$ 241	\$ (241)	\$ -
Unappropriated Accumulated deficit	\$ -	\$ -	\$ (3,973)	\$ -

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 reserve to net earnings accounted under JBIC Law	-	(260,051)	260,051	-
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)	-
Total	¥ -	¥ 64,823	¥ (64,823)	¥ -
Unappropriated Accumulated deficit	¥ -	¥ -	¥ (514,841)	¥ -

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 ¥107.39=\$1.00, the exchange rate as of March 31, 2005, 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 the straight-line basis in accordance with the Commercial Code of Japan.

(g) Change in presentation on balance sheets

. In the previous years, equity interests in limited liability partnerships (LLPs), and those in voluntary partnership under the Civil Code and silent partnership under the Commercial Code characteristics of which are similar to those of LLPs had been included in "Miscellaneous assets". However, from this fiscal year, these are included in "Other securities" of "Securities" as they are defined as securities under the Securities and Exchange Law by the "Partial Revision of Securities and Exchange Law" (Law No.97 dated June 9, 2004).

(h) 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.

(i) 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 is included in the account.

(j) Allowance for employee retirement benefits

Allowance for employee retirement benefits represents the future payment for pension and retirement benefits 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.

(k) 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.

(l) 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, 2005, and 2004 is as follows:

	March 31, 2005 (In millions of yen)	March 31, 2004 (In millions of yen)	March 31, 2005 (In millions of U. S. dollars)
Cash and due from banks	¥ 63,924	¥ 34,924	\$ 595
Due from banks (*)	(19,817)	(1,511)	(184)
Cash and cash equivalents	¥ 44,106	¥ 33,412	\$ 411

(*) Excluding Due from Bank of Japan

4. Securities

Securities as of March 31, 2005 and 2004 are as follows:

	March 31, 2005 (In millions of yen)	March 31, 2004 (In millions of yen)	March 31, 2005 (In millions of U. S. dollars)
Equity	¥ 118,687	¥ 119,902	\$ 1,106
Other securities	1,190	612	11
	<u>¥ 119,877</u>	<u>¥ 120,514</u>	<u>\$ 1,117</u>

5. Loans

All loans are loans on deeds. The amounts reported in the balance sheets as of March 31, 2005 and 2004 are as follows:

	March 31, 2005 (In millions of yen)	March 31, 2004 (In millions of yen)	March 31, 2005 (In millions of U. S. dollars)
Bankrupt loans	¥ -	¥ -	\$ -
Non-accrual loans	122,764	51,584	1,143
Past due loans (3 months or more)	-	54,245	-
Restructured loans	724,275	730,673	6,744
	<u>¥ 847,039</u>	<u>¥ 836,504</u>	<u>\$ 7,887</u>

- (a) "Bankrupt loans" refer to loans, after write-off, on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons, and 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.
- (b) "Non-accrual loans" are loans on which accrued interest income is not recognized, excluding loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.
- (c) "Past due loans (3 month or more)" are loans whose principal or interest payment is past due for over three months, and which do not fall under the category of "Bankrupt loans" and "Non- accrual loans"
- (d) "Restructured loans" are loans whose repayment terms and conditions have been amended in favor of the borrowers (e.g. reduction of or exemption from the stated interest rate, the deferral of interest payments, the extension of principal repayments or renunciation of claims) in order to support the borrowers' recovery from financial difficulties, and which do not fall under the category of "Bankrupt loans," "Non-accrual loans," and "Past due loans (over 3 month)."
- (e) The amounts of Loans indicated in the table above are shown gross 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:

	March 31, 2005 (In millions of yen)	March 31, 2004 (In millions of yen)	March 31, 2005 (In millions of U. S. dollars)
Overseas Economic Cooperation Account	¥ 1,282,521	¥ 1,251,786	\$ 11,943

In terms of repayment probability of the loans rescheduled in the Paris Club, their nature as public debt, 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 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 ¥724,275 million (\$6,744 million) of which ¥570,270 million (\$5,310 million) represents original principal attributable to the Overseas Economic Cooperation Account for the fiscal year ended March 31, 2005, and ¥730,673 million of which ¥565,183 million represents original principal attributable to the Overseas Economic Cooperation Account for the fiscal year ended March 31, 2004, respectively

- (g) Upon special request, major creditor countries, including Japan, agreed at the Paris Club to offer grace period ("Moratorium") for countries affected by the Sumatra Earthquake and India Tsunami in December 2004, in order to support their reconstruction and recovery. During this Moratorium period creditor countries will not expect any debt payment on the due date up to December 31, 2005, and will reschedule the repayment period of deferred debts for 5 years including a 1 year grace period. Affected countries requesting the Moratorium are currently considering whether to accept this condition or not.

As at the end of March 2005, of the affected countries, Indonesia and Sri Lanka had requested the Paris Club for a moratorium. However, since they are still considering whether to accept the conditions of the moratorium offered by the Paris Club, the amount of their deferred debts has yet to be determined. Of JBIC's total loans to overseas sovereign debtors, those to affected countries who requested Moratorium are ¥2,571,276 million (\$23,943 million) in the Overseas Economic Cooperation Account.

Loans related to this Moratorium are not included in the loans described in (a) to (d) above, since lending terms has been modified based on an international agreement under this Moratorium to offer a grace period in order to support reconstruction and recovery of affected countries, and is therefore irrelevant to their debt-repayment ability.

- (h) 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, which 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, 2005 and 2004 are ¥4,001,500 million (\$37,261 million) and ¥4,040,961 million, respectively.
- (i) 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. There were no corresponding amounts as of March 31, 2005 and 2004.

6. Miscellaneous assets

Miscellaneous assets as of March 31, 2005 and 2004 are as follows:

	March 31, 2005 (In millions of yen)	March 31, 2004 (In millions of yen)	March 31, 2005 (In millions of U. S. dollars)
	¥	¥	\$
Prepaid expenses	400	446	4
Accrued income (a)	74,593	79,807	695
Others (b)	1,637	1,549	15
	¥ 76,631	¥ 81,802	\$ 714

(Notes)

- (a) "Accrued income" includes ¥74,097 million (\$690 million) of accrued interest on loans and others as of March 31, 2005, and ¥79,489 million of accrued interest on loans as of March 31, 2004.
- (b) "Others" includes ¥1,185 million (\$11 million) of suspense payments and others as of March 31, 2005, and ¥641 million of suspense payments and others as of March 31, 2004.

7. Premises and equipment

Premises and equipment as of March 31, 2005 and 2004 are as follows:

	March 31, 2005 (In millions of yen)		March 31, 2004 (In millions of yen)		March 31, 2005 (In millions of U. S. dollars)	
	¥		¥		\$	
Tangible fixed assets						
Land		2,994		3,019		28
Buildings		7,221		7,220		67
Equipment		1,250		1,257		12
Construction in progress		108		82		1
Total	¥	11,576	¥	11,580	\$	108
Less-accumulated depreciation		4,890		4,611		46
Net book value	¥	6,686	¥	6,968	\$	62
Intangible fixed assets	¥		¥		\$	
Software		552		427		5
Guarantee deposit		316		328		3
Others		0		0		0
Total	¥	868	¥	755	\$	8
Less-accumulated depreciation		327		228		3
Net book value	¥	540	¥	527	\$	5

8. Deferred charges on bonds and notes

Deferred charges on bonds and notes as of March 31, 2005 and 2004 are as follows:

	March 31, 2005 (In millions of yen)		March 31, 2004 (In millions of yen)		March 31, 2005 (In millions of U. S. dollars)	
	¥		¥		\$	
Deferred discounts on bonds and notes		8		12		0
Total	¥	8	¥	12	\$	0

9. Allowance for possible loan losses

Allowance for possible loan losses as of March 31, 2005 and 2004 are as follows:

	March 31, 2005 (In millions of yen)		March 31, 2004 (In millions of yen)		March 31, 2005 (In millions of U. S. dollars)	
	¥		¥		\$	
General allowance for possible loan losses		87,570		79,884		816
Specific allowance for possible loan losses		94,940		49,672		884
Allowance for possible losses on specific overseas loans		-		-		-
Total	¥	182,511	¥	129,557	\$	1,700

10. Bonds and notes

Bonds and notes as of March 31, 2005 and 2004 are as follows:

Description of bonds and notes	Date of issuance	Currency and amounts March 31, 2005 (In millions)		Interest rate (%)	Maturity date	March 31, 2005	March 31, 2004	March 31, 2005
						(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	\$ 233
						¥ 25,000	¥ 25,000	\$ 233

Scheduled redemptions of bonds and notes for each of the next five years as of March 31, 2005 are as follows:

Fiscal year	In millions of yen		In millions of U.S. dollars	
	¥		\$	
2005	15,000		140	
2006	10,000		93	
2007	-		-	
2008	-		-	
2009	-		-	

11. Borrowings

Borrowings as of March 31, 2005 and 2004 are as follows:

	Average interest rate	Due date of repayment	March 31, 2005	March 31, 2004	March 31, 2005
			(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
Long-term borrowings			¥	¥	\$
Borrowings from the Government Fund for Fiscal Investment and Loan Program	2.24	September 2005- December 2019	4,140,383	4,283,887	38,555
Borrowings from the Government Post Office Life Insurance Fund	2.07		60,076	82,020	559
			¥ 4,200,459	¥ 4,365,907	\$ 39,114

Long-term borrowings with maturities for the next five years as of March 31, 2005 are as follows:

Fiscal year	In millions of yen		In millions of U.S. dollars	
	¥		\$	
2005	524,038		4,880	
2006	500,113		4,657	
2007	467,095		4,350	
2008	450,403		4,194	
2009	409,870		3,817	

12. Miscellaneous liabilities

Miscellaneous liabilities as of March 31, 2005 and 2004 are as follows:

	March 31, 2005 (In millions of yen)	March 31, 2004 (In millions of yen)	March 31, 2005 (In millions of U. S. dollars)
	¥	¥	\$
Accrued expenses (a)	16,711	17,697	156
Others (b)	651	2,650	6
	¥ 17,363	¥ 20,347	\$ 162

(Notes)

- (a) "Accrued expenses" includes ¥16,345 million (\$152 million) of accrued interest on borrowings and ¥22 million (\$0 million) of accrued interest on bonds and notes and others as of March 31, 2005, (March 31, 2004: ¥17,176 million and ¥22 million respectively).
- (b) "Others" includes ¥651 million (\$6 million) of suspense receipts and others as of March 31, 2005, (March 31, 2004: ¥2,650 million).

13. Employee retirement benefits

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

(a) The funded status of the pension plans

Disposition	March 31, 2005 (In millions of yen)	March 31, 2004 (In millions of yen)	March 31, 2005 (In millions of U. S. dollars)
	¥	¥	\$
Projected benefit obligation (A)	(8,719)	(8,622)	(81)
Fair value of plans assets (B)	2,154	1,999	20
Unfunded pension obligation (C) = (A) + (B)	(6,565)	(6,623)	(61)
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)	(6,565)	(6,623)	(61)
Prepaid pension cost (H)	-	-	-
Allowance for employee retirement benefits (G) – (H)	¥ (6,565)	¥ (6,623)	\$ (61)

(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, 2005 (In millions of yen)	March 31, 2004 (In millions of yen)	March 31, 2005 (In millions of U. S. dollars)
	¥	¥	\$
Service cost	364	355	3
Interest cost	171	168	2
Expected return on plan assets	(29)	(24)	(0)
Amortization of prior service cost	-	-	-
Amortization of net actuarial gains/losses	22	(237)	0
Amortization of net obligation at transition	-	-	-
Other Costs	-	-	-
Net pension cost	¥ 528	¥ 261	\$ 5

(c) **Principal assumptions made**

	March 31, 2005	March 31, 2004
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	-	-
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, 2005 and 2004.

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 (\$279 million) corresponding to "ODA-loan related losses" out of its general account for the fiscal year ended March 31, 2005 and 2004, respectively.

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, 2005 and 2004, are ¥315,270 million (\$2,936 million) and ¥429,350 million, respectively.

17. Lease transactions

Lease transactions in the fiscal year ended March 31, 2005 and 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 March 31, 2005 and 2004 are as follows:

	March 31, 2005 (In millions of yen)	March 31, 2004 (In millions of yen)	March 31, 2005 (In millions of U.S. dollars)
	¥	¥	\$
Acquisition cost			
Equipment	239	122	2
Others	192	192	2
Total	¥ 431	¥ 314	\$ 4
Accumulated depreciation			
Equipment	57	14	0
Others	57	19	1
Total	¥ 115	¥ 33	\$ 1
Net balance			
Equipment	181	107	2
Others	134	173	1
Total	¥ 316	¥ 280	\$ 3

- Future lease payment obligations as of March 31, 2005 and 2004 are summarized below:

	March 31, 2005 (In millions of yen)		March 31, 2004 (In millions of yen)		March 31, 2005 (In millions of U.S. dollars)	
	¥		¥		\$	
Due within 1 year		101		61		1
Due after 1 year		218		220		2
Total	¥	320	¥	282	\$	3

- Lease payment, depreciation expenses and interest expense for the fiscal year ended March 31, 2005 and 2004 are as follows:

	March 31, 2005 (In millions of yen)		March 31, 2004 (In millions of yen)		March 31, 2005 (In millions of U.S. dollars)	
	¥		¥		\$	
Lease payment		87		36		1
Depreciation expense		83		34		1
Interest expense		6		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 March 31, 2005 and 2004 are summarized below:

	March 31, 2005 (In millions of yen)		March 31, 2004 (In millions of yen)		March 31, 2005 (In millions of U.S. dollars)	
	¥		¥		\$	
Due within 1 year		1		0		0
Due after 1 year		1		-		0
Total	¥	2	¥	0	\$	0

18. Derivative transactions

There were no derivative transactions in the fiscal year ended March 31, 2005 and 2004.

19. Market value of securities

Notes to market value of securities as March 31, 2005 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, 2005 (In millions of yen)	March 31, 2005 (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	115,879	1,079
Unlisted foreign equities	2,807	27
Other Japanese securities	-	-
Other unlisted foreign securities	1,190	11
Total	¥ 119,877	\$ 1,117

(g) Change in 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, 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)
	¥
Held-to-maturity debt securities	
Unlisted foreign securities	-
Available-for-sale securities	
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	¥ 120,514

(g) Change in 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