

**INTERIM BALANCE SHEETS****JAPAN BANK FOR INTERNATIONAL COOPERATION**

	In millions of yen		In millions of yen		In millions of yen		In millions of U.S. dollars	
	September 30, 2005		September 30, 2004		March 31, 2005		September 30, 2005	
<b>Assets</b>								
Cash and due from banks (Note 3)	¥	461,133	¥	450,325	¥	170,029	\$	4,074
Securities (Notes 4 and 18)		119,302		119,840		119,980		1,054
Loans (Note 5)		18,891,945		19,329,063		19,187,414		166,905
Miscellaneous assets (Note 6)		440,255		534,048		599,982		3,889
Premises and equipment (Note 7)		25,907		26,616		26,186		229
Deferred charges on bonds and notes		3,739		3,907		3,719		33
Customers' liabilities for acceptances and guarantees		975,429		845,107		899,389		8,618
Allowance for possible loan losses		(288,927)		(274,692)		(353,664)		(2,553)
<b>Total assets</b>	¥	<b>20,628,787</b>	¥	<b>21,034,217</b>	¥	<b>20,653,038</b>	\$	<b>182,249</b>

	In millions of yen		In millions of yen		In millions of yen		In millions of U.S. dollars	
	September 30, 2005		September 30, 2004		March 31, 2005		September 30, 2005	
<b>Liabilities and equity</b>								
<b>Liabilities</b>								
Bonds and notes (Note 8)	¥	1,802,685	¥	1,895,891	¥	1,776,254	\$	15,926
Borrowings		9,240,544		9,977,839		9,559,735		81,637
Miscellaneous liabilities (Note 9)		225,304		271,286		224,079		1,990
Allowance for bonus payments		1,014		976		960		9
Allowance for employee retirement benefits		17,172		17,273		17,276		152
Acceptances and guarantees (Note 10)		975,429		845,107		899,389		8,618
<b>Total liabilities</b>		<b>12,262,152</b>		<b>13,008,373</b>		<b>12,477,695</b>		<b>108,332</b>
<b>Equity</b>								
Capital attributable to the International Financial Account		985,500		985,500		985,500		8,707
Capital attributable to the Overseas Economic Cooperation Account		6,948,144		6,763,144		6,891,244		61,385
Reserve attributable to the International Financial Account (Note 15)		709,148		676,258		676,258		6,265
Reserve attributable to the Overseas Economic Cooperation Account (Note 15)		111,324		85,490		85,490		983
Accumulated deficit		(387,481)		(484,549)		(463,150)		(3,423)
<b>Total equity</b>		<b>8,366,635</b>		<b>8,025,844</b>		<b>8,175,343</b>		<b>73,917</b>
<b>Total liabilities and equity</b>	¥	<b>20,628,787</b>	¥	<b>21,034,217</b>	¥	<b>20,653,038</b>	\$	<b>182,249</b>

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

**INTERIM STATEMENTS OF OPERATIONS**  
**JAPAN BANK FOR INTERNATIONAL COOPERATION**

	In millions of yen		In millions of yen		In millions of yen		In millions of U.S. dollars	
	First half of FY 2005		First half of FY 2004		FY 2004		First half of FY 2005	
<b>Income</b>								
Interest income	¥	285,150	¥	253,822	¥	488,620	\$	2,519
Interest on loans		280,401		232,858		458,984		2,477
Interest and dividend income on securities		3,021		1,366		3,638		27
Fees and Commissions		4,490		3,182		6,334		40
Other operating income		2,145		2,491		13,152		19
Other ordinary income		201		116		202		2
Grant from general account (Note 12)		15,000		15,000		30,000		133
Other extraordinary income (Note 13)		21,556		673		1,428		190
<b>Total income</b>		<b>328,544</b>		<b>275,287</b>		<b>539,738</b>		<b>2,903</b>
<b>Expenses</b>								
Interest expenses		147,947		140,520		284,575		1,307
Fees and Commissions		1,299		1,621		5,668		12
Other operating expenses		646		594		2,211		6
General and administrative expenses		11,118		11,559		22,963		98
Other ordinary expenses (Note 14)		239		11,965		93,886		2
Other extraordinary losses		10		2		9		0
<b>Total expenses</b>		<b>161,262</b>		<b>166,263</b>		<b>409,315</b>		<b>1,425</b>
<b>Net income</b>	¥	<b>167,282</b>	¥	<b>109,023</b>	¥	<b>130,423</b>	\$	<b>1,478</b>

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

**INTERIM STATEMENTS OF CASH FLOWS**  
**JAPAN BANK FOR INTERNATIONAL COOPERATION**

	In millions of yen		In millions of yen		In millions of yen		In millions of U.S. dollars	
	First half of FY 2005		First half of FY 2004		FY 2004		First half of FY 2005	
<b>Cash flows from operating activities</b>								
Net income	¥	167,282	¥	109,023	¥	130,423	\$	1,478
Depreciation and amortization		627		670		1,355		6
Increase (decrease) in allowance for possible loan losses		(64,737)		11,266		90,239		(572)
Increase in allowance for bonus payments		53		58		42		0
Decrease in allowance for employee retirement benefits		(103)		(156)		(152)		(1)
Interest income		(285,150)		(253,822)		(488,620)		(2,519)
Interest expenses		147,944		140,520		284,575		1,307
Net loss on securities		196		-		2,875		2
Foreign exchange loss		(192,654)		(181,112)		(60,081)		(1,702)
Net loss (gain) on sales of premises and equipment		6		(16)		(11)		0
Net decrease in loans		505,868		203,391		213,818		4,469
Net increase in bonds and notes		5,995		287,255		179,225		53
Net decrease in borrowings		(319,190)		(415,086)		(833,190)		(2,820)
Net decrease in due from banks (excluding cash equivalents)		(237,539)		(245,219)		(33,909)		(2,099)
Interest received		251,739		259,155		506,306		2,224
Interest paid		(142,869)		(133,571)		(291,548)		(1,262)
Others, net		176,242		167,866		68,579		1,557
<b>Net cash provided by (used in) operating activities</b>		<b>13,711</b>		<b>(49,776)</b>		<b>(230,073)</b>		<b>121</b>
<b>Cash flows from investing activities</b>								
Purchases of securities		(222)		(76)		(2,527)		(2)
Sales of securities		690		693		693		6
Expenditures on premises and equipment		(219)		(29)		(184)		(2)
Proceeds from sales of premises and equipment		9		55		92		0
<b>Net cash provided by (used in) investing activities</b>		<b>257</b>		<b>642</b>		<b>(1,927)</b>		<b>2</b>
<b>Cash flows from financing activities</b>								
Proceeds from issuance of capital from Government		56,900		58,500		186,600		502
Payment to National Treasury		(19,964)		(23,748)		(36,547)		(176)
<b>Net cash provided by financing activities</b>		<b>36,935</b>		<b>34,751</b>		<b>150,052</b>		<b>326</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>50,905</b>		<b>(14,381)</b>		<b>(81,947)</b>		<b>450</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>70,790</b>		<b>152,738</b>		<b>152,738</b>		<b>625</b>
<b>Cash and cash equivalents at the end of the period</b>	¥	<b>121,696</b>	¥	<b>138,356</b>	¥	<b>70,790</b>	\$	<b>1,075</b>

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

## **NOTES TO FINANCIAL STATEMENTS**

### **JAPAN BANK FOR INTERNATIONAL COOPERATION**

#### **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 ¥113.19=\$1.00, the exchange rate as of September 30, 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 (interim) 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) Valuation method for derivative financial instruments**

All derivative financial instruments are carried at fair value, except for certain derivatives that are designated as hedging instruments as discussed below.

##### **(d) Hedge accounting for interest rate risks**

###### **(i) Hedge accounting**

JBIC measures derivatives used for interest rate hedging purposes under the deferral method.

###### **(ii) Hedging instruments and hedged items**

Hedging instruments: interest rate swaps

Hedged items: loans, bonds and notes

###### **(iii) Hedging policy**

JBIC enters into hedging transactions up to the value of the underlying hedged assets and liabilities.

###### **(iv) Assessment of hedge effectiveness**

JBIC assesses the effectiveness of designated hedges by measuring and comparing the fluctuations of fair value or cumulative fluctuations of cash flows of both hedging instruments and corresponding hedged items from the date of inception of the hedges to the effectiveness testing date.

##### **(e) Hedge accounting for foreign exchange risks**

Hedge instruments used to hedge foreign exchange risks associated with various foreign currency denominated monetary assets and liabilities are measured using the deferral method, in accordance with the standard treatments of The Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 25.

The effectiveness of the hedging instruments described above, such as currency-swap, exchange swap and similar transactions, hedging the foreign exchange risks of monetary assets and liabilities denominated in foreign currencies is assessed by comparing the foreign currency position of the hedged monetary assets and liabilities with that of the hedging instruments.

**(f) Foreign currency translation and revaluation method**

JBIC maintains its accounting records in Japanese yen. Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the market exchange rate prevailing at the (interim) fiscal year end.

**(g) 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 the straight-line basis over its useful life (5 years).

**(h) 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.

JBIC has applied this new standard from the fiscal year beginning April 1, 2005, which has no effect on net income.

**(i) 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.

**(j) 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 the fiscal year ended March 31, 2005, these are included in "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).

**(k) Allowance for possible loan losses**

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.

**(l) 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 (interim) balance sheet. Allowance for bonus payments to executive directors are included in the account.

**(m) 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 the (interim) fiscal year end.

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

#### (n) 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.

#### (o) 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, 2005, 2004 and March 31, 2005 are as follows:

	September 30, 2005 (In millions of yen)	September 30, 2004 (In millions of yen)	March 31, 2005 (In millions of yen)	September 30, 2005 (In millions of U.S. dollars)
Cash and due from banks	¥ 461,133	¥ 450,325	¥ 170,029	\$ 4,074
Due from banks (*)	(339,437)	(311,968)	(99,239)	(2,999)
Cash and cash equivalents	¥ 121,696	¥ 138,356	¥ 70,790	\$ 1,075

(\*) Excluding Due from Bank of Japan

### 4. Securities

Securities as of September 30, 2005, 2004 and March 31, 2005 are as follows:

	September 30, 2005 (In millions of yen)	September 30, 2004 (In millions of yen)	March 31, 2005 (In millions of yen)	September 30, 2005 (In millions of U.S. dollars)
Equity	¥ 117,865	¥ 119,225	¥ 118,699	\$ 1,041
Other securities	1,437	615	1,280	13
	¥ 119,302	¥ 119,840	¥ 119,980	\$ 1,054

### 5. Loans

All of Loans are loans on deeds. The amounts reported in the (interim) balance sheets as of September 30, 2005, 2004 and March 31, 2005 are as follows:

	September 30, 2005 (In millions of yen)	September 30, 2004 (In millions of yen)	March 31, 2005 (In millions of yen)	September 30, 2005 (In millions of U.S. dollars)
International Financial Account				
Bankrupt loans	¥ 71,339	¥ 504	¥ -	\$ 630
Non-accrual loans	177,697	267,084	265,797	1,570
Past due loans (3 months or more)	2,714	6,340	2,714	24
Restructured loans	248,107	355,316	325,428	2,192
	¥ 499,859	¥ 629,246	¥ 593,940	\$ 4,416
Overseas Economic Cooperation Account				
Bankrupt loans	¥ -	¥ -	¥ -	\$ -
Non-accrual loans	109,154	51,584	122,764	964
Past due loans (3 months or more)	7,507	50,424	-	66
Restructured loans	717,119	743,680	724,275	6,336
	¥ 833,780	¥ 845,689	¥ 847,039	\$ 7,366

- (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 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, 2005 (In millions of yen)	September 30, 2004 (In millions of yen)	March 31, 2005 (In millions of yen)	September 30, 2005 (In millions of U.S. dollars)
International Financial Account	¥ 455,152	¥ 456,442	¥ 487,301	\$ 4,021
Overseas Economic Cooperation Account	1,294,959	1,250,091	1,282,521	11,441

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 above table, is ¥90,624 million (\$801 million) of which ¥80,051 million (\$707 million) represents original principal attributable to the International Financial Account and ¥717,119 million (\$6,336 million) of which ¥562,954 million (\$4,974million) represents original principal attributable to the Overseas Economic Cooperation Account for the interim year ended September 30, 2005 The amount of such loans, included in "Restructured loans" in above tables, is ¥92,458 million of which ¥86,695 million represents original principal attributable to the International Financial Account and ¥743,680 million of which ¥565,842 million represents original principal attributable to the Overseas Economic Cooperation Account for the interim year ended September 30, 2004 and ¥77,863 million of which ¥74,580 million represents original principal attributable to the International Financial Account and ¥724,275 million of which ¥570,270 million represents original principal attributable to the Overseas Economic Cooperation Account for the fiscal year ended March 31, 2005 respectively.

- (g) Upon special request, major creditor countries, including Japan, agreed at the Paris Club to offer a 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 dates up to December 31, 2005, and will reschedule the repayment period of deferred debts for 5 years including a 1 year grace period.

As of the end of September 2005, of the affected countries, Indonesia and Sri Lanka had requested the Paris Club for the Moratorium. The amounts rescheduled repayment period for affected countries who

requested the Moratorium are ¥9,381 million (\$83 million) in the International Financial Account and ¥168,017 million (\$1,484 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 the 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 balances of unused commitment lines as of September 30, 2005, 2004 and March 31, 2005 are ¥4,786,048 million (\$42,283 million), ¥4,950,745 million and ¥5,213,942 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 is written-off against the respective claims. The amounts of the accumulated write-offs as of September 30, 2005, 2004 and March 31, 2005 are ¥5,297 million (\$47 million), ¥18,661 million and ¥16,824 million, respectively.

## 6. Miscellaneous assets

A part of the net earnings on the International Financial Account is paid to the National Treasury, pursuant to Article 44 of the JBIC law. Preliminary payments to the National Treasury, made on a best estimation basis amounted to ¥5,130 million (\$45 million) for the interim fiscal year ended September 30, 2005, ¥5,257 million for the interim year ended September 30, 2004 and ¥18,056 million for the fiscal year ended March 31, 2005 respectively, and accounted for under Miscellaneous assets on the (interim) balance sheets.

## 7. Premises and equipment

Depreciation expense in First half of FY 2005, 2004 and FY 2005 and Accumulated Depreciation as of September 30, 2005, 2004 and March 31, 2005 are as follows:

	First half of FY2005 (In millions of yen)	First half of FY2004 (In millions of yen)	FY2005 (In millions of yen)	First half of FY2005 (In millions of U.S. dollars)
Depreciation Expense				
International Financial Account	¥ 433	¥ 467	¥ 942	\$ 4
Overseas Economic Cooperation Account	192	202	411	2

	September 30, 2005 (In millions of yen)	September 30, 2004 (In millions of yen)	March 31, 2005 (In millions of yen)	September 30, 2005 (In millions of U.S. dollars)
Accumulated Depreciation				
International Financial Account	¥ 14,264	¥ 13,756	¥ 14,081	\$ 126
Overseas Economic Cooperation Account	4,949	4,759	4,890	44

## 8. Bonds and notes

Based on debt assumption agreements with financial institutions, JBIC has transferred the debt repayment obligation for certain bonds to such financial institutions. JBIC had contingent obligations in respect to the following bonds as of September 30, 2005, 2004 and March 31, 2005.



	September 30, 2005 (In millions of yen)	September 30, 2004 (In millions of yen)	March 31, 2005 (In millions of yen)	September 30, 2005 (In millions of U.S. dollars)
	¥	¥	¥	\$
FILP Agency Bond 5	50,000	-	50,000	442
FILP Agency Bond 7	60,000	-	60,000	530
FILP Agency Bond 9	50,000	-	50,000	442

### 9. Miscellaneous liabilities

Deferred hedge gains is net realized or unrealized gains from hedging instruments. The gross amount of deferred hedge gains and losses before netting are as follows:

	September 30, 2005 (In millions of yen)	September 30, 2004 (In millions of yen)	March 31, 2005 (In millions of yen)	September 30, 2005 (In millions of U.S. dollars)
	¥	¥	¥	\$
Gains	105,602	156,869	135,610	933
Losses	10,377	8,516	2,458	92

### 10. Acceptances and guarantees

Acceptances and Guarantees as of September 30, 2005, 2004 and March 31, 2005 are as follows:

	September 30, 2005 (In millions of yen)	September 30, 2004 (In millions of yen)	March 31, 2005 (In millions of yen)	September 30, 2005 (In millions of U.S. dollars)
	¥	¥	¥	\$
Acceptances	-	-	-	-
Guarantees	975,429	845,107	899,389	8,618
	¥ 975,429	¥ 845,107	¥ 899,389	\$ 8,618

### 11. Assets pledged as collateral

There were no assets pledged as collateral as of September 30, 2005, 2004 and March 31, 2005.

### 12. 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 (\$133 million) corresponding to "ODA-loan related losses" out of its general account for interim fiscal year ended September 30, 2005 and September 30, 2004 respectively, and ¥30 billion for fiscal year ended March 31, 2005.

### 13. Other extraordinary income

Other extraordinary income include Reversal of allowance for possible loan losses, ¥18,837 million (\$166 million) for the interim year ended September 30, 2005.

### 14. Other ordinary expenses

Other ordinary expenses include Provision for allowance for possible loan losses, ¥11,962 million and ¥90,992 million for the (interim) years ended September 30, 2004 and March 31, 2005, respectively, also include write-off of equities and securities, etc ¥217 million (\$2 million) and ¥2,867 million for the (interim) fiscal years ended September 30, 2005 and March 31, 2005 respectively.

## 15. Reserve

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

## 16. Lease transactions

Lease transactions in the (interim) fiscal years ended September 30, 2005, 2004 and March 31, 2005 are as follows. There are no impairment losses for the leased asset.

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

- Acquisition cost, accumulated depreciation, accumulated impairment losses and net balance of leased property as of September 30, 2005, 2004 and March 31, 2005, are as follows:

	September 30, 2005 (In millions of yen)	September 30, 2004 (In millions of yen)	March 31, 2005 (In millions of yen)	September 30, 2005 (In millions of U.S. dollars)
	¥	¥	¥	\$
Acquisition cost				
Equipment	630	317	630	6
Others	506	506	506	4
Total	¥ 1,136	¥ 823	¥ 1,136	\$ 10
Accumulated depreciation				
Equipment	237	67	152	2
Others	202	101	151	2
Total	¥ 439	¥ 168	¥ 304	\$ 4
Net balance				
Equipment	393	249	478	3
Others	303	405	354	3
Total	¥ 697	¥ 655	¥ 832	\$ 6

- Future lease payment obligations as of September 30, 2005, 2004 and March 31, 2005 are summarized below:

	September 30, 2005 (In millions of yen)	September 30, 2004 (In millions of yen)	March 31, 2005 (In millions of yen)	September 30, 2005 (In millions of U.S. dollars)
	¥	¥	¥	\$
Due within 1 year	269	163	268	2
Due after 1 year	439	497	574	4
Total	¥ 709	¥ 661	¥ 842	\$ 6

- Lease payment, depreciation expenses, interest expense and impairment losses for the (interim) fiscal year ended September 30, 2005, 2004 and March 31, 2005 are as follows:

	September 30, 2005 (In millions of yen)	September 30, 2004 (In millions of yen)	March 31, 2005 (In millions of yen)	September 30, 2005 (In millions of U.S. dollars)
	¥	¥	¥	\$
Lease payment	141	88	229	1
Depreciation expense	135	83	219	1
Interest expense	8	6	16	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, 2005, 2004 and March 31, 2005 are summarized below:

	September 30, 2005 (In millions of yen)	September 30, 2004 (In millions of yen)	March 31, 2005 (In millions of yen)	September 30, 2005 (In millions of U.S. dollars)
	¥	¥	¥	\$
Due within 1 year	17	0	2	0
Due after 1 year	3	-	4	0
Total	¥ 20	¥ 0	¥ 7	\$ 0

## 17. Derivative transactions

Notes to derivative transactions in the interim fiscal year ended September 30, 2005 are as follows:

**(a) Interest rate-related transactions**

Gains or losses arising from changes in fair value of interest rate-related derivatives are not included in the interim statements of operations.

Hedge accounting is applied to all interest rate-related derivative transactions.

**(b) Currency-related transactions**

Gains or losses arising from changes in fair value of currency-related derivatives are not included in the interim statements of operations.

Hedge accounting is applied to all currency-related derivative transactions.

**(c) Equity-related transactions**

Not applicable

**(d) Bond-related transactions**

Not applicable

**(e) Commodity-related transactions**

Not applicable

**(f) Credit derivatives transactions**

Not applicable

Notes to derivative transactions in the interim fiscal year ended September 30, 2004 are as follows:

**(a) Interest rate-related transactions**

Gains or losses arising from changes in fair value of interest rate-related derivatives are not included in the interim statements of operations.

Hedge accounting is applied to all interest rate-related derivative transactions.

**(b) Currency-related transactions**

Gains or losses arising from changes in fair value of currency-related derivatives are not included in the interim statements of operations.

Hedge accounting is applied to all currency-related derivative transactions.

**(c) Equity-related transactions**

Not applicable

**(d) Bond-related transactions**

Not applicable

**(e) Commodity-related transactions**

Not applicable

**(f) Credit derivatives transactions**

Not applicable

Notes to derivative transactions in the fiscal year ended March 31, 2005 are as follows:

**(a) Interest rate-related transactions**

Gains or losses arising from changes in fair value of interest rate-related derivatives are not included in the statements of operations.

Hedge accounting is applied to all interest rate-related derivative transactions.

**(b) Currency-related transactions**

Gains or losses arising from changes in fair value of currency-related derivatives are not included in the statements of operations.

Hedge accounting is applied to all currency-related derivative transactions.

**(c) Equity-related transactions**

Not applicable

**(d) Bond-related transactions**

Not applicable

**(e) Commodity-related transactions**

Not applicable

**(f) Credit derivatives transactions**

Not applicable

## 18. Market value of securities

Notes to market value of securities as of September 30,2005 are as follows:

**(a) Held-to-maturity 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 30,2005 (In millions of yen)	September 30,2005 (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	115,817	1,023
Unlisted foreign equities	2,048	18
Other unlisted Japanese securities	147	1
Other unlisted foreign securities	1,290	12
Total	¥ 119,302	\$ 1,054

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

**(a) Held-to-maturity 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)	
	¥	
Held-to-maturity debt securities		
Unlisted foreign securities		-
Available-for-sale securities		
Unlisted Japanese equities other than over-the-counter	116,417	
Unlisted foreign equities	2,808	
Other unlisted Japanese securities		-
Other unlisted foreign securities		615
Total	¥	119,840

Notes to market value of securities as of March 31, 2005 are as follows:

**(a) Held-to-maturity 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, 2005 (In millions of yen)	
	¥	
Held-to-maturity debt securities		
Unlisted foreign securities		-
Available-for-sale securities		
Unlisted Japanese equities other than over-the-counter	115,892	
Unlisted foreign equities	2,807	
Other unlisted Japanese securities		30
Other unlisted foreign securities		1,250
Total	¥	119,980