

# Summary of the Financial Statements for the First Half of the Fiscal Year 2006 (In accordance with the JBIC Law)

Japan Bank for International Cooperation

Pursuant to Article 40 of the Japan Bank for International Cooperation Law (“JBIC Law”), Japan Bank for International Cooperation (“the Bank”) prepared its financial statements for the first half of FY 2006 (April 1, 2006 - September 30, 2006) and published them in an official gazette on November 30, 2006. The highlights of the financial statements are shown below. The financial statements were prepared in accordance with JBIC Law, the regulations thereunder and the accounting principles for special public corporations (Report dated October 2, 1987 from the Sub-Committee on the Accounting Practices for Public Corporations under the Fiscal System Council).

## 1. Overview

The Bank posted a profit of 44.7 billion yen from the International Financial Account (increased 16.5 billion yen compared with the same period of the previous fiscal year), a profit of 93.3 billion yen from the Overseas Economic Cooperation Account (increased 22.7 billion yen), and a total profit of 138.0 billion yen (increased 39.2 billion yen) in the first half of FY 2006.

As of the end of the first half of FY 2006, the International Financial Account had total assets of 9,682.0 billion yen (decreased 100.6 billion yen compared with the end of the previous fiscal year), total liabilities of 7,906.6 billion yen (decreased 109.2 billion yen), and total capital and reserves of 1,775.4 billion yen (increased 8.6 billion yen). The Overseas Economic Cooperation Account had total assets of 11,178.6 billion yen (decreased 100.3 billion yen), total liabilities of 3,834.2 billion yen (decreased 213.0 billion yen), and total capital and reserves of 7,344.4 billion yen (increased 112.7 billion yen). Overall, the Bank had total assets of 20,860.6 billion yen (decreased 200.9 billion yen), total liabilities of 11,740.8 billion yen (decreased 322.2 billion yen), and total capital and reserves of 9,119.8 billion yen (increased 121.3 billion yen).

## 2. Statement of Earnings

### The Bank

(Unit: hundred millions of yen)

|                                       | the first half of FY 2005<br>(A) | the second half of FY<br>2005 (B) | the first half of FY<br>2006 (C) | (C)-(A) |
|---------------------------------------|----------------------------------|-----------------------------------|----------------------------------|---------|
| The Bank                              | 988                              | 281                               | 1,380                            | 392     |
| International Financial Account       | 282                              | 440                               | 447                              | 165     |
| Overseas Economic Cooperation Account | 706                              | 159                               | 933                              | 227     |

### International Financial Account

(Unit: hundred millions of yen)

|   | the first half<br>of FY 2005<br>(A) | the second<br>half of FY<br>2005 (B) | the first half<br>of FY 2006<br>(C) | (C)-(A) |
|---|-------------------------------------|--------------------------------------|-------------------------------------|---------|
| Ordinary Income   | 1,561                               | 1,640                                | 1,717                               | 157     |
| Interest on Loans   | 1,561                               | 1,640                                | 1,717                               | 157     |
| Interest on Loans in Japanese Yen   | 760                                 | 656                                  | 496                                 | 265     |
| Interest on Loans in Foreign Currency   | 800                                 | 983                                  | 1,222                               | 421     |
| Guarantee Commissions   | 19                                  | 20                                   | 21                                  | 2       |
| Interest on Securities  | 0                                   | 0                                    | 1                                   | 1       |
| Interest on Deposits in Banks   | 15                                  | 44                                   | 39                                  | 24      |
| Interest on Swaps and Miscellaneous Interest Received                                 | 128                                 | 72                                   | 74                                  | 54      |
| Commissions   | 8                                   | 8                                    | 8                                   | 0       |
| Foreign Exchange Gains  | 27                                  | 37                                   | 20                                  | 7       |
| Other Income  | 18                                  | 11                                   | 12                                  | 5       |
| Total   | 1,775                               | 1,830                                | 1,893                               | 118     |
| Ordinary Expenses   | 458                                 | 456                                  | 390                                 | 68      |
| Interest on Borrowings  | 458                                 | 456                                  | 390                                 | 68      |
| Interest on Bonds and Notes   | 250                                 | 292                                  | 362                                 | 112     |
| Interest on Swaps and Miscellaneous Interest Payment                                  | 280                                 | 437                                  | 596                                 | 316     |
| Administrative Expenses   | 68                                  | 81                                   | 70                                  | 2       |
| Depreciation of Premises and Equipment  | 4                                   | 4                                    | 3                                   | 0       |
| Commissions   | 8                                   | 22                                   | 4                                   | 4       |
| Foreign Exchange Losses   | 38                                  | 16                                   | 16                                  | 22      |
| Write-off of Loans  | 9                                   | 348                                  | -                                   | 9       |
| Amortization of Deferred Accounts   | 7                                   | 9                                    | 8                                   | 1       |
| Other Expenses  | 1                                   | 7                                    | 0                                   | 1       |
| Total   | 1,123                               | 1,671                                | 1,450                               | 327     |
| Net Earnings prior to provision for Allowance for Possible Loan and Investment Losses | 652                                 | 159                                  | 443                                 | 209     |
| Reversal of Allowance for Possible Loan and Investment Losses                         | 461                                 | 831                                  | 550                                 | 89      |
| Provision of Allowance for Possible Loan and Investment Losses                        | *1 831                              | *2 550                               | *3 546                              | 285     |
| Net Earnings  | 282                                 | 440                                  | 447                                 | 165     |

- \*1 Allowance for Possible Loan Losses: 237 (Article 15, No. 1 of the regulation of Ministry of Finance)  
 Specific Allowance for Possible Loan Losses: 337 (Article 15, No. 3, No. 4 or No. 5 of the regulation of Ministry of Finance)  
 257 (Article 15, No. 6 of the regulation of Ministry of Finance)
- \*2 Allowance for Possible Loan Losses: 237 (Article 15, No. 1 of the regulation of Ministry of Finance)  
 Specific Allowance for Possible Loan Losses: 156 (Article 15, No. 4 or No. 5 of the regulation of Ministry of Finance)  
 157 (Article 15, No. 6 of the regulation of Ministry of Finance)
- \*3 Allowance for Possible Loan Losses: 233 (Article 15, No. 1 of the regulation of Ministry of Finance)  
 Specific Allowance for Possible Loan Losses: 156 (Article 15, No. 4 or No. 5 of the regulation of Ministry of Finance)  
 157 (Article 15, No. 6 of the regulation of Ministry of Finance)

## Overseas Economic Cooperation Account

(Unit: hundred millions of yen)

|   |  | the first half<br>of FY 2005<br>(A) | the second<br>half of FY<br>2005 (B) | the first half<br>of FY 2006<br>(C) | (C)-(A) |
|---|--|-------------------------------------|--------------------------------------|-------------------------------------|---------|
| Ordinary<br>Income  | Interest on Loans                      | 1,222                               | 1,261                                | 1,218                               | 4       |
|   | Dividends on Investments               | 33                                  | 24                                   | 24                                  | 9       |
|   | Grant from General Account             | 150                                 | 150                                  | 150                                 | -       |
|   | Interest on Deposits in Banks          | 0                                   | 0                                    | 0                                   | 0       |
|   | Miscellaneous Interest Received        | 0                                   | 0                                    | 0                                   | 0       |
|   | Commissions                            | 2                                   | 4                                    | 2                                   | 1       |
|   | Foreign Exchange Gains                 | -                                   | 0                                    | -                                   | -       |
|   | Other Income                           | 3                                   | 1                                    | 2                                   | 0       |
|   | Total                                  | 1,411                               | 1,440                                | 1,397                               | 14      |
| Ordinary<br>Expenses  | Interest on Borrowings                 | 464                                 | 426                                  | 400                                 | 64      |
|   | Interest on Bonds and Notes            | 4                                   | 2                                    | 1                                   | 2       |
|   | Miscellaneous Interest Payment         | -                                   | -                                    | 0                                   | 0       |
|   | Administrative Expenses                | 41                                  | 49                                   | 42                                  | 1       |
|   | Depreciation of Premises and Equipment | 2                                   | 2                                    | 1                                   | 0       |
|   | Commissions                            | 7                                   | 22                                   | 11                                  | 4       |
|   | Foreign Exchange Losses                | -                                   | -                                    | 0                                   | 0       |
|   | Loss from Disposal of Investments      | 17                                  | -                                    | -                                   | 17      |
|   | Write-off of Loans                     | 159                                 | 1,115                                | 16                                  | 143     |
|   | Amortization of Deferred Accounts      | 0                                   | 0                                    | -                                   | 0       |
| Other Expenses  | 6                                      | 2                                   | 0                                    | 6                                   |         |
| Total   | 699                                    | 1,618                               | 472                                  | 227                                 |         |
| Net Earnings prior to provision for Allowance for Possible Loan and Investment Losses |  | 712                                 | 178                                  | 925                                 | 213     |
| Reversal of Allowance for Possible Loan and Investment Losses                         |  | 4,029                               | 4,035                                | 4,016                               | 14      |
| Provision of Allowance for Possible Loan and Investment Losses                        |  | *4 4,035                            | *5 4,016                             | *6 4,008                            | 28      |
| Net Earnings ( Net Loss)  |  | 706                                 | 159                                  | 933                                 | 227     |

- \*4 Allowance for Possible Loan Losses (ODA loans): 11 (Article 16, No. 1 of the regulation of Ministry of Finance)  
Allowance for Possible Loan Losses (Private-sector Investment Finance): 1 (Article 16, No. 1 of the regulation of Ministry of Finance)  
Specific Allowance for Possible Loan Losses: 3,650 (Article 16, No. 3 of the regulation of Ministry of Finance)  
Allowance for Possible Investment Losses: 372 (Article 16, No. 2 of the regulation of Ministry of Finance)
- \*5 Allowance for Possible Loan Losses (ODA loans): 11 (Article 16, No. 1 of the regulation of Ministry of Finance)  
Allowance for Possible Loan Losses (Private-sector Investment Finance): 1 (Article 16, No. 1 of the regulation of Ministry of Finance)  
Specific Allowance for Possible Loan Losses: 3,647 (Article 16, No. 3 of the regulation of Ministry of Finance)  
Allowance for Possible Investment Losses: 356 (Article 16, No. 2 of the regulation of Ministry of Finance)
- \*6 Allowance for Possible Loan Losses (ODA loans): 11 (Article 16, No. 1 of the regulation of Ministry of Finance)  
Allowance for Possible Loan Losses (Private-sector Investment Finance): 1 (Article 16, No. 1 of the regulation of Ministry of Finance)  
Specific Allowance for Possible Loan Losses: 3,638 (Article 16, No. 3 of the regulation of Ministry of Finance)  
Allowance for Possible Investment Losses: 357 (Article 16, No. 2 of the regulation of Ministry of Finance)

### 3. Balance Sheets

#### International Financial Account

(Unit: hundred millions of yen)

|                                       |   | the first half of<br>FY 2005 (A) | FY 2005<br>(B) | the first half of<br>FY 2006 (C) | (C)-(B) |
|---------------------------------------|---|----------------------------------|----------------|----------------------------------|---------|
| Assets                                | Loans   | 79,036                           | 79,006         | 77,679                           | 1,327   |
|                                       | Loans in Japanese Yen   | 35,928                           | 33,046         | 30,917                           | 2,129   |
|                                       | Loans in Foreign Currency   | 43,108                           | 45,960         | 46,762                           | 802     |
|                                       | Investments   | 2                                | 4              | 6                                | 3       |
|                                       | Securities  | 102                              | 102            | 93                               | 9       |
|                                       | Cash and Cash Equivalents   | 4,313                            | 6,281          | 6,576                            | 294     |
|                                       | Accrued Interest Incomes  | 721                              | 715            | 841                              | 126     |
|                                       | Miscellaneous Assets  | 3,340                            | 1,486          | 592                              | 895     |
|                                       | Premises and Equipment  | 192                              | 191            | 189                              | 2       |
|                                       | Deferred Charges  | 35                               | 40             | 36                               | 4       |
|                                       | Customers' Liabilities for Acceptance and Guarantee Allowance for Possible Loan and Investment Losses | 9,565                            | 10,551         | 11,355                           | 804     |
|                                       |   | 831                              | 550            | 546                              | 4       |
| Total                                 |   | 96,475                           | 97,826         | 96,820                           | 1,006   |
| Liabilities,<br>Capital &<br>Reserves | Long-term Borrowings, including Borrowings Due within One Year  | 52,154                           | 49,066         | 46,200                           | 2,866   |
|                                       | Bonds and Notes, including Borrowings Due within One Year   | 16,875                           | 19,814         | 20,624                           | 810     |
|                                       | Accrued Interest Expenses   | 594                              | 659            | 785                              | 126     |
|                                       | Miscellaneous Liabilities   | 58                               | 68             | 101                              | 33      |
|                                       | Acceptances and Guarantee   | 9,565                            | 10,551         | 11,355                           | 804     |
|                                       | (Total liabilities)   | 79,247                           | 80,158         | 79,066                           | 1,092   |
|                                       | Capital   | 9,855                            | 9,855          | 9,855                            | -       |
|                                       | Reserves  | 7,091                            | 7,091          | 7,452                            | 361     |
|                                       | Net Earnings  | 282                              | 722            | 447                              | 275     |
|                                       | (Total capital and reserves)  | 17,228                           | 17,668         | 17,754                           | 86      |
| Total                                 |   | 96,475                           | 97,826         | 96,820                           | 1,006   |

#### Overseas Economic Cooperation Account

(Unit: hundred millions of yen)

|                                       |  | the first half of<br>FY 2005 (A) | FY 2005<br>(B) | the first half of<br>FY 2006 (C) | (C)-(B) |
|---------------------------------------|--|----------------------------------|----------------|----------------------------------|---------|
| Assets                                | Loans  | 113,165                          | 114,289        | 113,181                          | 1,108   |
|                                       | ODA Loans  | 113,122                          | 114,247        | 113,141                          | 1,106   |
|                                       | Private-Sector Investment Finance                              | 44                               | 42             | 40                               | 2       |
|                                       | Investments  | 1,528                            | 1,528          | 1,479                            | 49      |
|                                       | Cash and Cash Equivalents                                      | 126                              | 184            | 326                              | 142     |
|                                       | Accrued Interest Income  | 1,112                            | 729            | 734                              | 5       |
|                                       | Miscellaneous Assets   | 6                                | 6              | 6                                | 0       |
|                                       | Premises and Equipment   | 68                               | 68             | 68                               | 1       |
|                                       | Deferred Charges   | 0                                | -              | -                                | -       |
|                                       | Allowance for Possible Loan and Investment Losses              | 4,035                            | 4,016          | 4,008                            | 8       |
| Total                                 |  | 111,970                          | 112,789        | 111,786                          | 1,003   |
| Liabilities,<br>Capital &<br>Reserves | Long-term Borrowings, including Borrowings Due within One Year | 40,251                           | 40,202         | 38,083                           | 2,119   |
|                                       | Bonds and Notes, including Borrowings Due within One Year      | 250                              | 100            | 100                              | -       |
|                                       | Accrued Interest Expenses                                      | 163                              | 159            | 157                              | 3       |
|                                       | Miscellaneous Liabilities                                      | 5                                | 10             | 2                                | 8       |
|                                       | (Total liabilities)  | 40,669                           | 40,472         | 38,342                           | 2,130   |
|                                       | Capital  | 69,481                           | 70,656         | 70,850                           | 194     |
|                                       | Reserves   | 1,113                            | 1,113          | 1,661                            | 547     |
|                                       | Net Earnings   | 706                              | 547            | 933                              | 386     |
|                                       | (Total capital and reserves)                                   | 71,301                           | 72,317         | 73,444                           | 1,127   |
| Total                                 |  | 111,970                          | 112,789        | 111,786                          | 1,003   |

The Bank

(Unit: hundred millions of yen)

|                                       |  | the first half of<br>FY 2005 (A) | FY 2005<br>(B) | the first half of<br>FY 2006 (C) | (C)-(B) |
|---------------------------------------|--|----------------------------------|----------------|----------------------------------|---------|
| Assets                                | Loans  | 192,201                          | 193,295        | 190,860                          | 2,435   |
|                                       | Investments  | 1,530                            | 1,532          | 1,485                            | 47      |
|                                       | Securities   | 102                              | 102            | 93                               | 9       |
|                                       | Cash and Cash Equivalents                                      | 4,439                            | 6,466          | 6,902                            | 436     |
|                                       | Accrued Interest Income  | 1,833                            | 1,443          | 1,575                            | 131     |
|                                       | Miscellaneous Assets   | 3,346                            | 1,492          | 598                              | 895     |
|                                       | Premises and Equipment   | 261                              | 260            | 257                              | 3       |
|                                       | Deferred Charges   | 35                               | 40             | 36                               | 4       |
|                                       | Customers' Liabilities for Acceptance and Guarantee            | 9,565                            | 10,551         | 11,355                           | 804     |
|                                       | Allowance for Possible Loan and Investment Losses              | 4,866                            | 4,566          | 4,554                            | 12      |
|                                       | Total  |                                  | 208,445        | 210,615                          | 208,606 |
| Liabilities,<br>Capital &<br>Reserves | Long-term Borrowings, including Borrowings Due within One Year | 92,405                           | 89,268         | 84,283                           | 4,985   |
|                                       | Bonds and Notes, including Borrowings Due within One Year      | 17,125                           | 19,914         | 20,724                           | 810     |
|                                       | Accrued Interest Expenses                                      | 757                              | 819            | 942                              | 123     |
|                                       | Miscellaneous Liabilities                                      | 64                               | 78             | 103                              | 25      |
|                                       | Acceptances and Guarantee                                      | 9,565                            | 10,551         | 11,355                           | 804     |
|                                       | (Total liabilities)  | 119,916                          | 120,630        | 117,408                          | 3,222   |
|                                       | Capital of the International Financial Account                 | 9,855                            | 9,855          | 9,855                            | -       |
|                                       | Capital of the Overseas Economic Cooperation Account           | 69,481                           | 70,656         | 70,850                           | 194     |
|                                       | Reserve of the International Financial Account                 | 7,091                            | 7,091          | 7,452                            | 361     |
|                                       | Net Earnings of the International Financial Account            | 282                              | 722            | 447                              | 275     |
|                                       | Reserve of the Overseas Economic Cooperation Account           | 1,113                            | 1,113          | 1,661                            | 547     |
|                                       | Net Earnings of the Overseas Economic Cooperation Account      | 706                              | 547            | 933                              | 386     |
|                                       | (Total capital and reserves)                                   | 88,529                           | 89,985         | 91,198                           | 1,213   |
|                                       | Total  |                                  | 208,445        | 210,615                          | 208,606 |

(Unit: hundred millions of yen)

|   | the first half of<br>FY 2005 (A) | FY 2005<br>(B) | the first half of<br>FY 2006 (C) | (C)-(B) |
|---|----------------------------------|----------------|----------------------------------|---------|
| International Financial Account           |                                  |                |                                  |         |
| Total Assets                              | 96,475                           | 97,826         | 96,820                           | 1,006   |
| Total Capital and Reserves                | 17,228                           | 17,668         | 17,754                           | 86      |
| Total Capital and Reserves / Total Assets | 17.86%                           | 18.06%         | 18.34%                           | 0.28%   |
| Overseas Economic Cooperation Account     |                                  |                |                                  |         |
| Total Assets                              | 111,970                          | 112,789        | 111,786                          | 1,003   |
| Total Capital and Reserves                | 71,301                           | 72,317         | 73,444                           | 1,127   |
| Total Capital and Reserves / Total Assets | 63.68%                           | 64.12%         | 65.70%                           | 1.58%   |
| The Bank                                  |                                  |                |                                  |         |
| Total Assets                              | 208,445                          | 210,615        | 208,606                          | 2,009   |
| Total Capital and Reserves                | 88,529                           | 89,985         | 91,198                           | 1,213   |
| Total Capital and Reserves / Total Assets | 42.47%                           | 42.73%         | 43.72%                           | 0.99%   |

#### 4. Loans Past Due\*

\*(Note) "Loans Past Due" are loans which are placed on non-accrual status if they are past due for more than six months.

##### International Financial Account

(Unit: hundred millions of yen)

|                    | FY 2005 (A) | the first half of FY<br>2006 (B) | (B)-(A) |
|--------------------|-------------|----------------------------------|---------|
| Loans Past Due - 1 | 972         | 946                              | 26      |
| Loans - 2          | 79,006      | 77,679                           | 1,327   |
| 1 / 2 (%)          | 1.23%       | 1.22%                            | 0.01%   |

(Note)The loans excluded from the "Loans Past Due" due to debt relief agreement established in Paris Club is 42.1 billion yen as of the end of the half of FY 2006.

##### Overseas Economic Cooperation Account

(Unit: hundred millions of yen)

|                    | FY 2005 (A) | the first half of FY<br>2006 (B) | (B)-(A) |
|--------------------|-------------|----------------------------------|---------|
| Loans Past Due - 1 | 3,332       | 3,332                            | 0       |
| Loans - 2          | 114,289     | 113,181                          | 1,108   |
| 1 / 2 (%)          | 2.92%       | 2.94%                            | 0.03%   |

(Note)The loans excluded from the "Loans Past Due" due to debt relief agreement established in Paris Club is 85.0 billion yen as of the end of the half of FY 2006. The loans excluded from the "Loans Past Due" due to the decision to waive by Japanese government is 12.2 billion yen as of the end of the half of FY 2006.