

BALANCE SHEETS (UNAUDITED)**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, 2006		September 30, 2005		March 31, 2006		September 30, 2006	
Assets								
Cash and due from banks (Note 3)	¥	692,981	¥	461,133	¥	655,517	\$	5,878
Securities (Notes 4 and 16)		114,650		119,302		119,535		972
Loans (Note 5)		18,690,837		18,891,945		19,023,649		158,531
Miscellaneous assets (Note 6)		275,349		440,255		276,038		2,336
Premises and equipment (Note 7)		-		25,907		25,873		-
Tangible fixed assets (Note 7)		25,091		-		-		213
Intangible fixed assets		3,897		-		-		33
Deferred charges on bonds and notes		1,419		3,739		4,230		12
Customers' liabilities for acceptances and guarantees		1,139,823		975,429		1,066,099		9,668
Allowance for possible loan losses		(264,435)		(288,927)		(273,120)		(2,243)
Total assets	¥	20,679,615	¥	20,628,787	¥	20,897,824	\$	175,400

	In millions of yen		In millions of yen		In millions of yen		In millions of U.S. dollars	
	September 30, 2006		September 30, 2005		March 31, 2006		September 30, 2006	
Liabilities and equity								
Liabilities								
Bonds and notes (Note 8)	¥	2,130,440	¥	1,802,685	¥	2,053,963	\$	18,070
Borrowings		8,428,324		9,240,544		8,926,789		71,487
Miscellaneous liabilities		204,381		225,304		207,097		1,734
Reserve for bonus payments		969		1,014		1,020		8
Reserve for employee retirement benefits		16,317		17,172		16,473		138
Acceptances and guarantees (Note 9)		1,139,823		975,429		1,066,099		9,668
Total liabilities		11,920,258		12,262,152		12,271,443		101,105

Equity								
Capital:								
Capital attributable to the International Financial Account		-		985,500		985,500		-
Capital attributable to the Overseas Economic Cooperation Account		-		6,948,144		7,065,644		-
				7,933,644		8,051,144		
Retained earnings:								
Reserve attributable to the International Financial Account (Note 13)		-		709,148		709,148		-
Reserve attributable to the Overseas Economic Cooperation Account (Note 13)		-		111,324		111,324		-
Accumulated deficit		-		(387,481)		(245,236)		-
				432,991		575,236		
Total equity		-		8,366,635		8,626,381		-
Total liabilities and equity	¥	-	¥	20,628,787	¥	20,897,824	\$	-

Net assets								
Capital:								
Capital attributable to the International Financial Account		985,500		-		-		8,359
Capital attributable to the Overseas Economic Cooperation Account		7,085,044		-		-		60,094
		8,070,544						68,453
Retained earnings:								
Other retained earnings		-		-		-		-
Reserve attributable to the International Financial Account (Note 13)		745,236		-		-		6,321
Reserve attributable to the Overseas Economic Cooperation Account (Note 13)		166,062		-		-		1,408
Accumulated deficit		(240,330)		-		-		(2,038)
		670,968						5,691
Total stockholders' equity		8,741,512		-		-		74,144
Net deferred gains on hedges		17,845		-		-		151
Total valuation differences and translation adjustments		17,845		-		-		151
Total net assets		8,759,357		-		-		74,295
Total liabilities and net assets	¥	20,679,615	¥	-	¥	-	\$	175,400

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

STATEMENTS OF OPERATIONS (UNAUDITED)**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 2006	First half of FY 2005	FY 2005	First half of FY 2006
Income				
Interest income				
Interest on loans	¥ 284,293	¥ 280,401	¥ 562,289	\$ 2,411
Interest and dividend income on securities	2,048	3,021	5,728	18
Other interest income	3,932	1,727	6,297	33
	290,274	285,150	574,315	2,462
Fees and commissions	4,076	4,490	8,783	35
Other operating income	512	2,145	3,985	4
Other ordinary income	168	201	354	1
Grant from general account (Note 11)	15,000	15,000	30,000	127
Other extraordinary income (Note 12)	10,544	21,556	37,831	90
Total income	320,577	328,544	655,270	2,719
Expenses				
Interest expenses	175,216	147,947	315,669	1,486
Fees and commissions	1,239	1,299	5,870	11
Other operating expenses	682	646	1,292	6
General and administrative expenses	11,557	11,118	22,636	98
Other ordinary expenses	48	239	247	0
Other extraordinary losses	13	10	27	0
Total expenses	188,758	161,262	345,742	1,601
Net income	¥ 131,819	¥ 167,282	¥ 309,527	\$ 1,118

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

STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)
JAPAN BANK FOR INTERNATIONAL COOPERATION

First half of FY 2006

(In millions of yen)

	Stockholders' equity							Valuation differences and translation adjustments		Total net assets	
	Capital			Retained earnings				Total stockholders' equity	Net deferred gains on hedges		Total valuation differences and translation adjustments
	Capital attributable to the International Financial Account	Capital attributable to the Overseas Economic Cooperation Account	Total capital stock	Other retained earnings			Total retained earnings				
				Reserve attributable to the International Financial Account	Reserve attributable to the Overseas Economic Cooperation Account	Accumulated deficit					
Balance at March 31, 2006	985,500	7,065,644	8,051,144	709,148	111,324	(245,236)	575,236	8,626,381	-	-	8,626,381
Changes during the interim accounting period:											
Proceeds from issuance of capital stocks attributable to the International Financial Account	-	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of capital stocks attributable to the Overseas Economic Cooperation Account	-	19,400	19,400	-	-	-	-	19,400	-	-	19,400
Transfer to reserve attributable to the International Financial Account from accumulated deficit	-	-	-	36,087	-	(36,087)	-	-	-	-	-
Payment to National Treasury from the International Financial Account	-	-	-	-	-	(36,087)	(36,087)	(36,087)	-	-	(36,087)
Transfer to reserve attributable to the Overseas Economic Cooperation Account from accumulated deficit	-	-	-	-	54,737	(54,737)	-	-	-	-	-
Net income	-	-	-	-	-	131,819	131,819	131,819	-	-	131,819
Net changes in the items other than stockholder's equity	-	-	-	-	-	-	-	-	17,845	17,845	17,845
Net changes during the interim accounting period	-	19,400	19,400	36,087	54,737	4,905	95,731	115,131	17,845	17,845	132,976
Balance at September 30, 2006	985,500	7,085,044	8,070,544	745,236	166,062	(240,330)	670,968	8,741,512	17,845	17,845	8,759,357

STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)
JAPAN BANK FOR INTERNATIONAL COOPERATION

First half of FY 2006

(In millions of U.S. dollars)

	Stockholders' equity								Valuation differences and translation adjustments		Total net assets
	Capital			Retained earnings				Total stockholders' equity	Net deferred gains on hedges	Total valuation differences and translation adjustments	
	Capital attributable to the International Financial Account	Capital attributable to the Overseas Economic Cooperation Account	Total capital stock	Other retained earnings			Total retained earnings				
				Reserve attributable to the International Financial Account	Reserve attributable to the Overseas Economic Cooperation Account	Accumulated deficit					
Balance at March 31, 2006	8,359	59,929	68,288	6,015	944	(2,080)	4,879	73,167	-	-	73,167
Changes during the interim accounting period											
Proceeds from issuance of capital stocks attributable to the International Financial Account	-	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of capital stocks attributable to the Overseas Economic Cooperation Account	-	165	165	-	-	-	-	165	-	-	165
Transfer to reserve attributable to the International Financial Account from accumulated deficit	-	-	-	306	-	(306)	-	-	-	-	-
Payment to National Treasury from the International Financial Account	-	-	-	-	-	(306)	(306)	(306)	-	-	(306)
Transfer to reserve attributable to the Overseas Economic Cooperation Account from accumulated deficit	-	-	-	-	464	(464)	-	-	-	-	-
Net income	-	-	-	-	-	1,118	1,118	1,118	-	-	1,118
Net changes in the items other than stockholder's equity	-	-	-	-	-	-	-	-	151	151	151
Net changes during the interim accounting period	-	165	165	306	464	42	812	977	151	151	1,128
Balance at September 30, 2006	8,359	60,094	68,453	6,321	1,408	(2,038)	5,691	74,144	151	151	74,295

STATEMENTS OF CASH FLOWS (UNAUDITED)
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 2006		First half of FY 2005		FY 2005		First half of FY 2006	
Cash flows from operating activities								
Net income	¥	131,819	¥	167,282	¥	309,527	\$	1,118
Depreciation and amortization		933		627		1,398		8
Decrease in allowance for possible loan losses		(8,684)		(64,737)		(80,544)		(74)
Increase (decrease) in reserve for bonus payments		(50)		53		60		(0)
Decrease in reserve for employee retirement benefits		(155)		(103)		(803)		(1)
Interest income		(290,274)		(285,150)		(574,315)		(2,462)
Interest expenses		175,216		147,944		315,669		1,486
Net loss on securities		61		196		200		1
Foreign exchange gain		(9,847)		(192,654)		(335,141)		(84)
Net loss on sales of premises and equipment		-		6		20		-
Net loss on sales of tangible fixed assets		3		-		-		0
Net decrease in loans		370,346		505,868		557,202		3,141
Net increase in bonds and notes		50,000		5,995		214,542		424
Net decrease in borrowings		(498,464)		(319,190)		(632,945)		(4,228)
Net increase in due from banks (excluding cash equivalents)		(273,742)		(237,539)		(232,846)		(2,322)
Interest received		293,532		251,739		593,469		2,490
Interest paid		(170,560)		(142,869)		(317,173)		(1,447)
Others, net		(8,860)		176,242		290,237		(75)
Net cash (used in) provided by operating activities		(238,728)		13,711		108,557		(2,025)
Cash flows from investing activities								
Purchases of securities		(374)		(222)		(421)		(3)
Sales of securities		5,066		690		690		43
Expenditures on premises and equipment		-		(219)		(711)		-
Expenditures on tangible fixed assets		(188)		-		-		(2)
Expenditures on intangible fixed assets		(225)		-		-		(2)
Proceeds from sales of premises and equipment		-		9		27		-
Proceeds from sales of tangible fixed assets		12		-		-		0
Net cash provided by (used in) investing activities		4,291		257		(414)		36
Cash flows from financing activities								
Proceeds from issuance of capital stocks to government		19,400		56,900		174,400		165
Payment to National Treasury		(22,179)		(19,964)		(34,726)		(188)
Net cash (used in) provided by financing activities		(2,779)		36,935		139,673		(23)
Effect of exchange rate changes on cash and cash equivalents		0		0		0		0
Net (decrease) increase in cash and cash equivalents		(237,216)		50,905		247,817		(2,012)
Cash and cash equivalents at the beginning of the period		318,608		70,790		70,790		2,702
Cash and cash equivalents at the end of the period	¥	81,391	¥	121,696	¥	318,608	\$	690

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

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)
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" or the "Bank") 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 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 ¥117.90=\$1.00, the exchange rate as of September 30, 2006, 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 on 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) Accounting for hedges of interest rate risks

(i) Hedge accounting

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

(ii) Hedging instruments and hedged items

Hedging instruments: interest rate swaps

Hedged items: loans, borrowing, bonds and notes

(iii) Hedging policy

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

() Assessment of hedge effectiveness

JBIC assesses the effectiveness of designated hedges by measuring and comparing the change of fair value or cumulative change of cash flows of both hedging instruments and corresponding hedged items from the date of inception of the hedges to the assessment 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 accounted for 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 period end.

(g) Depreciation basis for fixed assets (premises and equipment)

(i) Tangible fixed assets

Tangible fixed assets are depreciated on the declining balance method 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 method, and the applicable share of estimated annual depreciation costs for the interim fiscal period is recorded based on the following range of useful lives.

Buildings: 38 years to 50 years

Equipment: 2 years to 20 years

(ii) Intangible fixed assets

Amortization of Intangible fixed assets is computed by the straight-line method. Software used by JBIC is amortized over its useful life (5 years).

(h) Method of amortization for deferred charges

Until the previous fiscal year, discounts and premiums on bonds and notes had been capitalized and amortized under the straight-line method over the terms of redemption. However, in accordance with the partial revision of "Accounting Standards for Financial Instruments" as of August 11, 2006 (the Accounting Standards Board of Japan ("ASBJ") Statement No.10), which should be applied from the interim period ending upon or after its public announcement, JBIC adopted the revised accounting standard effective this interim fiscal period, and Bonds and notes were stated at amortized cost (the straight line method). As a result, discounts on bond and notes in "Deferred charges on bonds and notes", premiums in "Miscellaneous liabilities" and "Bonds and notes" decreased by ¥2,348 million, ¥207 million and ¥2,140 million, respectively.

Discounts on bonds and notes booked on the balance sheet as of March 31, 2006 are amortized under the straight-line method over the terms of the bonds and notes by applying the previous accounting method and the unamortized balance is directly deducted from Bonds and notes, based on the tentative measure stipulated in the "Tentative Solution on Accounting for Deferred Assets" (ASBJ Report No.19, August 11, 2006).

Until the previous fiscal year, Bonds and notes issuance costs were capitalized and amortized over 3 years by the Regulations of the Commercial Code of Japan. However, in accordance with the application of the "Tentative Solution on Accounting for Deferred Assets" (ASBJ Report No.19, August 11, 2006) which should be applied from the interim period ending upon or after its public announcement, JBIC adopted the new accounting standard effective this interim fiscal period. As a result, Bonds and notes issuance costs in "Miscellaneous assets" and Net income increased by ¥20 million and Amortization of bonds and notes issuance costs in "Other operating expenses" decreased by ¥20 million.

Bonds and notes issuance costs booked on the balance sheet as of March 31, 2006 are amortized over 3 years by applying the previous accounting method based on the tentative measure stipulated in the ASBJ report.

(i) Change in presentation on balance sheets

The appendix forms of "Banking Law Enforcement Regulations" (Ministry of Finance Ordinance No.10,1982) have been revised by the "Cabinet Office Ordinance to Amend Part of Detailed Enforcement Regulations on Mutual Loan Business Law and Banking Law" (Cabinet Office Ordinance No.60, April 28, 2006). In accordance with the application of the revised "Banking Law Enforcement Regulations" effective this interim fiscal period, presentation of account items has been changed as follows:

- (i) "Reserve attributable to the International Financial Account", "Reserve attributable to the Overseas Economic Cooperation Account" and "Accumulated deficit" which had been included in "Retained earnings" was presented as "Reserve attributable to the International Financial Account", "Reserve attributable to the Overseas Economic Cooperation Account" and "Accumulated deficit" in "Other retained earnings", respectively.
- (ii) The net realized and unrealized losses (gains) from hedging instruments formerly included in "Miscellaneous assets" ("Miscellaneous liabilities") as deferred hedge losses (gains) are presented as "Net deferred hedge gains" included in Valuation differences and translation adjustments.
- (iii) "Premises and equipment" was divided into "Tangible fixed assets," "Intangible fixed assets" and "Miscellaneous assets"
- (iv) "Software" was reclassified from "Miscellaneous assets" to "Intangible fixed assets"

(j) Change in presentation on cash flows

Former "Net loss (gain) on sales of premises and equipment" is presented as "Net loss (gain) on sales of tangible fixed assets" following the change in description of former "Premises and equipment" on the balance sheet to "Tangible fixed assets", "Intangible fixed assets" and others.

Former "Expenditures on premises and equipment" is presented as "Expenditures on tangible fixed assets" and others, and former "Proceeds from sales of premises and equipment" is presented as "Proceeds from sales of tangible fixed assets" and others.

(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 (i) 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) Reserve for bonus payments

Reserve 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. Reserve for bonus payments to executive directors are included in the account.

(m) Reserve for employee retirement benefits

Reserve 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 period 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.

(p) Significant changes in accounting policies

In accordance with newly effective Accounting Standards Boards Statement No.5 "Accounting Standards for Presentation of Net Assets on Balance Sheet" (December 9,2005) and Accounting Standards Board Guidance No.8 "Guidance on Accounting Standards for Presentation of Net Assets on Balance Sheet" (December 9,2005), "Total equity" was renamed as "Net assets" and divided into "Stockholders' equity" and "Valuation differences and translation of adjustment". The amount corresponding to conventional "Total equity" was ¥8,741,512 million at the balance sheet date.

Net assets portion of the financial statements are presented in accordance with revised "Ordinance Regarding Interim Financial Statements"

"Practical Solution on Investors' Accounting for Limited-Liability Partnership and Limited-Liability Companies" (Practical Issues Task Force No.21,issued on September 8, 2006) is applicable for the fiscal period ending on or after September 8, 2006, the announcement date, and JBIC applied the new accounting pronouncement. This accounting change had no material impact on the financial statements.

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, 2006 and 2005, and March 31, 2006 were as follows:

	September 30, 2006 (In millions of yen)	September 30, 2005 (In millions of yen)	March 31, 2006 (In millions of yen)	September 30, 2006 (In millions of U.S. dollars)
Cash and due from banks	¥ 692,981	¥ 461,133	¥ 655,517	\$ 5,878
Due from banks (*)	(611,590)	(339,437)	(336,909)	(5,187)
Cash and cash equivalents	¥ 81,391	¥ 121,696	¥ 318,608	\$ 690

(*) Excluding Due from Bank of Japan

4. Securities

Securities as of September 30, 2006 and 2005, and March 31, 2006 were as follows:

	September 30, 2006		September 30, 2005		March 31, 2006		September 30, 2006	
	(In millions of yen)		(In millions of yen)		(In millions of yen)		(In millions of U.S. dollars)	
Equity	¥	112,804	¥	117,865	¥	117,870	\$	957
Other securities		1,845		1,437		1,665		15
	¥	114,650	¥	119,302	¥	119,535	\$	972

5. Loans

All of Loans are loans on deeds. The amounts reported in the (interim) balance sheets as of September 30, 2006 and 2005, and March 31, 2006 were as follows:

International Financial Account	September 30, 2006		September 30, 2005		March 31, 2006		September 30, 2006	
	(In millions of yen)		(In millions of yen)		(In millions of yen)		(In millions of U.S. dollars)	
Bankrupt loans	¥	47,333	¥	71,339	¥	47,333	\$	401
Non-accrual loans		125,628		177,697		156,454		1,066
Past due loans (3 months or more)		-		2,714		2,714		-
Restructured loans		136,419		248,107		141,007		1,157
	¥	309,380	¥	499,859	¥	347,510	\$	2,624

Overseas Economic Cooperation Account	September 30, 2006		September 30, 2005		March 31, 2006		September 30, 2006	
	(In millions of yen)		(In millions of yen)		(In millions of yen)		(In millions of U.S. dollars)	
Bankrupt loans	¥	-	¥	-	¥	-	\$	-
Non-accrual loans		76,460		109,154		96,998		648
Past due loans (3 months or more)		-		7,507		-		-
Restructured loans		183,665		717,119		184,691		1,558
	¥	260,126	¥	833,780	¥	281,689	\$	2,206

- (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, or
 - 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 three months or more, 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 (3 month or more)."
- (e) The amounts of Loans indicated in the table above are 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, 2006 (In millions of yen)	September 30, 2005 (In millions of yen)	March 31, 2006 (In millions of yen)	September 30, 2006 (In millions of U.S. dollars)
International Financial Account	¥ 355,033	¥ 455,152	¥ 417,943	\$ 3,011
Overseas Economic Cooperation Account	1,252,609	1,294,959	1,262,313	10,624

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 ¥21,544 million (\$183 million) of which ¥12,956 million (\$110 million) represents original principal attributable to the International Financial Account and ¥183,665 million (\$1,558 million) of which ¥96,611 million (\$819million) represents original principal attributable to the Overseas Economic Cooperation Account as of September 30, 2006. The amount of such loans, included in "Restructured loans" in above tables, is ¥90,624 million of which ¥80,051 million represents original principal attributable to the International Financial Account and ¥717,119 million of which ¥562,954 million represents original principal attributable to the Overseas Economic Cooperation Account as of September 30, 2005 and ¥20,470 million of which ¥10,890 million represents original principal attributable to the International Financial Account and ¥184,691 million of which ¥96,407 million represents original principal attributable to the Overseas Economic Cooperation Account as of March 31, 2006 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 2006, 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 were ¥9,413 million (\$80 million) in the International Financial Account and ¥168,017 million (\$1,425 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 balances of unused commitment lines as of September 30, 2006 and 2005, and March 31, 2006 were ¥4,969,998 million (\$42,154 million), ¥4,786,048 million and ¥5,056,325 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, 2006 and 2005, and March 31, 2006 were ¥5,508 million (\$47 million), ¥5,297 million and ¥5,489 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 ¥5,984 million (\$51 million) for the interim fiscal year ended September 30, 2006, ¥5,130 million for the interim year ended September 30, 2005 and ¥19,892 million for the fiscal year ended March 31, 2006 respectively, and accounted for under Miscellaneous assets on the interim balance sheets.

7. Depreciation

Depreciation expense in First half of FY 2006, 2005 and FY 2006 and Accumulated Depreciation as of September 30, 2006 and 2005, and March 31, 2006 were as follows:

	First half of FY2006 (In millions of yen)	First half of FY2005 (In millions of yen)	FY2005 (In millions of yen)	First half of FY2006 (In millions of U.S. dollars)
Depreciation Expense				
International Financial Account	¥ 618	¥ 433	¥ 955	\$ 5
Overseas Economic Cooperation Account	315	193	442	3
	September 30, 2006 (In millions of yen)	September 30, 2005 (In millions of yen)	March 31, 2006 (In millions of yen)	September 30, 2006 (In millions of U.S. dollars)
Accumulated Depreciation on Tangible Fixed Assets				
International Financial Account	¥ 14,673	¥ 14,264	¥ 14,446	\$ 124
Overseas Economic Cooperation Account	5,063	4,949	5,048	43

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, 2006 and 2005, and March 31, 2006.

	September 30, 2006 (In millions of yen)	September 30, 2005 (In millions of yen)	March 31, 2006 (In millions of yen)	September 30, 2006 (In millions of U.S. dollars)
	¥	¥	¥	\$
FILP Agency Bond 5	50,000	50,000	50,000	424
FILP Agency Bond 7	60,000	60,000	60,000	509
FILP Agency Bond 9	50,000	50,000	50,000	424
FILP Agency Bond 11	50,000	-	50,000	424

9. Acceptances and guarantees

Acceptances and Guarantees as of September 30, 2006 and 2005, and March 31, 2006 were as follows:

	September 30, 2006 (In millions of yen)	September 30, 2005 (In millions of yen)	March 31, 2006 (In millions of yen)	September 30, 2006 (In millions of U.S. dollars)
	¥	¥	¥	\$
Acceptances	-	-	-	-
Guarantees	1,139,823	975,429	1,066,099	9,668
	¥ 1,139,823	¥ 975,429	¥ 1,066,099	\$ 9,668

10. Assets pledged as collateral

There were no assets pledged as collateral as of September 30, 2006 and 2005, and March 31, 2006.

11. 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 (\$127 million) corresponding to "ODA-loan related losses" out of its general account for interim fiscal year ended September 30, 2006 and September 30, 2005 respectively, and ¥30 billion for fiscal year ended March 31, 2006.

12. Other extraordinary income

Other extraordinary income include Reversal of allowance for possible loan losses, ¥8,684 million (\$74 million) for the interim year ended September 30, 2006.

13. 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.

14. Lease transactions

Lease transactions in the (interim) fiscal years ended September 30, 2006 and 2005, and March 31, 2006 were 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, 2006 and 2005, and March 31, 2006, were as follows:

	September 30, 2006 (In millions of yen)	September 30, 2005 (In millions of yen)	March 31, 2006 (In millions of yen)	September 30, 2006 (In millions of U.S. dollars)
	¥	¥	¥	\$
Acquisition cost				
Equipment	615	630	624	5
Others	506	506	506	4
Total	¥ 1,121	¥ 1,136	¥ 1,131	\$ 9
Accumulated depreciation				
Equipment	390	237	316	3
Others	303	202	253	3
Total	¥ 694	¥ 439	¥ 569	\$ 6
Net balance				
Equipment	225	393	308	2
Others	202	303	253	2
Total	¥ 427	¥ 697	¥ 561	\$ 4

- Future lease payment obligations as of September 30, 2006 and 2005, and March 31, 2006 are summarized below:

	September 30, 2006 (In millions of yen)	September 30, 2005 (In millions of yen)	March 31, 2006 (In millions of yen)	September 30, 2006 (In millions of U.S. dollars)
	¥	¥	¥	\$
Due within 1 year	271	269	269	2
Due after 1 year	168	439	304	1
Total	¥ 439	¥ 709	¥ 574	\$ 3

- Lease payment, depreciation expenses, interest expense and impairment losses for the (interim) fiscal year ended September 30, 2006 and 2005, and March 31, 2006 were as follows:

	September 30, 2006 (In millions of yen)	September 30, 2005 (In millions of yen)	March 31, 2006 (In millions of yen)	September 30, 2006 (In millions of U.S. dollars)
	¥	¥	¥	\$
Lease payment	140	141	283	1
Depreciation expense	133	135	270	1
Interest expense	5	8	15	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, 2006 and 2005, and March 31, 2006 were summarized below:

	September 30, 2006 (In millions of yen)	September 30, 2005 (In millions of yen)	March 31, 2006 (In millions of yen)	September 30, 2006 (In millions of U.S. dollars)
	¥	¥	¥	\$
Due within 1 year	2	17	6	0
Due after 1 year	0	3	1	0
Total	¥ 3	¥ 20	¥ 8	\$ 0

15. Derivative transactions

Notes to derivative transactions in the interim fiscal period ended September 30, 2006 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 period 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 fiscal year ended March 31, 2006 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

16. Market value of securities

Notes to market value of securities as of September 30, 2006 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 30,2006 (In millions of yen)	September 30,2006 (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	110,817	940
Unlisted foreign equities	1,987	17
Other unlisted Japanese securities	250	2
Other unlisted foreign securities	1,594	14
Others	460,800	3,908
Total	<u>¥ 575,450</u>	<u>\$ 4,881</u>

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)
	¥
Held-to-maturity debt securities	
Unlisted foreign securities	-
Available-for-sale securities	
Unlisted Japanese equities other than over-the-counter	115,817
Unlisted foreign equities	2,048
Other unlisted Japanese securities	147
Other unlisted foreign securities	1,290
Total	<u>¥ 119,302</u>

Notes to market value of securities as of March 31, 2006 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 31,2006 (In millions of yen)
	¥
Held-to-maturity debt securities	
Unlisted foreign securities	-
Available-for-sale securities	
Unlisted Japanese equities other than over-the-counter	115,817
Unlisted foreign equities	2,053
Other unlisted Japanese securities	250
Other unlisted foreign securities	1,414
Others	133,800
Total	<u>¥ 253,335</u>