

BALANCE SHEETS (UNAUDITED)
JAPAN BANK FOR INTERNATIONAL COOPERATION
International Financial Account

	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)	¥	660,055	¥	448,285	¥	636,786	\$	5,598
Securities (Notes 4 and 15)		609		212		400		5
Loans (Note 5)		7,855,990		8,172,388		8,080,007		66,633
Miscellaneous assets (Note 6)		205,311		333,221		205,162		1,741
Premises and equipment (Note 7)		-		18,966		18,901		-
Tangible fixed assets (Note 7)		18,509		-		-		157
Intangible fixed assets		2,418		-		-		21
Deferred charges on bonds and notes		1,419		3,733		4,227		12
Customers' liabilities for acceptances and guarantees		1,139,823		975,429		1,066,099		9,668
Allowance for possible loan losses		(145,831)		(146,172)		(147,963)		(1,237)
Total assets	¥	9,738,307	¥	9,806,065	¥	9,863,621	\$	82,598

	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)	¥	2,120,441	¥	1,777,685	¥	2,043,963	\$	17,985
Borrowings		4,619,984		5,215,435		4,906,569		39,186
Miscellaneous liabilities		188,307		208,255		189,951		1,597
Reserve for bonus payments		601		628		632		5
Reserve for employee retirement benefits		10,117		10,647		10,213		86
Acceptances and guarantees (Note 9)		1,139,823		975,429		1,066,099		9,668
Total liabilities		8,079,274		8,188,081		8,217,430		68,527

Equity

Capital:

Capital attributable to the International Financial Account		-		985,500		985,500		-
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Retained earnings:

Reserve attributable to the International Financial Account (Note 12)		-		709,148		709,148		-
Accumulated deficit		-		(76,664)		(48,457)		-
		-		632,483		(660,690)		-

Total equity		-		1,617,983		1,646,190		-
Total liabilities and equity	¥	-	¥	9,806,065	¥	9,863,621	\$	-

Net assets

Capital:

Capital attributable to the International Financial Account		985,500		-		-		8,359
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Retained earnings:

Other retained earnings		-		-		-		-
Reserve attributable to the International Financial Account (Note 12)		745,236		-		-		6,321
Accumulated deficit		(89,548)		-		-		(760)
		655,687		-		-		5,561

Total stockholders' equity		1,641,187		-		-		13,920
Net deferred gains on hedges		17,845		-		-		151
Total valuation differences and translation adjustments		17,845		-		-		151
Total net assets		1,659,032		-		-		14,071
Total liabilities and net assets	¥	9,738,307	¥	-	¥	-	\$	82,598

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

STATEMENTS OF OPERATIONS (UNAUDITED)

JAPAN BANK FOR INTERNATIONAL COOPERATION

International Financial Account

	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	¥	162,851	¥	158,030	¥	312,822	\$	1,381
Other interest income		3,930		1,727		6,297		34
		<u>166,782</u>		<u>159,758</u>		<u>319,119</u>		<u>1,415</u>
Fees and Commissions		3,886		4,249		8,097		33
Other operating income		512		2,051		3,840		4
Other ordinary income		129		96		191		1
Other extraordinary income (Note 11)		3,171		2,276		2,358		27
Total income		174,482		168,432		333,606		1,480
Expenses								
Interest expenses		135,063		101,176		226,059		1,146
Fees and Commissions		399		762		3,212		3
Other operating expenses		665		645		1,275		6
General and administrative expenses		7,216		6,947		14,140		61
Other ordinary expenses		48		7,390		9,186		0
Other extraordinary losses		5		7		20		0
Total expenses		143,398		116,929		253,895		1,216
Net income	¥	31,084	¥	51,503	¥	79,711	\$	264

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
International Financial Account

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	Other retained earnings		Total retained earnings				
Reserve attributable to the International Financial Account		Accumulated deficit						
Balance at March 31, 2006	985,500	709,148	(48,457)	660,690	1,646,190	-	-	1,646,190
Changes during the interim accounting period								
Proceeds from issuance of capital stocks attributable to the International Financial Account	-	-	-	-	-	-	-	-
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)
Net income	-	-	31,084	31,084	31,084	-	-	31,084
Net changes in the items other than stockholder's equity	-	-	-	-	-	17,845	17,845	17,845
Net changes during the interim accounting period	-	36,087	(41,091)	(5,003)	(5,003)	17,845	17,845	12,841
Balance at September 30, 2006	985,500	745,236	(89,548)	655,687	1,641,187	17,845	17,845	1,659,032

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

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	Other retained earnings		Total retained earnings				
Reserve attributable to the International Financial Account		Accumulated deficit						
Balance at March 31, 2006	8,359	6,015	(412)	5,603	13,962	-	-	13,962
Changes during the interim accounting period								
Proceeds from issuance of capital stocks attributable to the International Financial Account	-	-	-	-	-	-	-	-
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)
Net income	-	-	264	264	264	-	-	264
Net changes in the items other than stockholder's equity	-	-	-	-	-	151	151	151
Net changes during the interim accounting period	-	306	(348)	(42)	(42)	151	151	109
Balance at September 30, 2006	8,359	6,321	(760)	5,561	13,920	151	151	14,071

STATEMENTS OF CASH FLOWS (UNAUDITED)**JAPAN BANK FOR INTERNATIONAL COOPERATION****International Financial Account**

	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	¥	31,084	¥	51,503	¥	79,711	\$	264
Depreciation and amortization		618		433		955		5
Decrease in allowance for possible loan losses		(2,131)		(24,980)		(23,190)		(18)
Increase (decrease) in reserve for bonus payments		(31)		33		37		(0)
Decrease in reserve for employee retirement benefits		(96)		(64)		(497)		(1)
Interest income		(166,782)		(159,758)		(319,119)		(1,415)
Interest expenses		135,063		101,176		226,059		1,146
Net loss on securities		48		22		26		0
Foreign exchange gain		(9,855)		(192,559)		(334,982)		(84)
Net loss on sales of premises and equipment		-		6		18		-
Net gain on sales of tangible fixed assets		(4)		-		-		(0)
Net decrease in loans		261,550		484,631		760,051		2,219
Net increase in bonds and notes		50,000		5,995		229,542		424
Net decrease in borrowings		(286,585)		(143,841)		(452,707)		(2,431)
Net increase in due from banks (excluding cash equivalents)		(252,279)		(256,548)		(251,814)		(2,140)
Interest received		170,231		156,757		332,126		1,444
Interest paid		(130,144)		(96,019)		(227,148)		(1,104)
Others, net		(7,956)		176,410		290,453		(67)
Net cash (used in) provided by operating activities		(207,270)		103,199		309,522		(1,758)
Cash flows from investing activities								
Purchases of securities		(249)		(124)		(309)		(2)
Sales of securities		-		1		1		-
Expenditures on premises and equipment		-		(136)		(440)		-
Expenditures on tangible fixed assets		(117)		-		-		(1)
Expenditures on intangible fixed assets		(139)		-		-		(1)
Proceeds from sales of premises and equipment		-		3		11		-
Proceeds from sales of tangible fixed assets		11		-		-		0
Net cash used in investing activities		(494)		(256)		(737)		(4)
Cash flows from financing activities								
Payment to National Treasury		(22,179)		(19,964)		(34,726)		(188)
Net cash used in financing activities		(22,179)		(19,964)		(34,726)		(188)
Effect of exchange rate changes on cash and cash equivalents		0		0		0		0
Net (decrease) increase in cash and cash equivalents		(229,945)		82,979		274,058		(1,950)
Cash and cash equivalents at the beginning of the period		300,742		26,683		26,683		2,551
Cash and cash equivalents at the end of the period	¥	70,797	¥	109,662	¥	300,742	\$	601

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

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)
JAPAN BANK FOR INTERNATIONAL COOPERATION
International Financial Account

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 of 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, borrowings, 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 premium 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 ¥2,347 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" and "Accumulated deficit" which had been included in "Retained earnings" was presented as "Reserve attributable to the International Financial 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 into "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 sale of premises and equipment" is presented as "Proceeds from sale 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 ASBJ Statement No.5 "Accounting Standards for Presentation of Net Assets on Balance Sheet" (December 9, 2005) and ASBJ 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 ¥1,641,187 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	¥ 660,055	¥ 448,285	¥ 636,786	\$ 5,598
Due from banks(*)	(589,258)	(338,623)	(336,044)	(4,997)
Cash and cash equivalents	¥ 70,797	¥ 109,662	¥ 300,742	\$ 601

(*) 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 (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)	
Equity	¥	12	¥	12	¥	12	\$	0
Other securities		597		199		387		5
	¥	609	¥	212	¥	400	\$	5

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:

	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)	
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

- (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

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 (\$183million) of which ¥12,956 million (\$110 million) represents original principal attributable to the International Financial Account as of September 30, 2006, ¥90,624 million of which ¥80,051 million represents original principal as of September 30, 2005 and ¥20,470 million of which ¥10,890 million represents original principal as of March 31, 2006.

- (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.

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 ¥1,457,406 million (\$12,361 million), ¥1,066,480million and ¥1,388,562 million, respectively.
- (i) With respect to the 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 fiscal 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 and 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)	FY2006 (In millions of yen)	First Half of FY2006 (In millions of U.S. dollars)
Depreciation Expense	¥ 618	¥ 433	¥ 955	\$ 5
	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	¥ 14,673	¥ 14,264	¥ 14,446	\$ 124

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. Other extraordinary income

Other extraordinary income include Reversal of allowance for possible loan losses, ¥2,131 million (\$18 million) for the interim year ended September 30, 2006

12. Reserve

Pursuant to Article 44 of JBIC Law, the reserve attributable to the International Financial Account is provided from net earnings from the International Financial Account.

13. Lease transactions

Lease transactions in the (interim) fiscal years ended September 30, 2006, 2005 and March 31, 2006 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, 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	381	390	387	3
Others	313	313	313	3
Total	¥ 695	¥ 704	¥ 701	\$ 6
Accumulated depreciation				
Equipment	241	146	196	2
Others	188	125	156	2
Total	¥ 430	¥ 272	¥ 352	\$ 4
Net balance				
Equipment	139	243	191	1
Others	125	188	156	1
Total	¥ 265	¥ 432	¥ 348	\$ 2

- Future lease payment obligations as of September 30, 2006, 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	168	166	167	1
Due after 1 year	104	272	188	1
Total	¥ 272	¥ 439	¥ 356	\$ 2

- 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	86	87	175	1
Depreciation expense	82	84	167	1
Interest expense	3	5	9	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	1	10	4	0
Due after 1 year	0	1	1	0
Total	¥ 1	¥ 12	¥ 5	\$ 0

14. 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 the 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

15. 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 security 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	12	0
Unlisted foreign equities	-	-
Other unlisted Japanese securities	250	2
Other unlisted foreign securities	346	3
Others	460,800	3,909
Total	¥ 461,409	\$ 3,914

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	12
Unlisted foreign equities	-
Other unlisted Japanese securities	147
Other unlisted foreign securities	52
Total	¥ 212

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	12
Unlisted foreign equities	-
Other unlisted Japanese securities	250
Other unlisted foreign securities	136
Others	133,800
Total	¥ 134,200