

## Report of Independent Auditors

To the Governor of Japan Bank for International Cooperation

We have audited the accompanying Overseas Economic Cooperation Account balance sheets of Japan Bank for International Cooperation as of March 31, 2007, and the related statements of operations, changes in net assets, and cash flows for the year then ended, all expressed in Japanese Yen. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Overseas Economic Cooperation Account of Japan Bank for International Cooperation as of March 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying financial statements with respect to the year ended March 31, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

*Ernst & Young ShinNihon*  
Ernst & Young ShinNihon

June 22, 2007

**BALANCE SHEETS****JAPAN BANK FOR INTERNATIONAL COOPERATION****Overseas Economic Cooperation Account**

	In millions of yen		In millions of yen		In millions of U.S.dollars	
	March 31, 2007		March 31, 2006		March 31, 2007	
<b>Assets</b>						
Cash and due from banks (Note 3)	¥	68,258	¥	18,730	\$	578
Securities (Notes 4 and 19)		109,275		119,135		926
Loans (Note 5)		10,940,343		10,943,642		92,676
Miscellaneous assets (Note 6)		62,913		70,876		533
Premises and equipment (Note 7)		-		6,972		-
Tangible fixed assets (Note 7)		6,603		-		56
Intangible fixed assets (Note 7)		1,334		-		11
Deferred charges on bonds and notes (Note 8)		-		3		-
Allowance for possible loan losses (Note 9)		(102,897)		(125,156)		(872)
<b>Total assets</b>	<b>¥</b>	<b>11,085,830</b>	<b>¥</b>	<b>11,034,203</b>	<b>\$</b>	<b>93,908</b>

	In millions of yen		In millions of yen		In millions of U.S.dollars	
	March 31, 2007		March 31, 2006		March 31, 2007	
<b>Liabilities and equity</b>						
<b>Liabilities</b>						
Bonds and notes (Note 10)	¥	-	¥	10,000	\$	-
Borrowings (Note 11)		3,714,803		4,020,220		31,468
Miscellaneous liabilities (Note 12)		14,105		17,145		120
Reserve for bonus payments		390		387		3
Reserve for employee retirement benefits (Note 13)		6,148		6,259		52
<b>Total liabilities</b>		<b>3,735,446</b>		<b>4,054,013</b>		<b>31,643</b>

**Equity****Capital:**

Capital attributable to the Overseas Economic Cooperation Account		-		7,065,644		-
---	--	---	--	-----------	--	---

**Retained earnings:**

Reserve attributable to the Overseas Economic Cooperation Account (Note 16)		-		111,324		-
Accumulated deficit		-		(196,778)		-
		-		(85,454)		-

<b>Total equity</b>		-		<b>6,980,190</b>		-
<b>Total liabilities and equity</b>	<b>¥</b>	<b>-</b>	<b>¥</b>	<b>11,034,203</b>	<b>\$</b>	<b>-</b>

**Net assets****Capital:**

Capital attributable to the Overseas Economic Cooperation Account		7,231,508		-		61,258
---	--	-----------	--	---	--	--------

**Retained earnings:**

Other retained earnings		-		-		-
Reserve attributable to the Overseas Economic Cooperation Account (Note 16)		166,062		-		1,407
Accumulated deficit		(47,187)		-		(400)
		118,875		-		1,007

<b>Total stockholders' equity</b>		<b>7,350,383</b>		-		<b>62,265</b>
-----------------------------------	--	------------------	--	---	--	---------------

Net deferred losses on hedges		-		-		-
-------------------------------	--	---	--	---	--	---

<b>Total valuation differences and translation adjustments</b>		-		-		-
--	--	---	--	---	--	---

<b>Total net assets</b>		<b>7,350,383</b>		-		<b>62,265</b>
-------------------------	--	------------------	--	---	--	---------------

<b>Total liabilities and net assets</b>	<b>¥</b>	<b>11,085,830</b>	<b>¥</b>	<b>-</b>	<b>\$</b>	<b>93,908</b>
---	----------	-------------------	----------	----------	-----------	---------------

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

**STATEMENTS OF OPERATIONS**

## JAPAN BANK FOR INTERNATIONAL COOPERATION

**Overseas Economic Cooperation Account**

	In millions of yen		In millions of yen		In millions of U.S.dollars	
	FY 2006		FY 2005		FY 2006	
<b>Income</b>						
Interest income	¥	246,837	¥	255,196	\$	2,091
Interest on loans		240,025		249,467		2,033
Interest and dividend income on securities		6,781		5,728		58
Interest on due from banks		29		0		0
Fees and Commissions		560		686		5
Other operating income		23		145		0
Foreign exchange gains		23		145		0
Other ordinary income		157		163		1
Grant from general account (Note 15)		30,000		30,000		254
Reversal pf allowance for possible loan losses		22,259		43,802		189
Recovery of written-off claims		822		824		7
Profits on sales of premises and equipment		-		4		-
Profits on sales of tangible fixed assets		4		-		0
<b>Total income</b>		<b>300,665</b>		<b>330,822</b>		<b>2,547</b>
<b>Expenses</b>						
Interest expenses		81,141		89,609		687
Interest on bonds and notes		183		614		1
Interest on borrowings		80,957		88,995		686
Fees and Commissions		3,874		2,657		33
Other operating expenses		10		17		0
Others		10		17		0
General and administrative expenses		9,773		8,495		83
Other ordinary expenses		1,497		218		13
Write-off of equities, securities, etc.		1,481		217		13
Others		16		1		0
Losses on disposal of premises and equipment		-		6		-
Losses on disposal of tangible fixed assets		37		-		0
<b>Total expenses</b>		<b>96,336</b>		<b>101,005</b>		<b>816</b>
<b>Net income</b>	¥	<b>204,329</b>	¥	<b>229,816</b>	\$	<b>1,731</b>

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

**STATEMENTS OF CASH FLOWS****JAPAN BANK FOR INTERNATIONAL COOPERATION****Overseas Economic Cooperation Account**

	In millions of yen		In millions of yen		In millions of U.S.dollars	
	FY 2006		FY 2005		FY 2006	
<b>Cash flows from operating activities</b>						
Net income	¥	204,329	¥	229,816	\$	1,731
Depreciation and amortization		651		442		6
Decrease in allowance for possible loan losses		(22,259)		(57,354)		(189)
Increase in reserve for bonus payments		2		22		0
Decrease in reserve for employee retirement benefits		(111)		(305)		(1)
Interest income		(246,837)		(255,196)		(2,091)
Interest expenses		81,141		89,609		687
Net loss on securities		1,436		174		12
Foreign exchange gain		(33)		(159)		(0)
Net loss on sales of premises and equipment		-		2		-
Net loss on sales of tangible fixed assets		33		-		0
Net decrease (increase) in loans		3,298		(202,849)		28
Net decrease in bonds and notes		(10,000)		(15,000)		(85)
Net decrease in borrowings		(305,417)		(180,238)		(2,587)
Net decrease in due from banks (excluding cash equivalents)		186		18,968		2
Interest received		253,676		261,342		2,149
Interest paid		(83,452)		(90,024)		(707)
Others, net		(730)		(215)		(6)
<b>Net cash used in operating activities</b>		<b>(124,086)</b>		<b>(200,965)</b>		<b>(1,051)</b>
<b>Cash flows from investing activities</b>						
Purchases of securities		(135)		(111)		(1)
Sales of securities		8,443		689		72
Purchases of premises and equipment		-		(270)		-
Purchases of tangible fixed assets		(273)		-		(3)
Purchases of intangible fixed assets		(116)		-		(1)
Proceeds from sales of premises and equipment		-		16		-
Proceeds from sales of tangible fixed assets		6		-		0
<b>Net cash provided by investing activities</b>		<b>7,925</b>		<b>323</b>		<b>67</b>
<b>Cash flows from financing activities</b>						
Proceeds from issuance of capital stocks from government		165,864		174,400		1,405
<b>Net cash provided by financing activities</b>		<b>165,864</b>		<b>174,400</b>		<b>1,405</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>49,703</b>		<b>(26,241)</b>		<b>421</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>17,865</b>		<b>44,106</b>		<b>151</b>
<b>Cash and cash equivalents at the end of the period</b>	¥	<b>67,569</b>	¥	<b>17,865</b>	\$	<b>572</b>

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

**STATEMENTS OF CHANGES IN NET ASSETS**  
**JAPAN BANK FOR INTERNATIONAL COOPERATION**  
**Overseas Economic Cooperation Account**

For the year ended March 31, 2007

(In millions of yen)

	Stockholders' equity					Valuation differences and translation adjustments		Total net assets
	Capital	Retained earnings			Total stockholders' equity	Net deferred losses on hedges	Total valuation differences and translation adjustments	
	Capital attributable to the Overseas Economic Cooperation Account	Other retained earnings		Total retained earnings				
		Reserve attributable to the Overseas Economic Cooperation Account	Accumulated deficit					
Balance at March 31, 2006	7,065,644	111,324	(196,778)	(85,454)	6,980,190	-	-	6,980,190
Changes during the accounting period								
Proceeds from issuance of capital stocks attributable to the Overseas Economic Cooperation Account	165,864	-	-	-	165,864	-	-	165,864
Transfer to reserve attributable to the Overseas Economic Cooperation Account from accumulated deficit	-	54,737	(54,737)	-	-	-	-	-
Net income	-	-	204,329	204,329	204,329	-	-	204,329
Net changes in the items other than stockholders' equity	-	-	-	-	-	-	-	-
Net changes during the accounting period	165,864	54,737	149,591	204,329	370,193	-	-	370,193
Balance at March 31, 2007	7,231,508	166,062	(47,187)	118,875	7,350,383	-	-	7,350,383

**STATEMENTS OF CHANGES IN NET ASSETS**  
**JAPAN BANK FOR INTERNATIONAL COOPERATION**  
**Overseas Economic Cooperation Account**

For the year ended March 31, 2007

(In millions of U.S. dollars)

	Stockholders' equity					Valuation differences and translation adjustments		Total net assets
	Capital	Retained earnings			Total stockholders' equity	Net deferred losses on hedges	Total valuation differences and translation adjustments	
	Capital attributable to the Overseas Economic Cooperation Account	Other retained earnings		Total retained earnings				
Reserve attributable to the Overseas Economic Cooperation Account		Accumulated deficit						
Balance at March 31, 2006	59,853	943	(1,667)	(724)	59,129	-	-	59,129
Changes during the accounting period								
Proceeds from issuance of capital stocks attributable to the Overseas Economic Cooperation Account	1,405	-	-	-	1,405	-	-	1,405
Transfer to reserve attributable to the Overseas Economic Cooperation Account from accumulated deficit	-	464	(464)	-	-	-	-	-
Net income	-	-	1,731	1,731	1,731	-	-	1,731
Net changes in the items other than stockholders' equity	-	-	-	-	-	-	-	-
Net changes during the accounting period	1,405	464	1,267	1,731	3,136	-	-	3,136
Balance at March 31, 2007	61,258	1,407	(400)	1,007	62,265	-	-	62,265

**STATEMENTS OF EQUITY**  
**JAPAN BANK FOR INTERNATIONAL COOPERATION**  
**Overseas Economic Cooperation Account**

In millions of yen

	Capital attributable to the Overseas Economic Cooperation Account	Reserve attributable to the Overseas Economic Cooperation Account	Accumulated deficit	Total Equity
Balance at March 31, 2005	¥ 6,891,244	¥ 85,490	¥ (400,761)	¥ 6,575,973
Transfer from net earnings accounted under the JBIC Law to reserve	-	25,833	(25,833)	-
Issuance of capital from Government	174,400	-	-	174,400
Net income	-	-	229,816	229,816
Balance at March 31, 2006	¥ 7,065,644	¥ 111,324	¥ (196,778)	¥ 6,980,190
<b>Appropriations:</b>				
Transfer from net earnings accounted under the JBIC Law to reserve	-	54,737	(54,737)	-
<b>Total</b>	¥ -	¥ 54,737	¥ (54,737)	¥ -
<b>Unappropriated Accumulated deficit</b>	¥ -	¥ -	¥ (251,516)	¥ -

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

**NOTES TO FINANCIAL STATEMENTS**  
**JAPAN BANK FOR INTERNATIONAL COOPERATION**  
**Overseas Economic Cooperation Account**

**1. Basis of presentation**

The accompanying financial statements have been prepared from the accounts maintained by Japan Bank for International Cooperation ("JBIC" 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 ¥118.05=\$1.00, the exchange rate as of March 31, 2007, 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 the moving average method.

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

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

**(d) Depreciation basis for fixed assets (premises and equipment)**

**(i) Tangible fixed assets**

Tangible fixed assets are depreciated under the declining balance basis over their useful economic lives except for buildings (excluding installed facilities) acquired on or after April 1, 1998, which are depreciated under the straight-line method, and the applicable share of estimated annual depreciation costs for the fiscal year is recorded based on the following range of useful lives.

The principal estimated useful economic lives are as follows:

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).

**(e) Method of amortization for deferred charges**

Until the previous fiscal year, discounts and premiums on bonds and notes had been separately 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 fiscal period ending upon or after its public announcement, JBIC adopted the revised accounting standard effective this fiscal period, and Bonds and notes were stated at amortized cost (the straight line method). This accounting change had no material impact on the financial statements.

Discounts on bonds and notes recorded 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).



**(f) 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 fiscal period, presentation of account items has been changed as follows:

- (i) "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 Overseas Economic Cooperation Account" and "Accumulated deficit" in "Other retained earnings", respectively.
- (ii) "Premises and equipment" was divided into "Tangible fixed assets," "Intangible fixed assets" and "Miscellaneous assets."
- (iii) "Software" was reclassified from "Miscellaneous assets" to "Intangible fixed assets."

**(g) 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 "Purchases of 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.

**(h) 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 the 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 and the execution of guarantees.

The allowance for claims on debtors other than Bankrupt borrowers, Substantially bankrupt borrowers and Potentially bankrupt borrowers is provided primarily based on the default rate, which is calculated based on the actual defaults during a certain period in the past.

The allowance for possible losses on specific overseas loans is provided based on the expected loss amount taking into consideration the political and economic situations of these countries.

All claims are assessed initially by the operational departments and secondly by risk evaluation departments based on internal rules for self-assessment of asset quality. The internal audit department, which is independent from the operational departments, reviews these self-assessments, and the allowance is provided based on the results of the assessment.

**(i) 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 balance sheet. Reserve for bonus payments to executive directors is included in the account.

**(j) 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 fiscal period end.

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

**(k) Lease transactions**

Finance leases that do not involve the transfer of ownership to the lessee at the end of the lease term are accounted for as an operating lease.

**(l) Consumption taxes**

Consumption taxes, including local consumption tax, are excluded from the transaction amounts.

**(m) Significant changes in accounting policies**

In accordance with newly effective Accounting Standards Board 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 ¥7,350,383 million at the balance sheet date.

Net Assets portion of the financial statements are presented in accordance with revised "Ordinance Regarding 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 fiscal year and the amount of cash and due from banks reported in the balance sheets as of March 31, 2007, and 2006 were as follows:

	March 31, 2007 ( In millions of yen )	March 31, 2006 ( In millions of yen )	March 31, 2007 (In millions of U. S. dollars)
	¥	¥	\$
Cash and due from banks	68,258	18,730	578
Due from banks (*)	(689)	(864)	(6)
Cash and cash equivalents	¥ 67,569	¥ 17,865	\$ 572

(\*) Excluding Due from Bank of Japan

### 4. Securities

Securities as of March 31, 2007 and 2006 were as follows:

	March 31, 2007 ( In millions of yen )	March 31, 2006 ( In millions of yen )	March 31, 2007 (In millions of U. S. dollars)
	¥	¥	\$
Equity	107,996	117,858	915
Other securities	1,279	1,277	11
	¥ 109,275	¥ 119,135	\$ 926

### 5. Loans

All of loans are loans on deeds. The amounts reported in the balance sheets as of March 31, 2007 were 2006 are as follows:

	March 31, 2007 ( In millions of yen )	March 31, 2006 ( In millions of yen )	March 31, 2007 (In millions of U. S. dollars)
	¥	¥	\$
Bankrupt loans	-	-	-
Non-accrual loans	76,876	96,998	651
Past due loans (3 months or more)	-	-	-
Restructured loans	185,191	184,691	1,569
	¥ 262,068	¥ 281,689	\$ 2,220

- (a) "Bankrupt loans" refer to loans, after write-offs, 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, the Corporate Law 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 months 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 months 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:

	March 31, 2007 ( In millions of yen )	March 31, 2006 ( In millions of yen )	March 31, 2007 (In millions of U. S. dollars)
	¥	¥	\$
Overseas Economic Cooperation Account	1,246,893	1,262,313	10,562

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 self assessment as "Watchlisted" (but not "Past due loans (3 months or more)"), that were rescheduled under the Paris Club as "Restructured loans." The amount of such loans, included in "Restructured loans" in the above table, is ¥185,191 million (\$1,569 million) of which ¥101,267 million (\$858 million) represents original principal attributable to the Overseas Economic Cooperation Account as of March 31, 2007, and ¥184,691 million of which ¥96,407 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 grace period ("Moratorium") for countries affected by the Sumatra Earthquake and India Tsunami in December 2004, in order to support their reconstruction and recovery. During this Moratorium period creditor countries will not expect any debt payment on the due date up to December 31, 2005, and will reschedule the repayment period of deferred debts for 5 years including a 1 year grace period.

As of the end of March 2007, 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 ¥144,968 million (\$1,228 million) in the Overseas Economic Cooperation Account.

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

- (h) As JBIC's debtors mainly require long-term loans, JBIC generally enters into commitment line contracts with these debtors. JBIC provides commitment lines under which it lends necessary funds up to a predetermined amount, which is within the borrowers' financing needs for the projects and up to the agreed maximum to lend, upon borrowers' request, provided that the request meets terms and conditions for disbursement prescribed in the Loan Agreement. The total balance of unused commitment lines as of March 31, 2007 and 2006 are ¥3,656,740 million (\$30,976 million) and ¥3,667,762 million respectively.
- (i) With respect to claims with collateral or guarantees on debtors who are legally or substantially bankrupt ("Bankrupt borrowers and Substantially bankrupt borrowers"), the residual booked amount of the claims after deduction of the amount which is deemed collectible through the disposal of collateral or the execution of guarantees in written-off against the respective claims. There were no corresponding amounts as of March 31, 2007 and 2006.

## 6. Miscellaneous assets

Miscellaneous assets as of March 31, 2007 and 2006 were as follows:

	March 31, 2007 ( In millions of yen )	March 31, 2006 ( In millions of yen )	March 31, 2007 (In millions of U. S. dollars)
	¥	¥	\$
Prepaid expenses	493	512	4
Accrued income (a)	61,599	68,427	522
Other (b)	819	1,935	7
	¥ 62,913	¥ 70,876	\$ 533

(Notes)

- (a) "Accrued income" includes ¥61,391 million (\$520 million) and ¥67,903 million of accrued interest on loans and other

as of March 31, 2007 and 2006, respectively.

- (b) "Other" includes ¥0 million (\$0 million) of suspense payments and other as of March 31, 2007 and ¥52 million of suspense payments and other as of March 31, 2006.

## 7. Fixed assets (Premises and equipment)

Fixed assets ( Premises and equipment ) as of March 31, 2007 and 2006 were as follows:

	March 31, 2007 ( In millions of yen )		March 31, 2006 ( In millions of yen )		March 31, 2007 (In millions of U. S. dollars)
	¥	¥	¥	¥	\$
<b>Tangible fixed assets</b>					
Land		2,994		2,994	25
Buildings		6,985		7,271	59
Equipment		1,250		1,213	11
Construction in progress		27		221	0
<b>Total</b>	¥	11,258	¥	11,701	\$ 95
Less-accumulated depreciation		4,655		5,048	39
<b>Net book value</b>	¥	6,603	¥	6,653	\$ 56
<b>Intangible fixed assets</b>	¥		¥		\$
Software		2,179		2,011	18
Guarantee deposit		-		318	-
Other		0		0	0
<b>Total</b>	¥	2,179	¥	2,329	\$ 18
Less-accumulated depreciation		845		488	7
<b>Net book value</b>	¥	1,334	¥	1,841	\$ 11

## 8. Deferred charges on bonds and notes

Deferred charges on bonds and notes as of March 31, 2007 and 2006 were as follows:

	March 31, 2007 ( In millions of yen )		March 31, 2006 ( In millions of yen )		March 31, 2007 (In millions of U. S. dollars)
	¥	¥	¥	¥	\$
Deferred discounts on bonds and notes		-		3	-
<b>Total</b>	¥	-	¥	3	\$ -

## 9. Allowance for possible loan losses

Allowance for possible loan losses as of March 31, 2007 and 2006 were as follows:

	March 31, 2007 ( In millions of yen )		March 31, 2006 ( In millions of yen )		March 31, 2007 (In millions of U. S. dollars)
	¥	¥	¥	¥	\$
General allowance for possible loan losses		48,869		45,518	414
Specific allowance for possible loan losses		54,028		79,638	458
Allowance for possible losses on specific overseas loans		-		-	-
<b>Total</b>	¥	102,897	¥	125,156	\$ 872

## 10. Bonds and notes

Bonds and notes as of March 31, 2007 and 2006 were as follows:

Description of bonds and notes	Date of issuance	Currency and amounts March 31, 2007 (In millions)	Interest rate (%)	Maturity date	March 31, 2007	March 31, 2006	March 31, 2007
					( In millions of yen )	( In millions of yen )	(In millions of U. S. dollars)
Overseas Economic Cooperation Fund Bonds guaranteed by Japanese govt.	November 1996	JPY -	2.9	November 2006	¥ -	¥ 10,000	\$ -
					¥	¥	\$
					-	10,000	-
					¥	¥	\$
					-	10,000	-

Scheduled redemptions of bonds and notes for each of the next five years as of March 31, 2007 are as follows:

	In millions of yen		In millions of U.S. dollars	
	¥		\$	
Fiscal year 2007	-		-	
2008	-		-	
2009	-		-	
2010	-		-	
2011	-		-	

## 11. Borrowings

Borrowings as of March 31, 2007 and 2006 were as follows:

	Average interest rate	Due date of repayment	March 31, 2007	March 31, 2006	March 31, 2007
			( In millions of yen )	( In millions of yen )	(In millions of U. S. dollars)
Long-term borrowings			¥	¥	\$
Borrowings from the Government Fund for Fiscal Investment and Loan Program	1.79	March 2008-October 2021	3,687,708	3,978,612	31,239
Borrowings from the Government Post Office Life Insurance Fund	1.85		27,095	41,608	229
			¥ 3,714,803	¥ 4,020,220	\$ 31,468

Long-term borrowings with maturities for the next five years as of March 31, 2007 were as follows:

	In millions of yen		In millions of U.S. dollars	
	¥		\$	
Fiscal year 2007	384,366		3,256	
2008	413,141		3,500	
2009	430,199		3,644	
2010	420,196		3,559	
2011	373,762		3,166	

## 12. Miscellaneous liabilities

Miscellaneous liabilities as of March 31, 2007 and 2006 were as follows:

	March 31, 2007 ( In millions of yen )	March 31, 2006 ( In millions of yen )	March 31, 2007 (In millions of U. S. dollars)
	¥	¥	\$
Accrued expenses (a)	13,991	16,113	119
Other (b)	113	1,031	1
	¥ 14,105	¥ 17,145	\$ 120

(Notes)

(a) "Accrued expenses" includes ¥13,633 million (\$115 million) of accrued interest on borrowings and other as of March 31, 2007 (March 31, 2006: ¥15,938 million, and ¥8 million of accrued interest on bonds and notes).

(b) "Other" includes ¥113 million (\$1 million) of suspense receipts as of March 31, 2007 (March 31, 2006: ¥1,031 million).

## 13. Employee retirement benefits

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

### (a) The funded status of the pension plans

Disposition		March 31, 2007 ( In millions of yen )	March 31, 2006 ( In millions of yen )	March 31, 2007 (In millions of U. S. dollars)
		¥	¥	\$
Projected benefit obligation (A)		(8,898)	(8,824)	(75)
Fair value of plans' assets (B)		2,750	2,564	23
Unfunded pension obligation (C) = (A) + (B)		(6,148)	(6,259)	(52)
Unrecognized net obligation at transition (D)		-	-	-
Unrecognized net actuarial gains/losses (E)		-	-	-
Unrecognized prior service cost (F)		-	-	-
Net amount recognized on the balance sheet (G) = (C) + (D) + (E) + (F)		(6,148)	(6,259)	(52)
Prepaid pension cost (H)		-	-	-
Allowance for employee retirement benefits (G) - (H)		¥ (6,148)	¥ (6,259)	\$ (52)

(Note) The projected benefit obligation above includes a portion in which the pension fund acts for the government welfare program.

### (b) Component of pension cost

Disposition		March 31, 2007 ( In millions of yen )	March 31, 2006 ( In millions of yen )	March 31, 2007 (In millions of U. S. dollars)
		¥	¥	\$
Service cost		335	357	3
Interest cost		175	173	1
Expected return on plans' assets		(38)	(32)	(0)
Amortization of prior service cost		-	-	-
Amortization of net actuarial gains/losses		(14)	(345)	(0)
Amortization of net obligation at transition		-	-	-
Other costs		-	-	-
Net pension cost		¥ 487	¥ 152	\$ 4

(c) **Principal assumptions made**

	March 31, 2007	March 31, 2006
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	1.5%	1.5%
Method of attributing the projected benefits to periods of services	Straight-line basis	Straight-line basis
Amortization period of prior service costs	-	-
Amortization period of actuarial gains/losses	Gains/losses are charged to net income for the year	Gains/losses are charged to net income for the year
Amortization period of net obligation at transition	-	-

**14. Assets pledged as collateral**

There were no assets pledged as collateral as of March 31, 2007 and 2006.

**15. Grant from general account**

In accordance with the "Changes of the Debt Relief Method" announced by the Japanese government on December 10, 2002, JBIC reported an extraordinary loss ("ODA-loan related losses") for the year ended March 31, 2003. Under the policy to maintain the financial soundness of JBIC, the government provided JBIC with a grant totaling ¥30 billion (\$254 million) corresponding to "ODA-loan related losses" out of its general account for the fiscal year ended March 31, 2007 and 2006 respectively.

**16. Reserve**

Pursuant to Article 44 of the JBIC Law, the reserve attributable to the Overseas Economic Cooperation Account is provided from net earnings on the Overseas Economic Cooperation Account.

**17. Lease transactions**

Lease transactions in the fiscal year ended March 31, 2007 and 2006 were as follows. There are no impairment losses for the leased assets:

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

• Acquisition cost, accumulated depreciation and net balance of leased property as of March 31, 2007 and 2006 were as follows:

	March 31, 2007 ( In millions of yen )	March 31, 2006 ( In millions of yen )	March 31, 2007 ( In millions of U.S. dollars )
	¥	¥	\$
Acquisition cost			
Equipment	250	237	2
Other	208	192	2
Total	¥ 458	¥ 429	\$ 4
Accumulated depreciation			
Equipment	180	120	2
Other	135	96	1
Total	¥ 316	¥ 216	\$ 3
Net balance			
Equipment	69	117	0
Other	72	96	1
Total	¥ 142	¥ 213	\$ 1

- Future lease payment obligations as of March 31, 2007 and 2006 are summarized below:

	March 31, 2007 ( In millions of yen )	March 31, 2006 ( In millions of yen )	March 31, 2007 ( In millions of U.S. dollars )
	¥	¥	\$
Due within 1 year	90	102	1
Due after 1 year	55	115	0
<b>Total</b>	<b>¥ 145</b>	<b>¥ 218</b>	<b>\$ 1</b>

- Lease payment, depreciation expense and interest expense for the fiscal year ended March 31, 2007 and 2006 are as follows:

	March 31, 2007 ( In millions of yen )	March 31, 2006 ( In millions of yen )	March 31, 2007 ( In millions of U.S. dollars )
	¥	¥	\$
Lease payment	108	107	1
Depreciation expense	103	102	1
Interest expense	3	5	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 effective interest expense, and is allocated to each fiscal year using the interest method.

**(b) Operating lease transactions:**

- Future lease payment obligations as of March 31, 2007 and 2006 are summarized below:

	March 31, 2007 ( In millions of yen )	March 31, 2006 ( In millions of yen )	March 31, 2007 ( In millions of U.S. dollars )
	¥	¥	\$
Due within 1 year	1	2	0
Due after 1 year	-	0	-
<b>Total</b>	<b>¥ 1</b>	<b>¥ 3</b>	<b>\$ 0</b>

## 18. Derivative transactions

There were no derivative transactions in the fiscal year ended March 31, 2007 and 2006.

## 19. Market value of securities

Notes to market value of securities as March 31, 2007 are as follows:

**(a) Trading securities**

Not applicable

**(b) Held-to-maturity debt securities with market value**

Not applicable

**(c) Available-for-sale securities with market value**

Not applicable

**(d) Held-to-maturity debt securities sold**

Not applicable



**(e) Available-for-sale securities sold**

	March 31, 2007 ( In millions of yen )	March 31, 2007 ( In millions of U.S. dollars)
	¥	\$
Sales amount	5,000	42
Gains on sales	-	-
Losses on sales	-	-

**(f) Held-to maturity debt securities and available-for-sale securities whose market value are not readily determinable were as follows:**

	March 31, 2007 ( In millions of yen )	March 31, 2007 ( 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	107,181	908
Unlisted foreign equities	814	7
Other unlisted Japanese securities	-	-
Other unlisted foreign securities	1,279	11
Total	¥ 109,275	\$ 926

**(g) Change in classification of securities**

Not applicable

**(h) Redemption schedule of available-for-sale securities with maturity and held-to maturity debt securities**

Not applicable

**(i) Equity securities of subsidiaries and affiliates with market value**

Not applicable

**(j) Money held in trust**

Not applicable

**(k) Net unrealized gain (loss) on available-for-sale securities**

Not applicable

Notes to market value of securities as March 31, 2006 are as follows:

**(a) Trading securities**

Not applicable

**(b) Held-to-maturity debt securities with market value**

Not applicable

**(c) Available-for-sale securities with market value**

Not applicable

**(d) Held-to-maturity debt securities sold**

Not applicable

**(e) Available-for-sale securities sold**

	March 31, 2006 ( In millions of yen )	March 31, 2006 ( In millions of U.S. dollars)
	¥	\$
Sales amount	128	1
Gains on sales	53	0
Losses on sales	-	-

- (f) **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		115,804
Unlisted foreign equities		2,053
Other unlisted Japanese securities		-
Other unlisted foreign securities		1,277
Total	¥	<u>119,135</u>

- (g) **Change in classification of securities**

Not applicable

- (h) **Redemption schedule of available-for-sale securities with maturity and held-to maturity debt securities**

Not applicable

- (i) **Equity securities of subsidiaries and affiliates with market value**

Not applicable

- (j) **Money held in trust**

Not applicable

- (k) **Net unrealized gain (loss) on available-for-sale securities**

Not applicable