

Japan Bank for International Cooperation

Summary of Japanese GAAP-Based Financial Statements for Fiscal Year Ending March 2008

Japan Bank for International Cooperation (JBIC; Governor: Koji Tanami) made public its financial statements for the fiscal year ending March 2008 in accordance with generally accepted accounting principles and practices for Japanese private corporations (Japanese GAAP) on June 30, 2008. In order to ensure its objectivity, JBIC obtained an auditor's report from ERNST & YOUNG SHINNIHON pursuant to paragraph 1 of Article 193.2 of the Financial Products Exchange Law.

Financial highlights of the Japanese GAAP-based financial statements for the fiscal year ending March 2008 are as follows.

I. Income (Loss)

JBIC's asset-liability structure is characterized by long maturities of both assets and liabilities, with the overall loan assets having a longer maturity than the liabilities. Thus low and stable interest rates in recent years have enabled JBIC to post consistently robust levels of net interest income. As there was no significant change in this trend during FY2007, net operating income of the International Financial Account amounted to 50.2 billion yen, the Overseas Economic Cooperation Account 164.9 billion yen and The Bank Account 215.1 billion yen. Net ordinary income, subsequent to provision for allowance for possible loan losses and other ordinary gain and loss, of the International Financial Account amounted to 50.4 billion yen, the Overseas Economic Cooperation Account 179.1 billion yen and The Bank Account 229.5 billion yen. Due to extraordinary income composed mainly of reversal for possible loan losses for sovereign debtors and a grant provided by the Japanese government, net income of the International Financial Account amounted to 63.9 billion yen, the Overseas Economic Cooperation Account 210.7 billion yen and The Bank Account 274.6 billion yen.

This grant has been provided since FY 2003 in accordance with the policy of the Japanese government to ensure fiscal soundness of JBIC under the "Changes of the Debt Relief Method" announced in FY2002. (20.0 billion yen for FY2007)

<The Bank Account>

(Unit: hundred millions of yen)

	Fiscal Year ending March 2008	Fiscal Year ending March 2007
Gross Operating Profit	2,421	2,283
Net Interest Income	2,459	2,259
Net Fees and Commissions	53	24
Net Other Operating Income	90	1
General and Administrative Expenses	269	260
Net Operating Income (Prior to Provision for General Allowance for Possible Loan Losses)	2,151	2,023
Provision for General Allowance for Possible Loan Losses	-	-
Other Ordinary Gain/Loss ()	144	12
Net Gain/Loss on Stocks	140	15
Write-off of Loans	-	-
Provision for Specific Allowance for Possible Loan Losses	-	-
Provision for Allowance for Possible Losses on Specific Overseas Loans	-	-
Others	4	3
Net Ordinary Income	2,295	2,011
Net Extraordinary Income	451	727
Grant from General Account	200	300
Recovery of Written-off Claims	19	26
Reversal of Allowance for Possible Loan Losses	233	402
Net Income	2,746	2,739

<International Financial Account>

(Unit: hundred millions of yen)

	Fiscal Year ending March 2008	Fiscal Year ending March 2007
Gross Operating Profit	670	659
Net Interest Income	671	602
Net Fees and Commissions	88	57
Net Other Operating Income	88	1
General and Administrative Expenses	168	162
Net Operating Income (Prior to Provision for General Allowance for Possible Loan Losses)	502	497
Provision for General Allowance for Possible Loan Losses	-	-
Other Ordinary Gain/Loss ()	1	2
Net Gain/Loss on Stocks	-	-
Write-off of Loans	-	-
Provision for Specific Allowance for Possible Loan Losses	-	-
Provision for Allowance for Possible Losses on Specific Overseas Loans	-	-
Others	1	2
Net Ordinary Income	504	498
Net Extraordinary Income	136	197
Recovery of Written-off Claims	19	18
Reversal of Allowance for Possible Loan Losses	117	179
Net Income	639	695

<Overseas Economic Cooperation Account>

(Unit: hundred millions of yen)

	Fiscal Year ending March 2008	Fiscal Year ending March 2007
Gross Operating Profit	1,751	1,624
Net Interest Income	1,788	1,657
Net Fees and Commissions	35	33
Net Other Operating Income	2	0
General and Administrative Expenses	102	98
Net Operating Income (Prior to Provision for General Allowance for Possible Loan Losses)	1,649	1,526
Provision for General Allowance for Possible Loan Losses	-	-
Other Ordinary Gain/Loss ()	142	13
Net Gain/Loss on Stocks	140	15
Write-off of Loans	-	-
Provision for Specific Allowance for Possible Loan Losses	-	-
Provision for Allowance for Possible Losses on Specific Overseas Loans	-	-
Others	2	1
Net Ordinary Income	1,791	1,513
Net Extraordinary Income	315	530
Grant from General Account	200	300
Recovery of Written-off Claims	0	8
Reversal of Allowance for Possible Loan Losses	115	223
Net Income	2,107	2,043

(Note) General allowance for possible loan losses is the allowance for claims on debtors other than Bankrupt Borrowers, Substantially Bankrupt Borrowers and Potentially Bankrupt Borrowers.

II. Assets, Liabilities and Capital

As of March 31, 2008, the International Financial Account had total assets of 9,050.6 billion yen (decreased 686.3 billion yen from the previous fiscal year), total liabilities of 7,309.9 billion yen (decreased 748.5 billion yen from the previous fiscal year), and total net assets of 1,740.7 billion yen. The Overseas Economic Cooperation Account had total assets of 11,047.8 billion yen (decreased 38.0 billion yen from the previous fiscal year), total liabilities of 3,327.7 billion yen (decreased 407.7 billion yen from the previous fiscal year), and total net assets of 7,720.1 billion yen. Overall, the Bank had total assets of 20,098.4 billion yen (decreased 724.4 billion yen from the previous fiscal year), total liabilities of 10,637.6 billion yen (decreased 1,156.2 billion yen from the previous fiscal year), and total net assets of 9,460.8 billion yen.

(Unit: hundred millions of yen)

	As of March 31, 2008			As of March 31, 2007		
	The Bank Account	International Financial Account	Overseas Economic Cooperation Account	The Bank Account	International Financial Account	Overseas Economic Cooperation Account
Total Assets	200,984	90,506	110,478	208,227	97,369	110,858
Cash and Due from Banks	3,073	3,054	19	3,290	2,607	683
Securities	1,045	8	1,037	1,101	8	1,093
Loans	176,255	66,627	109,628	188,288	78,885	109,403
Miscellaneous Assets	6,981	6,392	589	2,612	1,982	629
Customer's Liabilities for Acceptances and Guarantees	15,369	15,369	-	14,970	14,970	-
Allowance for Possible Loan Losses	2,038	1,162	876	2,330	1,301	1,029
Total Liabilities	106,376	73,099	33,277	117,938	80,584	37,354
Bonds and Notes	20,534	20,534	-	19,761	19,761	-
Borrowings	69,722	36,655	33,067	80,948	43,800	37,148
Miscellaneous Liabilities	569	428	141	2,087	1,946	141
Acceptances and Guarantees	15,369	15,369	-	14,970	14,970	-
Total Net Assets	94,608	17,407	77,201	90,289	16,785	73,504
Capital	83,761	9,855	73,906	82,170	9,855	72,315
Retained Earnings and Reserve	10,525	7,229	3,295	8,130	6,941	1,189
Valuation and Translation Adjustments	322	322	-	11	11	-

III. Loans

The results of self-assessment, including the classification of risk-monitored loans shown below and loan assets required to be disclosed in accordance with disclosure requirements set forth in the Financial Revitalization Law (FRL), were audited by ERNST & YOUNG SHINNIHON based on the Practical Guidelines for Examining Internal Control Regarding Self-Assessment of Assets in Banks and Other Financial Institutions and Auditing Writeoffs for Defaulted Loans and Provisioning for Possible Loan Losses,” (Japanese Institute of Certified Public Accountants, Special Committee Report No. 4, April 30, 1999).

One characteristic of JBIC’s operations is that a considerable portion of its loans is official credit for the governments of developing countries. Thus, when an indebted country is temporarily unable to service debt due to economic difficulties, debt rescheduling will sometimes take place, based on an international agreement among the creditor countries in the Paris Club, in order to ensure sustainable debt service. A debtor country receiving such temporary support for overcoming the liquidity problem will implement economic restructuring programs agreed upon with the IMF to acquire sustainable debt service capacity.

As for the probability of repayment for the loans rescheduled in the Paris Club, this needs to reflect their nature as official credit, whereby the above international framework provides an asset-securing mechanism which is not found with private financial institutions. Nevertheless, to facilitate comparison between JBIC and private financial institutions, JBIC, in principle, treats the loans rescheduled in the Paris Club and whose debtor countries are categorized as “needs attention” in its self assessment of asset quality as loan assets required to be disclosed, classifying them either as restructured loans (under the Banking Law of Japan) or substandard loans (under the Financial Revitalization Law).

<Risk-Monitored Loans>

In the following table, loans were classified based on self-assessment on asset quality and in accordance with the disclosure standard of risk-monitored loans adopted by private financial institutions under the relevant regulations of the Banking Law of Japan.

(Unit: hundred millions of yen, %)

<The Bank Account>	As of the end of March 2008	Change from the end of March 2007	As of the end of March 2007	Ratio to Total Loans	
				End of March 2008	End of March 2007
Total Amounts of Risk-Monitored Loans	4,015	1,474	5,489	2.28	2.92
Bankrupt Loans	359	115	473	0.20	0.25
Non-Accrual Loans	1,832	203	2,035	1.04	1.08
Past Due Loans (Three months or more)	-	-	-	-	-
Restructured Loans	1,825	1,156	2,981	1.04	1.58
Total Amounts of Outstanding Loans	176,255	12,033	188,288	100.00	100.00

(Unit: hundred millions of yen, %)

<International Financial Account>	As of the end of March 2008	Change from the end of March 2007	As of the end of March 2007	Ratio to Total Loans	
				End of March 2008	End of March 2007
Total Amounts of Risk-Monitored Loans	1,885	983	2,868	2.83	3.64
Bankrupt Loans	359	115	473	0.54	0.60
Non-Accrual Loans	1,098	168	1,266	1.65	1.61
Past Due Loans (Three months or more)	-	-	-	-	-
Restructured Loans	428	700	1,129	0.64	1.43
Total Amounts of Outstanding Loans	66,627	12,258	78,885	100.00	100.00

(Unit: hundred millions of yen, %)

<Overseas Economic Cooperation Account >	As of the end of March 2008	Change from the end of March 2007	As of the end of March 2007	Ratio to Total Loans	
				End of March 2008	End of March 2007
Total Amounts of Risk-Monitored Loans	2,130	491	2,621	1.94	2.40
Bankrupt Loans	-	-	-	-	-
Non-Accrual Loans	734	35	769	0.67	0.70
Past Due Loans (Three months or more)	-	-	-	-	-
Restructured Loans	1,396	455	1,852	1.27	1.69
Total Amounts of Outstanding Loans	109,628	225	109,403	100.00	100.00

< Loan Assets Required to be Disclosed under the FRL >

In the following table, loan assets were classified based on self-assessment on asset quality and in accordance with disclosure requirements set forth in the Financial Revitalization Law (FRL).

(Unit: hundred millions of yen, %)

<The Bank Account>	As of the end of March 2008	Change from the end of March 2007	As of the end of March 2007	Ratio to Total Loans	
				End of March 2008	End of March 2007
Credits required to be disclosed under the FRL	4,015	1,474	5,489	2.08	2.68
Bankrupt and Quasi-bankrupt Assets	362	115	477	0.19	0.23
Doubtful Assets	1,829	203	2,032	0.95	0.99
Substandard Loans	1,825	1,156	2,981	0.95	1.46
Normal Assets	188,821	10,329	199,150	97.92	97.32
Total	192,836	11,803	204,639	100.00	100.00

(Unit: hundred millions of yen, %)

<International Financial Account>	As of the end of March 2008	Change from the end of March 2007	As of the end of March 2007	Ratio to Total Loans	
				End of March 2008	End of March 2007
Credits required to be disclosed under the FRL	1,885	983	2,868	2.28	3.03
Bankrupt and Quasi-bankrupt Assets	362	115	477	0.44	0.50
Doubtful Assets	1,095	168	1,263	1.33	1.33
Substandard Loans	428	700	1,129	0.52	1.19
Normal Assets	80,748	11,005	91,753	97.72	96.97
Total	82,633	11,988	94,621	100.00	100.00

(Unit: hundred millions of yen, %)

<Overseas Economic Cooperation Account>	As of the end of March 2008	Change from the end of March 2007	As of the end of March 2007	Ratio to Total Loans	
				End of March 2008	End of March 2007
Credits required to be disclosed under the FRL	2,130	491	2,621	1.93	2.38
Bankrupt and Quasi-bankrupt Assets	-	-	-	-	-
Doubtful Assets	734	35	769	0.67	0.70
Substandard Loans	1,396	455	1,852	1.27	1.68
Normal Assets	108,073	676	107,397	98.07	97.62
Total	110,203	186	110,017	100.00	100.00

End